

Appropriation Account 2018

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, 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 Property Registration Authority.

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 €1.171 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, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, 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 Authority.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive of the Authority. 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 position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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.

Compensation claims

The Property Registration Authority operates a title system that confers a State guarantee on the title holder.

The State is bound to indemnify any person who suffers loss through reliance on the register. In the normal course of its business, the Authority receives compensation claims under Section 120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

A summary of payments made under Section 120 of the Registration of Deeds and Title Act 1964 is set out in Note 6.1 to the accounts. No payments were made and no new claims were received in 2018 that specially related to alleged fraud or forgery.

In ensuring the risk of further compensation claims is mitigated, a counter fraud framework has been fully implemented and guides the implementation of our strategy in maintaining the integrity of the registers, safeguarding registered property rights and protecting public resources.

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 Authority
- 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 Authority 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 Authority complied with the guidelines. Seven contracts to the value of €619,808 (excluding VAT as required by the circular) were listed in my annual 40/02 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General. Details of these are as follow
 - a) three contracts with a spend in the year of €319,384 complied with procurement rules owing to services only being available from one source and,
 - b) four contracts with a spend in the year of €300,424 did not comply with procurement rules because of extensions to existing contracts.

Shared services

Payroll and Human Resources are provided on a shared service basis by the National Shared Service Office (Vote 18). The Accounting Officer of National Shared Services is responsible for the operation of controls within the Shared Services Centre.

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 Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audit on the design, existence and operation of controls are expected to be reported to me as outlined in that letter.

I also rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office. I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice and Equality for the provision of financial shared services.

Internal audit and audit committee

I confirm that the Authority 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 Authority 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 PRA 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 identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. 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 PRA has procedures to monitor the effectiveness of its risk management and control procedures. The PRA'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 management within the PRA 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.

Elizabeth Pope
Accounting Officer
Property Registration Authority

19 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 23 Property Registration Authority 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 23 Property Registration Authority 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 Property Registration Authority 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

23 September 2019

Vote 23 Property Registration Authority

Appropriation Account 2018

		2018	2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Manage the Land Registry and the Registry of Deeds	29,303	28,266	27,112
Gross expenditure	29,303	28,266	27,112
<i>Deduct</i>			
B Appropriations-in-aid	569	759	688
Net expenditure	28,734	27,507	26,424

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €56,000 of unspent capital allocations was carried forward to 2019.

	2018	2017
	€	€
Surplus	1,227,029	1,361,298
Deferred surrender	(56,000)	—
Surplus to be surrendered	1,171,029	1,361,298

Elizabeth Pope

Accounting Officer
Property Registration Authority
21 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	<u>2018</u>	<u>2017</u>
	€000	€000
Pay	24,204	22,959
Non pay	4,062	4,153
Gross expenditure	28,266	27,112
<i>Deduct</i>		
Appropriations-in-aid	759	688
Net expenditure	27,507	26,424
Changes in capital assets		
Purchases cash	(902)	
Depreciation	456	
Loss on disposals	16	
	(430)	(211)
Changes in net current assets		
Increase in closing accruals	17	
Decrease in stock	45	
	62	39
Direct expenditure	27,139	26,252
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	7,261	6,823
Notional rents	2,451	2,861
Net programme cost	36,851	35,936

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

	<u>2018</u>	<u>2017</u>
	€000	€000
Vote 12 Superannuation and Retired Allowances	6,256	5,946
Vote 13 Office of Public Works	865	708
Vote 18 National Shared Services Office	51	62
Vote 24 Justice and Equality - Financial Shared Services Centre	89	107
	7,261	6,823

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	1,789	1,357
Current assets			
Bank and cash	2.3	2,521	2,751
Stocks	2.4	132	177
Prepayments		519	504
Accrued Income		6	6
Other debit balances	2.5	154	134
Total current assets		<u>3,332</u>	<u>3,572</u>
Less current liabilities			
Accrued expenses		208	174
Other credit balances	2.6	2,587	2,844
Net Exchequer funding due	2.7	88	41
Total current liabilities		<u>2,883</u>	<u>3,059</u>
Net current assets		<u>449</u>	<u>513</u>
Net assets		<u>2,238</u>	<u>1,870</u>
Represented by:			
State funding account	2.1	<u>2,238</u>	<u>1,870</u>

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		1,870	1,698
Disbursements from the Vote			
Estimate provision	Account	28,734	
Deferred Surrender	Account	(56)	
Surplus to be surrendered	Account	<u>(1,171)</u>	
Net vote		27,507	26,424
Expenditure (cash) borne elsewhere	1.1	7,261	6,823
Non cash expenditure – notional rent	1	2,451	2,861
Net programme cost	1	<u>(36,851)</u>	<u>(35,936)</u>
Balance at 31 December		<u>2,238</u>	<u>1,870</u>

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost at 1 January 2018	35,042	3,729	—	38,771
Additions	349	7	548	904
Disposals	(1,537)	(27)	—	(1,564)
Cost at 31 December 2018	33,854	3,709	548	38,111
Accumulated depreciation				
Opening depreciation as at 1 January 2018	33,854	3,560	—	37,414
Depreciation for the year	421	35	—	456
Depreciation on disposals	(1,522)	(26)	—	(1,548)
Cumulative depreciation at 31 December 2018	32,753	3,569	—	36,322
Net assets at 31 December 2018	1,101	140	548	1,789
Net assets at 31 December 2017	1,188	169	—	1,357

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	665	638
Other commercial bank accounts	1,856	2,113
	2,521	2,751

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	82	125
Miscellaneous supplies	10	10
IT consumables	40	42
	132	177

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Building charges recoupable	35	42
Payroll deductions held in suspense	119	92
	154	134

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	316	324
Pay Related Social Insurance	174	163
Value Added Tax	29	—
Extra receipts payable to the Exchequer	1,856	2,113
	<u>2,375</u>	<u>2,600</u>
Payroll deductions held in suspense	187	219
Owed to OPW	25	25
	<u>2,587</u>	<u>2,844</u>

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,171	1,361
Deferred surrender	56	—
Exchequer grant undrawn	(1,139)	(1,320)
Net Exchequer funding due	<u>88</u>	<u>41</u>

Represented by:**Debtors**

Bank and cash	2,521	2,751
Debit balances: suspense	154	134
	<u>2,675</u>	<u>2,885</u>

Creditors

Due to State	(2,375)	(2,600)
Credit balances: suspense	(212)	(244)
	<u>(2,587)</u>	<u>(2,844)</u>
	<u>88</u>	<u>41</u>

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	283	49

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	5	4
	5	4

2.10 Contingent liabilities

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. The actual amount or timing of potential liabilities is uncertain. This includes the Section 120 compensation cases as described in note 6.1 below and referred to in the statement on internal financial control.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	24,589	24,204	22,959
ii	Travel and subsistence	110	74	93
iii	Training and development and incidental expenses	1,500	1,119	1,012
iv	Postal and telecommunications services	800	635	673
v	Office equipment and external IT services	1,817	1,867	1,941
vi	Office premises expenses	462	341	432
vii	Consultancy services and value for money and policy reviews	25	26	2
		29,303	28,266	27,112

Significant variations

The Vote has one programme concerning the management of the Land Registry and the Register of Deeds. All expenditure under this programme is administrative in nature. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iii *Training and developmental and incidental expenses*

Estimate provision: €1.5 million, outturn: €1.119 million

The under-spend relates to the small number of Section 120 compensation claims paid in 2018. The timing and outcome of the payment of such claims are difficult to determine.

vi *Office premises expenses*

Estimate provision: €462,000, outturn: €341,000

There were no significant office maintenance projects undertaken in 2018 leading to a reduced office premises spend.

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	569	759	688
Total	569	759	688

Significant variations

Overall, appropriations-in-aid were €190,000 more than the estimate. Explanations for variances are set out below.

- 1 *Receipts from pension-related deductions on public service remuneration*
 Estimate provision: €569,000, realised: €759,000
 The anticipated receipts were underestimated in error for 2018.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Opening balance at 1 January	2,113	1,599
Land Registry fees	65,374	60,828
Registry of Deeds fees	1,464	1,371
Ground rent fees received	78	71
Paid over to Exchequer	(67,173)	(61,756)
Closing balance at 31 December	1,856	2,113

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	<u>509</u>	<u>500</u>

5.2 Pay

	2018	2017
	€000	€000
Pay	22,483	21,218
Higher, special or additional duties allowance	30	18
Other allowances	67	72
Overtime	101	256
Employer's PRSI	1,523	1,395
Total pay	<u>24,204</u>	<u>22,959</u>

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	10	—	7,194	3,020
Other allowances	25	—	7,838	7,700
Overtime	60	—	8,415	12,232
Extra remuneration in more than one category	13	4	12,725	12,993

5.4 Payroll overpayments

Overpayments at the year-end were €241,157 in respect of 98 cases (2017: €236,057, 134 cases). Of this, €110,377 have recovery plans in place in respect of 40 cases (2017: €107,784, 59 cases).

Three overpayment recovery plans in respect of three cases to the value of €9,764 were transferred to other departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. Eleven Section 120 compensation payments (2017:14) were paid in 2018, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows –

				2018	2017
	Number of cases	Legal costs paid by the Authority €000	Compensation awarded €000	Legal costs awarded €000	Total €000
Claims under S.120 of the Registration of Title Act 1964	11	—	—	11	79

6.2 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. As a result, a new organisation, to be called Tailte Éireann, will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

The establishment of the new entity requires primary legislation. Drafting of the Tailte Éireann Bill to provide for the merger is ongoing.

Responsibility for the establishment of Tailte Éireann was transferred to the Department of Housing Planning and Local Government from 1 January 2018. Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority was transferred to that Department from the Department of Justice and Equality in 2018.