



Appropriation Account 2012

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote26, 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 2012 for the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by the Office of the Minister, and for the payment of certain grants and grants-in-aid.

Expenditure on education services is accounted for under Vote 26 in seven main subhead categories which covers both current and capital expenditure. Within the Vote the following subhead ranges cater for broad categories of expenditure as follows

- subheads A.1 to A.9 cater for the administrative expenses of the Department
- subheads B.1 to B.20 cater for other costs largely associated with programmes or bodies which apply across different parts of the education system or are particular in nature
- subheads C.1 to C.7 cater principally for first level education costs including relevant salary and superannuation costs
- subheads D.1 to D.10 cater for second and further levels education and include relevant salary and superannuation costs
- subheads E.1 to E.14 cater for funding for third level
- subheads F.1 to F.3 cater for capital expenditure, and
- subheads G.1 to G.8 cater for expenditure associated principally with skills development.

The Department's gross expenditure is offset by appropriations in aid which are brought to account in the range of subheads H.1 to H.6.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, 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 7 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.

Multi-Annual Capital Commitments

Legally enforceable capital commitments are reported on at the threshold of €12.697 million. (S14/03/06)

Remuneration

The Department has obtained a derogation from reporting certain remuneration arrangements (Note 5 to the accounts) in regard to the teacher and special needs assistants payrolls as well as from reporting on employee numbers in bodies within the education sector.

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 (SIFC) that operates in the Department of Education and Skills.

In that regard and with specific reference to the SIFC, the following is the position with regard to staff training and induction, specific financial training, risk management and information and communication technology security.

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.

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 Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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 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.

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. 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Annual audit programmes are prepared under the auspices of the Audit Committee and both the Internal Audit Unit and the European Social Fund (ESF) Audit Authority (which ensures compliance with the regulatory requirements of the European Union in relation to the management, control and audit of such functions in Ireland) report to the Committee on the conduct of these programmes and the finalisation of audit reports. During 2012, a total of nine audit reports, four ESF and five internal audit, were finalised.

The Audit Committee, the Internal Audit Unit and the European Social Fund Audit Authority operate under separate written Charters.

Staff Training

The Department identifies training and development needs through the business planning and PMDS processes. Training continues to be provided in the areas of financial management, procurement, internal audit, payroll, pensions, Value Added Tax (VAT), Professional Services Withholding Tax (PSWT) and the Department's financial management system (FMS). In 2012 extensive training was provided to support the transfer of the Department's Estimates to the new performance budgeting format and an associated restructure of the Vote.

Information Technology

In 2012, the Department continued to seek to operate to best practice in respect of Information and Communication Technology (ICT) and continues to review, enhance and upgrade its ICT infrastructure. Regular security "health checks" are undertaken by external IT consultants. These assessments cover areas such as database security, remote access control, applications security and penetration testing of external facing web applications. Mitigating actions are taken in response to any issues identified.

Administrative and Financial Controls

During 2012 the Department implemented significant changes to its Financial Management System (FMS), including a re-design of the FMS chart of accounts to meet requirements arising from the 2011 Government decision to introduce performance budgeting. The new chart of accounts allows for alignment of Estimates expenditure with the high level goals as specified in the Department's Statement of Strategy, the matching of financial resources to the achievement of these goals and the streamlined reporting of same. The new chart of accounts has also facilitated enhanced reporting options not previously available. Workshops and information sessions on the changes arising from the performance budget project were provided to all relevant staff in each of the Department's headquarters. Continued guidance on the application of the Public Financial Procedures was also provided during 2012.

Seán Ó Foghlú

Accounting Officer

Department of Education and Skills

28 March 2013

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 26 Education and Skills

I have audited the appropriation account for Vote 26 Education and Skills for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in his Department and for the regularity and propriety of all transactions in the appropriation accounts.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare a report each year on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of Public Financial Procedures have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 26 Education and Skills for the year ended 31 December 2012.

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 Education and Skills. The appropriation account is in agreement with the books of account.

Contract Management in Education PPP Projects

Chapter 12 of my report on the accounts of the public services for 2012 refers to certain matters relating to contract management in education PPP projects.

Vote Accounting

Chapter 4 of my report on the accounts of the public services for 2012 deals with the management of voted expenditure by a number of departments and offices. This includes a section in relation to the management of Vote 26 Education and Skills.

Seamus McCarthy
Comptroller and Auditor General

13 September 2013

Vote 26 Education and Skills

Appropriation Account 2012

Service	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Administration			
A.1 Salaries, wages and allowances	59,889	58,607	60,197
A.2 Travel and subsistence	1,502	1,493	1,420
A.3 Training and development and incidental expenses	1,175	1,024	1,001
A.4 Postal and telecommunications services	2,640	2,078	2,401
A.5 Office equipment and external IT services	4,930	4,796	5,053
A.6 Office premises expenses	2,340	2,237	1,635
A.7 Consultancy services and value for money and policy reviews	100	55	50
A.8 National Educational Psychological Service	18,719	17,261	17,763
A.9 EU Presidency	175	55	—
— <i>Regional office expenses</i>	—	—	233
Other Services			
B.1 National Qualifications Framework	7,714	7,714	7,918
B.2 Transport services	169,693	168,464	171,483
B.3 International activities	1,019	714	955
B.4 UNESCO contribution and international education exchanges	2,493	2,439	2,172
B.5 Research and development activities	1,586	1,480	2,270
B.6 Teacher education	24,705	23,721	23,453
B.7 Expenses of National Council for Curriculum and Assessment	3,735	3,225	3,447
B.8 Funding of Projects in Drug Task Force areas	411	403	412
B.9 National Council for Special Education	8,750	8,222	8,152
B.10 Educational disadvantage (Dormant Accounts Funding)	1,600	401	1,613
B.11 Occupational health strategy for first and second level teachers	1,750	1,345	1,744
B.12 Residential Institutions Redress	69,880	38,022	44,200
B.13 Royal Irish Academy of Music general expenses (grant-in-aid)	3,427	3,427	3,544
B.14 Grant-in-aid fund for general expenses of cultural, scientific and educational organisations (part funded by National Lottery)	147	146	187

Service	2012		2011	
	Estimate provision	Outturn	Outturn	
	€000	€000	€000	
Other services (continued)				
B.15	North/South Co-operation funding	2,200	831	1,187
B.16	Funding for the promotion of Ireland as an international education centre	100	100	91
B.17	Miscellaneous	4,830	3,943	4,200
B.18	Schools information and communication technologies activities	13,778	10,049	9,566
B.19	Commission on Child Abuse	8,000	1,296	2,173
—	<i>Grant-in-aid fund for general expenses of Adult Education Organisations (part funded by National Lottery)¹</i>	—	—	854
First level education grants and services				
C.1	Salaries, etc., of teachers	2,064,777	2,035,436	2,050,404
C.2	Model schools - miscellaneous expenses	474	469	469
C.3	Capitation grants towards operating costs of national schools	185,342	183,373	186,933
C.4	Salaries etc. of non-teaching staff in national schools including special needs assistants, caretakers and clerical officers	310,793	306,384	300,079
C.5	Other grants and services	51,769	44,537	51,059
C.6	Superannuation, etc., of teachers	493,198	515,209	487,029
C.7	Special education initiatives	3,000	1,897	4,970
Second level and further education grants and services				
D.1	Salaries etc., of teachers in secondary, comprehensive and community schools	1,148,095	1,134,648	1,175,669
D.2	Grants to secondary school authorities and other grants and services in respect of secondary schools	103,800	102,019	104,280
D.3	Salaries, etc., of non-teaching staff in secondary, comprehensive and community schools including special needs assistants and clerical officers	50,345	48,750	49,126
D.4	Superannuation of secondary, comprehensive and community school teachers	351,131	371,424	345,078
D.5	Comprehensive and community schools - running costs	45,492	45,492	46,342
D.6	Annual grants to Vocational Education Committees (excluding certain grants in respect of specialist colleges and student support) ¹	727,245	728,910	926,340
D.7	Payments to local authorities in respect of superannuation charges	219,918	262,263	230,796

Service	2012		2011	
	Estimate	Outturn	Outturn	
	provision			
	€000	€000	€000	
Second level and further education grants and services (continued)				
D.8	Miscellaneous	9,649	9,340	17,929
D.9	State Examinations Commission	54,702	51,996	55,912
—	<i>Special initiatives adult education¹</i>	—	—	43,851
Third level and further education grants and services				
E.1	Student support	336,383	336,351	355,057
E.2	University scholarships	1,700	1,672	1,654
E.3	An tÚdarás um Ard-Oideachas - grant-in-aid for general expenses	5,358	5,358	5,037
E.4	An tÚdarás um Ard-Oideachas - general current grants to universities and colleges, institutes of technology and other designated institutions of higher education (grant-in-aid)	1,118,804	1,118,804	1,177,032
E.5	Training colleges for primary teachers excluding those funded through the Higher Education Authority	11,555	10,997	11,469
E.6	Strategic Innovation Fund	4,000	750	14,000
E.7	Dublin Dental Hospital - dental education grant (grant-in-aid)	11,676	11,676	11,986
E.8	Dublin Institute for Advanced Studies (grant-in-aid)	6,856	6,856	7,020
E.9	Grant in respect of tuition fees to designated non-Higher Education Authority third-level Institutions	5,200	4,595	5,018
E.10	Miscellaneous	300	250	418
E.11	Grants to certain third level institutions	12,350	12,064	17,149
E.12	Alleviation of disadvantage	13,200	16,200	16,000
E.13	Research and development activities	38,500	37,615	38,549
E.14	Grangegorman Development Agency	1,664	1,664	1,276
Capital services				
F.1	Building, equipment and furnishing of national and second level schools	357,000	346,878	455,074
F.2	Public private partnership costs	52,200	50,949	54,632
F.3	Building grants and capital costs for universities and colleges, institutes of technology and designated institutions of higher education	65,000	55,077	77,320

Service	2012		2011	
	Estimate	Outturn	Outturn	
	provision			
	€000	€000	€000	
Skills Development				
G.1	FÁS administration and general expenses	83,466	81,466	85,491
G.2	FÁS training and integration supports	23,057	20,600	40,267
G.3	Miscellaneous expenditure	10	15	—
G.4	FÁS capital	3,000	4,000	4,000
G.5	FÁS- Pension payments arising from the Financial Measures (Miscellaneous Provisions) Act 2009	27,270	29,270	30,500
G.6	European Globalisation Fund	1,060	240	1,055
G.7	Operational programme for human resources development- technical assistance	750	371	578
G.8	Grants to vocational educational committees and certain other organisations in respect of further education programmes ¹	254,266	244,154	—
—	<i>Leonardo Programme</i>	—	—	140
Gross expenditure		8,671,643	8,603,567	8,866,362
Deduct				
H.	Appropriations-in-aid	608,933	580,513	617,483
Net expenditure		8,062,710	8,023,054	8,248,879

Surplus for surrender

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.

	2012	2011
	€	€
Surplus	39,656,013	30,540,004
Deferred surrender	19,000,000	—
Surplus to be surrendered	<u>20,656,013</u>	<u>30,540,004</u>

¹ With effect from January 2012, Subhead G.8 was established to consolidate expenditure appropriate to Further Education paid mainly via the Vocational Educational Committees. This expenditure was previously brought to account in four subheads within Vote 26. Subheads B.1. (Adult Education), part-funded via Subhead D.6. (Annual Grants to VECs), part-funded via subhead D.8. (Miscellaneous subhead) and subhead D.9. (Adult Education Initiatives).

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Expenditure on administration	87,606	89,753
Expenditure on services and programmes	8,515,961	8,776,609
Gross expenditure	8,603,567	8,866,362
<i>Deduct</i>		
Appropriations-in-aid	580,513	617,483
Net expenditure	8,023,054	8,248,879
Changes in capital assets		
Purchases cash	(14,213)	
Depreciation	1,013	
Loss on disposals	6,229	27,105
Changes in assets under development		
Cash payments	(37,398)	(42,641)
Changes in net current assets		
Increase in closing accruals	2,783	
Increase in stock	(22)	
	2,761	20,325
Direct expenditure	7,981,446	8,253,668
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	23,652	23,820
Notional rents	2,566	2,508
Net programme cost	8,007,664	8,279,996

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 26 borne elsewhere.

	2012	2011
	€000	€000
Vote 7 Finance	417	50
Vote 12 Superannuation	17,861	17,995
Vote 13 Office of Public Works	5,048	5,253
Vote 20 Garda Síochána	—	63
Central Fund – Ministerial pensions	326	459
	23,652	23,820

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	125,486	118,140
Capital assets under development	2.4	<u>56,738</u>	<u>21,822</u>
		182,224	139,962
Current assets			
Bank and cash	2.5	77,768	56,117
Stocks	2.6	117	95
Prepayments		4,569	7,437
Overpayments for recoupments		3,966	3,150
Recoupment of secondment costs		172	1,235
Accrued income		221	202
Other debit balances	2.7	<u>3,542</u>	<u>6,451</u>
Total current assets		90,355	74,687
Less current liabilities			
Accrued expenses		12,288	12,271
Deferred income		7	91
Pension recoupment to local authorities		—	1,416
Salary recoupment to other departments and agencies		2	5
EU Funds suspense		52,401	49,619
Other credit balances	2.8	1,341	1,988
Net liability to the Exchequer	2.9	<u>27,567</u>	<u>10,961</u>
Total current liabilities		93,606	76,351
Net current assets		(3,251)	(1,664)
Net assets		178,973	138,298
Represented by:			
State funding account	2.1	<u>178,973</u>	<u>138,298</u>

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		138,298	143,087
Funding drawn down	2.2	8,046,706	8,272,699
Non cash expenditure – notional rent	1	2,566	2,508
Total operating cost	1	(8,007,664)	(8,279,996)
Other non cash items		(933)	—
Balance at 31 December		178,973	138,298

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	8,062,710	8,279,419
Deferred surrender	Account	(19,000)	—
Surplus to be surrendered	Account	(20,656)	(30,540)
		8,023,054	8,248,879
Expenditure (cash) borne elsewhere	1	23,652	23,820
Total funding drawn down		8,046,706	8,272,699

2.3 Capital Assets

	Land and buildings	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2012	116,050	7,761	19,831	143,642
Additions	14,110	3	475	14,588
Disposals	(6,201)	(126)	(2,198)	(8,525)
Cost or valuation at 31 December 2012	123,959	7,638	18,108	149,705
Accumulated depreciation				
Opening balance at 1 January 2012	—	7,130	18,372	25,502
Depreciation for the year	—	224	789	1,013
Depreciation on disposals	—	(121)	(2,175)	(2,296)
Cumulative depreciation at 31 December 2012	—	7,233	16,986	24,219
Net assets at 31 December 2012	123,959	405	1,122	125,486
Net assets at 31 December 2011	116,050	631	1,459	118,140

General Information Note**1. First Level**

- 1.1 44 first-level sites are owned and controlled/managed by the Minister for Education and Skills.
- 1.2.(i) 63 Gaelscoileanna and 26 Multi-Denominational schools are operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation and are controlled/managed by Boards of Management. Two Community National Schools operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation are controlled/managed by a single manager appointed by the Minister for Education and Skills.
- 1.2.(ii) Three Multi-Denominational, and one Catholic school sites and buildings are held by the Minister for Education and Skills under long term lease agreements but are controlled/managed by Boards of Management.
- 1.2.(iii) Nine Model schools, owned/leased by the State, are controlled/managed by Boards of Management.
- 1.3 The total number of National Schools in operation on 31 December 2012 was 3,293. With the exception of 1.2 (i) to 1.2 (iii) above, the majority of these schools are denominational and owned by the relevant diocesan authority.
- 1.4 Following the enactment of the Children's Act, 2001, one Children's Detention school remains vested in the Minister for Education and Skills. This school will transfer to the Health Service Executive following the completion of all necessary legal procedures. The school is managed by a Board of Management.
- 1.5 The Minister is one of two guarantors of Middletown Centre for Autism (Holdings) Limited, a company limited by guarantee, which owns and holds a property in Co. Armagh, which is used for the Middletown Centre for Autism.

2. Second Level

- 2.1 20 sites for second-level schools are owned and controlled/managed by the Minister for Education and Skills.
- 2.2(i) 14 comprehensive schools, 79 community schools and four secondary schools owned by the Minister for Education and Skills are controlled/managed by Boards of Management.
- 2.2(ii) 253 vocational schools are vested in Vocational Education Committees under the Vocational Education Act, 1930.
- 2.2(iii) 371 secondary schools are privately owned.

2.4 Capital Assets under Development

	Construction contracts	In-house computer applications	Totals
	€000	€000	€000
Amounts brought forward at 1 January 2012	20,843	979	21,822
Prior year adjustment	—	(933)	(933)
	<u>20,843</u>	<u>46</u>	<u>20,889</u>
Cash payments for the year	37,266	132	37,398
Transferred to asset register	(1,371)	(178)	(1,549)
Balance at 31 December 2012	<u><u>56,738</u></u>	<u><u>—</u></u>	<u><u>56,738</u></u>

2.5 Bank and Cash

at 31 December	2012	2011
	€000	€000
PMG balances and cash	81,166	61,659
Orders outstanding	(3,398)	(5,542)
	<u>77,768</u>	<u>56,117</u>

2.6 Stocks

at 31 December	2012	2011
	€000	€000
Stationery	76	56
IT consumables	41	39
	<u>117</u>	<u>95</u>

2.7 Other Debit Balances

at 31 December	2012	2011
	€000	€000
Agency payments to OPW	594	1,345
Sub-accountants	107	117
Marriage, retirement and death gratuities	—	310
Salaries recoupable	152	538
Schools Broadband Programme	2,160	3,580
Travel passes	200	151
Due from State - suspense	63	5
Offices shared services recoupment	183	269
Cycle to Work Scheme	48	52
Miscellaneous	35	84
	<u>3,542</u>	<u>6,451</u>

2.8 Other Credit Balances

at 31 December	2012	2011
	€000	€000
Amounts due to the State		
Due to the State	298	68
Suspense		
Redress Board	56	681
Pension refund	188	242
Exchequer extra receipts	2	3
Marriage, retirement death gratuity	52	—
Erasmus Smith Endowment	19	127
Energy building programme	454	586
Central Bank	135	173
Spouses & Children's Pension	134	75
Cycle to Work Scheme	1	11
Miscellaneous	2	22
	<u>1,341</u>	<u>1,988</u>

2.9 Net Liability to the Exchequer

at 31 December	2012	2011
	€000	€000
Surplus to be surrendered	39,656	30,540
Exchequer grant undrawn	(12,089)	(19,579)
Net liability to the Exchequer	<u>27,567</u>	<u>10,961</u>

Represented by:**Debtors**

Bank and cash	77,768	56,117
Debit balances: suspense	3,478	6,446
Due from the State – suspense	63	5
	<u>81,309</u>	<u>62,568</u>

Creditors

Due to State	(298)	(68)
EU Funds suspense	(52,401)	(49,619)
Credit balances: suspense	(1,043)	(1,920)
	<u>(53,742)</u>	<u>(51,607)</u>
	<u>27,567</u>	<u>10,961</u>

2.10 Commitments

at 31 December

	2012	2011
	€000	€000

A. Global Commitments

Commitments likely to materialise in subsequent years for:

Procurement subheads	254	247
Grant subheads	3,198	2,187

B. Multi-Annual Capital Commitments**1. Legally Enforceable Capital Commitments**

Expenditure in 2012	458,734	593,700
Commitments to be met in subsequent years	1,753,313	1,409,028

Legally Enforceable Capital Commitments

Capital projects involving total expenditure of €12,697,380 or more

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
Subhead F.1.				
1. Malahide C.S.	13,846	14	7	13,867
2. Youghal C.S.	14,580	—	14	14,594
3. Phibblestown C.C ¹	20,065	14	214	20,293
4. Luttrellstown CC	—	4,324	8,722	13,046
Subhead F.3.				
5. Athlone - Engineering Informatics Building ²	34,209	4,143	1,407	39,759
6. National University of Ireland, Cork – Medicine	20,944	1,602	135	22,681
7. National University of Ireland, Dublin - Science Centre ³	15,561	17,509	27,704	60,774
8. NUI - Maynooth - Library	6,286	11,757	1,948	19,991
9. Trinity College Dublin - Medicine	18,923	1,697	604	21,224
10. Mary Immaculate College Campus Development Phase 1a/ infrastructure	15,546	343	—	15,889
11. Mary Immaculate College Campus Development Phase 1b/c infrastructure	23,350	802	—	24,152
12. St. Patricks Drumcondra - Campus Development ⁴	7,331	—	32,405	39,736
13. University of Limerick - School of Medicine	10,039	2,942	890	13,871

¹ Phibblestown is a combined primary/post primary project. The overall project cost is €24.458 m which is 82.97% funded by the Department of Education and Skills. The remainder is funded by Fingal County Council. The cumulative cost of this project has been updated since 2011.

² The cost of this project has been updated since 2011.

³ The cost of this project has been updated since 2011.

⁴ The contract for St Patrick's College, Drumcondra was re-tendered in 2012 following the liquidation of the original contractor. As at 31 December 2012 a new contractor had not been appointed although provision for

the contract had been made. Difficulties in securing a bond caused the delays in finalising the contract.

C. Capital Costs of Public Private Partnership Projects¹

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
1. National Maritime College of Ireland PPP	17,782	1,697	46,370	65,849
2. Five Pilot Schools Bundle	21,028	2,262	70,322	93,612
3. Cork School of Music	14,061	1,612	63,049	78,722
4. 1st Bundle PPP Schools	10,450	1,862	72,409	84,721
5. 2 nd Bundle PPP Schools	11,765	2,000	96,750	110,515
6. 3 rd Schools Bundle PPP Schools	—	—	131,236	131,236

¹ Expenditure on the projects is being met from Subhead F.2.

Note on PPPs

The Department has to date entered into six separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model.

There are two third level projects, the National Maritime College, Cork and the Cork School of Music and four schools projects, (Five Pilot Schools, School Bundles 1,2 & 3). All six contracts are for twenty five years. The buildings will remain in State ownership for the duration of the contract, with the PPP company granted a licence to build the facilities and maintain them for a period of twenty five years.

National Maritime College

The National Maritime College of Ireland (NMCI) PPP Project was completed in October 2004 with Focus Education Ireland as the private sector partner. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Five Pilot Schools PPP

The five post-primary schools are located in Dunmanway and Ballincollig, Co. Cork, Tubbercurry, Co. Sligo, Clones, Co. Monaghan, and Shannon, Co. Clare. The contract for the Five Pilot Schools PPP was signed with Jarvis Projects in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed on 16 July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools), Banagher and Ferbane (both in Co.Offaly) was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post primary schools and one primary school was signed with Maquarie Partnerships for Ireland in June 2010. All six schools became operational in late 2011.

3rd Bundle PPP Schools

A contract for the design, build, financing and operation of seven post primary schools and one primary school was signed with BAM PPP in November 2012.

2.11 Matured Liabilities

Due to internal payment processing deadlines to enable the Department meet commercial bank deadlines for electronic funds transfers, it was not possible to finalise processing of certain invoices on hand at year end. Arising from these processing limitations, the Department of Education and Skills had matured liabilities totalling €15,865 at 31 December 2012. The equivalent sum at 31 December 2011 was €107,029.

3 Programme Expenditure by Subhead

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 A.1. - A.9.).

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform the Department of Education and Skills used a financial process known as virement in 2012, as in other years. This allowed for savings on one or more subheads to be used to meet excesses on other subheads. Please refer to the Public Financial Procedures Sections B.1.1.11 and C.2 (6-13). As a result of ongoing monitoring of expenditure trends within the Department, virement was used on certain subheads where, for example, schemes/projects progressed more rapidly than originally forecast or demand/costs were higher in 2012 than originally anticipated.

Also, in the case of capital and in accordance with the Capital Envelope Agreement, the Department declared a capital carryover, totalling €19 million which is being carried forward from 2012 to be applied to the capital programme in 2013.

Subhead	Less/ (more) than provided €000	Explanation
Training and development and incidental expenses (A.3)	151	The savings arise mainly due to ongoing efforts to achieve economies in administrative expenditure.
Research and development activities (B.5)	106	The savings principally arise due to a lower allocation for Léargas to reflect decreased staffing costs in that body.
Expenses of National Council for Curriculum and Assessment (B.7)	510	The 2012 savings arose largely due to the delays in filling staff vacancies and linked prioritisation of work.
National Council for Special Education (B.9)	528	The savings arose mainly due to a number of unfilled vacancies, staff being on unpaid leave as well as the impact of retirements.
Educational disadvantage (Dormant Accounts Fund) (B.10)	1,199	The savings arose principally as legislation amending the Dormant Funds Act was passed in mid year 2012, and it was not then possible to progress any new capital and current projects by year end. Lesser savings arose due to final demands for three funded schemes being less than anticipated when the schemes were finally approved.
Occupational health strategy for first and second level teachers (B.11)	405	The saving was achieved due to a reduced contract price when the new Employee Assistance Service provider was selected.
Residential Institutions Redress (B.12)	31,858	The savings in 2012 arose mainly due to the lower than expected number of applications being finalised by the Redress Board.
North/South Co-operation funding (B.15)	1,369	Approximately €1m of the saving arose due to there being no drawdown request for matching George Mitchell Fund payovers from the US- Ireland Alliance. The remainder of the saving arose principally due to lower than anticipated expenditure on North South projects.

Subhead	Less/ (more) than provided €000	Explanation
Miscellaneous (B.17)	887	The saving in this miscellaneous subhead, which in 2012 had seven subdivisions, are net savings and arise principally due to redress, in particular, to lower than anticipated expenditure on the redress memorial. Further savings arose due to a reconfiguration of information and referral service provision.
Schools information and communication technologies activities (B.18)	3,729	The saving arose mainly due to lower than estimated spend by the N.C.T.E due to the operation of the moratorium on public service numbers. Additionally during 2012 there were lower than expected rental costs under the schools broadband programme due to the roll out of new services on a staggered basis during the year.
Commission on Child Abuse (B.19)	6,704	The savings arose in 2012 due to the Commission being unable to finalise as many payments as expected of third party legal representation.
Other grants and services (C.5)	7,232	The savings on this subhead which has thirteen subdivisions are net savings. Circa €4.5m of the savings arise on the temporary accommodation subhead due to nearly 200 less prefabs being rented in 2012 as well as timing issues with bills which made up €1.5m of the €4.5m saving. Additionally expenditure on miscellaneous subheads to support various initiatives including special education initiatives was lower than anticipated.
Superannuation, etc., of teachers (C.6)	(22,011)	The excess on the primary superannuation subhead arose mainly due to 159 staff retiring over and beyond that which was estimated for (880 estimated versus actual retirements of 1,039) ahead of the disregard period of the 29th February 2012. The excess was also attributed to the cumulative effect of increased numbers in receipt of ongoing pension payments.
Special education initiatives (C.7)	1,103	The savings in 2012 mainly arose due to the opening of new schools for autism, whereby associated payroll costs moved from this subhead to the Department's teaching and non teaching payroll subheads.
Superannuation of secondary, comprehensive and community school teachers (D.4)	(20,293)	The excess on the post primary superannuation subhead arose mainly due to 109 staff retiring over and beyond that which was estimated for (700 versus actual retirements of 809) ahead of the disregard period of the 29th February 2012.
Payments to local authorities in respect of superannuation charges (D.7)	(42,345)	The excess on this VEC and Institutes of Technology Superannuation subhead arose due to the increased number of new retirees in 2012 as well as the associated cost of their pension and gratuities, (580 estimated versus actual retirements of 955).
State Examinations Commission (D.9)	2,706	€1.2m of the SEC's savings in 2012 can be attributed to a change in methodology of paying school appointed superintendents from a daily fee model to a session fee model. The remainder of the savings were largely related to measures introduced to reduce expenses for contract staff.

Subhead	Less/ (more) than provided €000	Explanation
Training colleges for primary teachers excluding those funded through the Higher Education Authority (E.5)	558	Approximately €0.4m of the savings arose due to expenditure on certain Initiatives not progressing past the planning stages in 2012. The remainder of the savings arose principally due to lower take up of places on the optional 4th year of the Bachelor of Education programme.
Strategic Innovation Fund (E.6)	3,250	The savings in 2012 arose as a result of delays in establishing a number of SIF national platform projects and the subsequent commencement of their work programmes.
Grant in respect of tuition fees to designated non-Higher Education Authority third-level Institutions (E.9)	605	The saving arose due to a lower than anticipated funding requirement from the free fees initiative and to an increase in the Student Contribution.
Alleviation of disadvantage (E.12)	(3,000)	The excess of €3m arose as a result of an additional €3m being paid to the Student Assistance Fund in 2012 to supplement its core allocation. This additional funding requirement arose in response to the increased level of financial need among higher education students for funding from the fund.
Building grants and capital costs for universities and colleges, institutes of technology and designated institutions of higher education (F.3)	9,923	The savings in 2012 arose due to delays in progressing the St Patrick's College Drumcondra, which had to be re-tendered due to the liquidation of the original builder.
FÁS training and integration supports (G.2)	2,457	The savings arose mainly as a result of the Budget 2012 reductions in the training allowances yielding higher savings than estimated and a less than anticipated take up on certain training programmes, including apprenticeship training.
FÁS capital (G.4)	(1,000)	The excess arose due to the decision to proceed with the upgrade of the apprentice facilities in the Galway Training Centre.

Subhead	Less/ (more) than provided €000	Explanation
FÁS- Pension payments arising from the Financial Measures (Miscellaneous Provisions) Act 2009 (G.5)	(2,000)	The excess arose on the FÁS pensions payment subhead due to higher than anticipated numbers of pensioners retiring in 2012.
European Globalisation Fund (G.6)	820	The saving arose in 2012 as enterprise supports to EGF eligible workers are demand led and are dependent on end-user take up.
Operational programme for human resources development-technical assistance (G.7)	379	The savings arose principally due to a decrease in the staffing expenditure. Additionally some planned expenditure on trans-national activity was deferred pending the managing authority identifying suitable projects.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated €000	Realised €000	Realised €000
H.1. Administration and Other Services Receipts			
1. Miscellaneous superannuation schemes including the Teaching Council and other miscellaneous bodies	435	432	436
2. Contributions from the EU for educational activities	665	419	750
3. Receipts from the European Social Fund	12,900	1,963	28,782
4. Receipts in respect of Peace Programme	10	—	71
5. Miscellaneous	651	961	861
6. Dormant Accounts funding	1,600	401	1,624
H.2. First Level Receipts			
1. Superannuation, etc., of National Teachers:			
(i) Refunds of gratuities under superannuation schemes, 1934 to 1958, etc.	460	23	461
(ii) Contributions to the superannuation schemes	81,890	79,238	80,926
(iii) Contributions to Teachers' Spouses and Children's Pensions Scheme	29,310	28,073	28,001
2. Miscellaneous	1,325	3,192	1,876
3. Contributions to Superannuation Scheme for Special Needs Assistants, Caretakers and Clerical Staff in National Schools (Subhead C.4.)	7,100	7,261	6,979
4. Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	4,000	4,457	4,262
5. Handling charge involved in making certain deductions from teachers' salaries	344	331	344
H.3. Second Level and Further Education Receipts			
1. Superannuation, etc., of secondary, comprehensive and community school teachers:			
(i) Contributions to secondary teachers' superannuation scheme	58,130	54,700	58,033
(ii) Contributions to Secondary Teachers' Spouses and Children's Pension Scheme	17,220	16,791	17,212
(iii) Refund of gratuities under Secondary Teachers' Superannuation Scheme	150	4	151
2. Repeat Leaving Certificate course fees	115	81	118
3. Miscellaneous	950	11,317	4,868
4. Contributions to Superannuation Scheme for Special Needs Assistants and Clerical Assistants in Secondary Schools (Subhead D.3.)	1,200	1,086	1,130
5. Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	2,700	2,547	2,785
6. Handling charge involved in making certain deductions from teachers' salaries	175	174	175

	2012		2011
	Estimated €000	Realised €000	Realised €000
H.4. FÁS Receipts			
1. FÁS – pensions	3,500	2,267	4,236
2. FÁS - pension related deductions	4,700	2,229	3,963
H.5. Pension Related Deductions			
1. Receipts from pension-related deduction on public service remuneration	377,403	361,014	369,439
H.6. Miscellaneous Capital			
1. Miscellaneous Capital	2,000	1,552	—
	608,933	580,513	617,483

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%.

Description	Less/ (more) than provided €000	Explanation
H.1. Administration and Other Services Receipts		
Contributions from the EU for educational activities	246	The shortfall in receipts arose due to delays in the receipt of EU Commission funding.
Receipts from the European Social Fund	10,937	The shortfall in EU receipts arises principally from a timing issue in the payover of the receipts.
Miscellaneous	(310)	Surplus receipts in the miscellaneous appropriations in aid subhead arose due to the receipt of EU Commission payovers as well as higher than anticipated levels of receipt of social insurance benefits.
Dormant Accounts funding	1,199	This subhead is used to bring to account receipts associated with expenditure incurred on the Dormant Funds Scheme, under subhead B.10. Income to Subhead H.1.6 is linked to expenditure under subhead B.10 making it Exchequer neutral. A shortfall in receipts arose due to lower than predicted activity on subhead B.10.
H.2. First Level Receipts		
Superannuation, etc., of National Teachers: Refunds of gratuities under superannuation schemes, 1934 to 1958, etc.	437	The receipts under this subhead are generally one-off payments made by primary teachers to repay previous gratuities received so as to restore previous service for pension purposes. Due to the nature of the subhead it is very difficult to ascertain with any degree of accuracy the level of receipts in any given year. The shortfall in 2012 arose due to a lower rate of purchase than anticipated.
Miscellaneous	(1,867)	Surplus receipts arose in 2012 from the recoupment of redundancy rebates (circa €0.9m) social insurance benefits refunds and recoupments of overpayments. As this subhead is adhoc in nature it is difficult to predict receipts levels from year to year.
Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	(457)	Surplus receipts arose on this subhead mainly due to higher than expected levels of receipts from overpayments as well as a higher rate of recovery of outstanding secondment debt.

Description	Less/ (more) than provided €000	Explanation
H.3 Second Level and Further Education Receipts		
Superannuation, etc., of secondary, comprehensive and community school teachers: Contributions to secondary teachers' superannuation scheme	3,430	A shortfall in receipts arose due to lower numbers of teaching posts in 2012 than expected with a consequential reduction in the numbers of once off receipts from retiring teachers.
Miscellaneous	(10,367)	Circa €8m of the surplus arose due to refunds from the European Globalisation Adjustment Fund on foot of the finalisation of claims submitted to Europe. The remainder of the surplus arose from refunds relating to the recoupment of social insurance benefits, refunds of overpayments and other adhoc refunds that are miscellaneous in nature and difficult to estimate.
Contributions to Superannuation Scheme for Special Needs Assistants and Clerical Assistants in Secondary Schools (Subhead D.3)	114	The 2012 shortfall in receipts arose principally due to lower levels of receipts of SNA superannuation than expected
Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	153	A shortfall in receipts arose due to lower numbers of teachers being on secondment in 2011/12.
H.4 FÁS Receipts		
FÁS – pensions	1,233	The shortfall in receipts arose mainly due to the transfer of staff from FÁS to the Department of Social Protection as well as higher than anticipated numbers of retirements during 2012.
FÁS - pension related deductions	2,471	The shortfall in receipts arose mainly due to the transfer of FÁS staff to the Department of Social Protection.
H.5. Pension Related Deductions		
Receipts from pension-related deduction on public service remuneration	16,389	The shortfall in receipts arose principally due to a reduced level of contributions resulting from the higher number of retirees during 2012 who were replaced by staff on lower salary scale points.

4.2 Extra receipts payable to the Exchequer

	2012	2011
	€000	€000
Exchequer extra receipts	1,824	17,312

During 2012, €1.529 million of the Exchequer extra receipts that were surrendered to the Department of Finance arose from the recoupment of surplus balances, remaining unspent from prior year grants to the Higher Education Authority, relating to funding for postgraduate and post doctoral students. €154,459 of the receipts arose from the recovery of monies previously misappropriated from the Department.

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies. The 2011 comparative figures have been restated to include those State bodies.

	2012	2011
Number of staff at year end (full time equivalents)	93,492	94,613

The numbers reported include only core funded posts at third level, as only these posts are included in the overall count of public sector numbers.

5.(a) Staffing Numbers and associated pay costs disbursed from Vote 26

Category of staff remunerated	Subhead from which funds disbursed	Description of subhead	ECF numbers as at 31 December 2012	Pay out-turn as at 31 December 2012 €000
First and second level teachers	C.1.	Teacher Salaries and Supervision payments	32,276	2,035,436
	D.1.	Secondary salaries	16,821	1,134,648
	D.6.	VEC Salaries	10,689	566,665
Teaching sub-total			59,786	3,736,749
First and second level non teaching (including SNAs VECs etc)	C.4.	First level Non Teaching Staff pay	8,691	303,422
	D.3.	Second level Non Teaching Staff pay	2,157	48,117
	D.5.	C & C schools pay	441	16,861
	D.6.	VEC schools pay	1,930	95,671
	Non – Teaching sub-total			13,219
Third level	E.3	HEA – General expenses	56	3,860
	E.4.1.	HEA - University Sector	10,132	499,359
	E.4.2.	HEA - Institute of Technology Sector	7,265	306,180
	E.5.	Teacher Training Colleges	27	6,734
	E.7.	Dublin Dental Hospital	126	10,436
	E.8.	Dublin Institute for Advanced Studies	57	5,727
	E.14.	Grangegorman Development Agency	7	562
Third level – sub-total			17,670	832,858

Category of staff remunerated	Subhead from which funds disbursed	Description of subhead	ECF numbers as at 31 December 2012	Pay out-turn as at 31 December 2012 €000
Department Staff	A.1.	Salaries	1,019	58,607
	A.8.	NEPS	187	15,175
Department sub-total			1,206	73,782
Other	D.9.	State Examinations Commission	147	9,687
	G.1.	FÁS Administration	1,096	57,222
	B.7.	National Council for Curriculum and Assessment	26	2,064
	B.9.	National Council for Special Education	103	6,344
	B.12.	Redress Board	22	1,222
	B.13.	Royal Irish Academy of Music	59	3,292
	B.19.	Commission to Inquire into Child Abuse	3	471
	B.1.	National Qualifications Framework	80	3,512
	C.2	Model Schools	8	159
	Other sub total			1,544
Total			93,425	5,191,433

1. The table above identifies pay costs for teaching and non teaching staff for whom the Department is the paymaster. Additionally the table identifies pay costs for bodies/institutions funded from Vote 26. In addition to the details provided above 67 whole time equivalent staff noted in the ECF have no designated pay subhead.
2. In respect of the B.1.(NQF), B.13 (RIAM), E.3. (HEA expenses) and E.8.(DIAS) subheads a small element of the pay also includes pension costs.
3. The B.19 CICA pay figures includes four contract staff not included in the ECF figures as well as costs for two temporary assignments of staff from the Redress Board.
4. The pay figures for VEC's teaching and non teaching staff (Subhead D.6) are indicative for 2012. With the introduction of a new chart of accounts during 2013, it is envisaged that more definitive pay figures will be provided in future accounts.

5.(b) Exchequer Pay

	2012	2011
	€000	€000
Pay	53,024	54,597
Higher, special or additional duties allowance	314	291
Other allowances	80	104
Overtime	630	724
Employer's PRSI	4,559	4,481
Total pay	58,607	60,197

The financial details in this table relate solely to staff paid from the administrative subhead A.1. Staff Salaries.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	66	8	20,614	19,585
Other allowances	84	—	5,914	5,783
Overtime	263	6	23,023	17,964

Certain individuals received extra remuneration in more than one category.

The details of allowances and overtime payments in this table relate solely to staff paid from the administrative budget subheads A.1 and A.9.

5.2 Re-Engaged Civil Servants

Twenty four retired civil servants in receipt of civil servant pensions were re-engaged on a fee basis at a total cost of €113,910.

5.3 Severance/Redundancy

During 2012 1,199 non-teaching staff were paid redundancy sums totalling €10,139,323. 366 payments of redundancy exceeded €10,000. The highest value sum paid in 2012 was €36,363 which included payment for both Statutory and Non Statutory taxable redundancy sums. These staff were paid via the Department's payrolls, in the Department's capacity as paymaster, for certain schools.

6 Miscellaneous

6.1 National Lottery Funding

The subheads in Vote 26 from which the National Lottery sourced funding was paid are noted below. A full list is available on the Department's website (www.education.ie)

Recipients of Funding from National Lottery

	2012	2011
	€000	€000
Expenses of Adult Education Organisations ¹	—	854
Cultural activities (Subhead B.14.)	146	187
Total	146	1,041

¹ The general expenses to support adult education organisations subhead, which was designated as subhead B.1. to the end of 2011, was subsumed into a new subhead from 1 January 2012, to reflect the consolidation of further education expenditure. Up to the end of 2011 further education costs were met from a number of subheads including B.1. Adult Education.

6.2 EU Funding

ESF receipts of €1,962,977 from the European Social Fund (ESF) were brought to account in subhead H1.3. The €1,962,977 received in 2012 and shown as appropriations-in-aid was included in the recorded expenditure from the following subheads of the Office of the Minister for Education and Skills: - A.1., B.5., D.1., D.6., D.9., E.4., and E.12, G.2., G.7 and G.8.

EU funding directly to bodies

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2012 was as shown below.

Sub-head	Description	2012	2011
		Funding	Funding
		€	€
G.1.	FÁS	292,803	412,062

European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund (EGF) is an European Union funding programme which assists EU member states to provide a personalised package of upskilling, retraining and enterprise supports to workers made redundant as a result of the adverse impacts of globalisation and changing world trade patterns. For approved programmes of measures submitted by member states in the period between May 2009 and December 2011, the EGF provides co-funding of up to 65%, the remaining 35% being met through national funding. A reduced maximum EU co-funding rate of 50% applies to applications submitted from 1 January 2012.

EGF programmes are multi-annual in nature. Under Article 13(2) of Regulation (EC) No. 1927/2006, an EGF programme implementation period is of 24 months duration commencing from the date of submission of an application by a member state. In addition, measures which commenced before the application was submitted may be included. Under the Regulation, a member state must submit a final report and expenditure statement to the European Commission not later than six months after programme cessation. The Commission then has a further six month closure period to examine the programme before formally winding it up, elongating the EGF programme lifespan to potentially 36 months.

The multi-annual structure of the Fund, the submission by national service providers of expenditure claims on interim, annual or multi-annual bases and the fact that apportionment of total EU and national expenditure is not finalised until the full closure of the programmes, makes it difficult to reconcile annual programme expenditure in line with prescribed national accounts reporting. However, full details of programme expenditure will be available after the winding up of each individual programme.

Final reports for the Dell, Waterford Crystal and S.R.Technics EGF programmes were submitted by the Department in December 2011, February 2012 and April 2012 respectively and are awaiting final closure by the European Commission. The Department has reimbursed 90% of the unspent EU expenditure for these programmes. It is anticipated that the EU will seek recoupment of the final 10% of the unspent EU monies when the programmes are finally closed.

Final Reports in respect of construction sub-sectors NACE 41('Construction of buildings'), NACE 43 ('Specialised construction activities') and NACE 71 ('Architectural Services') EGF programmes encompassing some 8,000 redundant workers were submitted by the Department on 7 December 2012.

In 2012, Ireland received one payment, at the reduced 50% co-financing rate, from the EGF of €2.696 million in respect of the Talk Talk EGF application encompassing over 580 workers.

A table setting out relevant EGF programme details is set out below

Programme	Programme Allocation (100%)	EU and National Implementation Period	EU Receipts (65%)
DELL	22,817,000	Feb 2009 – Jun 2011	14,831,040
Waterford Crystal	3,955,159	Mar 2009 – Aug 2011	2,570,843
SR Technics	11,455,174	Mar 2009 – Oct 2011	7,445,863
NACE 41	19,522,829	Jul 2009 – Jun 2012	12,689,838
NACE 43	33,329,459	Jul 2009 – Jun 2012	21,664,148
NACE 71	2,135,107	Jul 2009 – Jun 2012	1,387,819
Talk Talk	5,392,765	Oct 2011 – Feb 2014	(50%) 2,696,382
	€98,607,493		€63,285,933

National co-funding for EGF programmes has been provided to date from

- Department of Education and Skills, subheads E.1 (Student Support), E.4.(Third level Supports for Universities and Institutes of Technology), G.2 (FÁS training and Integration supports), G.6. (enterprise supports) and G.8. (Grants to VEC's for second level education supports and allowances).
- National Training Fund (Guidance, education, training supports and allowances and technical assistance)
- Department of Social Protection (Vote 38) (Back to Education Allowance and employment service supports)

NQAI and FETAC

Both the NQAI and FETAC were in receipt of EU funding in 2012. The NQAI received funding of €0.103 million in respect of its EUROPASS and EQF activities. FETAC receives funding for its provision of the secretariat for EQAVET. This amounted to €0.411 million in 2012

6.3 Commissions and Enquiries

	Year of appointment	Cumulative Expenditure to 31 December 2012 €000	Expenditure in 2012 €000	Expenditure in 2011 €000
Commission to Inquire into Child Abuse	1999	68,663	1,296	2,173
Residential Institutions Redress Scheme ¹	2002	1,093,437	38,022	44,200
Residential Institutions Review Committee ²	2003	7,214	581	678
Commission on School Accommodation ³	1996	3,518	—	1
Inquiry into Kilkenny City Vocational School ³	2006	328	—	4
Total⁴		1,165,946	39,318	46,378

¹ In addition to this Exchequer expenditure, contributions from the religious congregations under the 2002 Indemnity Agreement of €42,259,000 have been expended on the scheme, bringing the total expenditure on the Redress Scheme and the associated litigation under the 2002 Indemnity Agreement to €1,135,696,000. Of this amount there is an end year closing balance of €56,000 in the redress suspense account, with €10,039,000 having been expended pursuant to the 2002 Indemnity Agreement and €1.126 billion expended on the Residential Institutions Redress Scheme.

² The expenditure associated with the Residential Institutions Review Committee is included in the costs listed for the Residential Institutions Redress Scheme.

³ The work on both the Commission on School Accommodation and the Inquiry into Kilkenny City Vocational School has been concluded.

⁴ The Commission/Inquiries cumulative expenditure figures exclude the expenditure categorised under the heading of the Residential Institutions Review Committee as this expenditure has been captured under the cumulative heading of the Residential Institutions Redress Scheme.

6.4 Contingent Liability

Redress

There will be further payments associated with the Commission to Inquire into Child Abuse and the Residential Institution Redress Board. Final costs cannot be determined at this point as the work of both bodies is ongoing.

Expenditure for the Commission to Inquire into Child Abuse from inception, to the end of 2012, was €68,662,688. At this point, it is estimated that a provision in the region of €15 - €20 million may be required to meet remaining costs of the Commission. This is a tentative provision, given that the Commission has yet to negotiate on a large volume of third party legal representation costs.

Expenditure associated with the Redress Board to the end of 2012 was €1,125,599,710 at which time some 15,397 applications had been processed out of a total of approximately 16,081 (including 1,866 late applications) received by the Board. The Board also had 709 late submissions to consider. At this point, it is estimated that additional costs of up to some €107 million may arise. The estimate is based on the average award and also takes account of the latest information on late applications. However, the estimate is tentative given that the Board continues to process applications and that the level of award in these remaining cases may vary from the average.

6.5(a) Legal costs and compensation

Legal costs^{1 & 2}

Legal costs paid during the year are categorised as follows;

	2012
	€000
Legal fees	435
Compensation costs	1,349

¹ The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

² The legal costs for 2012 are indicative. 2011 comparative figures are not available. It is envisaged that, with the introduction of a new chart of accounts during 2013 to take account of the move to performance budgeting, more definitive legal details may be provided in the future.

6.5(b) Legal Costs Exceeding €50,000

The legal costs listed in points 1 to 4 in this note have been paid by the Department and are included in the legal fees and compensation costs as described at point 6.5(a) above.

The legal costs described at point 5 related to Redress and are incurred under Subhead B.12. These costs are excluded from table 6.5(a) as they are categorised as legal costs of other bodies supported by a Voted subhead rather than legal costs paid directly by the Department.

1. Expenditure under Subhead C.5 involves settlement costs of €140,500 relating to 4 special education cases. Legal costs of €172,666 were incurred in three of the four legal cases and in one other case (S18/7/00).
2. Expenditure under Subhead D.8 includes legal costs totalling €200,992 relating to four appeals under Section 29 of the Education Act, 1998.
3. Expenditure under Subhead D.8 includes settlement costs totalling €314,188 and legal fees of €13,625 in respect of a court case taken by a teacher (S18/10/04).
4. Expenditure under Subhead D.8 includes settlement costs of €27,117 in relation to a schools language policy (S18/10/04).
5. Expenditure under Subhead B.12 includes awards totalling €57,500 in respect of two redress cases. Legal costs totalling €388,248 were also incurred in these two cases and eleven other cases. Medical fees totalling €184 were also incurred in one of the legal cases (S18/10/04).

6.6 Write Offs

Arising from a fraud in relation to superannuation payments €48,498 was written off as irrecoverable during 2012 (Sanction reference number 1566).

Suspected Frauds/Irregularities

In respect of the year 2012 the Department was made aware of 19 cases of fraud/suspected irregularities, most of which remain under investigation as of September 2013. The cases under investigation largely arise in regard to the issue of grants or in respect of inappropriate expenditure of Exchequer funding by educational organisations. In those cases for whom financial details of the fraud/irregularity are available, Exchequer funding spent irregularly totalled €159,000 and other funding sources €10,000. In one of these cases where financial details were available it is expected that further irregular sums will be identified as the investigations progress. Investigations are ongoing in respect of 6 of the 19 cases for which financial details are not yet available.

As these cases are ongoing the Department will continue to make every reasonable effort to recover the Exchequer funds where fraud has occurred. In circumstances where recovery is warranted, this will occur either by direct repayment or via the withholding of agreed sums from ancillary grants.

6.7 Residential Institutions Redress

Residential Institutions Redress Special Account under Terms of Indemnity Agreement

Section 23 of the Residential Institutions Redress Act 2002 provided for the establishment of a Special Account to be funded from "moneys provided by the Oireachtas" and by "a person, with the consent of the Minister (for Education and Science) and the Minister for Finance". In addition to moneys provided by the Oireachtas, funding for the Special Account comes from moneys contributed under the terms of the Indemnity Agreement between the State and the contributing congregations. The first Schedule of the Agreement contains a list of the contributing congregations. Moneys from the Special Account are used to pay awards made by the Residential Institutions Redress Board and associated legal and settlement costs. The accounts are subject to audit by the Comptroller and Auditor General.

Redress Special Account Pending Establishment of the Statutory Fund

In April 2010, the Government announced its intention to utilise €110 million of the offers of contributions from religious Congregations to establish and operate a statutory fund to support the needs of survivors of residential institutional child abuse. Pending the establishment of the statutory fund, a special interest bearing account, under the dual control of the Department of Public Expenditure and Reform and the Department of Education and Skills was opened in the Central Bank to receive the cash contributions from Congregations. During 2012, contributions of €18.95 million were received from the Congregations together with €1.044 million interest earned on the contribution held by one of the Congregations prior to its lodgement. The closing balance on the account at 31 December 2012 was €41,314,845.

Following the commencement of the Residential Institutions Statutory Fund Act, 2012 and the establishment of the Residential Institutions Statutory Fund investment account by the National Treasury Management Agency, the balance of €41,314,845 was transferred to the NTMA account in March 2013, in accordance with section 29(1) of the 2012 Act.

6.8 Expenditure on Temporary School Accommodation

During 2012 expenditure under Subheads C.5. and D.8. included amounts totalling €24,664,375 in respect of temporary school premises.

6.9 Budget Carryover

The sanction of the Department of Public Expenditure and Reform was given to carry forward €200,000 in savings from 2012 from the Department's Administrative Budget carryover into 2013.

7. Miscellaneous accounts

7.1 Non Voted Accounts

			2012	2011
	Securities	Cash	Total	Total
	€000	€000	€000	€000
Securities balance on 1 January 2012	548	—	548	548
Securities redeemed	—	—	—	—
Transfer from receipts and payments account	—	—	—	—
Securities purchased	—	—	—	—
Transfer of redemption money	—	—	—	—
Balances on 31 December 2012	548	—	548	548

Receipts and Payments Account for the year ended 31 December

	Total	Total
	2012	2011
Balances on 1 January	149	143
Receipts	25	24
Transfer to Commissioners for Charitable Donations and Bequests ¹	(135)	—
Payments	(19)	(18)
Balances on 31 December	20	149

¹ In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests the Department's endowment funds and stockholdings are being transferred to the Commissioners on a staggered basis over the years 2010 to 2013.

7.2 Endowed Schools

Account of the Receipts and Payments of the Endowed Schools (constituted under the Educational Endowments (Ireland) Act, 1885) during the year ended 31 December 2012, in respect of Capital and Income.

	2012		2011
	Securities	Cash	
	€000	€000	€000
Balance on 1 January	416	—	416
Securities redeemed	—	—	—
Transfer from receipts and payments account	—	—	—
Transfer of funds	—	—	—
Balances on 31 December	416	—	416

Receipts and Payments Account for the year ended 31 December

	2012		2011
	€000	€000	
Balances on 1 January	9	13	
Receipts	11	16	
Transfer to Office of the Commissioners for Charitable Donations and Bequests ¹	(1)	—	
Payments	(19)	(20)	
Balances on 31 December	—	9	

¹ In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests and commencing from 2010 both endowment funds and stockholdings are being transferred to the Commissioners on a staggered basis over the years 2010 to 2013.

7.3 Grant in Aid Fund 2012

	2012		2011
	€000	€000	
Subhead B.1. - Fund for General Expenses of Adult Education Organisations (National Lottery Funded) ¹	—	854	
Subhead B.8. – Payments in respect of Local Drug Task Force Projects ²	—	412	
Subhead B.14. - Fund for General Expenses of Cultural, Scientific and Educational Organisations (National Lottery Funded)	146	187	
	146	1,453	

1 The general expenses to support adult education organisations subhead, which was designated as subhead B.1. to end 2011, was subsumed into a new subhead from 1 January 2012, to reflect the consolidation of further education expenditure. Up to the end of 2011 further education costs were met from a number of subheads including B.1. Adult Education.

2 Funding of projects in Drug Task Force Areas was included in the Vote 26 Accounts up to and including the 2011 Appropriation Accounts and brought to account in Subhead B.8. As Subhead B8's grant in aid designation has been removed from the subhead at end 2010, Subhead B8 has ceased to be reflected in the Grant in Aid Fund table.