

Vote 38 Social Protection

Introduction

As Accounting Officer for Vote 38, 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 the Minister for Social Protection, for certain services administered by that Office, for payments to the Social Insurance Fund and for certain grants.

The expenditure outturn is compared with the sums 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.

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

Transfer of Functions

The Community Welfare Service comprising 1,100 staff formally transferred to this Department from the Health Service Executive in 2011. Related expenditure for the full year is reflected in these accounts.

Funding responsibility for FÁS employment programmes and associated administration costs transferred to this Department from the Department of Education and Skills from 1 January 2011. Approximately 750 staff transferred into this Department from 1 January 2012.

Functions relating to the Social Inclusion Division transferred to this Department from the Department of Community Equality and Gaeltacht Affairs from 1 May 2011.

Functions relating to the Family Support Agency transferred to the Department of Community, Equality and Gaeltacht Affairs from the Department of Social Protection on 1 May 2010. On the abolition of the Department of Community, Equality and Gaeltacht Affairs, the Family Support Agency transferred to the Department of Children and Youth Affairs on 1 May 2011.

New Employment Schemes

Employment Support Services include two new schemes established in 2011. Tús was introduced following the announcement of the 2011 budget, and the National Internship Scheme was introduced from 1 July 2011 as part of the Jobs Initiative.

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

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Department of Social Protection.

Niamh O'Donoghue
Accounting Officer
Department of Social Protection
3 August 2012

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 38: Social Protection 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 Department of Social Protection. 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.

I am required, under section 3 (5) of the Comptroller and Auditor General (Amendment) Act 1993, to refer in my audit certificate on an appropriation account to any material case in which transactions recorded in the account do not conform to the authority under which they purport to have been carried out. Chapter 22 of my report on the accounts of the public services for 2011 relates to welfare payments in excess of entitlement included in the 2011 Account for Vote 38.

Chapters 21, 23 and 24 of the report refer to certain other matters relating to Vote 38 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
24 August 2012

Vote 38 Social Protection Appropriation Account 2011

Service	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
Administration			
A.1. Salaries, wages and allowances	235,279	247,664	230,451
A.2. Travel and subsistence	3,208	3,110	3,108
A.3. Training and development and incidental expenses	11,131	6,907	7,571
A.4. Postal and telecommunications services	21,080	19,393	18,340
A.5. Office equipment and external IT services	27,061	26,423	27,326
A.6. Office premises expenses	11,981	10,979	12,055
A.7. Consultancy services and value for money and policy reviews ¹	1,360	893	597
A.8. Payments for agency services	61,527	65,656	63,398
A.9. eGovernment related projects	7,500	1,342	1,876
<i>Value for money and policy reviews¹</i>	—	—	287
Social Assistance			
B. State Pension (Non-Contributory)	951,150	971,769	977,293
C. Blind Pension	15,360	15,624	16,032
D. Child Benefit	2,066,780	2,076,338	2,213,429
E. Jobseeker's Allowance	2,644,620	2,974,987	2,809,381
F. Farm Assist scheme	122,620	113,724	110,931
G. Employment Support Services	355,430	342,876	278,092
H. Pre-retirement Allowance	62,350	59,942	77,850
I. One-parent Family Payment	1,111,710	1,088,897	1,110,328
J. Widows'/ Widowers'/Surviving Civil Partner's and Guardian's Related Payments (Non-Contributory)	25,730	23,583	23,949
K. Deserted Wife's Allowance	4,470	4,211	5,020
L. Family Income Supplement	199,260	204,543	185,998
M. Carer's Allowance	499,020	507,193	501,789
N. Supplementary Welfare Allowances	951,333	961,523	1,009,190
O. Disability Allowance	1,066,220	1,089,178	1,109,505
P. Respite Care Grant	131,160	130,392	128,097
Q. Free Schemes (Assistance)	395,028	399,437	381,808
R. School Meals Schemes	35,000	34,975	34,939
S. Grant to the Citizens Information Board	46,640	45,114	44,986
T. Domiciliary Care Allowance	104,235	99,924	95,710

Social Assistance - continued	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
U. Rural Social Scheme	46,140	46,835	13,872
V. Community Services Programme	47,415	45,452	8,198
W. FÁS employment programmes, integration support programmes, associated administration expenses	477,497	468,095	—
X. Miscellaneous services	3,651	3,016	3,857
<i>Grant to Family Support Agency</i>	—	—	9,909
Social Insurance			
Y. Payment to the Social Insurance Fund under section 9(9)(a) of the Social Welfare Consolidation Act 2005	1,906,168	1,460,362	1,862,286
Gross expenditure	13,649,114	13,550,357	13,377,458
Deduct			
Z. Appropriations-in-aid	221,702	232,753	218,132
Net expenditure	13,427,412	13,317,604	13,159,326
Surplus to be surrendered		€109,807,760	€110,842,156

¹ To provide improved clarity in relation to administration, the costs associated with the former Value for Money and Policy Review Initiative subhead have been redistributed to the relevant pay and non-pay expenditure headings.

Notes to the Appropriation Account

1 Operating Cost Statement 2011

	Note	€000	2011 €000	2010 €000
Expenditure on administration			382,367	365,009
Expenditure on services and programmes			13,167,990	13,012,449
Gross expenditure			<u>13,550,357</u>	<u>13,377,458</u>
Deduct				
Appropriations-in-aid			232,753	218,132
Net expenditure			<u>13,317,604</u>	<u>13,159,326</u>
Changes in capital assets				
Purchases cash		(14,403)		
Depreciation		20,414		
Loss on disposals		13	6,024	13,241
Changes in assets under development				
Cash payments			(5,925)	(3,815)
Changes in net current assets				
Decrease in closing accruals		(694)		
Increase in stock		(132)		
			(826)	1,462
Direct expenditure			<u>13,316,877</u>	<u>13,170,214</u>
Net allied services expenditure	1.1		39,402	31,173
Notional rents			10,393	14,588
Total operating cost			<u><u>13,366,672</u></u>	<u><u>13,215,975</u></u>

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 38 borne elsewhere.

Vote		2011 €000	2010 €000
7	Superannuation and Retired Allowances	23,645	22,411
10	Office of Public Works	15,501	8,495
20	Garda Síochána	66	209
	Central Fund - Ministerial etc. pensions	190	58
		<u>39,402</u>	<u>31,173</u>

2 Balance Sheet as at 31 December 2011

	Note	2011 €000	2010 €000
Capital assets	2.1	49,466	52,425
Capital assets under development	2.2	19,880	16,648
		<u>69,346</u>	<u>69,073</u>
Current assets			
Stocks	2.4	709	577
Prepayments		2,119	2,321
Other debit balances	2.5	329,173	215,202
Total current assets		<u>332,001</u>	<u>218,100</u>
Less current liabilities			
Bank and cash	2.3	293,390	155,378
Accrued expenses		15,216	16,076
Other credit balances	2.6	22,048	35,451
Net liability to the Exchequer	2.7	13,735	24,373
Total current liabilities		<u>344,389</u>	<u>231,278</u>
Net current liabilities		(12,388)	(13,178)
Net assets		<u>56,958</u>	<u>55,895</u>
Represented by:			
State funding account		<u>56,958</u>	<u>55,895</u>

2.1 Capital Assets

	Office equipment €000	Furniture and fittings €000	Totals €000
Gross assets			
Cost or valuation at 1 January 2011	249,260	30,720	279,980
Assets transferred from the Department of Community, Equality and Gaeltacht Affairs ¹	12	—	12
Assets transferred from the Department of Jobs, Enterprise and Innovation ²	1,356	144	1,500
Additions	16,158	974	17,132
Disposals	(191)	(8)	(199)
Cost or valuation at 31 December 2011	266,595	31,830	298,425
Accumulated depreciation			
Opening balance at 1 January 2011	204,179	23,376	227,555
Assets transferred from the Department of Community, Equality and Gaeltacht Affairs	4	—	4
Assets transferred from the Department of Jobs, Enterprise and Innovation	1,037	135	1,172
Depreciation for the year	18,817	1,597	20,414
Depreciation on disposals	(180)	(6)	(186)
Cumulative depreciation at 31 December 2011	223,857	25,102	248,959
Net assets at 31 December 2011	42,738	6,728	49,466
Net assets at 31 December 2010	45,081	7,344	52,425

¹ ICT assets with a net book value of €8,257 were transferred from the Department of Community, Equality and Gaeltacht Affairs arising from the transfer of certain functions to this Department with effect from 1 May 2011.

² ICT assets and furniture and fittings with a net book value of €328,196 were transferred from the Department of Jobs, Enterprise and Innovation arising from the transfer of certain functions to the Social Insurance Fund with effect from 1 January 2011. These assets are held by this Department on behalf of the Social Insurance Fund.

2.2 Capital Assets under Development

at 31 December 2011	In-house computer applications €000
Amounts brought forward at 1 January 2011	16,648
Cash payments for the year	5,925
Transferred to asset register	(2,693)
Amounts carried forward at 31 December 2011	19,880

Note: Cash payments do not include in-house developed software which is fully developed during the course of the year.

2.3 Bank and Cash	2011	2010
at 31 December	€000	€000
An Post balance	10,918	151,688
PMG balance	(424,308)	(422,332)
Other bank and cash	120,719	117,429
Orders outstanding	(719)	(2,163)
	<u>(293,390)</u>	<u>(155,378)</u>

2.4 Stocks	2011	2010
at 31 December	€000	€000
Stationery	703	570
IT consumables	6	7
	<u>709</u>	<u>577</u>

2.5 Other Debit Balances	2011	2010
at 31 December	€000	€000
Advances to An Post for postage expenditure	1,026	1,020
Advances to OPW for office furniture and electrical work	887	778
Social Insurance Fund suspense account ¹	308,800	209,162
Payment and Agency Reconciliation Platform suspense	57	57
Other debit suspense items ²	18,403	4,185
	<u>329,173</u>	<u>215,202</u>

¹ Represents advances from Vote 38 to the Social Insurance Fund subvention suspense account which were not expended by year end.

² Includes prepayments of Vote schemes via An Post amounting to €11.6 million.

2.6 Other Credit Balances	2011	2010
at 31 December	€000	€000
Amounts due to the State		
Income Tax	2,667	1,754
Superannuation Contributions	567	364
Pay Related Social Insurance	1,637	1,703
Interstat Value Added Tax	31	78
Withholding Tax	507	387
Extra exchequer receipts	54	—
	<u>5,463</u>	<u>4,286</u>
Payroll Deductions	2,857	1,963
Due to Social Insurance Fund in respect of Jobseeker's and Free Scheme Payments	12,591	28,860
Other credit suspense items	1,137	342
	<u>22,048</u>	<u>35,451</u>

2.7 Net Liability to the Exchequer	2011	2010
at 31 December	€000	€000
Surplus to be surrendered	109,808	110,842
Exchequer grant undrawn	(96,073)	(86,469)
Net liability to the Exchequer	<u>13,735</u>	<u>24,373</u>
Represented by:		
Debtors		
Debit balances: suspense	329,173	215,202
Creditors		
Bank and cash	(293,390)	(155,378)
Due to State	(5,463)	(4,286)
Credit balances: suspense	(16,585)	(31,165)
	<u>(315,438)</u>	<u>(190,829)</u>
	<u>13,735</u>	<u>24,373</u>
2.8 Commitments		
at 31 December	€000	€000
Total of legally enforceable commitments	30,504	39,405

3 Variations in Expenditure

An explanation is provided below in the case of each expenditure subhead 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).

Sub-head	Less/(more) than provided €000	Explanation
A.3.	4,224	This subhead includes the departmental contingency fund which was unspent and amounted to €2.3m. In addition there were significant underspends on staff training of €0.5m and advertising of €0.17m as well as additional savings for example on cleaning of €0.5m and waste disposal of €0.15m.
A.7.	467	Some expenditure profiled did not arise in 2011 leading to the underspend.
A.9.	6,158	There were delays in entering into contracts and purchasing the hardware and software systems necessary for the production of the Public Services Card which led to this underspend.
E.	(330,367)	Higher average number of recipients, due to higher Live Register outturn than provided for in the estimate and a higher ratio of Jobseeker's Allowance recipients v Jobseeker's Benefit recipients ratio. This was offset by an underspend on Jobseeker's Benefit on the Social Insurance Fund Account.
F.	8,896	2011 outturn expenditure on Farm Assist Scheme was €8.9m below profile, of which €6.2m was due to lower number of recipients, €2.9m due to lower average payment values, offset by higher inter-scheme adjustments of €0.2m
J.	2,147	Lower than expected average payment values on Widows'/ Widowers' / Surviving Civil Partner's (Non-Contributory) Pension.
K.	259	Lower than expected average number of recipients of Deserted Wife's Allowance.
X.	635	The cumulative under-spend of €635,000 was incurred on each of the eleven expenditure items making up Miscellaneous Services.
Y.	445,806	Lower exchequer subvention to the Social Insurance Fund was due to higher than expected income from PRSI contributions and lower expenditure on schemes.

3.1 Total Scheme Outturn for 2011

As described in the introduction to the account, certain functions transferred to this Department in the year. The expenditure on these functions was previously accounted for in other votes. The table below details the expenditure incurred by each vote and the year on year comparison.

			2011	2010	
	This	Former	Total	Outturn	
	Vote	Vote	€000	€000	
	€000	€000	€000	€000	
FÁS					
W.1.	Employment programmes	397,286	—	397,286	414,338
W.2.	Integration support programmes	27,448	40,267	67,715	45,537
W.3.	Administration expenses	43,361	85,491	128,852	133,169
Social Inclusion					
X.9.	EU Year for Combating Poverty and Social Exclusion 2010	5	2	7	366
X.10.	EU Community Action Programme for Employment and Social Solidarity (Progress) 2007-2013	—	—	—	40
X.11.	Social Inclusion Initiatives	54	11	65	70
	Gross expenditure	468,154	125,771	593,925	593,520

4 Receipts

4.1 Appropriations-in-aid	2011	2011	2010
	Estimated	Realised	Realised
	€000	€000	€000
1. Recovery of administration expenses from the Social Insurance Fund	177,280	177,080	178,207
2. Recoveries of Social Assistance overpaid	13,000	23,320	12,314
3. Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance	9,500	11,829	8,551
4. Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare Consolidation Act, 2005	850	524	657
5. Receipts from the General Register Office	700	610	671
6. Dormant Accounts Receipts	466	274	1,014
7. Receipts from European Social Fund for activation and participation of people with disabilities	185	160	179
8. Receipts from pension-related deduction on public service remuneration	11,786	12,508	4,769
9. Receipts from EU for the year of Combat Poverty and Social Inclusion	35	—	—
10. Miscellaneous	7,900	6,448	11,770
Total	221,702	232,753	218,132

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
2	(10,320)	Higher than expected recovery of overpayments from a range of 26 Social Assistance schemes.
3	(2,329)	These represent arrears of inter-scheme adjustments which were recovered from the Social Insurance Fund after the close of a year in which such interim payments are made. The amounts recovered are brought to credit as appropriations-in-aid. It is difficult to predict arrears of inter-scheme adjustments.
4	326	The variance occurred due to existing liable relatives commencing receipt of social welfare payments and cannot be pursued for payment, while others have opted to pay the lone parent directly. In addition, an increasing number of liable relatives are now living outside the jurisdiction.
6	192	The lower draw-down occurred as there were delays with the rollout of some of the training programmes funded by dormant account receipts.
8	(722)	Receipts were higher than estimated due to the incorporation of former HSE employees into the Department, in October 2011.
10	1,452	This covers twenty-one miscellaneous receipts in 2011, the biggest of which was the return of cancelled cheques by recipients of social assistance schemes.

4.2 Extra receipts payable to the Exchequer

	2011	2010
	€000	€000
Conscience money	14	42
Witness expenses	6	10
Pension Board fines	34	—
	<u>54</u>	<u>52</u>

Receipts payable to the exchequer were not paid over until 2012.

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)	6,174	4,812
	2011	2010
	€000	€000
Pay	229,238	212,691
Higher, special or additional duties allowances	619	573
Other allowances	499	469
Overtime	5,538	6,100
Employer's PRSI	11,770	10,618
Total pay	<u>247,664</u>	<u>230,451</u>

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	353	12	19,585	19,605
Other allowances	198	16	13,806	13,824
Overtime	2,361	70	29,327	21,486

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

5.2 Performance and Merit Payments

A total of €71,248 was awarded to Departmental staff for merit awards as allowed for under the Administrative Budget Scheme, comprising awards to ten individuals ranging from €250 to €650 per individual and eight teams ranging from €100 to €500 per team member.

5.3 Other Remuneration Arrangements

Redundancy payments of €55,957 were paid to 18 staff under the Redundancy Payments Acts, 1967 – 2007.

6 Miscellaneous

6.1 Recovery of overpayments

The summary position on assistance overpayments at 31 December 2011 was as follows:

	2011 Outturn €000	2010 Outturn €000
Overpayments outstanding at 1 January	231,503	205,472
Net overpayments recorded	61,984	54,441
	<hr/>	<hr/>
	293,487	259,913
Less:		
Amounts recovered ¹	37,609	23,203
Amounts written off as irrecoverable	3,071	5,207
	<hr/>	<hr/>
	40,680	28,410
Overpayments outstanding at 31 December	<hr/> <hr/>	<hr/> <hr/>
	252,807	231,503

¹ The amount recovered includes

€23,320,000 in cash receipts which arise as a result of cash recoveries from assistance claimants and amounts paid from the Social Insurance Fund to Vote 38 in respect of overpayments recovered by withholding benefit payments. These amounts are accounted for under Subhead Z.

€14,289,000 withheld from assistance entitlements which is accounted for as a reduction in scheme expenditure.

6.2 Compensation and Legal Costs

Compensation and associated legal and miscellaneous costs totalling €35,099 and ranging from €340 to €27,085 were paid in five cases of personal injury claims and other settlements in respect of employees.

Payments totalling €39,406 and ranging from €252 to €26,625 in respect of legal expenses, damages and costs in six instances were made in relation to personal injuries sustained on Departmental property and other cases.

Total payments of €1,086,735 were paid in legal costs ranging from €20 to €750,923 in respect of eight cases taken against the Department.

Ex gratia payments, loss of purchasing power payments and legal costs totalling €85,446 and ranging from €49 to €29,695 were made in respect of Carer's Allowance, Child Benefit, One Parent Family Payment, Disability Allowance, State Pension (Non-Contributory) and Job Seekers Allowance.

6.3 Administrative Budget Carry Forward

As agreed with the Department of Public Expenditure and Reform under the Administrative Budget scheme, a carry forward from 2011 of savings to the value of €2,073,000 is included in the Estimates for 2012.

6.4 EU Funds

An amount of €160,407 was received from the EU in respect of the Disability Activation Project. The project is a cross agency programme co-funded by the Department and the European Social Fund, Human Capital Investment Operational Programme 2007-2013.

6.5 Write Offs

Sanction was obtained from the Department of Public Expenditure and Reform in 2011 to write off a gross amount of €32,035 in respect of certain salary overpayments that occurred during the period 2000 to 2011.

6.6 Possible Misappropriation

There were eight cases of possible misappropriation of public monies by employees of an approximate total value of €45,229. Amounts in some cases have not yet been determined.