

**Appropriation Account 2018**

---

**Vote 32**

**Business, Enterprise and Innovation**

---

## Introduction

As Accounting Officer for Vote 32, 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 Minister for Business, Enterprise and Innovation, including certain services administered by that Office, for the payment of certain subsidies and grants, and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sum 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 €39.716 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €27.6 million will be carried over for spending in 2019 and €12.116 million will be surrendered 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 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*

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of payroll and human resource 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 the Department.

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.

***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.

***Procurement compliance***

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. The Department complied with the guidelines with the exception of five contracts entered into to the value of €340,825, which were listed in my annual return in respect of Circular 40/2002. For two of the contracts while the procurement process was delayed, the new contracts are commencing Q1 and Q2 2019 respectively. For another contract the relevant OGP framework had experienced legal challenges throughout 2018, consequently the Department is engaging with the OGP in order to address its procurement requirements. For another contract additional works were required that were not foreseen at the outset of the project. And finally a contract was in place for room rental and with regard to same OPW are in the process of securing alternative accommodation which is expected to be in place by early 2020.

***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. The work of internal audit 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 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 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 management and 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 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.

**Dr Orlaigh Quinn**  
Accounting Officer  
Department of Business, Enterprise and Innovation

28 March 2019

## **Comptroller and Auditor General**

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

#### **Vote 32 Business, Enterprise and Innovation**

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

I have audited the appropriation account for Vote 32 Business, Enterprise and Innovation 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 32 Business, Enterprise and Innovation 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 Business, Enterprise and Innovation 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

13 September 2019

## Vote 32 Business, Enterprise and Innovation

## Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Jobs and Enterprise Development			
	<i>Original</i>	433,120		
	<i>Supplementary</i>	<u>(10,739)</u>		
			422,381	392,272
				403,932
B	Innovation			
	<i>Original</i>	356,098		
	<i>Supplementary</i>	<u>10,740</u>		
			366,838	368,697
				375,101
C	Regulation		81,742	76,001
				71,799
<b>Gross expenditure</b>				
	<i>Original</i>	870,960		
	<i>Supplementary</i>	<u>1</u>		
			<b>870,961</b>	<b>836,970</b>
				<b>850,832</b>
	<i>Deduct</i>			
D	<b>Appropriations-in-aid</b>		<b>52,000</b>	<b>57,725</b>
				<b>52,542</b>
<b>Net expenditure</b>				
	<i>Original</i>	818,960		
	<i>Supplementary</i>	<u>1</u>		
			<b>818,961</b>	<b>779,245</b>
				<b>798,290</b>

**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. €27.6 million of unspent allocations in respect of the capital elements of Subhead A.5 & B.4 were carried forward to 2019.

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Surplus	39,715,758	8,251,873
Deferred surrender	(27,600,000)	—
<b>Surplus to be surrendered</b>	<b><u>12,115,758</u></b>	<b><u>8,251,873</u></b>

**Dr Orlaigh Quinn**

Accounting Officer

Department of Business, Enterprise and Innovation

28 March 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	802,046	819,570
Pay	26,095	23,410
Non pay	8,829	7,852
<b>Gross expenditure</b>	<b>836,970</b>	<b>850,832</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>57,725</b>	<b>52,542</b>
<b>Net expenditure</b>	<b>779,245</b>	<b>798,290</b>
<b>Changes in capital assets</b>		
Purchases cash	(2,210)	
Depreciation	1,783	
Loss on disposals	3	
	(424)	107
<b>Changes in net current assets</b>		
Increase in closing accruals	2,201	
Decrease in stock	17	
	2,218	1,786
<b>Direct expenditure</b>	<b>781,039</b>	<b>800,183</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (cash) (note 1.1)	24,044	24,411
Notional rents (non-cash)	2,857	2,580
<b>Net programme cost</b>	<b>807,940</b>	<b>827,174</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 32 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	97	96
Vote 12 Superannuation and Retired Allowances	18,786	18,274
Vote 13 Office of Public Works	4,711	5,549
Vote 18 National Shared Services Office	101	66
Vote 20 Garda Síochána	—	78
Central Fund - Ministerial pensions	349	348
	<b>24,044</b>	<b>24,411</b>

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

		2018	2017
	Note	€000	€000
<b>Capital assets</b>	2.2	7,523	6,999
<b>Current assets</b>			
Bank and cash		12,549	8,023
Stocks	2.3	231	248
Prepayments		1,504	1,888
Accrued income		571	661
Other debit balances	2.4	909	726
<b>Total current assets</b>		<u>15,764</u>	<u>11,546</u>
<b>Less current liabilities</b>			
Accrued expenses		1,113	797
Deferred income		3,880	2,469
Other credit balances	2.5	3,822	4,930
Net Exchequer funding due	2.6	9,636	3,819
<b>Total current liabilities</b>		<u>18,451</u>	<u>12,015</u>
<b>Net current (liabilities)/assets</b>		<u>(2,687)</u>	<u>(469)</u>
<b>Net assets</b>		<u><b>4,836</b></u>	<u><b>6,530</b></u>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<u><b>4,836</b></u>	<u><b>6,530</b></u>

### 2.1 State funding account

	Note	2018	2017
		€000	€000
Balance at 1 January		6,530	8,285
Disbursements from the Vote			
Estimate provision	Account	818,961	
Deferred surrender	Account	(27,600)	
Surplus to be surrendered	Account	(12,116)	
Net vote		<u>779,245</u>	798,290
Fit-out costs and furniture provided by OPW		100	138
Expenditure (cash) borne elsewhere	1.1	24,044	24,411
Non cash expenditure – notional rent		2,857	2,580
Net programme cost	1	(807,940)	(827,174)
<b>Balance at 31 December</b>		<u><b>4,836</b></u>	<u><b>6,530</b></u>

**2.2 Capital assets**

	Office and IT equipment €000	Furniture and fittings €000	Capital assets under development €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2018	35,053	3,834	788	39,675
Additions	500	115	1,695	2,310
Brought into use in year	135	—	(135)	—
Disposals	(53)	(160)	—	(213)
Cost or valuation at 31 December 2018	35,635	3,789	2,348	41,772
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2018	29,244	3,432	—	32,676
Depreciation for the year	1,715	68	—	1,783
Depreciation on disposals	(51)	(159)	—	(210)
Cumulative depreciation at 31 December 2018	30,908	3,341	—	34,249
<b>Net assets at 31 December 2018</b>	<b>4,727</b>	<b>448</b>	<b>2,348</b>	<b>7,523</b>
Net assets at 31 December 2017	5,809	402	788	6,999

**2.3 Stocks**

at 31 December	2018 €000	2017 €000
Stationery	157	180
IT supplies	56	50
Cleaning materials	18	18
	<b>231</b>	<b>248</b>

**2.4 Other debit balances**

at 31 December	2018		2017
	€000	€000	€000
Advances to OPW		109	159
Miscellaneous debit balances		575	420
Recoupable expenditure			
– Travel	72		
– Shared services	153		
		225	147
		<b>909</b>	<b>726</b>

**2.5 Other credit balances**

at 31 December	2018	2017
	€000	€000
<b>Amounts due to the State</b>		
Income Tax	1,466	1,320
Pay Related Social Insurance	56	582
Local Property Tax	—	11
Professional Services Withholding Tax	82	103
Value Added Tax on intra EU acquisitions	79	127
	<u>1,683</u>	<u>2,143</u>
Share of patent renewal fees payable to the European Patents Office	1,618	1,474
Staff pay-overs	81	621
Extra Exchequer receipts	—	190
Employers pension liability	40	170
Recoupable salaries	142	190
Other miscellaneous balances	258	142
	<u>3,822</u>	<u>4,930</u>

**2.6 Net Exchequer funding due**

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	12,116	8,252
Deferred surrender	27,600	—
Exchequer grant undrawn	(30,080)	(4,433)
<b>Net Exchequer funding due</b>	<u>9,636</u>	<u>3,819</u>

**Represented by:****Debtors**

Bank and cash	12,549	8,023
Other debit balances	909	726
	<u>13,458</u>	<u>8,749</u>

**Creditors**

Due to State	(1,683)	(2,143)
Other credit balances	(2,139)	(2,787)
	<u>(3,822)</u>	<u>(4,930)</u>
	<u>9,636</u>	<u>3,819</u>

## 2.7 Commitments

at 31 December	2018	2017
	€000	€000
<b>Global commitments<sup>a</sup></b>		
Procurement of goods and services <sup>b</sup>	148,454	39,952
Non-capital grant programmes	1,241	—
Grant programmes <sup>b</sup>	1,471,877	1,405,444
Total of legally enforceable commitments	<b>1,621,572</b>	<b>1,445,396</b>

Notes <sup>a</sup> Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

<sup>b</sup> The analysis of the total 2017 commitment figure has been restated between procurement and grant commitments.

### Major capital commitments

Capital grants involving total expenditure of €10 million or more is shown separately in the major capital commitments table.

	Cumulative expenditure to 31 December 2017 <sup>a</sup>	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017 <sup>a</sup>
	€000	€000	€000	€000	€000
<b>Agency commitments</b>					
IDA Ireland (A5)	62,530	19,166	155,030	236,726	157,000
Enterprise Ireland (A7)	303,951	33,891	131,964	469,806	431,102
Science Foundation Ireland (B4)	251,240	53,685	164,027	468,952	451,444
Enterprise Ireland (B4)	23,320	9,337	7,439	40,096	40,096
<b>Department commitments</b>					
Programme for Research in Third Level Institutions (PRTL) (B5)	148,730	4,456	2,784	155,970	155,970
INTERREG (A10)	1,426	1,031	18,543	21,000	21,000
	<b>791,197</b>	<b>121,566</b>	<b>479,787</b>	<b>1,392,550</b>	<b>1,256,612</b>

Note <sup>a</sup> Excludes projects completed by end 2017.

**Significant variations**

Where the programme spend has increased/decreased by more than €500,000 from 2017 to 2018, an explanation is provided as follows:

*IDA Ireland (A5):* increase €79.7 million

Fit-out of IDA HQ commenced 2018 with an expected spend of €15.7 million. Eight grants to IDA clients were approved totalling €94 million, while two grant commitments with a value of €30 million were cancelled.

*Enterprise Ireland (A7):* increase €38.7 million

The increase principally relates to an increase in the value of five existing project commitments of €15.9 million and two new projects of €22.4 million.

*Science Foundation Ireland (B4):* increase €17.5 million

The increase principally relates to one new project in 2018 creating a commitment of €20.6 million and a decrease in the value of three existing project commitments amounting to €2.9 million.

**2.8 Matured liabilities**

	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Estimate of matured liabilities not discharged at year-end	301	375

## 2.9 Contingent liabilities

The Credit Guarantee Scheme (CGS) which became operational in 2012, provides a State guarantee through the Department to accredited lenders (Allied Irish Banks, Bank of Ireland and Ulster Bank Ireland) of 75 % on eligible loans or performance bonds to viable micro, small and medium-sized enterprises (SMEs). The guarantee is paid by the State (the 'guarantor') to the lender on the unrecovered outstanding principal balance on a scheme facility in the event of a borrower defaulting on the scheme facility repayments.

Capita Asset Services were the operator and manager of the CGS since it was launched in late 2012. In October 2016, following on from a Government decision on the issue, the Strategic Banking Corporation of Ireland became the new operator of the CGS.

A revised CGS was made by statutory instrument in 2017. This revised scheme was launched in July 2018. At 31 December 2018, a total of €66 million loans outstanding was covered by the CGS loan fund. In the event of default by an SME, the accredited lender makes a claim in relation to the unrecovered principle balance. The maximum exposure for the Department in relation to loans outstanding at 31 December 2018 is a total of €4 million.

SMEs availing of the scheme pay a premium of 2% per annum which is returned to the Department (see Note 4) and claims against the guarantee are paid to participating lenders and are paid out of subhead A9. The amounts paid to SBCI to operate the scheme are also paid out of this subhead.

A summary of receipts and payments related to this scheme (including the original and revised frameworks) are set out below.

	2018		2012-2018	
	€000	€000	€000	€000
Receipts in relation to premiums paid by SMEs		524		2,120
Scheme expenditure				
Payments to SBCI scheme administration	(398)		(2,098)	
Claims paid	(250)		(745)	
<b>Total cost of scheme</b>		<u>(648)</u>		<u>(2,843)</u>
Net cost of scheme		<u>(124)</u>		<u>(723)</u>

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

## Note 3 Vote Expenditure

### Analysis of administration expenditure

	Estimate provision	2018		2017
		€000	Outturn	Outturn
i Salaries, wages and allowances	26,253	26,095	23,411	23,411
ii Travel and subsistence	647	863	646	646
iii Learning and development and incidental expenses	1,100	1,660	1,045	1,045
iv Postal and telecommunications services	300	408	273	273
v Office equipment and external IT services	4,010	3,958	4,062	4,062
vi Office premises expenses	980	745	630	630
vii Consultancy services and value for money and policy reviews	1,100	1,108	1,079	1,079
viii Advertising and information resources	250	87	116	116
	<b>34,640</b>	<b>34,924</b>	<b>31,262</b>	<b>31,262</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: €647,000, outturn: €863,000

The increase of €216,000 on travel and subsistence expenditure was due to additional travel expenditure arising from the need to service an increased number of EU and international meetings in areas such as Brexit, trade etc.

#### iii *Learning and development and incidental services*

Estimate provision: €1.1 million, outturn: €1.66 million

The excess of €560,000 was due to a number of factors including two payments made in full settlement of claims by two employees following cases taken against the Department. In addition, increased business activity across various business units primarily in terms of Brexit preparedness and the 'Future Jobs' agenda, resulted in a number of events being undertaken, and costs incurred. Further increased staff numbers across the Department also gave rise to increased expenditure relating to training and administration costs.

#### iv *Postal and telecommunications services*

Estimate provision: €300,000, outturn: €408,000

The excess spend of €108,000 is due to the higher than expected cost of datalines for the offices of the Department.

#### viii *Advertising and information resources*

Estimate provision: €250,000, outturn: €87,000

The allocation was not drawn down in full because of the demand for advertising and publicity events. There was an underspend of €60,000 on statutory advertising and publicity expenditure and an underspend of €103,000 on promotional projects due to lower demand to meet the business needs of the sections.

**Programme A Jobs and Enterprise Development**

		2018		2017	
		Estimate provision		Outturn	
		€000	€000	€000	
A.1	Administration – pay		9,192	9,268	8,184
A.2	Administration – non-pay		2,582	2,856	2,339
A.3	Agency legacy pensions		41,240	38,912	39,541
A.4	Inter Trade Ireland		8,125	8,125	7,960
A.5	IDA Ireland		180,780	161,780	175,731
A.6	NSAI – grant for administration and general expenses		6,224	6,157	5,794
A.7	Enterprise Ireland				
	<i>Original</i>	146,550			
	<i>Supplementary</i>	<u>(24,400)</u>			
			122,150	111,220	115,114
A.8	Local enterprise development				
	<i>Original</i>	32,931			
	<i>Supplementary</i>	<u>470</u>			
			33,401	33,416	32,655
A.9	Temporary Partial Credit Guarantee Scheme				
	<i>Original</i>	500			
	<i>Supplementary</i>	<u>160</u>			
			660	648	871
A.10	Matching funding for INTERREG				
	<i>Original</i>	3,000			
	<i>Supplementary</i>	<u>(1,969)</u>			
			1,031	1,031	1,426
A.11	Subscriptions to international organisations, etc.		1,840	1,840	—
A.12	Commissions, committees and special inquiries		1	—	—
A.13	Legal costs and other services		155	19	317
A.14	Future Growth Loan Scheme				
	<i>Original</i>	—			
	<i>Supplementary</i>	<u>15,000</u>			
			15,000	17,000	—
—	<i>Brexit Loan Fund</i>		—	—	14,000
			<b>422,381</b>	<b>392,272</b>	<b>403,932</b>

**Significant variations**

Overall, the expenditure in relation to Programme A was €40.848 million lower than (originally) provided. This was due mainly to the following

**A.3 Agency legacy pensions**

Estimate provision: €41.24 million, outturn: €38.912 million

The outturn was €2.328 million less than estimated due to a number of factors including

- a number of former staff not claiming their preserved benefits due in 2018
- fewer claims by County Councils than what had been budgeted for former CEB pensioners
- claims from other public-sector bodies in respect of service transferred under the public-sector transfer network were fewer than expected
- fewer than expected spouse pension benefits claimed.

**A.5 IDA Ireland**

Estimate provision: €180.78 million, outturn: €161.78 million

The outturn was €19 million less than the estimate due to delays delivering on contractually committed properties and grants. These commitments carry over into 2019 and will be funded in part from the deferred surrender of capital monies unspent this year.

**A.7 Enterprise Ireland**

Estimate provision: €146.55 million, outturn: €111.22 million

The outturn was €35.33 million less than originally provided due to additional contribution by Enterprise Ireland (EI) to its own capital programme, a slower than expected drawdown on its Regional Enterprise Development Fund, delays in receiving grant claims and delays in the drawdown from its Seed and Venture Capital Programme. EI's additional contribution to its capital programme was a result of unanticipated increase in the own resource income that it generated in 2018.

**A.9 Temporary Partial Credit Guarantee Scheme**

Estimate provision: €500,000, outturn: €648,000

The €500,000 budget is to cover claims under the Scheme and operator costs for the year. As operator of the Credit Guarantee Scheme, the Strategic Banking Corporation of Ireland is required to hold insurance. The excess of €148,000 arose primarily due to two large settlement claims by the financial institutions under the Scheme during 2018.

**A.10 Matching funding for INTERREG**

Estimate provision: €3 million, outturn: €1.031 million

Accurate forecasting for INTERREG payments can be problematic because it is a multiannual (seven-year) programme and Special EU Programmes Body (SEUPB, the managing authority for the programme) are working with different accounting years that do not match up. More specific difficulties have arisen due to delays in commencing progress under the present programme.

**A.13 Legal costs and other services**

Estimate provision: €155,000, outturn: €19,000

It is prudent vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

**A.14 Future Growth Loan Scheme**

Estimate Nil, outturn: €17 million

The Future Growth Loan Scheme was established on foot of a funding agreement in late 2018 between the European Investment Fund and DBEI acting in conjunction with the Department of Agriculture, Food and Marine, Department of Finance and the Strategic Banking Corporation of Ireland. The Fund will provide low cost loans for terms of between 8-10 years to SMEs to enable them to strategically invest in a post-Brexit environment. Of the total exchequer funding of €62 million for the Scheme, €37 million is the estimated contribution to be provided by the DBEI and €25 million is the contribution by the Department of Agriculture, Food and the Marine. This funding will be leveraged to a loan fund of up to €300 million by way of Strategic Banking Corporation of Ireland and European Investment Fund guarantee mechanisms. The initial tranche in 2018 of DBEI's contribution to the Scheme amounted to €17 million.

**Programme B Innovation**

		2018		2017
		Estimate provision		Outturn
		€000	€000	€000
B.1	Administration – pay		6,828	6,933
B.2	Administration – non pay		2,489	2,657
B.3	Patents Office		3,004	2,899
B.4	Science and Technology Development Programme			
	<i>Original</i>	308,631		
	<i>Supplementary</i>	<u>8,740</u>		
			317,371	317,362
B.5	Programme for Research in Third Level Institutions (PRTL)			
	<i>Original</i>	14,300		
	<i>Supplementary</i>	<u>2,000</u>		
			16,300	18,300
B.6	Subscriptions to international organisations, etc.		20,685	20,543
B.7	Commissions, committees and special inquiries		1	—
B.8	Legal costs and other services		160	3
			<b>366,838</b>	<b>368,697</b>
				<b>375,101</b>

**Significant variations**

Overall, the expenditure in relation to Programme B was €12.599 million higher than (originally) provided. This was mainly due to the following

**B.4 Science and Technology Development Programme**

Estimate provision: €308.631 million, outturn: €317.362 million

The original allocation for this subhead was increased by an additional supplementary estimate of €8.74 million. This additional funding was needed to provide funding for the acquisition of critically needed research infrastructure for projects.

**B.5 Programme for Research in Third Level Institutions (PRTL)**

Estimate provision: €14.3 million, outturn: €18.3 million

Additional funding of €4 million was used to discharge outstanding liabilities owed under cycle 5 of the PRTL Programme.

**B.8 Legal costs and other services**

Estimate provision: €160,000, outturn: €3,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. However, only very modest expenditure was incurred in 2018.

**Programme C Regulation**

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	10,233	9,894	8,941
C.2	Administration – non pay	3,316	3,316	3,058
C.3	Workplace Relations Programme	18,104	17,554	17,372
C.4	Grants for trade union education and advisory services – cash-limited	900	900	900
C.5	Health and Safety Authority - grant for administration and general expenses	19,275	19,075	18,372
C.6	Trade union amalgamations	60	—	182
C.7	Office of the Director of Corporate Enforcement	5,057	3,702	3,014
C.8	Competition and Consumer Protection Commission	12,226	11,457	9,765
C.9	Personal Injuries Assessment Board	112	42	151
C.10	Consumer support	47	44	45
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,875	7,130	7,106
C.12	Irish Auditing and Accounting Supervisory Authority	2,105	1,234	1,216
C.13	Subscriptions to international organisations, etc.	1,320	1,116	1,198
C.14	Commissions, committees and special inquiries	256	79	111
C.15	Legal costs and other services	856	458	368
		<b>81,742</b>	<b>76,001</b>	<b>71,799</b>

**Significant variations**

Overall, the expenditure in relation to programme C was €5.741 million lower than (originally) provided. This was due to small savings across a number of subheads, as follows

**C.3 Workplace Relations Programme**

Estimate provision: €18.104 million, outturn: €17.554 million

The underspend of €550,000 was due to a number of factors including the following

- an underspend in relation to the Labour Court of €240,000 due to the late filling of a number of vacancies that arose during the year
- with the establishment of the WRC in October 2015, the EAT (Employment Appeals Tribunal) ceased to accept new claims and appeals. These historic cases have been put on hold by one or both parties due to proceedings in the Higher Courts, which has constrained the EAT in concluding same, resulting in an underspend in 2018.

- C.7 Office of the Director of Corporate Enforcement**  
 Estimate provision: €5.057 million, outturn: €3.702 million  
 There was an underspend of €677,000 on pay due to a number of staff retirements and delays in replacing staff that transferred out of the ODCE. In addition, in the non-pay allocation for the year, there was an underspend of €678,000, relating to the legal costs associated with case work. The costs arising during the year in this respect were less than anticipated although some will fall to be paid in 2019.
- C.8 Competition and Consumer Protection Commission**  
 Estimate provision: €12.226 million, outturn: €11.457 million  
 The underspend of €769,000 was due to a number of factors including an underspend of €1.544 million on pay which was principally due to difficulty filling vacancies and a number of seconded staff returning to their parent body. This underspend was offset by some degree by an excess of expenditure of €1.275 million in general, non-pay administration costs and settlement of two significant legal cases. In addition, there was an underspend of €500,000 on non-pay levy functions of the Commission. The CCPCs financial services function is financed by a levy imposed on regulated fund service providers and this was not drawn down due to the carryover to 2018 of a significant surplus of levy funds collected in 2017 as permitted by the relevant legislation (Central Bank Reform Act 2010).
- C.9 Personal Injuries Assessment Board**  
 Estimate provision: €112,000, outturn: €42,000  
 The Department reimburses PIAB for pension payments and pension lump sum payments for their retired staff. The underspend of €70,000 arose as a result of a delay in processing the final reimbursement of the year, resulting instead in it being paid in 2019.
- C.11 Companies Registration Office and Registry of Friendly Societies**  
 Estimate provision: €7.875 million, outturn: €7.13 million  
 The overall underspend of €745,000 was made up of €445,000 in pay and €300,000 in non-pay.  
 The pay underspend was due to delays in filling vacancies arising from staff retirements and re-assignments.  
 The non-pay underspend was due to a number of factors including
- delay in the implementation of the register for the beneficial ownership project until 2019, resulting the budget of €100,000 being unspent in 2018
  - on IT software and maintenance there was an underspend of €100,000
  - the Refresh Project in 2018 had an underspend of €100,000.
- C.12 Irish Auditing and Accounting Supervisory Authority**  
 Estimate provision: €2.105 million, outturn: €1.234 million  
 The estimate was based on IAASA having a full complement of staff to carry out its statutory functions. However, delays were experienced in recruiting certain grades of staff in 2018 which resulted in a saving of €871,000 on the subhead.
- C.13 Subscriptions to international organisations, etc.**  
 Estimate provision: €1.32 million, outturn: €1.116 million  
 The contribution for membership to the International Labour Organisation is paid for in Swiss Francs and a weak exchange rate against the Euro resulted in savings.

*C.14 Commissions, committees and special inquiries*

Estimate provision: €256,000, outturn: €79,000

The underspend of €177,000 arose due to

- €80,000 underspend from reduced activity by Joint Labour Committees; costs were therefore significantly reduced with underspends on the costs associated with the work of the JLCs
- an underspend of €40,000 in the Company Law Review Group as it was only reconstituted in July 2018 with a consequent drop in the number of plenary and subcommittee meetings
- a further underspend of €57,000 through miscellaneous savings by Business Regulation Group, Sales Law Review Group, Future of Work Initiative (EAT research projects) and Company Law Inquiries.

*C.15 Legal costs and other services*

Estimate provision: €856,000, outturn: €458,000

The estimate is a contingency for potential legal costs across a number of areas in the Department and its Offices. The underspend was due to lower than anticipated costs in the case of the WRC Law, Company Law, PIAB, ODCE and Health and Safety Technical Support.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
<b>Employment Rights and Industrial Relations</b>				
1	Receipts from the Social Insurance Fund	300	379	—
2	Employment permit fees	10,000	10,761	7,670
3	Employment agency licences	315	396	378
4	WRC fixed penalty notices	30	16	7
5	WRC court award costs	22	15	19
<b>Insurance and Company Law</b>				
6	Companies Registration Office	16,500	19,189	19,560
7	Registry of Friendly Societies	50	43	57
<b>Trade, Competition and Market Rights</b>				
8	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,700	9,858	9,353
9	Occasional trading licences	1	—	—
10	Competition and Consumer Protection Commission	412	550	535
11	Merger notifications	400	752	576
<b>Other</b>				
12	ODCE legal	50	8	9
13	Miscellaneous	200	998	713
14	Enterprise policy <sup>a</sup>	3,810	3,568	3,189
15	Competition and Consumer Protection Commission <sup>b</sup>	2,100	1,591	1,130
16	PIAB pay and superannuation	1,650	1,189	1,207
17	HSA superannuation	720	176	481
18	Temporary Loan Guarantee Scheme	500	524	584
19	Expert Group on Future Skills Needs	490	460	343
20	Receipts from pension-related deduction on public service remuneration	5,750	7,252	6,731
<b>Total</b>		<b>52,000</b>	<b>57,725</b>	<b>52,542</b>

Notes <sup>a</sup> Enterprise policy shows amounts received from current and former enterprise agencies in relation to staff pension contributions. The agencies are Intertrade Ireland, IDA, EI, SFI and the former SFADCO.

<sup>b</sup> Receipts under this line are in part-recoupment of the expenditure under subhead C.8.

**Significant variations**

Overall, appropriations-in-aid were €5.725 million more than the estimate. Explanations for variances are set out below.

2. *Employment permit fees*  
 Estimate provision: €10 million, outturn: €10.761 million  
 There was an increase of approximately 18% on the total number of permits issued and a 27% in applications received compared to 2017. The demand from industry in meeting skills shortages from permit applicants continues to grow as industry grows.
  
6. *Companies Registration Office*  
 Estimate provision: €16.5 million, outturn: €19.189 million  
 The variation in 2018 from the estimated income is due to a combination of reasons but principally due to record numbers of new company incorporations, combined with a higher level of compliance from existing companies on the Register.
  
8. *Receipts under the Trade Marks Act 1963 and Patents Act 1964*  
 Estimate provision: €8.7 million, outturn: € 9.858 million  
 The increase of €1.158 million is primarily due to fee income from the renewal of European Patent applications being greater than anticipated.
  
10. *Competition and Consumer Protection Commission (CCPC)*  
 Estimate provision: €412,000, outturn: €550,000  
 The increase of €138,000 is due to modest increased activity in a number of areas, including
  - applications for credit intermediary authorisation
  - court cost recoveries
  - monitoring activity undertaken by the CCPC.
  
11. *Merger notifications*  
 Estimate provision: €400,000, outturn: €752,000  
 The income in this area depends on the number of merger notifications that are made to the CCPC in the year. It is not possible to anticipate the number of mergers in any one year. Merger activity was greater than anticipated in 2018.
  
13. *Miscellaneous*  
 Estimate provision: €200,000, outturn: €998,000  
 Miscellaneous receipts by their nature are difficult to estimate. One factor in particular that gave rise to the increase in miscellaneous income related to the INTERREG programme in 2018. The Department received a total of €878,000 by way of reimbursement of INTERREG expenditure. Expenditure under the INTERREG Programme (Subhead A10) was previously reimbursed (at the rate of 85%) from the European Regional Development Fund to the Department of Finance. The Department of Finance decided that as and from 2018 reimbursement under the INTERREG Programmes should be paid directly to government departments.
  
14. *Enterprise policy*  
 Estimate provision: €3.81 million, outturn: €3.568 million  
 The enterprise policy income is made up of pension contributions from a number of the Department's current and former enterprise agencies. The shortfall of €242,000 in receipts in 2018 is due to a greater than anticipated number of staff leaving or retiring, with new staff appointed under the Single Pension Contribution Scheme, which is paid directly to the Department of Public Expenditure and Reform.

15. *Competition and Consumer Protection Commission (CCPC)*  
 Estimate provision: €2.1 million, outturn: €1.591 million  
 The shortfall of €540,000 on the non-pay side is due to the fact that this amount of the estimate was not drawn down mainly due to the carrying forward of a significant surplus of levy funds collected in 2017. The legislation providing for the imposition of levies by the CCPC (Central Bank (Reform) Act 2010) provides for the carrying forward of any deficit or surplus from one year into the next. There was a surplus on the pay side of €31,000 due to additional recruitment to replace staff of Central Bank that returned to the Bank.
16. *PIAB pay and superannuation*  
 Estimate provision: €1.65 million, outturn: €1.189 million  
 The shortfall of €461,000 arose due to a number of factors including the fact that the estimate included receipts from the single pension scheme which were, actually, as required, paid directly to the Department of Public Expenditure and Reform.
17. *HSA superannuation*  
 Estimate provision: €720,000, outturn: €176,000  
 The shortfall arose due to the HSA remitting less than expected superannuation contributions to DBEI in 2018 as it experienced several retirements during the year. The superannuation contributions were retained to finance the retirees lump sums, in line with the agreement in place with DBEI.
20. *Receipts from pension — related deduction on public services remuneration*  
 Estimate provision: €5.75 million, outturn: €7.252 million  
 The estimate reflected an increase from 2017, notwithstanding this, the numbers employed both by the Department and its agencies have increased significantly resulting in a larger than planned outcome.

#### 4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	190	1
Local Enterprise Offices — current <sup>a</sup>	89	187
Local Enterprise Offices — capital	2	3
National Standards Authority of Ireland — current	—	31
IDA Ireland — current	—	331
IAASA — excess payroll recoupment <sup>b</sup>	180	190
Miscellaneous	8	1
Transferred to the Exchequer	(469)	(554)
<b>Balance at 31 December</b>	<b>—</b>	<b>190</b>

Notes <sup>a</sup> Local Enterprise Offices — current: This relates to unused pay and non-pay funds drawn down under subhead A.8 in 2017.

<sup>b</sup> IAASA — excess payroll recoupment: This relates to the recoupment of IAASA payroll payments by the Department in excess of the Exchequer's liability to IAASA in 2017.

### 4.3 Employment and training levy

---

The Employment and Training Levy, set at 1% of an individual's total income (with some exceptions), was abolished with effect from 6 April 1999. The Department of Business, Enterprise and Innovation from time to time receives amounts relating to historical payments of the levy. The Employment and Training Levy is collected by the Office of the Revenue Commissioners and is paid over to the Department of Business, Enterprise and Innovation. The moneys are in turn paid over to the Exchequer.

Statement of payments made in accordance with Section 25(1) of the Labour Services Act 1987.

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Received from Revenue Commissioners	—	373,333
Paid into the Exchequer	—	373,333

## Note 5 Staffing and Remuneration

### 5.1 Employee Numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Department and Offices:		
Department	499	476
Patents Office	43	42
WRC	175	165
ODCE	39	34
CRO	106	110
	<u>862</u>	<u>827</u>
Agencies <sup>a</sup>	1,543	1,461
	<u><b>2,405</b></u>	<u><b>2,288</b></u>

Note <sup>a</sup> Includes employees of the Personal Injuries Assessment Board, a non-commercial State agency that is not in direct receipt of Exchequer funding.

### 5.2 Pay - Department, Offices and Agencies

	2018	2017
	€000	€000
Pay	157,074	146,293
Higher, special or additional duties allowance	867	1,395
Other allowances	2,535	445
Overtime	436	446
Employer's PRSI	9,196	9,617
<b>Total pay</b>	<u><b>170,108</b></u>	<u><b>158,196</b></u>

Note The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, A.8, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11 and C.12.

### 5.3 Department

	2018	2017
	€000	€000
Pay <sup>a,b</sup>	43,514	40,593
Higher, special or additional duties allowance	705	632
Other allowances	905	445
Overtime	282	285
Employer's PRSI	2,915	2,580
<b>Total pay <sup>c</sup></b>	<u><b>48,321</b></u>	<u><b>44,535</b></u>

Notes <sup>a</sup> Includes pension payments to 25 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).  
<sup>b</sup> Excludes fees paid to office holders who are not employees of the Department eg. adjudicators.  
<sup>c</sup> Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7 and C.11). The amount included for pay in Note 1 refers to administrative subheads only.

#### 5.4 Allowances and overtime payments - Department staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	107	16	44,088	43,788
Other allowances	76	13	95,675	151,679
Overtime	119	7	12,119	15,272
Extra remuneration in more than one category	26	13	45,225	21,805

#### 5.5 Agencies

The agencies included here are the Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

The pay expenditure of the agencies is not a direct financial transaction of the Department and as such the Department does not hold detailed pay and allowance information in respect of agency staff. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2018 €000	2017 €000
Pay	113,560	105,700
Higher, special or additional duties allowance	162	763
Other allowances	1,630	—
Overtime	154	161
Employer's PRSI	6,281	7,037
<b>Total pay</b>	<b>121,787</b>	<b>113,661</b>

#### 5.6 Allowances and overtime payments - Agency staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	43	4	34,977	29,031
Other allowances	261	12	33,662	58,997
Overtime	63	4	24,862	26,027
Extra remuneration in more than one category	8	2	25,393	28,928

### **5.7 Other remuneration arrangements**

---

A company car is provided to the CEO of Enterprise Ireland.

A total of €27,060 was paid to one retired civil servant in 2018, who was re-engaged to provide legal services in 2018. Appropriate procedures were in place with regard to payments to retired staff in accordance with Section 53 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

### **5.8 Payroll overpayments**

---

Payroll and human resources services are provided by the National Shared Services Office. Based on reports provided by the National Shared Services Office, overpayments at year end were estimated at €256,243 (80 cases) (2017 €162,722, 62 cases). 23 cases have recovery plans in place with arrangements being made to commence repayment plans for the remaining cases.

Two overpayment recovery plans in respect of 2 individuals to the value of €1,914 were transferred to the Department during 2018.

### **5.9 Severance/redundancy**

---

During 2018, two staff members received severance payments due to changes of Ministers to the Department. These severance payments totalled €18,271.

## Note 6 Miscellaneous

### 6.1 EU funding

In addition to grants from the Vote, the Patents Office and the following bodies under the aegis of the Department received EU aid directly in 2018 as shown below:

Subhead	Description	2018 Outturn €	2017 Outturn €
B.3	Patents Office	243,557	154,678
B.4	Science Foundation Ireland	328,008	763,506
B.4	Enterprise Ireland	909,290	824,849
C.5	Health and Safety Authority	6,916	—
		<b>1,487,771</b>	<b>1,743,033</b>

Note The outturn shown in subheads A.8, B.4 and B.5 under Note 3, includes payments in respect of activities which are co-financed from the ERDF.

### 6.2 Commissions, committees and special inquiries

	Year of establishment	2018 Outturn €	2017 Outturn €
<b>Permanent/open-ended</b>			
Joint Labour Committees	1946	7,169	11,913
Company Law Review Group	2000	59,447	80,990
The Future of Work Initiative	2017	1,260	17,339
Sales Law Review Group	2009	72	356
Departmental Audit Committee	2004	5,400	—
Business Regulation Group	2006	11,287	—
		<b>84,635</b>	<b>110,598</b>

### 6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Department €000	Legal costs awarded €000	Compensation awarded €000	2018	2017
					Total €000	Total €000
<b>Claims by employees against:</b>						
Department	2	1	57	141	199	8
<b>Claims by members of the public against:</b>						
Workplace Relations Commission	—	—	—	—	—	156
Employment rights	—	—	—	—	—	3
Employment Appeals Tribunal	—	—	—	—	—	19
Labour Court	1	—	308	—	308	155
Employment permits	2	—	107	—	107	12
Companies Registration Office	1	—	58	—	58	—
	<b>6</b>	<b>1</b>	<b>530</b>	<b>141</b>	<b>672</b>	<b>353</b>

### 6.4 Late payment penalties

	2018 €	2017 €
Interest and compensation	2,693	12,209

## Appendix A Accounts of bodies and funds under the aegis of the Department of Business, Enterprise and Innovation

---

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 the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
IDA Ireland	2017	25 May 2018	28 May 2018	18 Jun 2018
National Standards Authority of Ireland	2017	20 Jun 2018	21 Jun 2018	27 Jun 2018
Enterprise Ireland	2017	26 Jun 2018	29 Jun 2018	5 Jul 2018
Science Foundation Ireland	2017	25 May 2018	21 Jun 2018	18 Jul 2019
Health and Safety Authority	2017	19 Dec 2018	11 Jan 2019	22 Jan 2019
Competition and Consumer Protection Commission	2017	17 Dec 2018	23 Jan 2019	28 Jan 2019
Personal Injuries Assessment Board	2017	11 Jun 2018	27 Jun 2018	3 Jul 2018
Irish Auditing and Accounting Supervisory Authority	2017	15 Jun 2018	27 Aug 2018	31 Aug 2018