

Vote 10 Office of Public Works

Introduction

As Accounting Officer for Vote 10, 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 2011 for the salaries and expenses of the Office of Public Works; for services administered by that Office including the National Procurement Service, for payment of certain grants and for the recoupment of certain expenditure.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2011, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2011 out of unspent 2010 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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

Statement of Accounting Policies and Principles

The Appropriation Account has been compiled in accordance with the Statement of Accounting Policies and Principles with the exceptions listed here.

(a) Statement of Capital Assets : Valuation of Land and Buildings

1 The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value.

2 For the major part of the portfolio, estimates are based on: (i) building cost norms, and (ii) notional site values.

3 Enhanced values have been applied to a number of prestige properties, such as Dublin Castle, Áras an Uachtaráin and Leinster House.

4 State-owned properties occupied and owned by OPW have been valued on the 'existing use' basis.

5 Properties purchased since 1 January 1995 are initially valued at acquisition cost.

6 Estimates have not been included for a small number of miscellaneous properties and sites whose total value is not significant in the context of the overall OPW property portfolio.

7 OPW has commenced a review of the current valuation methodologies being used.

Valuation protocols produced by the Royal Institute of Chartered Surveyors, being the accepted industry standard in Ireland, were used for 2011. The Commissioners of Public Works have followed the public sector accounting standards as contained in the RICS - Professional Standards, Global and UK Edition, March 2012. For the 2011 accounts, assessments of market value were applied to land and buildings, excluding heritage assets, in Dublin 1, 2 and 4. Eighty State owned properties are located in the postal areas of Dublin 1, 2 and 4 and these represented approximately 43% of the cost or valuation of land and buildings at 31 December 2010. Forty eight different properties were revalued. The total original cost of these properties was €515m and the revaluation resulted in a reduction of €228m. The application of this revised methodology will continue in 2012.

8 National historic properties and national monuments are not included in the valuation.

(b) Capital Assets Under Development

Construction projects are valued on practical completion, therefore construction projects ongoing at 31 December 2011 are not shown as capital assets under development.

(c) Depreciation

Plant and machinery assets are depreciated on a straight line basis over their estimated useful life.

Statement on Internal Financial Control

A statement on internal financial control in the standard format for the year ended 31 December 2011 has been submitted with this account to the Comptroller and Auditor General.

C McGrath
Accounting Officer
Office of Public Works
27 March 2012

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 10: Office of Public Works for 2011 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Office of Public Works. The Appropriation Account is in agreement with the books of account.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011.

Chapter 14 of my report on the accounts of the public services for 2011 refers to certain matters relating to Vote 10 on which I considered it appropriate to report in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

Seamus McCarthy
Comptroller and Auditor General
13 September 2012

Vote 10 Office of Public Works Appropriation Account 2011

Service		2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000	€000
Programme Expenditure				
A	Flood Risk Management			
	<i>Current year provision</i>	69,536		
	<i>Deferred surrender</i>	4,000		
		73,536	61,216	69,356
B	National Procurement Service (NPS)		4,266	3,568
C	Estate Portfolio Management			
	<i>Current year provision</i>	332,062		
	<i>Deferred surrender</i>	1,000		
		333,062	336,169	380,486
	Gross expenditure			
	<i>Current year provision</i>	405,384		
	<i>Deferred surrender</i>	5,000		
		410,384	401,651	453,410
D	Deduct Appropriations-in-aid	26,631	26,928	27,965
	Net expenditure			
	<i>Current year provision</i>	378,753		
	<i>Deferred Surrender</i>	5,000		
		383,753	374,723	425,445
	Surplus for the year		€9,029,810	€9,003,250
	Deferred surrender		€8,000,000	€5,000,000
	Surplus to be surrendered		€1,029,810	€4,003,250

		2011 Estimate provision	2011 Outturn	2010 Outturn
		€000	€000	€000
Administration				
(i)	Salaries, wages and allowances	38,672	36,460	37,429
(ii)	Travel and subsistence	1,383	859	940
(iii)	Training and development and incidental expenses	1,125	765	793
(iv)	Postal and telecommunications services	1,569	2,015	1,840
(v)	Office equipment and external IT services	2,447	2,993	2,729
(vi)	Office premises expenses	1,334	1,307	1,482
(vii)	Consultancy services and value for money and policy reviews	54	11	79
		46,584	44,410	45,292

Notes to the Appropriation Account

1 Operating Cost Statement 2011

	2011	2010
€000	€000	€000
Programme cost	357,241	408,118
Pay	36,460	37,429
Non pay	7,950	7,863
Gross expenditure ¹	<u>401,651</u>	<u>453,410</u>
Deduct		
Appropriations-in-aid	26,928	27,965
Net expenditure	<u>374,723</u>	<u>425,445</u>
Changes in capital assets		
Purchases cash	(9,327)	
Disposals cash	107	
Depreciation	6,411	
Gain on disposals	<u>(35)</u>	(2,827)
Changes in assets under development		
Cash payments	(32)	(47)
Changes in net current assets		
Increase in closing accruals	5,877	
Increase in stock	<u>(122)</u>	
	5,755	843
Direct expenditure	<u>377,602</u>	<u>403,414</u>
Expenditure on services provided free to other Departments (allied services)	(166,653)	(187,724)
Expenditure on services where OPW acts as client ²	(102,543)	(107,872)
Direct expenditure (excluding allied services and services where OPW acts as client)	<u>108,406</u>	<u>107,818</u>
Expenditure borne elsewhere		
Vote 7 - Superannuation and retired allowances	17,360	22,139
Total operating cost ³	<u><u>125,766</u></u>	<u><u>129,957</u></u>

¹ This figure is derived from the gross outturn on Vote 10 only (€401.651m) whereas the total financial transactions of the OPW during 2011, including direct expenditure incurred by OPW and charged to other Votes, amounted to €487.055m.

² The direct expenditure figure has been reduced by an amount of €102.5m which is the net cost of services where OPW acts as client in either carrying out or funding certain works on behalf of the State (e.g. drainage maintenance, flood relief, maintenance of heritage properties, grants for certain refurbishment works, payments for the Convention Centre Dublin and the National Procurement Service). The cost of such works and grants do not form part of the running costs of OPW.

³ The operating cost figure does not include an amount for notional income or payments
 (i) Notional rents receivable by the OPW on State-owned properties are estimated at some €71m. Notional rents payable by OPW estimated at €2.6m are excluded.
 (ii) Amounts have not been included in the statement in respect of notional income from client Departments in respect of services currently provided free of charge by the Office of Public Works.

2 Balance Sheet as at 31 December 2011

	Note	2011 €000	2010 €000
Capital assets	2.1	3,046,978	3,268,717
Capital assets under development	2.2	64	81
		3,047,042	3,268,798
Current assets			
Bank and cash	2.3	48,310	40,759
Stocks	2.4	2,361	2,239
Prepayments		25,505	33,001
Accrued income		3,216	3,125
Other debit balances	2.5	912	4,160
Total current assets		80,304	83,284
Less current liabilities			
Accrued expenses		6,945	7,816
Deferred income		149	865
Other credit balances	2.6	40,781	38,916
Net liability to the Exchequer	2.7	8,441	6,003
Total current liabilities		56,316	53,600
Net current assets		23,988	29,684
Net assets		3,071,030	3,298,482
Represented by:			
State funding account		3,071,030	3,298,482

2.1 Statement of Capital Assets

	Land and buildings	Plant and machinery	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2011	3,241,701	40,208	21,288	18,654	3,321,851
Additions	9,451	1,789	1,260	569	13,069
Disposals	(262)	(1,340)	(370)	(34)	(2,006)
Revaluations	(228,053)	—	—	—	(228,053)
Cost or valuation at 31 December 2011	3,022,837	40,657	22,178	19,189	3,104,861
Accumulated depreciation					
Opening balance at 1 January 2011	—	26,153	15,795	11,186	53,134
Depreciation for the year	—	3,504	1,875	1,032	6,411
Depreciation on disposals	—	(1,293)	(345)	(24)	(1,662)
Cumulative depreciation at 31 December 2011	—	28,364	17,325	12,194	57,883
Net assets at 31 December 2011	3,022,837	12,293	4,853	6,995	3,046,978
Net assets at 31 December 2010	3,241,701	14,055	5,493	7,468	3,268,717

2.2 Capital Assets under Development

at 31 December 2011	Plant and machinery €000
Amount brought forward at 1 January 2011	81
Cash payments for the year	32
Transferred to asset register	(49)
Amount carried forward at 31 December 2011	64

2.3 Bank and Cash

at 31 December	2011 €000	2010 €000
Bank balances	51,801	67,583
Orders outstanding	(3,491)	(26,824)
	48,310	40,759

2.4 Stocks	2011	2010
at 31 December	€000	€000
Engineering stocks	1,126	1,118
Heritage depot stocks	709	728
Building materials	403	325
Paper and stationery	87	59
Miscellaneous stocks	36	9
	<u>2,361</u>	<u>2,239</u>
	<u><u>2,361</u></u>	<u><u>2,239</u></u>
2.5 Other Debit Balances	2011	2010
at 31 December	€000	€000
Maintenance accounts	—	3,086
Pension refunds due from the Department of Public Expenditure and Reform	753	831
Health and safety works	67	—
Service charges	92	181
Fishery harbours	—	59
Barretstown Castle	—	3
	<u>912</u>	<u>4,160</u>
	<u><u>912</u></u>	<u><u>4,160</u></u>
2.6 Other Credit Balances	2011	2010
at 31 December	€000	€000
Amounts due to the State		
Income Tax	999	834
Income Levy	392	147
Pay Related Social Insurance	849	1,097
Professional Services Withholding Tax	957	975
Value Added Tax	7,578	3,540
Pension contributions	284	264
Receipts from sales of State property	76	26
Loan repayments	34	908
	<u>11,169</u>	<u>7,791</u>
	<u><u>11,169</u></u>	<u><u>7,791</u></u>
Payroll deductions held in suspense	949	961
Sundry works accounts	14,934	19,490
Health and safety works	—	92
MSC non payroll accounts	5,882	4,925
Per cent for art scheme	2,573	3,007
Site acquisitions for Department of Education and Skills	906	947
Furniture services	1,186	1,260
Maintenance accounts	1,067	—
Prison projects	22	199
Rent accounts	2,093	244
	<u>40,781</u>	<u>38,916</u>
	<u><u>40,781</u></u>	<u><u>38,916</u></u>

2.7 Net Liability to the Exchequer	2011	2010
at 31 December	€000	€000
Surplus to be surrendered	1,030	4,003
Deferred surrender	8,000	5,000
Exchequer grant undrawn	(589)	(3,000)
Net liability to the Exchequer	<u>8,441</u>	<u>6,003</u>
Represented by:		
Debtors		
Bank and cash	48,310	40,759
Debit balances: suspense	912	4,160
	<u>49,222</u>	<u>44,919</u>
Creditors		
Due to State	(11,169)	(7,791)
Credit balances: suspense	(29,612)	(31,125)
	<u>(40,781)</u>	<u>(38,916)</u>
	<u>8,441</u>	<u>6,003</u>

2.8 Commitments

(A) Non capital commitments

The figure for non-capital commitments likely to arise in 2012 and subsequent years is estimated to be €2,586,121 excluding the Convention Centre Dublin (see below).

There were commitments outstanding at the end of 2011 in respect of rental of leased properties - longer term leases would normally have a specific provision or minimum notice period for early termination. Figures have not been included for such commitments in this account but they are estimated to be €112m in 2012.

(B) Multi-annual capital commitments

The following table details expenditure in 2011 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2011.

	€
Expenditure in 2011	89,914,112
Commitments to be met (2012 - 2015)	159,541,161

(C) Major capital projects

Expenditure was incurred on eleven ongoing major projects during 2011 where the total estimated cost of the individual project will exceed €6.5m. Particulars of these projects are as follows:

Project	Cumulative Expenditure in	Subsequent	
	Expenditure to 31 December	2011	years
	€000	€000	€000
Decentralisation projects			
Newbridge	26,480	743	2,268
Tipperary	881	4,879	9,127
Wexford	19,071	572	900
Roscommon	13,759	293	30
Flood relief schemes			
Mallow North	18,357	472	750
Mallow South	1,671	4,185	8,000
Clonmel West	18,391	3,419	2,000
Clonmel North	3,158	7,856	7,700
Ennis Upper	9,423	2,222	2,055
Fermoy North	5,208	1,021	1,100
River Tolka	18,357	14	1,000

(D) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2010	Expenditure in 2011 ¹	Balance still outstanding on capital cost of project at delivery	Total
	€000	€000	€000	€000
Convention Centre Dublin	35,028	10,456	241,491	286,975

There is a long term commitment in relation to the Convention Centre Dublin to pay €380m (in net present value terms at April 2007) over the life of the contract. The first instalment was paid in 2010.

¹ Represents expenditure in the current year on repayment of the capital cost of the asset, excluding the cost of PPP financing.

3 Programme Expenditure

		2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
A	Flood Risk Management			
A.1	Administration - pay	7,920	6,891	7,657
A.2	Administration - non pay	2,172	1,919	2,133
A.3	Purchase of engineering plant and machinery	800	812	2,821
A.4	Hydrometric and hydrological investigation and monitoring	1,410	925	1,305
A.5	Flood risk management			
	<i>Current year provision</i>	41,000		
	<i>Deferred surrender</i>	4,000		
A.6	Drainage maintenance	16,234	15,765	16,807
		73,536	61,216	69,356
B	National Procurement Service (NPS)			
B.1	Administration - pay	2,504	2,747	2,463
B.2	Administration - non pay	320	330	339
B.3	Government Publication Services	247	176	270
B.4	National Procurement Service (NPS)	715	1,013	496
		3,786	4,266	3,568
C	Estate Portfolio Management			
C.1	Administration - pay	28,248	26,822	27,310
C.2	Administration - non pay	5,420	5,701	5,390
C.3	President's household staff (pay)	797	839	815
C.4	Grant to Zoological Society of Ireland	500	100	2,500
C.5	Grants for certain refurbishment works	1,000	1,000	2,000
C.6	Purchase of sites and buildings	1,000	363	8,193
C.7	New works, alterations and additions			
	<i>Current year provision</i>	54,500		
	<i>Deferred surrender</i>	1,000		
C.8	Property maintenance and supplies	36,698	35,833	35,446
C.9	Rents, rates etc.	115,944	117,568	127,908
C.10	Fuel, electricity and water	1,323	1,559	1,706
C.11	Unitary payments	50,500	54,200	41,031
C.12	Heritage services	36,132	36,582	39,210
		333,062	336,169	380,486

Explanation of significant variation

An explanation is provided below in the case of each heading where the outturn varied from the amount provided by more than €100,000, and by more than 5% (25% in the case of administration subheads)

Heading	Less/(more) than €000	Explanation
A.4.	485	The saving is due to ongoing staff vacancies and efficiencies achieved on non-pay costs.
A.5.	10,096	The savings arose due to delays in advancing a number of flood relief schemes at Ennis, Fermoy, Bray and Clontarf, and due to Catchment Flood Risk Assessment and Management studies running behind schedule.
B.4.	(298)	The excess was in the main due to a higher than anticipated spend on the services of an energy consultant.
C.4.	400	Part of the grant was deferred as contractual commitments did not materialise in 2011.
C.6.	637	A number of anticipated acquisitions did not proceed in 2011.
C.10.	(236)	Expenditure on this subhead reduced from 2010. The estimate provided in 2011 was not sufficient to meet the energy costs related to prestige and unallocated buildings.
C.11.	(3,700)	The excess is due to the payment of additional VAT liabilities which could not be determined pre-contract.

4 Receipts

4.1 Appropriations-in-aid	2011	2011	2010
	Estimated €000	Realised €000	Realised €000
1. Rents, licence fees, etc.	4,000	4,117	4,206
2. Events and facilities management	1,181	1,197	1,258
3. Receipts for Government publication services	920	1,050	1,242
4. Recoveries for services carried out on repayment or agency basis	8,025	8,060	8,841
5. Sales at National Monuments and Historic Properties visitor centres	642	482	481
6. Admission charges at National Monuments and historic properties	4,677	5,495	4,866
7. Miscellaneous, including fees, interest and disposals etc.	2,186	1,612	1,931
8. Receipts from pension-related deduction on public service remuneration	5,000	4,915	5,041
<i>Receipts in respect of bank interest, penal interest, etc.</i>	—	—	99
Total	26,631	26,928	27,965

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Heading	Less/(more) than estimated €000	Explanation
3	(130)	The excess was due to additional sales of publications and Iris Oifigúil.
5	160	Receipts were in line with previous years sales. The re-categorisation of receipts in 2010 was not reflected in the 2011 estimates.
6	(818)	Admissions were greater than anticipated due to increased visitor numbers at busier sites in 2011.
7	574	The shortfall was due to less than expected receipts in respect of lease surrenders by OPW tenants.

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)		
Civil service grades	631	644
OPW specific grades	1,126	1,185
	<u>1,757</u>	<u>1,829</u>
	2011	2010
	€000	€000
Pay	81,782	83,899
Higher, special or additional duties allowances		
Civil service grades	328	322
OPW specific grades	774	954
Other allowances		
Civil service grades	8	10
OPW specific grades	—	—
Overtime		
Civil service grades	138	182
OPW specific grades	3,813	3,963
Extra attendance, shift and roster		
Civil service grades	—	—
OPW specific grades	1,107	1,074
Employer's PRSI	6,850	6,873
Total pay	<u>94,800</u>	<u>97,277</u>

Note: The total pay figure is inclusive of pay in programmes A, B and C and includes pay for an additional 417 temporary and seasonal staff in 2011.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2011 €	Maximum individual payment 2010 €
Higher, special or additional duties and allowances				
Civil service grades	86	3	14,877	19,605
OPW specific grades	1,080	1	15,618	14,593
Other Allowances				
Civil service grades	31	—	338	5,598
OPW specific grades	—	—	—	—
Overtime				
Civil service grades	35	3	14,448	22,050
OPW specific grades	630	113	34,999	31,021
Extra attendance, shift and roster				
Civil service grades	—	—	—	—
OPW specific grades	672	1	12,383	9,016

Note: Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Seven retired civil servants in receipt of civil service pensions were re-employed and paid directly by OPW at a total cost of €148,438.

6 Miscellaneous

6.1 Deferred Allocation

Under the provisions of Section 91 of the Finance Act 2004, €8m of unspent allocations in respect of the capital subheads was carried forward to 2012.

6.2 Compensation Payments

Compensation and associated legal and miscellaneous costs totalling €346,739 and ranging from €10,148 to €181,007 were paid in six cases of personal injury claims by employees.

Sums totalling €168,035 and ranging from €6,987 to €74,338 were paid in compensation, and associated legal and miscellaneous costs, in respect of six claims for injuries to persons on State property.

6.3 Administrative Budget Carryover

As agreed with the Department of Public Expenditure and Reform under the delegated administrative budget scheme, a carryover of €0.588m from the Vote for 2011 was included in the Estimate for 2012.

6.4 Provision of Agency Services

In addition to expenditure on Vote 10, the OPW also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2011 was €68m of which the main area of expenditure were major capital works (€22m), maintenance works (€20m), leasing of accommodation (€12m), local loans (€9m) and health and safety works (€1m).

The OPW also performs specific roles not attracting OPW voted funds which demand input and resources on a continuing basis e.g. advising on architectural matters, developing sustainable energy options, conducting universal access audits, examining and implementing flood protection proposals, the sourcing, assessment and acquisition of sites for primary schools, procurement issues related to specific projects (e.g. Lansdowne Road redevelopment, National Concert Hall, Convention Centre Dublin), art management within the State portfolio and certification of the payment of certain sports grants on behalf of the Department of Transport, Tourism and Sport.

The National Procurement Service (NPS) was established in 2009 and has now subsumed the procurement role previously performed by the Government Supplies Agency. The NPS administered drawdown contracts for other public bodies with an estimated value of €434m in 2011.

6.5 Services supplied to Departments and Offices 2011 (Subhead C9 Rents, Rates etc.)

Departments, etc	2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
Houses of the Oireachtas	1,782	1,631	1,917
Taoiseach	491	180	528
Finance/Public Expenditure and Reform	1,771	1,817	1,905
Central Statistics Office	1,068	1,164	1,149
Comptroller and Auditor General	549	620	591
Revenue Commissioners	18,595	21,947	21,242
Office of Public Works	3,663	4,111	4,381
Attorney General	78	106	84
Director of Public Prosecutions	2,001	1,765	2,153
Valuation Office	1,633	1,834	1,757
Public Appointments Service	2,640	2,159	2,840
Ombudsman	1,071	1,123	1,153
Chief State Solicitor's Office	668	569	719
Justice and Equality	13,851	13,077	14,878
Garda Síochána	8,445	8,517	9,086
Prisons	391	84	1,183
Courts Service	1,398	1,109	1,504
Property Registration Authority	1,275	1,145	1,372
Environment, Community and Local Government *	2,917	5,043	3,168
Education and Skills	4,425	4,867	4,842
Foreign Affairs and Trade	5,335	5,213	5,740
Social Protection	15,705	15,012	14,761
Health	3,423	2,458	3,683
Agriculture and Food	5,225	—	7,806
Agriculture, Food and the Marine *	—	4,987	—
Jobs, Enterprise and Innovation	6,385	6,421	6,870
Communications, Energy and Natural Resources*	3,444	3,675	3,706
Transport, Tourism and Sport *	4,469	5,583	5,479
Community, Equality and Gaeltacht Affairs	921	—	1,955
Arts, Heritage and the Gaeltacht *	677	451	728
Children and Youth Affairs	896	—	—
National Gallery	97	109	105
Defence	556	690	598
Health Services Executive	99	101	25
Total	115,944	117,568	127,908

* Department titles and functions changed in 2011.