

Appropriation Account 2015

Vote 32

Jobs, Enterprise and Innovation

Introduction

As Accounting Officer for Vote 32, 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 2015 for the salaries and expenses of the Office of the Minister for Jobs, Enterprise and Innovation, including certain services administered by that Office, for payment of certain subsidies, grants, and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2015 out of unspent 2014 appropriations, under the deferred arrangements established by Section 91 of the Finance Act 2004.

A surplus of €27.49 million is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, €10 million will be carried over for spending in 2016 and €17.49 million will be surrendered to the Exchequer.

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

Reform of Workplace Relations Programme

The Workplace Relations Act 2015, which commenced on 1st October 2015, provided for two statutorily independent bodies instead of the five previously in existence (the Labour Court, the Labour Relations Commission (LRC), the Employment Appeals Tribunal, the Equality Tribunal and the National Employment Rights Authority). From that date, there is a single body of first instance called the Workplace Relations Commission (WRC) and an expanded Labour Court. As part of this reform and as Accounting Officer for the WRC, I am now accountable for the functions of the former LRC. All assets and liabilities of the LRC transferred to the Department with effect from 1 October 2015 and the LRC was dissolved with effect from that date. Prior to the transfer, amounts provided by way of grant to the LRC were accounted for under Subhead C.3. Expenditure in relation to the services of the former LRC will continue to be accounted for under this subhead.

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

Assurance on Shared Services

The human resource function is provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18 also and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to the user departments and their auditors on the controls within shared services.

The audit encompasses (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for shared services has provided me a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

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.

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.
- The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of six contracts to the value of €262,778 which were listed in my annual return in respect of Circular 40/2002. Two of these contracts were rolled-over as there were delays in the tendering process, which have now been completed and new contracts awarded. Two other contracts were rolled-over pending the finalisation by the Office of Government Procurement of a centralised framework agreement for security services in 2016. A further two contracts were rolled over as it was expected that WRC staff would relocate to a new premises in 2015. This is now scheduled for 2016.

Significant financial risks

I can confirm that I have reviewed the high level risk register of the Department and the corresponding controls in place to mitigate the risks identified.

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.

John Murphy

Accounting Officer

Department of Jobs, Enterprise and Innovation

30 March 2016

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Jobs, Enterprise and Innovation

I have audited the appropriation account for Vote 32 Jobs, Enterprise and Innovation for the year ended 31 December 2015 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, and 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 by his Department and for the regularity and propriety of all transactions in the appropriation account.

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 each year, a report 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 the Department of Public Expenditure and Reform's *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 32 Jobs, Enterprise and Innovation for the year ended 31 December 2015.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Department of Jobs, Enterprise and Innovation. The appropriation account is in agreement with the accounting records.

Seamus McCarthy

Comptroller and Auditor General

30 June 2016

Vote 32 Jobs, Enterprise and Innovation Appropriation Account 2015

	Estimate provision		2015	2014
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Jobs and Enterprise Development			
	<i>Original provision</i>	359,071		
	<i>Deferred surrender</i>	11,000		
	<i>Supplementary</i>	21,000	391,071	379,379
				337,824
B	Innovation			
	<i>Original provision</i>	347,384		
	<i>Deferred surrender</i>	9,000		
	<i>Supplementary</i>	29,000	385,384	382,633
				357,370
C	Regulation			
			83,731	72,833
				70,366
	Gross expenditure			
	<i>Original provision</i>	790,186		
	<i>Deferred surrender</i>	20,000		
	<i>Supplementary</i>	50,000		
			860,186	834,845
				765,560
	<i>Deduct</i>			
D	Appropriations-in-aid		49,774	51,925
				49,248
	Net expenditure			
	<i>Original provision</i>	740,412		
	<i>Deferred surrender</i>	20,000		
	<i>Supplementary</i>	50,000		
			810,412	782,920
				716,312

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Unspent appropriations for capital supply services may be carried over for spending in the following year under Section 91 of the Finance Act 2004.

	2015	2014
	€	€
Surplus	27,492,889	38,763,031
Deferred surrender	(10,000,000)	(20,000,000)
Surplus to be surrendered	<u>17,492,889</u>	<u>18,763,031</u>

Analysis of administration expenditure

		2015	2014	
	Estimate provision	Outturn	Outturn	
	€000	€000	€000	
i	Salaries, wages and allowances	23,834	24,196	22,032
ii	Travel and subsistence	686	424	555
iii	Training and development and incidental expenses	1,096	828	785
iv	Postal and telecommunications services	587	450	408
v	Office equipment and external IT services	3,959	3,090	3,403
vi	Office premises expenses	1,750	1,271	2,310
vii	Consultancy services and value for money and policy reviews	1,210	936	1,083
viii	Advertising and information resources	581	391	106
		<u>33,703</u>	<u>31,586</u>	<u>30,682</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	803,259	734,878
Pay	24,196	22,032
Non pay	7,390	8,650
Gross expenditure	834,845	765,560
<i>Deduct</i>		
Appropriations-in-aid	51,925	49,248
Net expenditure	782,920	716,312
Changes in capital assets		
Purchases cash	(773)	
Depreciation	1,834	
Loss on Disposals	6	
	1,067	915
Changes in assets under development		
Cash payments	(1,126)	(1,239)
Changes in net current assets		
Increase in closing accruals	1,310	
Decrease in stock	12	
	1,322	(904)
Direct expenditure	784,183	715,084
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	22,694	22,601
Notional rents (non-cash) (note 1.2)	1,947	1,452
Net programme cost	808,824	739,137

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 32 borne elsewhere.

		2015	2014
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	144	67
Vote 12 Superannuation and Retired Allowances	e	16,056	15,982
Vote 13 Office of Public Works	e	6,158	6,229
Central Fund - Ministerial pensions	e	336	323
		<u>22,694</u>	<u>22,601</u>

'e' indicates an estimated value or an apportioned cost.

1.2 Notional Rent

The notional rent figure has been compiled by the Office of Public Works based on current market rental prices. The notional rent figure is in respect of two properties occupied by the Department of Jobs, Enterprise and Innovation.

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	7,149	6,762
Capital assets under development	2.3	43	354
		7,192	7,116
Current Assets			
Bank and cash	2.4	14,294	22,212
Stocks	2.5	197	209
Prepayments		922	1,063
Accrued income		1,003	1,381
Other debit balances	2.6	1,094	2,136
Total current assets		17,510	27,001
Less current liabilities			
Accrued expenses		446	285
Deferred income		1,802	1,172
Other credit balances	2.7	2,388	4,522
Net liability to the Exchequer	2.8	13,000	19,826
Total current liabilities		17,636	25,805
Net current (liabilities)/assets		(126)	1,196
Net assets		7,066	8,312
Represented by:			
State funding account	2.1	7,066	8,312

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		8,312	7,078
Disbursements from the Vote			
Estimate provision	Account	810,412	
Deferred surrender	Account	(10,000)	
Surplus to be surrendered	Account	(17,492)	
Net vote		782,920	716,312
Net assets transferred from LRC	2.2	17	-
<i>Net assets transferred from Forfas</i>		-	5
<i>Prior year adjustment</i>		-	1
Expenditure (cash) borne elsewhere	1	22,694	22,601
Non cash expenditure – notional rent	1	1,947	1,452
Net programme cost	1	(808,824)	(739,137)
Balance at 31 December		7,066	8,312

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2015	34,440	6,701	41,141
Reclassification	4	(4)	-
Transfers from Labour Relations Commission ^a	378	58	436
Additions	2,125	85	2,210
Disposals	(42)	(1,367)	(1,409)
Cost or valuation at 31 December 2015	<u>36,905</u>	<u>5,473</u>	<u>42,378</u>
Accumulated depreciation			
Opening balance at 1 January 2015	27,850	6,529	34,379
Reclassification	4	(4)	-
Transfers from Labour Relations Commission ^a	364	55	419
Depreciation for the year	1,782	52	1,834
Depreciation on disposals	(37)	(1,366)	(1,403)
Cumulative depreciation at 31 December 2015	<u>29,963</u>	<u>5,266</u>	<u>35,229</u>
Net assets at 31 December 2015	<u>6,942</u>	<u>207</u>	<u>7,149</u>
Net assets at 31 December 2014	<u>6,590</u>	<u>172</u>	<u>6,762</u>

^a ICT assets and furniture and fittings, with a net value of €17,252, were transferred to this Department following the merging of the Labour Relations Commission into the Workplace Relations Commission with effect from 1 October 2015. A difference of €38,000 arose on the net assets transferred due to differences in accounting policies in the Department.

2.3 Capital Assets under Development

	In-house computer applications
	€000
Amounts brought forward at 1 January 2015	354
Cash payments in year ^a	1,224
Brought into use in year	<u>(1,535)</u>
Balance at 31 December 2015	<u>43</u>

^a EU funding in the amount of €97,841 was used to acquire ICT assets under the Patent Cooperation Fund projects.

2.4 Bank and Cash	2015	2014
at 31 December	€000	€000

PMG balances	14,293	22,212
Commercial bank account balance	1	—
	<u>14,294</u>	<u>22,212</u>

2.5 Stocks	2015	2014
at 31 December	€000	€000

Stationery	137	144
IT supplies	43	49
Cleaning materials	17	16
	<u>197</u>	<u>209</u>

2.6 Other Debit Balances	2015	2014
at 31 December	€000	€000

Advances to OPW	105	184
Miscellaneous debit balances	631	1,385
Recoupable expenditure:		
Travel	333	
Shared services	<u>25</u>	
	358	567
	<u>1,094</u>	<u>2,136</u>

2.7 Other Credit Balances	2015	2014
at 31 December	€000	€000

Amounts due to the State

Income Tax	56	966
Pay Related Social Insurance	60	373
Income Levy	—	8
Professional Services Withholding Tax	—	154
Value Added Tax on intra EU acquisitions	—	53
	<u>116</u>	<u>1,554</u>
Miscellaneous credit balances*	2,272	2,968
	<u>2,388</u>	<u>4,522</u>

*Miscellaneous credit balances comprise i) patent renewal fees - €1.4 million, ii) staff deductions - €0.3 million and iii) other miscellaneous balances - €0.6 million.

2.8 Net Liability to the Exchequer	2015	2014
at 31 December	€000	€000
Surplus to be surrendered	17,492	18,763
Deferred surrender	10,000	20,000
Exchequer grant undrawn	(14,492)	(18,937)
Net liability to the Exchequer	<u>13,000</u>	<u>19,826</u>

Represented by:**Debtors**

Bank and cash	14,294	22,212
Other debit balances	1,094	2,136
	<u>15,388</u>	<u>24,348</u>

Creditors

Due to State	(116)	(1,554)
Other credit balances	(2,272)	(2,968)
	<u>(2,388)</u>	<u>(4,522)</u>
	<u>13,000</u>	<u>19,826</u>

2.9 Commitments	2015	2014
at 31 December	€000	€000

(A) Global commitments

Procurement subheads	1,717	1,586
Grant subheads ^a	1,427,488	1,453,199

^a Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

(B) Multi-annual capital commitments

Capital grants involving total expenditure of €6.35 million or more is shown separately in the multi-annual capital commitments table

	Cumulative expenditure to 31 December 2014 ^a	Expenditure in 2015	Project commitments in subsequent years	Expected total spend lifetime of project 2015	Expected total spend lifetime of project 2014^a
	€000	€000	€000	€000	€000
IDA Ireland	49,000	12,400	87,000	148,400	125,700
Enterprise Ireland	199,792	57,367	188,854	446,013	407,919
Science Technology & Development Programme	196,127	61,887	280,068	538,082	523,823
Programme for Research in Third Level Institutions (PRTL)	95,839	28,831	48,405	173,075	173,074
	<u>540,758</u>	<u>160,485</u>	<u>604,327</u>	<u>1,305,570</u>	<u>1,230,516</u>

^a Excludes projects completed by end of 2014.

Significant variations

Where the programme spend has increased by more than €500,000 from 2014 to 2015, an explanation is provided as follows:

Project by Project basis	Expected total spend 2015	Expected total spend 2014	Year on year increase
	€000	€000	€000
IDA Ireland:	148,400	125,700	22,700
Explanation: one new grant approval in 2015 totalling €13.7 million and a commitment, in 2015, to make additional payments of €9 million in order to surrender a lease which was not due to expire until 2034.			
Enterprise Ireland:	446,013	407,919	38,094
Explanation: increase relates to three new projects totalling €29.5 million and an increase in the value of three existing project commitments of €8.6 million.			
Science, Technology and Development Programme	538,082	523,823	14,259

Explanation: increase relates to two new grant approvals in 2015.

2.10 Matured Liabilities

	2015	2014
	€000	€000
Estimate of matured liabilities not discharged at year-end	206	99

3 Programme Expenditure by Subhead

	Estimate provision		2015	2014
			Outturn	Outturn
	€000	€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay	8,005	8,158	7,476
A.2	Administration – non pay	2,726	2,188	2,954
A.3	Agency legacy pensions	39,822	39,086	15,862
A.4	InterTrade Ireland	7,454	7,840	7,762
A.5	IDA Ireland			
	<i>Original</i>	130,316		
	<i>Deferred surrender</i>	5,000		
	<i>Supplementary</i>	21,000		
		<u>156,316</u>	156,599	131,150
A.6	Export Credit Insurance - refund to the Exchequer	—	—	4
A.7	Enterprise Ireland			
	<i>Original</i>	129,584		
	<i>Deferred surrender</i>	6,000		
		<u>135,584</u>	126,928	108,962
A.8	Local enterprise development	29,454	29,442	29,499
A.9	Monitoring and evaluation of EU programmes	20	—	—
A.10	INTERREG enterprise development	3,000	1,224	2,800
A.11	National Standards Authority of Ireland - grant for administration and general expenses	6,076	5,619	4,804
A.12	Temporary Loan Guarantee Scheme	500	245	196
A.13	Subscriptions to international organisations, etc.	1,796	2,049	1,827
A.14	Commissions, committees and special inquiries	1	1	1
A.15	Legal costs and other services	317	—	7
	- <i>Forfás</i>	—	—	22,565
	- <i>SFADCO (pensions)</i>	—	—	1,955
		<u>391,071</u>	<u>379,379</u>	<u>337,824</u>

Significant variations

Overall, the expenditure in relation to Programme A was €11.7 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
InterTrade Ireland	(386)	InterTrade Ireland's operating currency is sterling (GBP). The funding required under this subhead is calculated by reference to a rate set by Department of Public Expenditure and Reform, which is an estimate of the exchange rate between sterling and euro, which was set at 81p to the € for 2015. As the value of the euro fell significantly during the year, an additional €385,919 was required to maintain the required level of funding.
IDA Ireland	(283)	The original budget plus deferred surrender was €135 million. This was increased by €21 million by a Supplementary Estimate. The additional funding was required to meet the following variances from original estimate: (i) underspends in pay and pensions of €1.1 million; (ii) overspend in non-pay of €1.4 million on promotional and advertising costs and rental of HQ office; (iii) overspend of €9 million in respect of capital grants to industry and (iv) €12 million on property. In respect of property, sanction was given to IDA to commence spending up to a maximum of €20 million on the five year €150 million IDA Regional Property Programme, of which €12 million was spent across the three strands of the programme i.e. supporting new building, securing strategic sites and the upgrade of existing IDA Business Parks.
Enterprise Ireland	8,656	There was an underspend of €8.7 million in capital funding due to the receipt of additional unanticipated own resource income (ORI) arising mainly from trade sales by client companies where EI had a shareholding and receipts from Venture Capital Funds. This additional ORI was used to fund Financial Support to Industry expenditure instead of drawing Exchequer funds resulting in a lower drawdown.
INTERREG enterprise development	1,776	Commencement of the latest INTERREG Programme to run for the period up to 2020 was significantly delayed due to administrative issues in the EU Management Authority. This meant that some new projects anticipated to get underway earlier in 2015, in particular the research & innovation strand of a Territorial Cooperation Programme, were late coming on stream due to delays in finalising the programme. Another element which will involve enhanced industry-relevant research to two specific industrial sectors did not commence in 2015.
National Standards Authority of Ireland - grant for administration and general expenses	457	The estimate included provision for a number of retirements, however, as there was an extension of the retirement grace period, only three staff retired, resulting in an underspend of €457,289 on pay.
Temporary Loan Guarantee Scheme	255	The estimate of €500,000 for 2015 was based on the maximum amount of €150 million being lent and guaranteed under the Credit Guarantee Scheme. The estimate covers the cost of operating the Scheme, as well as, claims by participating lenders, on the 75% guarantee. The reasons for the underspend are: (i) lower than anticipated take-up of the Scheme, and (ii) there were fewer claims on the guarantee by year end than had been provided for.

Description	Less/(more) than provided €000	Explanation
Subscriptions to international organisations, etc.	(253)	Ireland's annual contribution to the World Trade Organisation's (WTO) budget and the budget of the Appellate Body is paid under this subhead. The annual subscription is payable in Swiss francs (CHF). The exchange rate at the time of payment was €1 = 1.0028CHF. The exchange rate at the time of the 2014 payment was €1 = 1.18CHF. The significant depreciation of the euro against the Swiss franc, resulted in a higher annual contribution than was estimated.
Legal costs and other services	317	The estimate covers the projected cost of miscellaneous payments which may arise across the Department, including potential legal costs, for which provision has not been made elsewhere in the Vote. The Department is obliged to make a contingency provision for such costs that may be once off in nature and where the timing of expenditure is not certain. There were no such payments in 2015.

	Estimate provision		2015	2014
			Outturn	Outturn
	€000	€000	€000	€000
B Innovation				
B.1 Administration – pay		5,793	5,725	5,072
B.2 Administration – non pay		2,562	2,092	3,043
B.3 Patents Office		2,689	2,506	2,374
B.4 Science and Technology Development Programme				
	<i>Original provision</i>	283,806		
	<i>Deferred surrender</i>	9,000		
	<i>Supplementary</i>	5,500	298,306	297,706
B.5 Programme for Research in Third Level Institutions (PRTL)				288,703
	<i>Original provision</i>	32,014		
	<i>Supplementary</i>	23,500	55,514	55,514
B.6 Subscriptions to international organisations, etc.		19,011	19,086	18,991
B.7 Commissions, committees and special inquiries		1	1	1
B.8 Legal costs and other services		1,508	3	132
		<u>385,384</u>	<u>382,633</u>	<u>357,370</u>

Significant variations

Overall, the expenditure in relation to Programme B was €2.8 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Patents Office	183	The variance of €183,228 can be split between underspends of (i) €52,000 pay and (ii) €131,000 non-pay. The pay underspend arose as a result of the non-replacement of four staff that retired and also staff availing of shorter working year scheme. The non-pay estimate included provision for a number of ICT projects/expenditure e.g. Design e-filing, Consolidate Front Office, etc. which were funded under an Office for Harmonisation in the Internal Market Co-operation programme and as a result the original provision was not required.
Science and Technology Development Programme	(600)	The '2015 Research Infrastructure Call' programme operated by Science Foundation Ireland attracted stronger interest by the research community than initially anticipated. A supplementary estimate of €5 million was sanctioned to facilitate all qualifying applications under the programme. In respect of Tyndall Institute, there was an overspend of €0.5 million which arose from the purchase of a research equipment item of strategic importance to Tyndall (MEMS processing system). The overspend was funded by way of supplementary estimate.

Description	Less/(more) than provided €000	Explanation
Programme for Research in Third Level Institutions (PRTLl)	—	PRTLl supports the provision of top-class research infrastructure (buildings, laboratories and cutting edge equipment) across higher education institutions. Under the PRTLl, the third level institutions must meet significant costs of the capital infrastructural projects upfront, which are subsequently claimed back on production of evidence of matured liabilities. During 2015, funds were targeted at hastening the progress of reducing the outstanding matured liabilities and in this context €23.5 million was provided by a supplementary estimate which funded ten institutions' capital projects under PRTLl Cycle 5.
Legal costs and other services	1,505	The estimate covers the projected cost of miscellaneous payments which may arise across the Department, including potential legal costs, for which provision has not been made elsewhere in the Vote. The Department is obliged to make a contingency provision for such costs that may be once off in nature and where the timing of expenditure is not certain. Payments of only €3,000 were made on such costs in 2015.

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Regulation			
C.1 Administration – pay	10,036	10,313	9,484
C.2 Administration – non pay	4,581	3,110	2,653
C.3 Workplace Relations Programme	20,242	17,009	17,501
C.4 Grants for trade union education and advisory services – cash-limited	900	900	944
C.5 Health and Safety Authority - grant for administration and general expenses	17,967	18,217	17,388
C.6 Trade Union Amalgamations	30	—	—
C.7 Office of the Director of Corporate Enforcement	5,091	3,073	3,012
C.8 Competition and Consumer Protection Commission	12,230	9,124	1,725
C.9 Personal Injuries Assessment Board	55	203	152
C.10 Consumer support	45	—	—
C.11 Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,425	7,244	6,751
C.12 Irish Auditing and Accounting Supervisory Authority	2,000	1,557	1,355
C.13 Low Pay Commission	500	260	—
C.14 Subscriptions to international organisations, etc.	1,411	1,555	1,367
C.15 Commissions, committees and special inquiries	220	50	57
C.16 Legal costs and other services	998	218	107
— Competition Authority	—	—	3,969
— National Consumer Agency	—	—	3,901
	83,731	72,833	70,366

Significant variations

Overall, the expenditure in relation to Programme C was €10.9 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	1,471	Overall the non-pay expenditure across the three programmes was 25% less than estimated with expenditure on Programme C being 32% less than the estimate provision. The main underspend occurred in relation to expenditure associated with the relocation of staff in three buildings where leases were due to mature during the year. Only one of the leases was surrendered in 2015, the other two moves are now scheduled for 2016. Other savings/underspends occurred in the following areas (i) ICT area - a number of projects were postponed or delayed arising from resource constraints; (ii) consultancy services – due to the reprioritisation of certain projects during the course of the year and the fact that a number of projects which commenced during 2015 fall to be completed in 2016 and (iii) volume of official travel undertaken in 2015 was less than anticipated.

Description	Less/(more) than provided €000	Explanation
Workplace Relations Programme	3,233	<p>Subhead C.3 is made up of a number of areas and the details of the variance for each of these is given below:</p> <ul style="list-style-type: none"> i) Superannuation and pensions for retired Labour Court Members: €471,538 underspend as members who were eligible for retirement did not opt for retirement in 2015. ii) Employment Appeals Tribunal (EAT): €367,410 underspend due to reduction in staff numbers and appeal hearings listed. The adjudication of new appeals listed since 1 October 2015 are now determined by the WRC, with legacy cases being heard by the EAT. iii) Labour Court: €397,917 underspend in pay area as anticipated staff for the new division were appointed in the latter part of 2015. iv) Former NERA: €131,709 more than estimate. An overspend of €55,237 on pay overtime costs due to development and testing on new case management system and some staff returning from career break and an overspend of €76,472 on non-pay due in the main to legal fees, T&S and ICT exceeding budget estimates. v) Former Equality Tribunal: €512,876 lower than estimate due to retirement of senior staff and anticipated costs for Judicial reviews did not arise. vi) Former LRC: €1,450,226 lower than estimate. The bulk of the underspend arose due to the WRC being established in the fourth quarter of 2015 which was later than expected and the commencement of scheduling of hearings for external adjudicators at that stage, also the retirement and transfer of senior personnel had a bearing on the outturn for pay. vii) Project Office: underspend of €169,651 on savings made through using Revenue's printing division for stationery, the provision of two new hearing rooms in Carlow did not proceed due to unforeseen delays and some savings also arose due to the timing of the operational date of the case management system.
Office of the Director of Corporate Enforcement	2,018	<p>The underspend arose primarily on the non-pay side (€1.29 million). The non-pay allocation of €2,207,000 included funding in respect of several ongoing cases before the courts at the start of the year. The outcome of some of these cases was favourable to the office and therefore the associated costs did not arise. The timing and outcome of cases is largely outside the control of the office and, as a result, it is extremely difficult to anticipate the timing or level of costs which the office may have to bear.</p> <p>The underspend of €0.728 million on the pay side resulted from three vacancies that arose during the year and the delay in filling newly-sanctioned posts.</p>

Description	Less/(more) than provided €000	Explanation
Competition and Consumer Protection Commission	3,106	<p>On the pay side, approximately 20 vacancies remained unfilled during the year and the approved staff complement was not reached by year-end resulting in an underspend of €1.865 million.</p> <p>Provision was made in the estimates for costs relating to the amalgamation of the National Consumer Agency and the Competition Authority, which took place at the end of October 2014, and the possibility of costs relating to the intended move from the separate offices of the former NCA and CA to a single new location which did not actually arise in 2015.</p> <p>Also, in the non-pay area there were significant underspends across a number of budget headings, some of which were related to vacancies in the staff numbers in those areas. Some reductions in costs were achieved from new contracts entered into during the year.</p>
Personal Injuries Assessment Board	(148)	The overspend resulted from the unexpected departure of the former CEO whose subsequent lump sum and pension were not originally included in the Pension estimate for 2015.
Irish Auditing and Accounting Supervisory Authority	443	<p>IAASA is part funded by the Department and by the prescribed accountancy bodies. In relation to the variance, the 2015 estimate was premised upon the Authority having a full staff complement, however, there were delays in filling certain vacancies in 2015 resulting in savings of €0.3 million (see Appropriations-in-Aid).</p> <p>In respect of non pay, a provision of €200,000 was made for premises redevelopment. This project was delayed, and the allocation was not spent in 2015.</p>
Low Pay Commission	240	<p>The budget was based on a full year's expenditure. The Commission was established on an interim basis at the end of February, and on a statutory footing in mid-July, therefore a full year's costs were not drawn down. With regard to the pay budget, the staffing for the Commission came on stream on a phased basis through-out the year and the fee allocations in respect of the members of the Commission were not fully drawn down. A number of members were ineligible to receive fees and a number waived their fees.</p> <p>With regard to non-pay, during the start-up phase some elements of spend were borne from the Department's main administrative budget and as the Commission was only establishing, a full year's costs were not expended.</p>
Subscriptions to international organisations, etc.	(144)	Both membership fees to the International Labour Organisation and subscription fees to Hallmarking Convention are paid in Swiss Francs (CHF) and the overspend is accounted for due to the currency fluctuations in the rate of exchange between the € and the CHF during 2015. The exchange rate at the time of payment was €1 = 1.04CHF. The exchange rate at the time of the 2014 payment was €1 = 1.17CHF.

Description	Less/(more) than provided €000	Explanation
Commissions, committees and special inquiries	170	<p>The variation arose due to:</p> <ul style="list-style-type: none"> (i) €76,000 saving arising from a reduced level of Joint Labour Committee activity in 2015, with a lower than anticipated number of meetings and subsequent level of activity; (ii) €50,000 savings by company law review group due to the completion of one legal researcher contract in May 2015 and the award of two legal researcher contracts in October 2015 which was later than planned; (iii) €17,000 savings by Business Regulation Unit; and (iv) (iv) other miscellaneous savings.
Legal costs and other services	780	<p>It is difficult to forecast expenditure that might occur during the year under this subhead as potential legal costs are dependent on when the courts call a case for hearing. The estimate is in the nature of a contingency provision across a number of areas of the Department.</p>

4 Receipts

4.1 Appropriations-in-aid

		2015		2014
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1	Receipts from the Social Insurance Fund	600	701	782
2	Employment permit fees	4,000	5,477	4,041
3	Employment agency licences	215	319	267
Insurance and Company Law				
4	Companies Registration Office	17,000	17,667	18,535
5	Registry of Friendly Societies	50	56	63
Trade, Competition and Market Rights				
6	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,500	8,612	8,140
7	Occasional trading licences	1	—	1
8	Competition and Consumer Protection Commission	421	459	416
9	Merger notifications	280	600	344
Other				
10	ODCE legal	50	23	177
11	Miscellaneous	120	1,368	2,269
12	Enterprise policy (InterTrade Ireland)	63	75	44
13	Competition and Consumer Protection Commission – Grant for Financial Information and Education Functions	1,973	1,261	—
14	IAASA pay refund	141	340	513
15	PIAB pay and superannuation	1,209	1,180	1,377
16	HSA superannuation	672	644	589
17	IDA Superannuation	900	824	1,174
18	EI Superannuation	2,667	2,244	—
19	SFI Superannuation	252	158	—
20	SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	221	336	389
21	Temporary Loan Guarantee Scheme	500	249	153
22	Expert Group on Future Skills Needs	350	336	—
23	Receipts from pension - related deduction on public service remuneration	9,589	8,996	9,288
24	County Enterprise Development	—	—	83
25	NCA - grant for financial information and educational functions	—	—	603
Total		49,774	51,925	49,248

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 estimated €000	Explanation
Receipts from the Social Insurance Fund	(101)	Section 56 of the Redundancy Payments Act 1967 sets out that the cost of administering redundancy appeals, which are administered by this Department, should be borne by the Social Insurance Fund of the Department of Social Protection (DSP). This was negotiated with DSP on the basis of 20.96% of overall Employment Appeals Tribunal costs for Quarter 4 2014 and Quarters 1, 2 and 3 2015, totalling €701,573.
Employment permit fees	(1,477)	The continued recovery in the Irish labour market has had a considerable knock-on effect on the number of permits issued. Last year's projection was based on previous years' trends, which were overly conservative given the escalation in the recovery generally during 2015. The total number of permits issued in 2015 was 7,265 which shows an increase of 1,769 over the same period in 2014, an increase of over 32% year on year in the number of permits issued.
Employment agency licences	(104)	The estimate of €215,000 was based on an expectation of 430 licences being in force at end of 2015. The actual number of licences in force was 550.
Merger notifications	(320)	The requirements regarding the notification of mergers were amended in the Competition & Consumer Protection Act 2014, with the new rules becoming applicable on 31 st October 2014. The changes reduced the threshold levels above which mergers are required to be notified to the Commission. While the changes would have been expected to result in some increase in the number of mergers that would be notified in 2015, it was not possible to estimate what the increase would be. It transpired during 2015 that a significantly higher number of merger notifications were notified to the Commission than originally estimated (35).
Miscellaneous	(1,248)	It is difficult to estimate what amount of income will be received in this category. The significant amounts included: (i) €1,000,000 refund of grants paid to LEO's during 2015 and subsequently refunded, (ii) €314,000 relating to receipts from third party pensioners paid by EI under subhead A.3 Agency Legacy Pensions and (iii) various other miscellaneous amounts.
Competition and Consumer Protection Commission – Grant for Financial Information and Education Functions	712	The Competition and Consumer Protection Commission's (CCPC) financial services function is funded by a levy imposed by the CCPC on regulated financial services providers. The levy is collected mid-year and the Department prefunds the CCPC (under Subhead C.8) on the proviso that the Department is reimbursed by way of appropriations-in-aid before year end. Due to a significant surplus of levy funding (€243,000) that was carried over from 2014 and other savings made, €0.7 million of the prefunding provision was not required. As a result there was no requirement for the CCPC to reimburse the Department in respect of this amount.

Description	Less/(more) than estimated €000	Explanation
IAASA pay refund	(199)	The Irish Accounting and Auditing Standards Authority is part funded by the Department and by the prescribed accountancy bodies. The mechanism by which IAASA's funding is delivered is that its entire salary and related payments are processed by the Department on its behalf through Subhead C.12. As the aggregate of these payments usually exceeds the Exchequer's overall liability, a refund is made to the Department at year end. The Exchequer liability to IAASA in 2015 amounted to €1.24 million, whereas the amount expended by the Department was €1.55 million, therefore a refund of €0.3 million was made to the Department.
EI Superannuation	423	The voluntary early retirement/voluntary leaving programme (VER/VLP) operated by Enterprise Ireland in Q1/Q2 2015 resulted in 51 staff leaving the agency. This contributed to lower pension amounts being paid to the DJEI. Furthermore, 28 people resigned /retired outside of the VLP since December 2014.
SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	(115)	The increase in receipts over estimate arose as a number of staff at Shannon Development who were redeployed to other bodies during 2013, remain as members of the SFADCo pension scheme at 31 December 2015 due to issues with the transfer arrangements.
Temporary Loan Guarantee Scheme	251	The estimate of €500,000 for 2015 was based on the maximum amount of €150 million being lent and guaranteed under the Credit Guarantee Scheme during 2015. The receipts under the scheme are much less than expected as take-up has been lower than anticipated. It should be noted that the take up has improved significantly in 2015 as compared to previous years (there was a 116% increase in the value of approvals in 2015 over 2014). As a result, it would be expected that receipts under the scheme will increase over the coming years.
Receipts from pension - related deduction on public service remuneration	593	The estimate was based on the previous year, however in 2015 the decrease in numbers was higher than anticipated.

4.2 Extra receipts payable to the Exchequer

	2015	2014
	€000	€000
Balance at 1 January	512	—
Export credit recoveries	41	650
IDA Ireland – current	49	386
Enterprise Ireland - capital (A7, B4)	667	126
LEOs – current	2,249	57
LEOs – capital	1,421	34
NSAI – current	1,000	—
LRC – current	89	—
Enterprise Ireland - current (A7, B4)	—	596
Forfás – current	—	566
Forfás – surplus own resource income	—	615
Shannon Development – grant refund	—	477
IDA Ireland – interconnectivity project receipts	—	2,450
IDA Ireland – capital	—	2,356
PRLTI – current	—	78
PRLTI – capital	—	602
Health and Safety Authority – current	—	121
InterTrade Ireland - current	—	4
InterTrade Ireland - capital	—	17
Miscellaneous	—	19
Transferred to the Exchequer	(6,028)	(8,642)
Balance at 31 December	<u>—</u>	<u>512</u>

Enterprise Ireland - capital	This represents the balance of funds due to the Exchequer for Enterprise Ireland's 2014 excess own resource income.
LEOs – current	A significant amount of this relates to the surrender of €1,421,000 in private pensions held by some staff of the LEOs. A further amount of €444,000 relates to unused non pay funds.
LEOs – capital	These monies relate to unused capital funds.
NSAI – current	This relates to a refund of previous years' surplus operating reserves which was reduced on a once-off basis having been accumulated over a number of years.

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)		
Department	798	759
Agencies ^a	1,485	1,618
	2,283	2,377
	2,283	2,377

^a Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2015	2014
	€000	€000
Pay	146,581	148,734
Higher, special or additional duties allowance	856	796
Other allowances	1,981	2,099
Overtime	717	526
Employer's PRSI	9,040	9,588
Total pay	159,175	161,743
	159,175	161,743

The remuneration arrangements refer to the pay element of Subheads A1, A4, A5, A7, A8, A11, B1, B3, B4, C1, C3, C5, C7, C8, C11, C12 and C13.

5.1 Department

	2015	2014
	€000	€000
Pay ^a	41,106	37,360
Higher, special or additional duties allowance	696	592
Other allowances	410	476
Overtime	533	266
Employer's PRSI	2,415	2,123
Total pay ^b	45,160	40,817
	45,160	40,817

^a Includes pension payments to 27 former members of Labour Court and the Competition Authority (now known as the Competition and Consumer Protection Commission).

^b Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7, C.11 and C.13). The amount included for pay in Note 1 refers to administrative subheads only.

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	105	6	27,965	26,929
Other Allowances	82	7	81,289	76,941
Overtime	217	8	18,086	14,862
Number of individuals who received extra remuneration in more than one category	28	14	19,934	16,645

5.2 Agencies

	2015	2014
	€000	€000
Pay	105,476	111,375
Higher, special or additional duties allowance	160	204
Other allowances	1,570	1,622
Overtime	184	261
Employer's PRSI	6,625	7,464
Total pay	114,015	120,926

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	43	1	11,246	11,161
Other Allowances	367	43	27,303	42,728
Overtime	64	5	25,859	42,702
Number of individuals who received extra remuneration in more than one category	11	1	28,872	26,973

The agencies included above are the Local Enterprise Offices, Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

5.3 Other remuneration arrangement

Three civil servants were retained beyond retirement age.

A company car was provided to the CEO's of three agencies of the Department.

5.4 Salary overpayments

Overpayments at year end were €35,701 (14 cases) (2014 €99,687, 31 cases). All 14 cases have recovery plans in place.

6 Miscellaneous

6.1 EU Funding

In addition to grants from the Vote, the following bodies under the aegis of the Department received EU aid directly in 2015 as shown below:

Subhead	Description	2015	2014
		Outturn	Outturn
		€	€
A.7	Enterprise Ireland	340,169	207,335
B.3	Patents Office	179,560	297,661
B.4	Science Foundation Ireland	498,140	120,000
B.4	Enterprise Ireland	471,087	87,859
		<u>1,488,956</u>	<u>712,855</u>

The outturn shown in Subheads A.8, B.4 and B.5 includes payments in respect of activities which are co-financed from the ERDF. Estimates of expenditure and actual outturn were as follows:

Subhead	Description	2015	2015	2014
		Estimate	Outturn	Outturn
		€000	€000	€000
A.6	Shannon Free Airport Development Company Limited	—	—	1,955
A.8	Local enterprise development	29,454	29,442	29,499
B.4	Science and Technology Development Programme	298,306	297,706	288,703
B.5	Programme for Research in Third Level Institutions (PRTLII)	55,514	55,514	39,054
		<u>383,274</u>	<u>382,662</u>	<u>359,211</u>

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	Cumulative expenditure to end 2015	2015 Outturn	2014 Outturn
		€	€	€
Fixed term/fixed purpose				
Company Law Review Group	2000	1,039,225	38,654	43,480
Sales Law Review Group	2009	22,296	1,344	832
Permanent/open-ended				
Joint Labour Committees	1946		6,482	2,374
Business Regulation Group	2006		2,192	9,034
Departmental Audit Committee	2004		2,700	2,250
			51,372	57,970

6.3 Legal costs

				2015	2014
	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	Total
		€000	€000	€000	€000
Claims by members of the public against					
Labour Court	2	—	148,981	12,072	161,053
Employment Appeals Tribunal	1	—	50,169	—	50,169
		—	199,150	12,072	211,222

6.4 Miscellaneous Payments

Employment and Training Levy - Statement of payments made in accordance with Section 25(1) of the Labour Services Act, 1987.

	Total for the year ended 31 December 2015 €	Total for the year ended 31 December 2014 €
Received by Minister for Jobs, Enterprise and Innovation	714,599	604,411
Paid by Minister for Jobs, Enterprise and Innovation into the Exchequer	714,599	604,411

The Employment and Training Levy set at 1% of an individual's total income with some exceptions, was abolished with effect from 6 April 1999. The Department of Jobs, Enterprise and Innovation continues to receive amounts relating to historical payments of taxes. The Employment and Training Levy is collected by the Office of the Revenue Commissioner and paid over to the Department of Jobs, Enterprise and Innovation on a monthly basis. The monies are directly paid over to the Exchequer.

6.5 Contingent Liabilities

A Temporary Partial Credit Guarantee Scheme was established in November 2012. Under this scheme the Government will partially guarantee loans by traditional lenders to viable businesses that are at the margins of commercial lending decisions and have difficulties accessing credit for either of two distinct reasons:

- (i) Insufficient collateral
- (ii) The lender does not have the skills or experience to carry out a proper assessment of the proposition, due to a lack of knowledge of new sectors, markets or technologies.

A total of €20,385,050 of loans has been provided to date, with €1,486,443 being the maximum potential exposure to the Department arising from these guaranteed loans.

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

6.6 Write-Offs

The sums written off during the year were:

	2015 €000	2014 €000
Unrecovered Credit Insurance debt	—	16,064
Historic suspense account balances	252	9

6.7 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €10,000,000 of unspent allocation in respect of subheads A.7 and A.10 was carried forward to 2016.

