

Appropriation Account 2018

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, 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 Defence, including certain services administered by that Office, for the pay and expenses of the Defence Forces, and for payment of certain grants.

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

A surplus of €17.05 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 except for the following.

Stock valuation

Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price. Military and Air Corps stocks include certain items that have been refurbished.

Capital assets

Capital assets include assets with a valuation of less than €1,000.

A schedule of land and buildings administered by the Department of Defence is shown in appendix A. These are used for Defence Forces purposes and include unique and dedicated properties. Land and buildings are not valued and are not included in capital assets (note 2.2).

Payments under certain programmes for the development of Defence Forces equipment, including the purchase of aircraft and the refurbishment of armoured personnel carriers, are recorded as prepayments until they are brought into use, at which stage they are recorded as capital assets.

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.3 — Capital assets under development. When such projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as, in line with the policy noted above, land and buildings are not included in capital assets.

Depreciation

Military assets are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

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.

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 shared services of human resources and payroll.

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 Department.

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.

Non-compliance with procurement rules

The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 96 contracts, each relating to payments in excess of €25,000, with a total value of €20.8 million were listed in the Department's 2018 annual return in respect of Circular 40/2002.

These contracts primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are undertaken in accordance with the provisions of Circular 40/2002.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

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

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly 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.

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

Opinion on the appropriation account

I have audited the appropriation account for Vote 36 Defence 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 36 Defence 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 Defence and have fulfilled my other ethical responsibilities in accordance with the standards.

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

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

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

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 36 Defence**Appropriation Account 2018**

	2018		2017	
	Estimate provision	Outturn	Outturn	
	€000	€000	€000	
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs	707,348	701,421	680,549
	Gross expenditure	707,348	701,421	680,549
	<i>Deduct</i>			
B	Appropriations-in-aid	20,535	31,658	30,824
	Net expenditure	686,813	669,763	649,725

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	17,050,291	21,368,252

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	678,193	658,228
Administration pay	17,652	17,161
Administration non pay	5,576	5,160
Gross expenditure	701,421	680,549
<i>Deduct</i>		
Appropriations-in-aid	31,658	30,824
Net expenditure	669,763	649,725
Changes in capital assets		
Purchases cash	(101,590)	
Depreciation	69,939	
Loss on disposals	2,922	
Disposals cash	15	
	(28,714)	(24,884)
Changes in assets under development		
Cash payments	(10,641)	(13,133)
Changes in net current assets		
Decrease in closing accruals	(3,680)	
Increase in stock	(9,013)	
	(12,693)	5,588
Direct expenditure	617,715	617,296
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	10,761	
Notional rents	1,607	
	12,368	11,672
Net programme cost	630,083	628,968

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 36 borne elsewhere, and amounts borne on Vote 36 in respect of other services.

	2018	2017
	€000	€000
Vote 1 President's Establishment	(413)	(428)
Vote 2 Department of the Taoiseach	(82)	(91)
Vote 9 Revenue Commissioners	1	2
Vote 12 Superannuation and Retired Allowances	11,095	10,411
Vote 13 Office of Public Works	541	603
Vote 18 National Shared Services Office	911	825
Vote 35 Army Pensions	(1,414)	(1,324)
Central Fund – Ministerial pensions	122	123
	10,761	10,121

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	549,538	474,247
Capital assets under development	2.3	2,993	10,248
		<u>552,531</u>	<u>484,495</u>
Current assets			
Bank and cash	2.4	3,718	5,213
Stocks	2.5	212,043	203,030
Prepayments	2.6	63,936	105,974
Accrued income		3,072	3,590
Other debit balances	2.7	5,076	4,839
Total current assets		<u>287,845</u>	<u>322,646</u>
Less current liabilities			
Accrued expenses		2,560	2,209
Deferred income		30	40
Other credit balances	2.8	4,371	6,381
Net Exchequer funding due	2.9	4,423	3,671
Total current liabilities		<u>11,384</u>	<u>12,301</u>
Net current assets		<u>276,461</u>	<u>310,345</u>
Net assets		<u>828,992</u>	<u>794,840</u>
Represented by:			
State funding account	2.1	<u>828,992</u>	<u>794,840</u>

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		794,840	767,551
Disbursements from the Vote			
Estimate provision	Account	686,813	
Surplus to be surrendered	Account	<u>(17,050)</u>	
Net vote		669,763	649,725
Expenditure (cash) borne elsewhere	1.1	10,761	10,121
Non cash expenditure – notional rent	1	1,607	1,551
Transfers – capital assets under development	2.3	(17,896)	(5,140)
Net programme cost	1	<u>(630,083)</u>	<u>(628,968)</u>
Balance at 31 December		<u>828,992</u>	<u>794,840</u>

2.2 Capital assets

	Military equipment	Civil Defence equipment	Office furniture and IT equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	1,067,950	4,382	50,609	1,122,941
Additions	145,646	352	2,169	148,167
Disposals	(40,320)	(64)	(1,076)	(41,460)
Cost or valuation at 31 December 2018	1,173,276	4,670	51,702	1,229,648
Accumulated depreciation				
Opening balance at 1 January 2018	606,683	1,610	40,401	648,694
Depreciation for the year	66,257	366	3,316	69,939
Depreciation on disposals	(37,552)	(15)	(956)	(38,523)
Cumulative depreciation at 31 December 2018	635,388	1,961	42,761	680,110
Net assets at 31 December 2018	537,888	2,709	8,941	549,538
Net assets at 31 December 2017	461,267	2,772	10,208	474,247

Note The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital assets under development

	Construction contracts
	€000
Amounts brought forward at 1 January 2018	10,248
Cash payments in year	10,641
Projects completed ^a	(17,896)
Amounts brought forward at 31 December 2018	2,993

Note: ^a As projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as land and buildings are not included in capital assets.

2.4 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	3,252	8,938
Other bank and cash balances	466	473
Less orders outstanding	—	(4,198)
	3,718	5,213

Non vote bank accounts

There are 13 other bank accounts managed by Defence Forces personnel to administer the casual meals system in barracks. No funding from the vote is issued to these bank accounts. The amount held at the end of 2018 was €25,786 and this is not included in the account (2017: €41,813).

2.5 Stocks

at 31 December	2018	2017
	€000	€000
Military stocks		
Opening balance 1 January	201,840	206,190
Purchases during the year	44,709	33,733
Issues during the year	(33,941)	(34,455)
Write-offs, obsolete stock, etc.	(1,645)	(3,628)
	210,963	201,840
Other stocks		
Civil Defence	1,016	1,114
Stationery	17	19
IT consumables	47	57
	212,043	203,030

2.6 Prepayments

at 31 December	2018	2017
	€000	€000
Naval vessels construction	—	66,916
Armoured personnel carrier fleet maintenance and upgrade programme	30,466	25,000
Fixed wing utility aircraft	16,000	4,000
Other	17,470	10,058
	63,936	105,974

2.7 Other debit balances

at 31 December	2018	2017
	€000	€000
Payroll	4,268	4,186
Imprest	627	298
Cycle to work scheme	90	146
Overseas	67	67
Other suspense	24	142
	<u>5,076</u>	<u>4,839</u>

2.8 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Value Added Tax	3,953	5,959
Professional Services Withholding Tax	222	191
Income Tax	14	14
Relevant Contracts Tax	28	42
Pay Related Social Insurance	14	14
Pension contributions	12	43
	<u>4,243</u>	<u>6,263</u>
Payroll deductions held in suspense	3	88
Other credit suspense items	125	30
	<u>4,371</u>	<u>6,381</u>

2.9 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus appropriations to be surrendered	17,050	21,368
Exchequer grant undrawn	(12,627)	(17,697)
Net Exchequer funding due	<u>4,423</u>	<u>3,671</u>
Represented by:		
Debtors		
Bank and cash	3,718	5,213
Debit balances: suspense	5,076	4,839
	<u>8,794</u>	<u>10,052</u>
Creditors		
Due to State	(4,243)	(6,263)
Credit balances: suspense	(128)	(118)
	<u>(4,371)</u>	<u>(6,381)</u>
	<u>4,423</u>	<u>3,671</u>

2.10 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	8,686	5,699
Capital projects	74,777	119,544
	83,463	125,243

Note The figure of €83 million includes €60 million on the purchase of defensive equipment (including €23 million on the maintenance and upgrade programme for armoured personnel carriers and €27 million on the purchase of aircraft), €10 million on building works and €4 million on IT upgrades.

Major capital projects

Expenditure on projects where the total estimated cost will exceed €10 million.

Project	Cumulative expenditure to 31 December 2017 €000	Expenditure in 2018 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2018 €000	Expected total spend lifetime of project 2017 €000
Naval vessels replacement programme and armament project	281,913	5,517	109	287,539	283,547
Maintenance and upgrade programme for armoured personnel carriers	25,000	20,132	22,868	68,000	68,000
IT infrastructure virtual desktop architecture project	6,512	2,017	4,271	12,800	12,800
Fixed wing utility aircraft	4,000	12,000	27,079	43,079	39,602

Significant variations

Project	Expected total spend 2018 €000	Expected total spend 2017 €000	Year on year increase €000
Naval vessels replacement programme and armament project ^a	287,539	283,547	3,992
Fixed wing utility aircraft ^b	43,079	39,602	3,477

Notes ^a The increase of €4 million in expected total spend is due to the provision of fuel/lubricants at handover, training, manuals and publications, spares that were provided with the vessels and additional agreed works, including works to bring the vessels in line with revised ship classification requirements.

^b The increase of €3.5 million in expected total spend is due to an enhancement to the specification of the aircrafts' satellite systems.

2.11 Matured liabilities

at 31 December	2018	2017
	€000	€000

Estimate of matured liabilities not discharged at year end	<u>463</u>	<u>655</u>
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2.12 Contingent liabilities

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

	2018		2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	18,800	17,652	17,161
ii Travel and subsistence	650	597	657
iii Training and development and incidental expenses	315	321	333
iv Postal and telecommunications services	660	465	454
v Office equipment and external IT services	2,875	2,923	2,672
vi Office premises expenses	950	1,188	929
vii Consultancy services and value for money and policy reviews	190	82	115
	24,440	23,228	22,321

Significant variations

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

iv Postal and telecommunications services

Estimate provision: €660,000, outturn: €465,000

The underspend of €195,000 was due to lower than anticipated demand for telecommunications and postal services.

vi Office premises expenses

Estimate provision: €950,000, outturn: €1.188 million

The overspend of €238,000 was due to additional costs incurred in office refurbishment works.

vii Consultancy services and value for money and policy reviews

Estimate provision: €190,000, outturn: €82,000

The underspend of €108,000 was due to delays in the progression of two project based consultancy contracts.

Programme A Defence policy and support, military capabilities and operational outputs

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	18,800	17,652	17,161
A.2	Administration – non- pay	5,640	5,576	5,160
A.3	Permanent Defence Force: pay	428,209	398,714	396,479
A.4	Permanent Defence Force: allowances	39,680	39,923	39,514
A.5	Reserve Defence Force: pay, etc.	2,150	1,574	1,383
A.6	Chaplains and officiating clergymen: pay and allowances	1,250	1,014	1,027
A.7	Defence Forces civilian support: pay and allowances, etc.	30,600	23,625	23,871
A.8	Defence Forces: capability development	56,000	77,131	72,632
A.9	Air Corps: equipment and support	16,860	17,519	16,354
A.10	Military transport	9,790	11,343	9,251
A.11	Naval Service: equipment and support	12,500	17,082	13,779
A.12	Barrack expenses and engineering equipment	13,180	14,050	12,512
A.13	Defence Forces built infrastructure: construction and maintenance	23,300	17,996	21,259
A.14	Defence Forces uniforms, clothing, equipment and catering	13,980	15,742	14,111
A.15	Defence Forces communications and IT	10,574	13,264	11,177
A.16	Military education and training	2,150	2,680	2,173
A.17	Defence Forces logistics and travel	3,200	3,779	3,197
A.18	Defence Forces medical and healthcare support	3,000	2,901	2,843
A.19	Lands	1,000	1,027	687
A.20	Equitation	900	1,037	905
A.21	Litigation and compensation costs	5,000	7,100	3,767
A.22	Miscellaneous expenditure	3,176	3,510	3,417
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,300	1,784	1,352
A.24	Civil Defence	4,240	4,229	4,919
A.25	Irish Red Cross Society	869	1,169	1,619
Total		707,348	701,421	680,549

Significant variations

Overall, the expenditure in relation to Programme A was €5.927 million lower than provided. €1.212 million of this related to administration expenditure and has already been explained and the balance of the variance of €4.715 million was mainly due to the following:

A.3 Permanent Defence Force: pay

Estimate provision: €428.209 million, outturn: €398.714 million

The underspend of €29.495 million was due to higher than projected retirements and lower than projected recruitment in 2018, leading to lower than anticipated numbers of personnel serving in the PDF during the year.

- A.5 *Reserve Defence Force: pay, etc*
 Estimate provision: €2.15 million, outturn: €1.574 million
 The underspend of €576,000 was due to lower than anticipated uptake of paid training by reservists.
- A.6 *Chaplains and Officiating clergymen: pay and allowances*
 Estimate provision: €1.25 million, outturn: €1.014 million
 The underspend of €236,000 was due to lower than anticipated numbers of chaplains serving in 2018.
- A.7 *Defence Forces civilian support: pay and allowances, etc*
 Estimate provision: €30.6 million, outturn: €23.625 million
 The underspend of €6.975 million was due to the fact that the number of civilian employees was less than provided for in the estimate due to lower than anticipated recruitment.
- A.8 *Defence Forces: capability development*
 Estimate provision: €56 million, outturn: €77.131 million
 The overspend of €21.131 million was mainly due to the bringing forward of payments under the armoured personnel carrier upgrade programme and certain defensive equipment and ammunition contracts due to these programmes/contracts progressing more quickly than anticipated.
- A.10 *Military transport*
 Estimate provision: €9.79 million, outturn: €11.343 million
 The overspend of €1.553 million was due to the requirement to purchase additional military vehicles and the greater than anticipated spend on spare parts. This overspend was partly offset by lower than anticipated fuel costs.
- A.11 *Naval Service: equipment and support*
 Estimate provision: €12.5 million, outturn: €17.082 million
 The overspend of €4.582 million was due to higher than anticipated expenditure on fuel and fleet maintenance.
- A.12 *Barrack expenses and engineering equipment*
 Estimate provision: €13.18 million, outturn: €14.05 million
 The overspend of €870,000 was due to a requirement for additional engineering and barrack service equipment. The overspend was partially offset by lower than expected utility costs.
- A.13 *Defence Forces built infrastructure: construction and maintenance*
 Estimate provision: €23.3 million, outturn: €17.996 million
 The underspend of €5.304 million was due to progress in bringing key projects to construction stage being slower than anticipated.
- A.14 *Defence Forces uniforms, clothing, equipment and catering*
 Estimate provision: €13.98 million, outturn: €15.742 million
 The overspend of €1.762 million was due to an increase in spending on operational and specialist uniforms and personal protective equipment. Savings on ordnance equipment partially offset this excess.
- A.15 *Defence Forces communications and IT*
 Estimate provision: €10.574 million, outturn: €13.264 million
 The overspend of €2.69 million was due to the replacement of IT and communications equipment to support domestic and overseas operations and increased telecommunications costs.

A.16 Military education and training

Estimate provision: €2.15 million, outturn: €2.68 million

The overspend of €530,000 was due to a requirement for additional training courses and the purchase of additional training equipment.

A.17 Defence Forces logistics and travel

Estimate provision: €3.2 million, outturn: €3.779 million

The overspend of €579,000 was due to the increased freight costs associated with overseas operations in UNIFIL and UNDOF.

A.20 Equitation

Estimate provision: €900,000, outturn: €1.037 million

The overspend of €137,000 was due to the unplanned purchase of an additional horse for the Army Equitation School.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €7.1 million

The overspend of €2.1 million arose due to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.

A.22 Miscellaneous expenditure

Estimate provision: €3.176 million, outturn: €3.51 million

The overspend of €334,000 was due to additional advertising and communications costs associated with the military recruitment campaign and also higher than expected overseas mission support costs. The excess was partly offset by reduced administrative costs.

A.23 Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy

Estimate provision: €1.3 million, outturn: €1.784 million

The overspend of €484,000 was primarily due to an unanticipated increase in the common costs for European Union Missions.

A.25 Irish Red Cross Society

Estimate provision: €869,000, outturn: €1.169 million

The overspend of €300,000 was mainly due to additional expenditure required to fund the Storm Eleanor Emergency Humanitarian Scheme for small businesses following severe weather and flooding, on foot of a Government decision.

Note 4 Receipts

4.1 Appropriations-in-aid

	2018		2017
	Estimated €000	Realised €000	Realised €000
1 Receipts from United Nations in respect of overseas allowances, etc.	4,313	14,004	12,949
2 Receipts from banks and other organisations	1,300	1,320	1,335
3 Receipts from occupation of official quarters	140	196	157
4 Receipts from rations on repayment	900	924	919
5 Receipts from other issues on repayment	20	25	25
6 Receipts for aviation fuel	40	30	37
7 Receipts on discharge by purchase	50	143	107
8 Lands and premises			
(a) rents, etc.	462	436	455
(b) sales	1,250	14	469
9 Sale of surplus stores	100	161	305
10 Refunds in respect of services of seconded personnel	50	92	48
11 Miscellaneous	300	667	832
12 Receipts from pension-related deduction on public service remuneration	11,610	13,646	13,186
Total	20,535	31,658	30,824

Significant variations

Overall, Appropriations-in-aid were €11.123 million more than the estimate. Explanations for variances are set out below.

1 *Receipts from United Nations in respect of overseas allowances, etc.*

Estimate provision: €4.313 million, outturn: €14.004 million

The surplus of €9.691 million was due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts from the UN is difficult to predict. See Note 6.1

8 *Lands and premises*

Estimate provision: €1.712 million, outturn: €450,000

The shortfall of €1.262 million was due to the sale of military property being later than projected.

11 *Miscellaneous*

Estimate provision: €300,000, outturn: €667,000

The surplus of €367,000 was mainly due to receipts in respect of training refunds, Emergency Aeromedical Support Services and the Employment Support Scheme.

12 *Receipts from pension-related deduction on public remuneration*

Estimate provision: €11.61 million, outturn: €13.646 million

The surplus of €2.036 million arose because pension-related deduction receipts are difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Voluntary surrender of pay	8	3
Transferred to Exchequer	<u>(8)</u>	<u>(3)</u>
Balance at 31 December	<u>—</u>	<u>—</u>

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	<u>9,737</u>	<u>9,982</u>

5.2 Pay

	2018	2017
	€000	€000
Pay	396,739	395,215
Higher, special or additional duties allowances	226	217
Overtime	416	408
Shift and roster allowance	219	215
Military and other allowances	33,951	33,963
Employer's PRSI	38,482	37,847
Total pay^{a,b}	<u>470,033</u>	<u>467,865</u>

Notes: ^a The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for four personnel and total pay of €226,751. This office produces a separate account.

^b The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.3 Civil servants

	2018	2017
Number of staff at year end (full time equivalents)	<u>336</u>	<u>325</u>
	2018	2017
	€000	€000
Pay	16,535	16,164
Higher, special or additional duties allowances	99	80
Overtime	102	88
Other allowances	49	56
Employer's PRSI	867	773
Total pay	<u>17,652</u>	<u>17,161</u>

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties allowances	11	3	20,610	17,056
Overtime	66	—	9,829	9,656
Other allowances	20	—	8,538	16,116
Extra remuneration in more than one category	12	1	13,816	10,872

5.4 Civilian employees

	2018	2017
Number of staff at year end (full time equivalents)	423	462
	2018	2017
	€000	€000
Pay	16,305	16,775
Higher, special or additional duties allowances	127	137
Overtime	314	320
Shift and roster allowance	219	215
Travel time allowance	485	506
Tool and other allowances	215	226
Employer's PRSI	1,805	1,862
Total pay	19,470	20,041

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties allowances	69	—	8,016	8,787
Overtime	147	1	10,769	8,432
Shift and roster allowance	34	3	15,458	14,088
Travel time allowance	70	12	12,720	12,221
Tool and other allowances	268	—	3,235	3,235
Extra remuneration in more than one category	183	39	25,273	25,358

5.5 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2018	2017
Number of staff at year end (full time equivalents)	8,978	9,195
	2018	2017
	€000	€000
Pay and military service allowance	363,899	362,276
Overseas allowances	18,768	18,840
Security duty allowances	8,068	7,931
Border duty allowance	2,256	2,368
Patrol duty allowance	2,134	2,461
Miscellaneous allowances	1,976	1,575
Employer's PRSI	35,810	35,212
Total pay	432,911	430,663

Allowances	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018 €	2017 €
Overseas allowances	1,990	864	55,000 ^a	34,900
Security duty allowances	7,547	11	19,648	15,022
Border duty allowance	573	2	44,192 ^b	32,401
Patrol duty allowance	716	0	9,195	9,750
Miscellaneous allowances	938	1	12,143	11,658
Extra remuneration in more than one category	2,960	950	39,252	34,953

Notes: ^a Resolution of claim

^b Includes arrears from 2009 to 2017

5.6 Revenue settlement

In 2018, €36,038 was paid to the Revenue Commissioners by way of an unprompted voluntary disclosure relating to the provision of certain medical services to members of the Permanent Defence Force (PDF) in 2017.

In finalisation of the unprompted voluntary disclosure, the Department made a settlement payment to the Revenue Commissioners of €13,078,580 in February 2019 for 2011 to 2017. The settlement arises from tax liability on the provision of medical treatment and accommodation and certain allowances and arrangements. In relation to certain medical and accommodation issues, the liability ended from 1 January 2018 on foot of changes in the Finance Act 2018. Arrangements were also put in place to ensure tax compliance in respect of certain matters not included in the legislative changes.

In addition to the settlement of historical liabilities for 2011 to 2017 above, a payment of €72,763 was also made to the Revenue Commissioners in February 2019 in relation to statutory public hospital charges for the dependants of enlisted members of the PDF in 2018.

5.7 Other remuneration arrangements

A total of €391,119 was paid to twelve retired Defence Force personnel in receipt of Defence Force pensions, ranging from €11,697 to €69,422, who were re-employed on various duties during 2018. In addition, a total of €31,646, ranging from €452 to €6,030, was paid to fifteen retired public servants in receipt of public service pensions, who were re-employed on various duties during 2018. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Seconded staff

This account includes expenditure of €86,068 in respect of two officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.9 Payroll overpayments

Overpayments at year-end were €162,198 (147 cases) of which €57,978 (69 cases) had recovery plans in place. Overpayments at year end 2017 were €90,623 (162 cases) of which €29,181 (44 cases) had recovery plans in place.

No overpayments were transferred from the Department of Defence to any other Department/Office in 2018.

5.10 Ex-gratia payments

A payment of €1,000 (net) was made to each of the 119 personnel serving with the 57 Infantry Group, UNDOF, based in Syria in the exceptional circumstances arising from the significant and unexpected delay in their repatriation to Ireland. The overall gross amount was €236,313.

5.11 Arbitration and conciliation

In 2018, costs of €2,294 were incurred in relation to seven arbitration and conciliation cases (2017: €590).

5.12 Medical treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

6 Miscellaneous

6.1 Overseas missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs.

	2018 €000	2017 €000
UN and EU missions:		
UNIFIL (Lebanon)	29,144	28,738
UNDOF (Golan Heights)	11,194	10,667
KFOR (Kosovo)	1,201	1,175
EUFOR (Bosnia Herzegovina)	529	600
Other UN and EU Missions	3,755	3,486
	<u>45,823</u>	<u>44,666</u>
Other:		
Military representatives and advisors	1,385	1,676
Battle Groups (German, UK and EU)	81	301
Organisation for Security and Co-operation in Europe	66	164
Mediterranean operations (Search and Rescue)	3,673	3,738
Total	<u>51,028</u>	<u>50,545</u>

Of the sum of €45.82 million for UN and EU missions, €5.48 million relates to missions, the full costs of which are borne by the State. The remaining €40.34 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of reimbursements from the UN is dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2018 was €14 million, made up of €6.7 million for personnel costs and €7.3 million for equipment costs.

The amount outstanding at year end was €2.9 million (€1.2 million personnel costs and €1.7 million equipment costs).

6.2 Support for Defence Forces' representative associations

This account includes a total of €490,206 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-offs

	2018 €000	2017 €000
Damage to military vehicles	<u>55</u>	<u>129</u>

6.4 Compensation and legal costs

	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	2018	2017
					Total €000	Total €000
Employees of the Vote						
Personal injury cases	213	942	3,190	1,780	5,912	2,882
Administrative/employment related cases	22	31	400	420	851	448
Members of the public						
Personal injury	29	30	185	120	335	450
		1,003	3,775	2,320	7,098	3,780

The above figures relate to all cases where payment was made in 2018. These include cases that were settled in prior years, those settled in 2018 and those still open.

Appendix A Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Hectares) ^a
Clare	
Knockalisheen Camp	50.61
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.22
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
Fitzgerald Camp, Fermoy	0.40
RDF Premises, Kilcrohane	0.40
Michael Collins Memorial Plot, Béal na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.03
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	277.21
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.40
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.10
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)^a
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmoney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (Hectares)^a
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline ^b	33.99
Fort Davis, Whitegate	22.04
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.27
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.01
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Louth	
Aiken Barracks, Dundalk	7.28

Notes ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

^b Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)^a
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	1.20
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

Appendix B Accounts of bodies and funds under the aegis of the Department of Defence

The following table lists the bodies and funds under the aegis of the Department where the Department has the obligation to present financial statements. It indicates, as at end of March 2019, the period to which the last audited financial statements relate and the period in which 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
Ombudsman for the Defence Forces	2017	7 Sep 2018	4 Jan 2019	31 Jan 2019
Defence Forces Canteen Board	2017	28 Sep 2018	12 Oct 2018	3 Dec 2018