

**Appropriation Account 2015**

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**Vote 6**

**Office of the Chief State Solicitor**

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## **Introduction**

As Accounting Officer for Vote 6, 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 Chief State Solicitor.

The expenditure outturn is compared with the sums 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.

A surplus of €212,780 is liable for surrender to the Exchequer.

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

## **Statement of Accounting Policies and Principles**

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

### ***Accrued expenses***

Accrued expenses include counsel fees that have been subject to an evaluation and revision process but have not been paid at year-end.

## **Statement on Internal Financial Control**

### ***Responsibility for system of internal financial control***

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are 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.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of HR/payroll shared service.

I rely on a letter of assurance, dated 29<sup>th</sup> March 2016, from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

***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 Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

***Procurement compliance***

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of 15 contracts to the value of €898,466 which were listed in my annual return in respect of Circular 40/2002. 10 contracts to a value of €372,104 related to payments to sole suppliers. In the other 5 cases with a value of €526,362, local contract arrangements were in place contrary to national procurement deadlines. The Office is nearing completion of a tendering process for one of the more significant items of expenditure and hopes to tender for another item before end of 2016. It is also intended to make use of arrangements, which the Office of Government Procurement have indicated will be in place during 2016, to award new contracts in a further two cases.

***Significant financial risks***

As outlined above maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

***Internal Audit and Audit Committee***

I confirm that the Office retains an internal audit function through a contract agreement with a professional auditing company 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 Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. In 2015 the Office strengthened the internal audit function by engaging external auditing specialists. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

***Information and Communications Technology Security***

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

***Administrative and Financial Controls***

The MAC and the Audit Committee regularly review controls. All internal audit reports are considered by the MAC.

**Eileen Creedon**  
Accounting Officer  
Office of the Chief State Solicitor

31 March 2016

## **Comptroller and Auditor General**

### **Report for the presentation to Houses of the Oireachtas**

#### **Vote 6 Office of the Chief State Solicitor**

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor 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 her control, for the efficiency and economy of administration by her Office 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 6 Office of the Chief State Solicitor 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 Office of the Chief State Solicitor. The appropriation account is in agreement with the accounting records.

***Non compliance with procurement rules***

The Accounting Officer has disclosed in the Statement on Internal Financial Control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2015.

**Seamus McCarthy**

Comptroller and Auditor General

16 September 2016

## Vote 6 Office of the Chief State Solicitor Appropriation Account 2015

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Provision of legal services			
	<i>Original</i>	28,826		
	<i>Supplementary</i>	1,500		
			30,326	29,925
				26,983
	<b>Gross expenditure</b>			
	<i>Original</i>	28,826		
	<i>Supplementary</i>	1,500		
			<b>30,326</b>	<b>29,925</b>
				<b>26,983</b>
	<i>Deduct</i>			
B	<b>Appropriations-in-aid</b>		<b>1,860</b>	<b>1,672</b>
				<b>1,514</b>
	<b>Net expenditure</b>			
	<i>Original</i>	26,966		
	<i>Supplementary</i>	1,500		
			<b>28,466</b>	<b>28,253</b>
				<b>25,469</b>

### Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	212,780	839,927

## Analysis of administration expenditure

		Estimate provision		2015	2014
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	<i>Original</i>	15,318			
	<i>Supplementary</i>	(500)	14,818	14,414	14,126
ii	Travel and subsistence		70	72	59
iii	Training and development and incidental expenses		813	879	745
iv	Postal and telecommunications services		350	321	303
v	Office equipment and external IT services				
	<i>Original</i>	750			
	<i>Supplementary</i>	(150)	600	584	550
vi	Office premises expenses				
	<i>Original</i>	300			
	<i>Supplementary</i>	(100)	200	158	142
vii	Consultancy services and value for money policy reviews		25	25	20
			<b>16,876</b>	<b>16,453</b>	<b>15,945</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	13,472	11,038
Pay	14,414	14,126
Non pay	2,039	1,819
<b>Gross expenditure</b>	<b>29,925</b>	<b>26,983</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,672</b>	<b>1,514</b>
<b>Net expenditure</b>	<b>28,253</b>	<b>25,469</b>
<b>Changes in capital assets</b>		
Purchases cash	(67)	
Depreciation	268	
	201	212
<b>Changes in assets under development</b>		
Cash payments	(42)	(69)
<b>Changes in net current assets</b>		
Decrease in closing accruals	552	
Decrease in stock	10	
	562	694
<b>Direct expenditure</b>	<b>28,974</b>	<b>26,306</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	2,138	2,074
Notional rents	795	795
<b>Net programme cost</b>	<b>31,907</b>	<b>29,175</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 6 borne elsewhere.

	2015	2014
	€000	€000
Vote 7 Finance	—	50
Vote 12 Superannuation and Retired Allowances	1,203	1,106
Vote 13 Office of Public Works	914	906
Vote 18 Shared Services	21	12
	<b>2,138</b>	<b>2,074</b>

## 2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
<b>Capital assets</b>	2.2	534	735
<b>Capital assets under development</b>	2.3	<u>42</u>	<u>—</u>
		<b>576</b>	<b>735</b>
<b>Current assets</b>			
Bank and cash	2.4	2,455	1,005
Stocks	2.5	33	43
Prepayments		188	152
Accrued income	2.6	9,746	9,699
Other debit balances	2.7	<u>164</u>	<u>416</u>
<b>Total current assets</b>		<b>12,586</b>	<b>11,315</b>
<b>Less current liabilities</b>			
Accrued expenses		1,870	1,235
Other credit balances	2.8	2,546	1,966
Net Liability to the Exchequer	2.9	<u>73</u>	<u>(545)</u>
<b>Total current liabilities</b>		<b>4,489</b>	<b>2,656</b>
<b>Net current assets</b>		<b>8,097</b>	<b>8,659</b>
<b>Net assets</b>		<b>8,673</b>	<b>9,394</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>8,673</b>	<b>9,394</b>

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		9,394	10,231
Disbursements from the Vote			
Estimate provision	Account	28,466	
Surplus to be surrendered	Account	<u>(213)</u>	
Net vote		28,253	25,469
Expenditure (cash) borne elsewhere	1	2,138	2,074
Non cash expenditure – notional rent	1	795	795
Net programme cost	1	<u>(31,907)</u>	<u>(29,175)</u>
<b>Balance at 31 December</b>		<b>8,673</b>	<b>9,394</b>

**2.2 Capital Assets**

	<b>Office equipment €000</b>	<b>Furniture and fittings €000</b>	<b>Total €000</b>
<b>Gross assets</b>			
Cost or valuation at 1 January 2015	3,932	1,710	5,642
Additions	62	5	67
Disposals	(27)	(15)	(42)
Cost or valuation at 31 December 2015	3,967	1,700	5,667
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2015	3,480	1,427	4,907
Depreciation for the year	180	88	268
Depreciation on disposals	(27)	(15)	(42)
Cumulative depreciation at 31 December 2015	3,633	1,500	5,133
<b>Net assets at 31 December 2015</b>	<b>334</b>	<b>200</b>	<b>534</b>
<b>Net assets at 31 December 2014</b>	<b>452</b>	<b>283</b>	<b>735</b>

**2.3 Capital Assets under Development**

at 31 December

	<b>Computer applications €000</b>
Amounts brought forward at 1 January 2015	—
Cash payments in year	42
Transferred to asset register	—
Balance at 31 December 2015	42

**2.4 Bank and Cash**

at 31 December

	<b>2015 €000</b>	<b>2014 €000</b>
PMG balances and cash	2,453	999
Commercial bank account balances	2	6
	2,455	1,005

**2.5 Stocks**

at 31 December

	<b>2015 €000</b>	<b>2014 €000</b>
Stationery	33	43

**2.6 Accrued Income**

at 31 December

Outstanding taxed costs in favour of the State are significant and such costs remain outstanding because it is the policy of the Office to pursue all cost orders awarded.

<b>2.7 Other Debit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

Miscellaneous	164	416
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<b>2.8 Other Credit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

Amounts due to the State

Income Tax	327	236
Pay Related Social Insurance	166	116
Professional Services Withholding Tax	353	390
Value Added Tax	—	1
Local Property Tax	1	1
Pension contributions	75	52
	<u>922</u>	<u>796</u>

Payroll deductions held in suspense	70	53
State property deposits	1,554	1,117
	<u>2,546</u>	<u>1,966</u>

<b>2.9 Net Liability to the Exchequer</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

Surplus to be surrendered	213	840
Exchequer grant undrawn	(140)	(1,385)
Net Liability to the Exchequer	<u>73</u>	<u>(545)</u>

**Represented by:**

**Debtors**

Bank and cash	2,455	1,005
Debit balances: suspense	164	416
	<u>2,619</u>	<u>1,421</u>

**Creditors**

Due to State	(922)	(796)
Credit balances: suspense	(1,624)	(1,170)
	<u>(2,546)</u>	<u>(1,966)</u>
	<u>73</u>	<u>(545)</u>

<b>2.10 Commitments</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

Total of legally enforceable commitments	662	1,197
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There are commitments in respect of ongoing legal cases which are not included in the above figure as the costs will only be finalised once legal action is completed. The expenditure is subject to the normal cost controls and the observation of budgetary limits.

<b>2.11 Matured Liabilities</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

Estimate of matured liabilities not discharged at year end	109	71
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### 3 Programme Expenditure by Subhead

		2015		2014
		Estimate provision		Outturn
		€000	€000	€000
<b>A</b>	<b>Provision of legal services</b>			
A.1	Administration - pay			
	<i>Original</i>	15,318		
	<i>Supplementary</i>	(500)	14,818	14,414
				14,126
A.2	Administration - non –pay			
	<i>Original</i>	2,308		
	<i>Supplementary</i>	(250)	2,058	2,039
				1,819
A.3	External legal services		200	243
A.4	Fees to counsel			
	<i>Original</i>	9,600		
	<i>Supplementary</i>	2,500	12,100	12,090
				9,823
A.5	General law expenses			
	<i>Original</i>	1,400		
	<i>Supplementary</i>	(250)	1,150	1,139
				1,036
			30,326	29,925
				26,983

#### Significant variations

Overall, the expenditure in relation to Programme A was €0.401 million lower than provided. Expenditure was higher than the original estimate by €1.099 million which was mainly due to the following :

Description	Less/ (more) than provided €000	Explanation
Administration – pay	904	Savings arose as the Office carried a number of legal vacancies during the year owing to difficulties in recruiting and retaining staff.
Administration – non-pay (vi)	142	Savings were achieved due to lower than estimated expenditure on furniture and fittings when some planned works were deferred to 2016.
Fees to counsel	(2,490)	The excess arose due to the Office dealing with a number of high profile and complex cases during the year and a faster throughput of some cases by the courts.
General law expenses	261	Expenditure on this subhead is dependent on how legal cases progress through the courts and as such is difficult to predict.

## 4 Receipts

### 4.1 Appropriations-in-aid

	<b>Estimated</b>	<b>2015 Realised</b>	<b>2014 Realised</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
1. Costs and fees received by the Office of the Chief State Solicitor	1,000	805	641
2. Receipts from pension-related deductions on public service remuneration	860	867	873
	1,860	1,672	1,514
	1,860	1,672	1,514

### Explanation of significant variations

The amount of fees realised was €195,000 less than estimated. It is not possible to forecast accurately what costs will be awarded to the State and what fees will actually be recovered in any year.

### 4.2 Extra receipts payable to the Exchequer

A total of €9,144 (2014: €16,074) was lodged to the Exchequer under the State Property Act 1954.

## 5 Employee Numbers and Pay

	2015	2014
<b>Number of staff at year end</b> (full time equivalents)	224	235
	<b>2015</b>	<b>2014</b>
	<b>€000</b>	<b>€000</b>
Pay	13,192	12,980
Higher, special or additional duties allowance	95	84
Other allowances	8	7
Overtime	15	15
Employer's PRSI	1,104	1,040
<b>Total Pay</b>	<b>14,414</b>	<b>14,126</b>

### 5.1 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	40	1	11,333	12,382
Other allowances	6	—	1,783	1,783
Overtime	9	—	5,305	3,745
Number of individuals who received extra remuneration in more than one category	7	—	9,579	10,688

### 5.2 Payroll Overpayments

Overpayments at the year end were €35,741 (13 cases) (2014 €13,400, 4 cases). Of this, €33,118 (9 cases) have recovery plans in place.

## 6 Miscellaneous

### 6.1 Monies Held in Trust

The CSSO maintains a number of commercial bank accounts. Monies in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No monies from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2015 is €0.774 million and is not included in the account. (2014: €1.67 million).

