

Appropriation Account 2018

Vote 3

Office of the Attorney General

Introduction

As Accounting Officer for Vote 3, 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 Attorney General, including a grant.

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 €1.136 million 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.

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 obligations as Director General/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.

Assurance on shared services

Payroll and human resource functions are provided on a shared service basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office 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 management agreement between this Office and the National Shared Services Office for the provision of human resources and payroll shared services.

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 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.
- 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 monthly 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 information and communications technology systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

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 is compliant with the exception of 9 contracts to the value of €369,128. As required in Department of Public Expenditure and Reform circular 40/2002, I have submitted a report on procurements in 2018 that were not based on competitive tendering processes, worth a total of €369,128. This included

- €62,451 (2 contracts) spent on subscription services not available through intermediaries;
- €62,877 (2 contracts) spent on case and records management services provided by sole suppliers;
- € 24,976 (2 contracts) spent on financial management services provided by sole suppliers
- €144,655 (1 contract) spent of parliamentary services that were non-compliant with procurement rules;
- €45,819 (1 contract) spent on legislative drafting services provided by a sole supplier
- €28,350 (1 contract) spent on storage service under an arrangement managed by OPW.

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

An internal audit function for the Office was in place during 2018.

Risk and control framework

The Office 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 Advisory Committee (MAC) 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 management and the 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 Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office'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 Office 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.

Damien Moloney
Accounting Officer
Office of the Attorney General

4 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 3 Office of the Attorney General

Opinion on the appropriation account

I have audited the appropriation account for Vote 3 Office of the Attorney General 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 3 Office of the Attorney General 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 Office of the Attorney General 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

19 September 2019

Vote 3 Office of the Attorney General

Appropriation Account 2018

		2018	2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Delivery of professional legal services to Government, Departments and Offices	16,121	14,835	14,540
Gross expenditure	16,121	14,835	14,540
<i>Deduct</i>			
B Appropriations-in-aid	799	649	668
Net expenditure	15,322	14,186	13,872

Surplus

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

	2018	2017
	€	€
Surplus to be surrendered	1,135,979	1,028,105

Damien Moloney
Accounting Officer
Office of the Attorney General

4 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	2,008	2,187
Pay	10,771	10,463
Non pay	2,056	1,890
Gross expenditure	14,835	14,540
<i>Deduct</i>		
Appropriations-in-aid	649	668
Net expenditure	14,186	13,872
Changes in capital assets		
Purchases cash	(190)	
Depreciation	179	
	(11)	61
Changes in net current assets		
Increase in closing accruals	122	
Decrease in Stock	4	
	126	(18)
Direct expenditure	14,301	13,915
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,258	2,504
Notional rents	763	727
Net programme cost	17,322	17,146

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 3 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,722	1,984
Vote 13 Office of Public Works	229	164
Vote 18 National Shared Services Office	13	18
Central Fund - Pensions in respect of former Attorneys General	294	338
	2,258	2,504

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	402	391
Current assets			
Stocks	2.4	32	36
Prepayments		133	215
Accrued income		—	2
Other debit balances	2.5	95	92
Net Exchequer funding due	2.7	435	8
Total current assets		695	353
Less current liabilities			
Bank overdraft	2.3	138	59
Accrued expenses		111	73
Other credit balances	2.6	392	41
Total current liabilities		641	173
Net current assets		54	180
Net assets		456	571
Represented by:			
State funding account	2.1	456	571

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		571	614
Disbursements from the Vote			
Estimate provision	Account	15,322	
Surplus to be surrendered	Account	(1,136)	
Net vote		14,186	13,872
Expenditure (cash) borne elsewhere	1.1	2,258	2,504
Non cash expenditure – notional rent	1	763	727
Net programme cost	1	(17,322)	(17,146)
Balance at 31 December		456	571

2.2 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2018	4,888	1,683	6,571
Additions	181	9	190
Disposals	(365)	(1)	(366)
Cost or valuation at 31 December 2018	4,704	1,691	6,395
Accumulated depreciation			
Opening balance at 1 January 2018	4,577	1,603	6,180
Depreciation for the year	157	22	179
Depreciation on disposals	(365)	(1)	(366)
Cumulative depreciation at 31 December 2018	4,369	1,624	5,993
Net assets at 31 December 2018	335	67	402
Net assets at 31 December 2017	311	80	391

2.3 Bank overdraft

at 31 December	2018 €000	2017 €000
PMG balance	(138)	(61)
Commercial bank account balance	—	2
	(138)	(59)

2.4 Stocks

at 31 December	2018 €000	2017 €000
Stationery	9	16
IT consumables	23	20
	32	36

2.5 Other debit balances

at 31 December	2018 €000	2017 €000
Office of Public Works	38	38
Recoupable shared costs	1	4
Travel pass scheme	52	48
Miscellaneous	4	2
	95	92

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	9	8
Value Added Tax	3	32
Other creditors	6	1
Pension contribution	374	—
	<u>392</u>	<u>41</u>

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,136	1,028
Exchequer grant undrawn	(1,571)	(1,036)
Net Exchequer funding due	<u>(435)</u>	<u>(8)</u>

Represented by:**Debtors**

Debit balances: suspense	95	92
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Creditors

Bank overdraft	(138)	(59)
Due to State	(392)	(41)
	<u>(530)</u>	<u>(100)</u>
	<u>(435)</u>	<u>(8)</u>

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	<u>648</u>	<u>705</u>

Note 3 Vote Expenditure

Analysis of administration expenditure

	Estimate provision €000	2018	2017
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	11,677	10,771	10,463
ii Travel and subsistence	176	249	178
iii Training and development and incidental expenses	640	573	647
iv Postal and telecommunications services	70	56	54
v Office equipment and external IT services	590	761	655
vi Office premises expenses	160	100	96
vii Consultancy services and value for money and policy reviews	50	28	4
viii Contract legal expertise	300	178	194
	13,663	12,716	12,291

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: €176,000, outturn: €249,000

The increase of €73,000 arose due to the need to second a second legal advisor to the EU to assist in Brexit related matters for whom the Office was required to cover subsistence allowances.

v *Office Equipment and external IT Services*

Estimate Provision: €590,000, outturn: €761,000

The increase of €171,000 is attributable to higher than profiled costs associated with the renewal of software licences and work on the E-Legislation project, the Electronic Irish Statute Book, the Case and Records Management System and the Financial Management System.

viii *Contract Legal Expertise*

Estimate Provision: €300,000, outturn: €178,000

The decrease of €122,000 arose due to lower than anticipated requirement for contract legal expertise.

**Programme A Delivery of professional legal services to Government,
Departments and Offices**

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	11,677	10,771	10,463
A.2	Administration – non pay	1,986	1,945	1,828
A.3	Contributions to international organisations	38	39	35
A.4	Law Reform Commission	2,280	2,008	2,187
A.5	General law expenses	140	72	27
		16,121	14,835	14,540

Significant variations

Overall, the expenditure in relation to Programme A was €1.286 million lower than provided. €947,000 of this related to administration expenditure and the balance of the variance of €339,000 was mainly due to the following:

A.4 Law Reform Commission

Estimate provision: €2.28 million, outturn: €2.008 million

The shortfall in expenditure of €272,000 relative to the estimate provision was due to lower than anticipated salary costs in the Law Reform Commission. This was due to the length of time taken to fill all sanctioned posts in the Commission in respect of clerical staff and legal researchers.

A.5 General Law Expenses

Estimate provision: €140,000, outturn: €72,000

The shortfall in expenditure of €68,000 relative to the estimate provision was due to lower than anticipated payments to Counsel.

Note 4 Receipts

4.1 Appropriations-in-aid

	2018		2017
	Estimated	Realised	Realised
	€000	€000	€000
1 Miscellaneous	8	1	64
2 Receipts from pension-related deductions on public service remuneration	791	648	604
Total	799	649	668

Significant variations

Overall, appropriations-in-aid were €150,000 less than the estimate.

Explanations for variances are set out below:

- 2 *Receipts from pension-related deductions on public service remuneration*
 Estimate provision: €791,000, outturn: €648,000
 The shortfall of €143,000 arose because not all sanctioned posts were filled at all times during 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	147	151

5.2 Pay

	2018	2017
	€000	€000
Pay	9,844	9,571
Redundancy and severance	—	42
Higher, special or additional duties allowance	67	75
Other allowances	29	—
Overtime	13	18
Employer's PRSI	818	757
Total Pay	10,771	10,463

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	9	2	20,614	12,911
Other allowances	8	—	8,969	—
Overtime	5	—	7,576	1,341
Extra remuneration in more than one category	2	1	12,280	7,750

5.4 Other remuneration arrangements

This account includes expenditure of €468,037 (€377,406 salary and €90,631 allowances) in respect of four officers serving outside of the Office for all of 2018 whose salaries were paid by the Office. Two of these officers are seconded to the European Union whilst the other two are seconded national experts to the European Union.

5.5 Payroll overpayments

Overpayments at the year-end were €16,843 in respect of six individuals (2017: €15,402, six individuals). Of this, €14,187 have recovery plans in place in respect of four individuals. (2017: €Nil).

5.6 Redundancy and severance

There were no redundancy or severance payments made during 2018. (In 2017 one employee received payments of €7,092 in respect of redundancy and €35,456 in respect of severance).

Appendix A Accounts of Law Reform Commission (LRC)

The LRC operates under the aegis of the Office. Its last audited financial statements relate to 2017. The audit report issued on 19 December 2018. The Minister for Public Expenditure and Reform is responsible for laying the LRC's financial statements before the Houses of the Oireachtas. The 2017 audited financial statements were received by the Minister on 12 February 2019, and were presented to the Oireachtas on 15 February 2019.