

## **Appropriation Account 2018**

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### **Vote 2**

### **Department of the Taoiseach**

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## Introduction

As Accounting Officer for Vote 2, 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 Department of the Taoiseach, including certain services administered by the Department and for payment of 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 €6.878 million 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.

## 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 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

### *Shared services*

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) in Killarney, which is part of the Department of Justice and Equality. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement between this Department and the National Shared Service Office for the provision of payroll and human resource functions.

I rely on letters of assurance from the Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality respectively, that appropriate controls are exercised in the provision of shared services to the Department of the Taoiseach.

***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.

***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.

### ***Public procurement***

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.

In total five supply arrangements were reported under Circular 40/02 in 2018 with a total spend of €454,885. The largest contract, with a spend of €243,182, had been the subject of an open tender process previously and has been extended. It relates to maintenance, support and license expenditure on a bespoke eCabinet system for users across all Government Departments. This system is currently undergoing a necessary upgrade which is due to be completed in 2019. Another contract, with a spend of €94,144 was awarded without a competitive tender. However, a detailed inter-departmental cost benefit analysis was performed to ensure the contract for services represented good value for money.

One contract with spend of €47,716 related to the Moriarty Tribunal and is included each year as it is rolled over from the previous year. The Cooke Commission of Investigation directly engaged a supplier who invoiced for services totaling €40,000 in 2018. Tribunals of Inquiry and Commissions of Investigation are entirely independent of the Department of the Taoiseach. The final contract, with a spend of €29,843 relates to the agreed terms for services invoiced relating to an expert independent review of the National Broadband procurement process.

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

### ***Risk and control framework***

The Department 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 department and these have been evaluated and graded according to their significance. The register is a living document and is updated by the Department's senior management on an ongoing basis. The risk register is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Risk management is also a standing item on the agenda of the Department's Audit Committee.

The annual National Risk Assessment process, overseen by the Department of the Taoiseach, is also in place and provides an opportunity to identify and debate strategic risks facing Ireland over the short, medium and long term.

***Ongoing monitoring and review***

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Advisory Committee (MAC), 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 Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department 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  
Department of the Taoiseach

29 March 2019

## **Comptroller and Auditor General**

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

#### **Vote 2 Department of the Taoiseach**

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

I have audited the appropriation account for Vote 2 Department of the Taoiseach 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 2 Department of the Taoiseach 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 Department of the Taoiseach 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

20 September 2019

## Vote 2 Department of the Taoiseach

### Appropriation Account 2018

		2018	2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Supporting the work of the Taoiseach and Government	34,263	27,314	28,345
<b>Gross expenditure</b>	<b>34,263</b>	<b>27,314</b>	<b>28,345</b>
<i>Deduct</i>			
B Appropriations-in-aid	872	801	757
<b>Net expenditure</b>	<b>33,391</b>	<b>26,513</b>	<b>27,588</b>

#### Surplus for surrender

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>6,878,390</b>	<b>9,158,594</b>

**Martin Fraser**  
Accounting Officer  
Department of the Taoiseach

29 March 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	7,299	13,022
Pay	13,796	12,487
Non pay	6,219	2,836
<b>Gross expenditure</b>	<b>27,314</b>	<b>28,345</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>801</b>	<b>757</b>
<b>Net expenditure</b>	<b>26,513</b>	<b>27,588</b>
<b>Changes in capital assets</b>		
Purchases cash	(522)	
Depreciation	156	
Loss on disposals	3	
	(363)	(214)
<b>Changes in net current assets</b>		
Decrease in closing accruals	(102)	
Decrease in stock	11	
	(91)	280
<b>Direct expenditure</b>	<b>26,059</b>	<b>27,654</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	4,932	4,561
Notional rents	1,464	1,395
<b>Net programme cost</b>	<b>32,455</b>	<b>33,610</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 2 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of Revenue Commissioners	8	8
Vote 12 Superannuation and Retired Allowances	3,472	2,709
Vote 13 Office of Public Works	755	1,099
Vote 18 National Shared Services Office	21	25
Vote 20 Garda Síochána	201	201
Vote 24 Justice and Equality	53	51
Vote 36 Defence	82	91
Central Fund: Taoisigh and Ministerial pensions	340	377
	<b>4,932</b>	<b>4,561</b>

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

	Note	2018 €000	2017 €000
<b>Capital assets</b>	2.2	<b>1,029</b>	<b>669</b>
<b>Current assets</b>			
Bank and cash	2.3	845	513
Stocks	2.4	96	107
Prepayments		339	282
Other debit balances	2.5	93	29
<b>Total current assets</b>		<b>1,373</b>	<b>931</b>
<b>Less current liabilities</b>			
Accrued expenses		287	332
Other credit balances	2.6	565	592
Net Exchequer funding due	2.7	373	(50)
<b>Total current liabilities</b>		<b>1,225</b>	<b>874</b>
<b>Net current liabilities</b>		<b>148</b>	<b>57</b>
<b>Net assets</b>		<b>1,177</b>	<b>726</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>1,177</b>	<b>726</b>

### 2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		726	792
Disbursements from the Vote			
Estimate provision	Account	33,391	
Surplus to be surrendered	Account	(6,878)	
Net vote		26,513	27,588
Expenditure (cash) borne elsewhere	1	4,932	4,561
Non cash item – asset adjustment		(3)	—
Non cash expenditure – notional rent	1	1,464	1,395
Net programme cost	1	(32,455)	(33,610)
<b>Balance at 31 December</b>		<b>1,177</b>	<b>726</b>

**2.2 Capital assets**

	IT and office equipment €000	Furniture and fittings €000	Capital assets under development <sup>a</sup> €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2018	2,116	615	328	3,059
Additions	456	66	—	522
Disposals	(1,296)	(37)	—	(1,333)
Adjustment	(4)	—	—	(4)
Cost or valuation at 31 December 2018	1,272	644	328	2,244
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2018	1,859	531	—	2,390
Depreciation for the year	138	18	—	156
Depreciation on disposals	(1,294)	(36)	—	(1,330)
Adjustment	(1)	—	—	(1)
Cumulative depreciation at 31 December 2018	702	513	—	1,215
<b>Net assets at 31 December 2018</b>	<b>570</b>	<b>131</b>	<b>328</b>	<b>1,029</b>
Net assets at 31 December 2017	257	84	328	669

Note <sup>a</sup> The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3,000 users across all government departments. The system is undergoing a major upgrade to ensure its ongoing viability.

**2.3 Bank and cash**

at 31 December	2018 €000	2017 €000
PMG balances	845	505
Other bank account	—	8
	<b>845</b>	<b>513</b>

**2.4 Stocks**

at 31 December	2018 €000	2017 €000
Official gift items	11	10
Stationery	41	48
Publications	41	42
Consumables, etc.	3	7
	<b>96</b>	<b>107</b>

**2.5 Other debit balances**

at 31 December	2018	2017
	€000	€000
Recoupment of travel pass scheme	88	23
Other	5	6
	<u>93</u>	<u>29</u>

**2.6 Other credit balances**

at 31 December	2018	2017
	€000	€000
<b>Amounts due to the State</b>		
Income Tax	298	246
Pay Related Social Insurance	104	96
Value Added Tax	1	50
Professional Services Withholding Tax	60	98
	<u>463</u>	<u>490</u>
Payroll deductions held in suspense	97	80
Other	5	22
	<u>565</u>	<u>592</u>

**2.7 Net Exchequer funding due**

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	6,878	9,159
Exchequer grant undrawn	(6,505)	(9,209)
<b>Net Exchequer funding due</b>	<u>373</u>	<u>(50)</u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	845	513
Debit balances: suspense	93	29
	<u>938</u>	<u>542</u>
<b>Creditors</b>		
Due to State	(462)	(490)
Credit balances: suspense	(103)	(102)
	<u>(565)</u>	<u>(592)</u>
	<u>373</u>	<u>(50)</u>

**2.8 Commitments**

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	53	14
Capital projects	164	164
<b>Total of legally enforceable commitments</b>	<b>217</b>	<b>178</b>

**2.9 Contingent liability**

An indemnity provided by the Department in relation to a legal case will generate costs. The action has been concluded and the final value of the costs is not yet known.

## Note 3 Vote Expenditure

### Analysis of administration expenditure

	Estimate provision €000	2018	2017
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	15,101	13,796	12,487
ii Travel and subsistence	730	538	618
iii Training and development and incidental expenses	4,455	3,524	555
iv Postal and telecommunications services	360	249	274
v Office equipment and external IT services	1,410	1,494	1,041
vi Office premises expenses	316	414	348
vii Consultancy services and value for money and policy reviews	18	—	—
	<b>22,390</b>	<b>20,015</b>	<b>15,323</b>

#### Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

#### ii Travel and subsistence

Estimate provision: €730,000, outturn: €538,000

The underspend of €192,000 in this subhead in 2018 was due to a lower volume of travel than projected at estimate time

#### iii Training and development and incidental expenses

Estimate provision €4.455 million, outturn: €3.524 million

The underspend of €931,000 on expenditure on training and development and incidental expenses was primarily due to two reasons: less expenditure than anticipated on State events; and less expenditure than originally forecast following the decision to wind-down the Strategic Communications Unit in 2018. Savings in this subhead were offset against increased expenditure incurred in two other subheads: subhead v office equipment and external IT services and subhead vi office premises expenses.

#### iv. Postal and telecommunications

Estimate provision: €360,000, outturn: €249,000

The underspend of €111,000 in this subhead is due to lower postal and telecommunication costs than anticipated at estimate time.

**Programme A Supporting the work of the Taoiseach and Government**

	2018		2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	15,101	13,796	12,487
A.2 Administration – non pay	7,289	6,219	2,836
A.3 National Economic and Social Council	2,051	1,889	1,889
A.4 Tribunals of inquiry	4,506	1,999	6,552
A.5 Commissions of investigation	4,707	2,877	2,403
A.6 Citizens' Assembly	609	534	1,535
<i>Data protection</i>	—	—	378
<i>Diaspora affairs</i>	—	—	266
	<b>34,263</b>	<b>27,314</b>	<b>28,346</b>

**Significant variations**

Overall, the expenditure in relation to Programme A was €6.949 million lower than provided. The variation of €2.375 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following.

**A.1 Administration – pay**

Estimate provision: €15.101 million, outturn: €13.796 million

The underspend of €1.305 million on salaries, wages and allowances in 2018 was due to a reduction in staff costs due to the wind-down of the Strategic Communications Unit from July 2018 and a delay in filling vacancies in some grades due to the lack of availability of Public Appointment Service panels.

**A.3 National Economic and Social Council**

Estimate provision: €2.051 million, outturn: €1.889 million

The underspend of €162,000 was mainly due to the non-filling of a post with the remaining difference due to a planned IT project being postponed to 2019.

**A.4 Tribunal of inquiry**

Estimate provision: €4.506 million, outturn: €1.999 million

The underspend of €2.507 million relative to the estimate provision was due to the number of legal cost claims settled in 2018 being lower than expected. The Department has no control over third party legal costs awarded by the Tribunal of Inquiry and it is impossible to predict the timing of settlement of third party costs or the level of costs falling due at any particular time.

**A.5 Commissions of investigation**

Estimate provision: €4.707 million, outturn: €2.877 million

Commissions of investigation are independent of the Department of the Taoiseach and their expenditure levels depend on the needs and requirements of their investigations in the first instance. The underspend of €1.83 million relative to the estimate provision was due to the Commissions difficulty in accurately forecasting the level and timing of their own expenditure needs, including expenditure arising from decisions to award third party costs.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2018		2017
	Estimated	Realised	Realised
	€000	€000	€000
1. Appropriations-in-aid	58	49	49
2. Receipts from pension-related deductions on public service remuneration	814	752	708
<b>Total</b>	<b>872</b>	<b>801</b>	<b>757</b>

### 4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	4	—
Receipts from Office holders voluntary surrender of salary	27	4
Transferred to the Exchequer	(4)	—
<b>Balance at 31 December</b>	<b>27</b>	<b>4</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end <sup>a</sup>	234	228

Note <sup>a</sup> The above analysis includes non-departmental staff charged to other programme subheads.

### 5.2 Pay

	2018	2017
	€000	€000
Pay	14,025	13,123
Redundancy and severance	201	414
Higher, special or additional duties allowance	290	297
Overtime and extra attendance	423	387
Employer's PRSI	1,014	908
<b>Total pay<sup>a</sup></b>	<b>15,953</b>	<b>15,129</b>

Note <sup>a</sup> This analysis includes pay costs of departmental and agency staff

**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	34	12	23,749	20,614
Overtime and extra attendance	101	13	22,076	20,932
Extra remuneration in more than one category	15	11	32,556	21,568

**5.4 Other remuneration arrangements**

Ex-gratia payment of €29,681 (2017: €29,681) was made in respect of agreed retirement benefits to one former employee.

**5.5 Payroll overpayments**

Overpayments balance outstanding at the year-end was €9,728 relating to seven individuals. (2017: €19,886 relating to 13 individuals). Of this, €1,707 (two individuals) had recovery plans in place at the end of 2018.

**5.6 Redundancy and severance**

Severance of €200,993 was paid in 2018 relating to balances owing on terminations arising in 2017.

## Note 6 Miscellaneous

### 6.1 Committees, commissions and special inquiries

Commission, committee or special inquiry	Year of appointment	2018 €000	2017 €000	Total expenditure to end 2018 €000
Tribunal of Inquiry (payments to Messrs Haughey and Lowry)	1997	2,000	6,552	63,294
Commission of Investigation (Cregan Commission)	2015	1,995	1,555	5,066
Commission of Investigation (Cooke Commission)	2017	881	350	1,231

There will be further payments associated with the Tribunal of Inquiry (payments to Messrs Haughey and Lowry). Final costs cannot be determined at this point.

The Commission of Investigation (Cregan) relates to certain transactions carried out by Irish Banking Resolution Corporation.

The Commission of Investigation (Cooke) relates to the sale by the National Asset Management Agency of its Project Eagle portfolio.

### 6.2 Official gifts

The account includes the sum of €6,728 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2018 (2017: €6,944).

## **Appendix A Accounts of bodies and funds under the aegis of the Department of the Taoiseach**

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The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

<b>Body/ departmental fund</b>	<b>Last accounting period</b>	<b>Date of audit report</b>	<b>Date received by Department</b>	<b>Date presented to the Oireachtas</b>
National Economic and Social Development Office	2017	28 Jun 2018	1 Jul 2018	3 Aug 2018