

## **Appropriation Account 2018**

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### **Vote 1**

### **President's Establishment**

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## Introduction

As Accounting Officer for Vote 1, 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 2018 for the salaries and expenses of the Office of the Secretary General to the President, for certain other expenses of the President's Establishment and for certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €821,983 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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.

Heritage assets of the President's Establishment are not valued as assets in these financial statements. The assets include furniture, works of art and sculptures. They have the characteristics of being inalienable, irreplaceable, and fragile and consequently there is no useful purpose in capitalising the assets in these statements.

## Statement on Internal Financial Control

### *Responsibility for the 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 of the President's Establishment.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General of the Department of the Taoiseach. 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.

The Department of Finance provides a payment function and accounting service for the President's Establishment.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the President's Establishment and the National Shared Service Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the President's Establishment.

### ***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.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.
- The internal financial control environment for the Department of Finance is also relevant given that the Department of Finance provides a payment function and accounting services for the President's Establishment.

### ***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 President's Establishment
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

### ***Procurement compliance***

The President's Establishment ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with all relevant procurement guidelines. Two contracts, with a value of €56,212 have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process. One contract for €29,052 in respect of a supplier was rolled over and a tender process completed in Q2 2019, and the successful bidder is currently analysing methods for delivering the service. The other contract for €27,160 was extended beyond the original contract date without a new competitive process.

### ***Internal audit and audit committee***

The President's Establishment comes under the remit of the internal audit function provided by the Department of the Taoiseach which has appropriately trained personnel and operates under a written charter which I have approved. The internal audit work is informed by analysis of the financial risks to which the President's Establishment is exposed and aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function and its programme of work are subject to periodic review by me and the Audit Committee, which operates under the auspices of the Department of the Taoiseach.

There were four meetings of the Audit Committee in 2018 and an audit work programme was agreed and commenced at the end of 2018.

***Risk and control framework***

The President's Establishment has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the President's Establishment and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated on a quarterly basis by the Management Board. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

***Ongoing monitoring and review***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

***Review of effectiveness***

I confirm that the President's Establishment has procedures to monitor the effectiveness of its risk management and control procedures. In 2018, monitoring and review of the effectiveness of the system of internal financial control by the President's Establishment was informed by the work of the external auditors and the senior management within the President's Establishment responsible for the development and maintenance of the internal financial control framework.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

**Martin Fraser**  
Accounting Officer

23 September 2019

## **Comptroller and Auditor General**

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

#### **Vote 1 President's Establishment**

##### **Opinion on the appropriation account**

I have audited the appropriation account for Vote 1 President's Establishment for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 1 President's Establishment for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

##### ***Basis of opinion***

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the President's Establishment and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Report on the statement on internal financial control, and on other matters**

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

**Seamus McCarthy**

Comptroller and Auditor General

24 September 2019

**Vote 1 President's Establishment****Appropriation Account 2018**

	Estimate provision	2018 Outturn	2017 Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A President's Establishment	3,014	2,453	2,567
B Centenarians' bounty	1,404	1,136	1,125
<b>Gross expenditure</b>	<b>4,418</b>	<b>3,589</b>	<b>3,692</b>
<i>Deduct</i>			
C Appropriations-in-aid	97	90	83
<b>Net expenditure</b>	<b>4,321</b>	<b>3,499</b>	<b>3,609</b>

**Surplus**

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

	2018	2017
	€	€
<b>Surplus to be surrendered</b>	<b>821,983</b>	<b>294,236</b>

**Martin Fraser**  
Accounting Officer

29 March 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	1,093	1,071
Pay	1,717	1,666
Non pay	779	955
<b>Gross expenditure</b>	<b>3,589</b>	<b>3,692</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>90</b>	<b>83</b>
<b>Net expenditure</b>	<b>3,499</b>	<b>3,609</b>
<b>Changes in capital assets</b>		
Purchases cash	(6)	
Depreciation	29	23
		8
<b>Changes in net current assets</b>		
Decrease in closing accruals	(80)	
Increase in stock	(1)	23
<b>Direct expenditure</b>	<b>3,441</b>	<b>3,640</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	4,467	5,039
<b>Net programme cost</b>	<b>7,908</b>	<b>8,679</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 1 borne elsewhere.

	2018	2017
	€000	€000
Vote 7 Office of the Minister for Finance	13	20
Vote 12 Superannuation and Retired Allowances	772	564
Vote 13 Office of Public Works	1,924	2,265
Vote 18 National Shared Services Office	3	4
Vote 20 Garda Síochána	194	197
Vote 28 Foreign Affairs and Trade	253	667
Vote 36 Defence	413	428
Central Fund (Emoluments and allowances of President and presidential pensions)	895	894
	<b>4,467</b>	<b>5,039</b>

## Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
<b>Capital assets</b>	2.2	38	71
<b>Current assets</b>			
Stocks	2.4	30	29
Prepayments		26	51
Other debit balances	2.5	4	—
Accrued income		4	10
Net Exchequer funding due	2.7	85	(23)
<b>Total current assets</b>		149	67
<b>Less current liabilities</b>			
Bank and cash	2.3	41	(100)
Accrued expenses		39	150
Other credit balances	2.6	48	77
<b>Total current liabilities</b>		128	127
<b>Net current assets</b>		21	(60)
<b>Net assets</b>		<b>59</b>	<b>11</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>59</b>	<b>11</b>

### 2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		11	42
Disbursements from the Vote			
Estimate provision	Account	4,321	
Surplus to be surrendered	Account	(822)	
Net vote		3,499	3,609
Expenditure (cash) borne elsewhere	1	4,467	5,039
Other (non-cash) items	2.2	(10)	—
Net programme cost	1	(7,908)	(8,679)
<b>Balance at 31 December</b>		<b>59</b>	<b>11</b>

**2.2 Capital assets**

	IT equipment €000	Office equipment €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2018	373	14	387
Additions	6	—	6
Adjustment <sup>a</sup>	(48)	1	(47)
Disposals	(2)	—	(2)
Cost or valuation at 31 December 2018	329	15	344
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2018	303	13	316
Depreciation for the year	29	—	29
Adjustment <sup>a</sup>	(39)	2	(37)
Depreciation on disposal	(2)	—	(2)
Cumulative depreciation at 31 December 2018	291	15	306
<b>Net assets at 31 December 2018</b>	<b>38</b>	<b>—</b>	<b>38</b>
Net assets at 31 December 2017	70	1	71

Note <sup>a</sup> The adjustment is to amend the capital asset note for residual value of assets found to be fully written down and also to remove expenditure in respect of the website which was capitalised in error.

**2.3 Bank and cash**

at 31 December	2018 €000	2017 €000
PMG balances	(41)	100

**2.4 Stocks**

at 31 December	2018 €000	2017 €000
Centenarian medals	7	7
IT consumables and stationery	23	22
	<b>30</b>	<b>29</b>

**2.5 Other debit balances**

at 31 December	2018 €000	2017 €000
Other debit suspense items	4	—

**2.6 Other credit balances**

at 31 December	2018	2017
	€000	€000
<b>Amounts due to the State</b>		
Income Tax	25	35
Pay Related Social Insurance	11	15
Pension Levy	6	—
Universal Social Charge	5	7
Withholding Tax	1	2
Pension contributions	—	5
	<u>48</u>	<u>64</u>
Payroll deductions held in suspense	—	13
	<u>48</u>	<u>77</u>

**2.7 Net Exchequer funding due**

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	822	294
Exchequer grant undrawn	(907)	(271)
Net Exchequer funding due	<u>(85)</u>	<u>23</u>
<b>Represented by:</b>		
Debit balances: suspense	4	—
<b>Creditors</b>		
Due to State	(48)	(64)
Bank and cash	(41)	100
Credit balances: suspense	—	(13)
	<u>(89)</u>	<u>23</u>
	<u>(85)</u>	<u>23</u>

**2.8 Commitments**

At 31 December	2018	2017
	€000	€000
Procurement of goods and services	<u>16</u>	<u>—</u>

## Note 3 Vote Expenditure

### Analysis of administration expenditure

	Estimate provision	2018		2017
		Outturn	Outturn	Outturn
		€000	€000	€000
i Salaries, wages and allowances	1,802	1,717	1,666	
ii Travel and subsistence	310	184	240	
iii Training and development and incidental expenses	340	351	391	
iv Postal and telecommunications services	86	87	114	
v Office machinery and other office supplies and related services	535	156	210	
	<b>3,073</b>	<b>2,495</b>	<b>2,621</b>	

#### Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

#### ii *Travel and subsistence*

Estimate provision: €310,000, outturn: €184,380

The decrease in expenditure was because of reduced overseas travel in 2018.

#### v *Office machinery and other office supplies and related services*

Estimate provision: €535,000, outturn: €156,031

The estimate provided for a once-off significant investment in a replacement office workflow system and phone system that was scheduled to take place in 2018. However, this project only commenced at the end of 2018 and so expenditure will arise in 2019.

**Programme A President's Establishment**

	2018		2017
	Estimate	Outturn	Outturn
	provision		
	€000	€000	€000
A.1 Administration – pay	1,758	1,676	1,627
A.2 Administration – non pay	1,256	777	940
	<b>3,014</b>	<b>2,453</b>	<b>2,567</b>

**Programme B Centenarians' Bounty**

	2018		2017
	Estimate	Outturn	Outturn
	provision		
	€000	€000	€000
B.1 Administration – pay	44	41	39
B.2 Administration – non pay	15	2	15
B.3 Centenarians' bounty	1,345	1,093	1,071
	<b>1,404</b>	<b>1,136</b>	<b>1,125</b>

**Significant variations**

Overall, the expenditure in relation to Programme B was €268,236 lower than provided because there were fewer centenarians than provided for. 431 Centenarian bounties were paid out in 2018 and approximately 512 provided for.

**Note 4 Receipts****4.1 Appropriations-in-aid**

	2018		2017
	Estimated	Realised	Realised
	€000	€000	€000
1 Receipts from pension-related deductions on public service remuneration	90	78	77
2 Miscellaneous	7	12	6
	<b>97</b>	<b>90</b>	<b>83</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	27	27

### 5.2 Pay

	2018 €000	2017 €000
Pay	1,546	1,485
Higher, special or additional duties allowance	58	58
Redundancy payment	—	14
Overtime	20	19
Employer's PRSI	93	90
<b>Total pay</b>	<b>1,717</b>	<b>1,666</b>

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018 €	2017 €
Higher, special or additional duties	6	4	19,126	19,549
Overtime	12	—	5,458	4,759
Extra remuneration in more than one category	—	—	—	3,421

### 5.4 Overpayments

Overpayments at the year-end were €4,080 in respect of one individual (2017: €Nil). There is a recovery plan in place.