

## **Appropriation Account 2018**

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### **Vote 40**

### **Children and Youth Affairs**

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## Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual 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 Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants including certain grants under cash-limited schemes.

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 €16.102 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 24/2018 have been applied in the preparation of the account except for the following.

### ***Depreciation***

The Children Detention Campus at Oberstown is vested in the Minister and is included in capital assets as land and buildings. Buildings are depreciated at a rate of 2% per annum on a straight line basis over their estimated useful life. Land is not depreciated. Motor vehicles are depreciated over five years at a rate of 20% per annum.

### ***Payments to Pobal***

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. Funds not required (e.g. due to lower than anticipated demand) are returned by Pobal to the Department. The net amount advanced to Pobal in the year is charged against the relevant vote subheads in the year (see Note 6.1).

## 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.

Certain services are provided to the Department on a shared services basis.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreements between this Department and the Department of Health for the provision of certain financial and ICT shared services, and the National Shared Services Office for the provision of HR and Payroll Shared Services. I have also fulfilled my responsibilities under public financial procedures regarding the financial services provided by the Department of Justice and Equality in respect of the Oberstown Children Detention Campus.

I rely on a letter of assurance from each of the Accounting Officers of the Department of Health, the Department of Justice and Equality and the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

Pobal administers a number of programmes on behalf of the Department across a range of early years and young people related programmes. In 2018, net funding of €513 million was advanced to Pobal in this regard (Note 6.1).

The relationship between the Department and Pobal is governed by an overarching service level agreement (SLA). The current SLA covers the period from 1 September 2017 to the end of 2022.

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.
- The senior management of the Department sign off on a Financial Control Assurance Statement in relation to their individual areas of responsibility. These statements are available to me as Accounting Officer in finalising the Appropriation Account.

***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. This includes the following elements.

- 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.
- 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 is compliant with one exception, which is detailed in my annual return in respect of Circular 40/2002. A contract to the value of approximately €25,000 related to the identification of illegally registered births and the requirement to initiate further investigative work to determine the potential scale of the issue. An independent expert from outside the State was required immediately, and in the circumstances it was not possible to undertake a competitive process.

***Internal audit and audit committee***

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

The Internal Audit Unit operates under the direction and control of the Audit Committee and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the Audit Committee periodically. The minutes and annual report of the Audit Committee are the subject of discussion by the Department's Management Board.

In addition to the permanent staffing of the Internal Audit Unit, the audit function is supported by a contract for internal audit services with an external contractor. During 2018, fourteen internal audit reviews were conducted. Of these, eight resulted in a 'reasonable assurance' opinion and four in a 'limited assurance' opinion. In addition, two of the reports did not require an assurance level opinion to be provided. I have put procedures in place to ensure that the reports and recommendations of the internal audit function are followed up on.

### ***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 Risk Committee 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.

An internal audit review of the risk and control framework was carried out in 2018 and a 'Reasonable Assurance' opinion was provided in relation to the adequacy of the risk management arrangements.

### ***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 controls 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***

A number of internal financial control issues were raised in internal audit reports during 2018. Four of these provided only 'limited assurance'. Issues raised and corrective measures taken include.

#### ***Procurement process***

An internal audit report in June 2018 made four high priority recommendations regarding the procurement processes within the Department resulting in a 'limited assurance' opinion. High priority recommendations included improvements to the maintenance of the Department's centralised contracts register and developing a corporate procurement plan. All recommendations were accepted and are being implemented.

#### ***Service level agreement — early years***

An internal audit report in September 2018 considered whether written service level agreements (SLAs) were in place with external bodies providing programmes or other services on behalf of the Department in relation to funding of early years services. While acknowledging that an overarching SLA is in place with Pobal, it recommended that a subordinate SLA for each programme should be put in place. The Department has commenced on this process and work is continuing as a matter of priority.

*Service level agreement — commissioning arrangements in respect of youth organisations and services*

An internal audit report in September 2018 considered whether written service level agreements were in place with Education and Training Boards (ETBs) who provide programmes or other services on behalf of the Department in relation to funding of youth organisations and services. It recommended the urgent drafting of SLAs with each of the ETBs. Significant engagement with the ETBs followed, and there is now an SLA in place with all ETBs.

*Business continuity and technical disaster recovery management*

An internal audit report in December 2018 identified five medium priority recommendations resulting in a 'limited assurance' opinion on the existence and operating effectiveness of business continuity and disaster recovery controls. In line with the audit recommendations, a detailed risk assessment will be conducted by year end. This will be followed by a business impact analysis and the development of a business continuity plan. It is also planned to implement a fundamental restructuring of the IT infrastructure and support systems in the Department during 2019.

*Irish youth justice*

A control failure relating to the recoupment of salary in relation to a staff member on secondment from Oberstown Children Detention Campus to an external organisation was identified during 2018. Discussions are ongoing with the external organisation in relation to the recoupment. The amount involved is €500,000.

*Early years — compliance with programme rules*

The Department currently administers seven demand-led early learning and care (ELC) and school age care (SAC) programmes providing both universal and targeted subsidies. In 2018, the total amount of funding involved was €495 million.

Compliance with programme rules is a fundamental element of overall governance of the ELC and SAC schemes and some control issues were again identified in 2018. The adequacy of controls has been a cause of concern over the last number of years and is a reflection of the design of the rules of the original schemes. In addition, there are legacy issues among community not-for-profit childcare providers, many of whom were previously funded under a staffing grant model and have struggled to adapt to the move to payment based on children's attendance. Many of the legacy issues also relate to the child care scheme (CCS) which primarily operates in disadvantaged areas with more erratic attendance patterns.

In the 2017/2018 cycle (November 2017 to August 2018), approximately 16% of contracts reviewed were considered major non-compliant. In the 2018/2019 cycle, the Department changed its focus to concentrate on areas of greatest risk to Exchequer funding, primarily focusing on attendance records. Additional resources were put in place in both the Department and Pobal. As a result of this activity, approximately 31% of contracts reviewed in 2018/2019 (October 2018 to June 2019) were considered as major non-compliant. This increase in major non-compliance would be expected due to the concentration on areas of highest risk.

Further improvements are planned. Further visits, covering all schemes, continued throughout the 2018/2019 cycle with a focus on high value contracts and services with a history of non-compliance with programme rules. In addition, the introduction of the new National Childcare Scheme in late 2019 should significantly improve the overall position regarding governance and compliance of providers with scheme rules.

At the end of 2018, Pobal's debt management process recorded a debtor balance of €5.1 million against all DCYA programmes. This includes programmes other than ELC and SAC. Some €3 million (60%) of this relates to historical capital projects dating back to the period 2000-2010. Pobal considers that over €1 million of this debt is irrecoverable for a number of operational reasons, including that some providers are no longer in business. The Department has intensified discussions with Pobal with a view to developing a methodology to deal with this debt and expects to be in a position to complete this by end 2019.

*Preparation of the appropriation account*

The audit of the 2018 appropriation account as submitted to the Comptroller and Auditor General in March 2019 identified a number of accounting errors. This necessitated a review of accounting entries and related controls. The review identified a number of control failures, especially in relation to some end - of - year payments and adjustments. The review also identified the need to improve how records relating to accounting entries are maintained for audit purposes.

This led to a net adjustment to the Exchequer surrender figure of €54,029 when compared to the original Exchequer surrender figure and an adjustment to the net Exchequer funding balance. Accordingly, I have re-signed the account, and improved procedures relating to accounting controls and record keeping are being put in place.

**Fergal Lynch**  
Accounting Officer  
Department of Children and Youth Affairs

23 September 2019

## **Comptroller and Auditor General**

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

#### **Vote 40 Children and Youth Affairs**

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

I have audited the appropriation account for Vote 40 Children and Youth Affairs 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 40 Children and Youth Affairs 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 Children and Youth Affairs 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*.

##### ***Delivery of early learning and childcare programmes***

Chapter 16 of my report on the accounts of the public service for 2018 reviews the Department's oversight of Pobal's administration of early learning and childcare funding programmes in the period 2015 – 2018, the controls over payments and quality, and the Department's evaluation of the effectiveness of the programmes.

**Seamus McCarthy**  
Comptroller and Auditor General

26 September 2019

## Vote 40 Children and Youth Affairs

### Appropriation Account 2018

	Estimate provision		2018	2017
	€000	€000	Outturn €000	Outturn €000
<b>Programme expenditure</b>				
A Children and Family Support Programme				
<i>Original</i>	786,298			
<i>Supplementary</i>	(992)			
		785,306	784,712	739,591
B Sectoral Programmes for Children and Young People				
<i>Original</i>	567,896			
<i>Supplementary</i>	23,699			
		591,595	577,257	488,352
C Policy and Legislation Programme				
<i>Original</i>	29,117			
<i>Supplementary</i>	(2,493)			
		26,624	24,885	22,041
<b>Gross expenditure</b>				
<i>Original</i>	1,383,311			
<i>Supplementary</i>	20,214			
		<b>1,403,525</b>	<b>1,386,854</b>	<b>1,249,984</b>
<i>Deduct</i>				
D Appropriations-in-aid				
<i>Original</i>	27,301			
<i>Supplementary</i>	(2,786)			
		<b>24,515</b>	<b>23,946</b>	<b>21,024</b>
<b>Net expenditure</b>				
<i>Original</i>	1,356,010			
<i>Supplementary</i>	23,000			
		<b>1,379,010</b>	<b>1,362,908</b>	<b>1,228,960</b>

**Surplus for surrender**

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

	2018	2017
	€	€
<b>Surplus to be surrendered</b>	<b><u>16,101,819</u></b>	<b><u>58,704,416</u></b>

**Fergal Lynch**

Accounting Officer

Department of Children and Youth Affairs

23 September 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	1,370,412	1,237,392
Pay	13,869	11,048
Non pay	2,573	1,544
<b>Gross expenditure</b>	<b>1,386,854</b>	<b>1,249,984</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>23,946</b>	<b>21,024</b>
<b>Net expenditure</b>	<b>1,362,908</b>	<b>1,228,960</b>
<b>Changes in capital assets</b>		
Purchases cash	(2,783)	
Losses on disposals	208	
Depreciation	1,379	
	(1,196)	891
<b>Changes in net current assets</b>		
Decrease in closing accruals	(1,320)	
Decrease in stock	17	
	(1,303)	6,366
<b>Direct expenditure</b>	<b>1,360,409</b>	<b>1,236,217</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	7,756	6,799
<b>Net programme cost</b>	<b>1,368,165</b>	<b>1,243,016</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 40 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	90	105
Vote 12 Superannuation and Retired Allowances	1,005	774
Vote 13 Office of Public Works	6,583	5,841
Vote 18 National Shared Services Office	70	79
Central Fund – Ministerial pensions	8	—
	<b>7,756</b>	<b>6,799</b>

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

	Note	2018 €000	2017 €000
<b>Capital assets</b>	2.2	56,817	55,607
<b>Current assets</b>			
Stocks	2.4	6	23
Prepayments		3,697	2,221
Other debit balances	2.5	6,577	845
<b>Total current assets</b>		10,280	3,089
<b>Less current liabilities</b>			
Bank and cash	2.3	5,263	(492)
Accrued expenses		571	415
Other credit balances	2.6	897	1,136
Net Exchequer funding due	2.7	417	201
<b>Total current liabilities</b>		7,148	1,260
<b>Net current assets</b>		3,132	1,829
<b>Net assets</b>		<b>59,949</b>	<b>57,436</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>59,949</b>	<b>57,436</b>

### 2.1 State funding account

	Note	2018 €000	2017 €000
<b>Balance at 1 January</b>		57,436	64,652
Adjustment		14	41
Disbursements from the Vote			
Estimate provision	Account	1,379,010	
Surplus to be surrendered	Account	(16,102)	
Net vote		1,362,908	1,228,960
Expenditure (cash) borne elsewhere	1.1	7,756	6,799
Net programme cost	1	(1,368,165)	(1,243,016)
<b>Balance at 31 December</b>		<b>59,949</b>	<b>57,436</b>

**2.2 Capital assets**

	Land and buildings	Office equipment	Furniture, fittings and motor vehicles	Total
	€000	€000	€000	€000
<b>Gross assets</b>				
Cost or valuation at 1 January 2018	57,581	844	765	59,190
Adjustments	—	14	—	14
Additions	1,892	183	708	2,783
Disposals	—	(233)	(674)	(907)
Cost or valuation at 31 December 2018	59,473	808	799	61,080
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2018	2,278	720	585	3,583
Depreciation for the year	1,189	81	109	1,379
Depreciation on disposals	—	(224)	(475)	(699)
Cumulative depreciation at 31 December 2018	3,467	577	219	4,263
<b>Net assets at 31 December 2018</b>	<b>56,006</b>	<b>231</b>	<b>580</b>	<b>56,817</b>
Net assets at 31 December 2017	55,303	124	180	55,607

**2.3 Bank and cash**

at 31 December	2018	2017
	€000	€000
PMG balances	(5,264)	484
Other bank balances	1	8
	<b>(5,263)</b>	<b>492</b>

**2.4 Stocks**

at 31 December	2018	2017
	€000	€000
Stationery	6	17
IT consumables	—	6
	<b>6</b>	<b>23</b>

**2.5 Other debit balances**

at 31 December	2018	2017
	€000	€000
Advances to OPW	191	776
Recoupable salaries	112	61
Recoupable travel expenditure	13	6
Recoupable travel pass scheme expenditure	57	—
Other debit suspense items	6,204	2
	<b>6,577</b>	<b>845</b>

**2.6 Other credit balances**

at 31 December	2018	2017
	€000	€000
<b>Amounts due to the State</b>		
Professional Services Withholding Tax	65	42
Value Added Tax	368	436
Pension contributions	—	4
Local Property Tax	2	—
Payroll deductions held in suspense	4	477
Recoupable travel pass scheme expenditure	—	14
	<u>439</u>	<u>973</u>
Other credit suspense items	444	163
Recoupable salaries	14	—
	<u>897</u>	<u>1,136</u>

**2.7 Net Exchequer funding due**

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	16,102	58,704
Exchequer grant undrawn	(15,685)	(58,503)
<b>Net Exchequer funding due</b>	<u>417</u>	<u>201</u>
<b>Represented by:</b>		
<b>Debtors:</b>		
Bank and cash	(5,263)	492
Debit balances: suspense	6,577	845
	<u>1,314</u>	<u>1,337</u>
<b>Creditors:</b>		
Due to State	(439)	(973)
Credit balances: suspense	(458)	(163)
	<u>(897)</u>	<u>(1,136)</u>
	<u>417</u>	<u>201</u>

## 2.8 Commitments

at 31 December	<b>2018</b>	<b>2017</b>
<b>Global commitments</b>	<b>€000</b>	<b>€000</b>
Procurement of goods and services	4,153	8,446
Non-capital grant programmes	67	48
Capital grant programmes	—	—
Total of legally enforceable commitments	<b>4,220</b>	<b>8,494</b>

<b>Capital grant programme commitments</b>	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Opening balance	—	—
Grant paid in year	(9,072)	(20,190)
New grant commitments	9,072	20,190
Grants cancelled	—	—
Closing balance	—	—

<b>Non-capital grant programme commitments</b>	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Opening balance	—	—
Grant paid in year	—	—
New grant commitments	67	—
Grants cancelled	—	—
Closing balance	<b>67</b>	—

### d) Major capital projects

Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend	
				2018	2017
	€000	€000	€000	€000	€000
Oberstown Children Detention Campus	54,500	1,892	48	56,440	56,440

## 2.9 Contingent liability

A liability existed at 31 December 2018 as a result of the legal challenge to the outcome of the Children's Referendum. The petitioner was awarded one third of her legal costs by the High Court in November 2013.

The Department's share of the costs amounted to €224,715 and the payment was made on 16 May 2019.

## Note 3 Vote Expenditure

### Analysis of administration expenditure

	Estimate provision		2018	2017
			Outturn	Outturn
	€000	€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	15,396		
	<i>Supplementary</i>	(1,250)		
			14,146	13,869
ii	Travel and subsistence			
	<i>Original</i>	300		
	<i>Supplementary</i>	(22)		
			278	162
iii	Training and development and incidental expenses			
	<i>Original</i>	725		
	<i>Supplementary</i>	(49)		
			676	520
iv	Postal and telecommunications services			
	<i>Original</i>	234		
	<i>Supplementary</i>	(15)		
			219	160
v	Office equipment and external IT services			
	<i>Original</i>	411		
			411	633
vi	Office premises expenses			
	<i>Original</i>	661		
	<i>Supplementary</i>	(54)		
			607	1,036
vii	Consultancy and other services			
	<i>Original</i>	347		
	<i>Supplementary</i>	(60)		
			287	62
			<b>16,624</b>	<b>16,442</b>
				<b>12,592</b>

**Significant variations**

The following outlines the reasons for significant variations (+/- 25% and €100,000) in administration expenditure of the Vote. Administration expenditure has been apportioned across the programmes, to present complete programme costings.

*i Salaries, wages and allowances*

Estimate provision: €15.396 million, outturn: €13.869 million

The variance of €1.527 million relative to the estimate provision was due primarily to lower levels of recruitment than originally anticipated.

*ii Travel and subsistence*

Estimate provision: €300,000, outturn: €162,000

The variance of €138,000 relative to the estimate provision was due to a combination of lower than anticipated recruitment activity and the requirement that an adequate provision is made for necessary expenditure. Travel and subsistence costs are by their nature, difficult to estimate year on year.

*iii Training and development and incidental expenses*

Estimate provision: €725,000, outturn: €520,000

The variance of €205,000 relative to the estimate provision was due primarily to lower levels of recruitment than originally anticipated.

*v Office equipment and external IT services*

Estimate provision: €411,000, outturn: €633,000

The overspend of €222,000 relative to the estimate provision was as a result of higher than anticipated costs associated with the move to Miesian Plaza.

*vi Office premises expenses*

Estimate provision: €661,000, outturn: €1.036 million

The variance of €375,000 relative to the estimate provision was due primarily to additional fit-out costs on Miesian Plaza charged to the Department for the year.

*vii Consultancy and other services*

Estimate provision: €347,000, outturn: €62,000

The variance of €285,000 relative to the estimate provision was due primarily to the consultancy spend on internal audit, data protection and records management being lower than expected.

**Programme A Children and Family Support Programme**

		2018		2017
		Estimate provision		Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	4,157		
	<i>Supplementary</i>	<u>(338)</u>		
			3,819	3,745
				2,811
A.2	Administration – non pay			
	<i>Original</i>	722		
	<i>Supplementary</i>	<u>(54)</u>		
			668	695
				344
A.3	Child and Family Agency	<u>753,526</u>	753,526	752,916
				712,693
A.4	Youth Justice – Children Detention Campus			
	<i>Original</i>	27,893		
	<i>Supplementary</i>	<u>(600)</u>		
			27,293	27,356
				23,743
			<u>785,306</u>	<u>784,712</u>
				<u>739,591</u>

**Programme B Sectoral Programmes for Children and Young People**

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay			
	<i>Original</i>	4,157		
	<i>Supplementary</i>	<u>(338)</u>		
			3,819	3,173
B.2	Administration – non pay			
	<i>Original</i>	722		
	<i>Supplementary</i>	<u>(54)</u>		
			668	334
B.3	ECCE pre-school year programme			
	<i>Original</i>	348,800		
	<i>Supplementary</i>	<u>(14,664)</u>		
			334,136	297,136
B.4	General childcare programmes			
	<i>Original</i>	129,593		
	<i>Supplementary</i>	<u>47,233</u>		
			176,826	112,758
B.5	Childcare initiatives (cash-limited)			
	<i>Original</i>	6,365		
	<i>Supplementary</i>	<u>(1,868)</u>		
			4,497	6,339
B.6	Youth organisations and services (part funded by the National Lottery)			
	<i>Original</i>	61,895		
	<i>Supplementary</i>	<u>(1,665)</u>		
			60,230	62,747
B.7	Area based childhood programme			
	<i>Original</i>	8,500		
	<i>Supplementary</i>	<u>(2,152)</u>		
			6,348	4,183
B.8	Intervention programmes for children and young people (Dormant accounts funded)			
	<i>Original</i>	6,166		
	<i>Supplementary</i>	<u>(2,084)</u>		
			4,082	1,098
B.9	Programme for Peace and Reconciliation			
	<i>Original</i>	1,598		
	<i>Supplementary</i>	<u>(709)</u>		
			889	584
B.10	Creative Ireland	100	55	—
			<b>591,595</b>	<b>488,352</b>
			<b>577,257</b>	

**Significant variations**

Overall, the expenditure in relation to Programme B was €9.361 million higher than originally provided. €439,000 of this related to a saving on administration expenditure and has already been explained and the remaining variance of €9.8 million was mainly due to the following.

**B.3** *ECCE pre-school year programme*

Estimate provision: €348.800 million, outturn: €326.709 million

The shortfall in expenditure of €22.091 million relative to the estimate provision was primarily attributable to lower than expected registrations. A downward adjustment to expected registrations was made during the Supplementary Estimate process but those numbers still came in lower than anticipated.

The underspend includes a once off saving of €15 million as a result of four weeks as opposed to five being prepaid in December 2018. There were 114,000 registrations predicted for 2018 with the actual figure amounting to 107,000, a variance of 6%.

**B.4** *General childcare programmes*

Estimate provision: €129.593 million, outturn: €171.613 million

The overspend of €42.020 million was primarily due to the Community Childcare Subvention (CCS) and Community Childcare Subvention Plus (CCSP) numbers being greatly increased on 2017. This overspend was funded by a Supplementary Estimate of €23 million in December 2018, and virements from other subheads in the Vote.

A total of 49,000 registrations were projected for 2018 but the actual number amounted to 63,000, with the associated increase in costs being €29 million.

The other main driver of the overspend was an increase in the take up of full time places in both of the CCS and CCSP programmes, indicating that children are attending services for more of their total maximum entitlement. The associated additional costs as a result were €13 million.

**B.5** *Childcare initiatives (cash limited)*

Estimate provision: €6.365 million, outturn: €3.867 million

The shortfall in expenditure of €2.498 million relative to the estimate provision was primarily due to anticipated project development costs of the 'National Childcare Scheme' not arising in 2018 due to delays encountered by the project development team.

There was also lower than anticipated demand on the After School Initiative and the Community Employment Childcare Scheme.

**B.7** *Area based childhood programme*

Estimate provision: €8.500 million, outturn: €6.163 million

The shortfall in expenditure of €2.337 million was primarily due to lower than anticipated expenditure on the various programmes and reduced programme management costs.

**B.8** *Intervention programmes for children and young people (dormant accounts funded)*

Estimate provision: €6.166 million, outturn: €3.650 million

The shortfall in expenditure of €2.516 million relative to the estimate provision was primarily due to lower costs arising across a number of intervention projects, including the Youth Employment Initiative, the QCBI, Crime Interventions, In-School Therapy and Adoption Peer Support.

**B.9** *Programme for Peace and Reconciliation*

Estimate provision: €1.598 million, outturn: €879,000

The shortfall in expenditure of €719,000 was due to the fact that this programme is co-funded by the EU, and as a result the timing of the Department's costs can be unpredictable.

**Programme C Policy and Legislation Programme**

		Estimate provision		2018	2017
				Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	<i>Original</i>	7,082			
	<i>Supplementary</i>	<u>(574)</u>			
			6,508	6,380	5,064
C.2	Administration – non pay				
	<i>Original</i>	1,234			
	<i>Supplementary</i>	<u>(92)</u>			
			1,142	1,183	865
C.3	Miscellaneous legal fees and settlements	889	889	396	59
C.4	National Longitudinal Study and other research programmes				
	<i>Original</i>	4,102			
	<i>Supplementary</i>	<u>(482)</u>			
			3,620	3,403	4,135
C.5	Children's and young people's policy framework and other programmes				
	<i>Original</i>	5,328			
	<i>Supplementary</i>	<u>(945)</u>			
			4,383	4,219	3,691
C.6	Adoption Authority of Ireland				
	<i>Original</i>	4,392			
	<i>Supplementary</i>	<u>(200)</u>			
			4,192	3,905	3,384
C.7	Office of the Ombudsman for Children				
	<i>Original</i>	2,733			
	<i>Supplementary</i>	<u>(100)</u>			
			2,633	2,435	2,150
C.8	Commission of Investigation				
	<i>Original</i>	3,357			
	<i>Supplementary</i>	<u>(100)</u>			
			3,257	2,964	2,693
			<b>26,624</b>	<b>24,885</b>	<b>22,041</b>

**Significant variations**

Overall, the expenditure in relation to Programme C was €4.232 million lower than originally provided. €753,000 of this related to administration expenditure and has already been explained and the balance of the variance of €3.479 million was mainly due to the following.

**C.3 Miscellaneous legal fees and settlements**

Estimate provision: €889,000, outturn: €396,000

The disbursements of payments associated with legal proceedings are generally difficult to predict. The shortfall in expenditure of €493,000 relative to the estimate provision was mainly due to continued provision being made for final costs associated with the Children's Referendum court case. No costs were finalised during 2018.

*C.4 National Longitudinal Study and other research programmes*

Estimate provision: €4.102 million, outturn: €3.403 million

The shortfall in expenditure of €699,000 relative to the estimate provision was due to the over-estimation of some costs by the service providers, and also due to some costs being incurred later than scheduled for GUI Phase 2 data collection from Cohort '98 (formerly known as the Child Cohort), at age 20.

*C.6 Adoption Authority of Ireland*

Estimate provision: €4.392 million, outturn: €3.905 million

The shortfall in expenditure of €487,000 relative to the estimate provision was mainly due to an underspend on pay relating to a slow-down in planned recruitment. This was due to the delay in enacting 'Information and Tracing' legislation in 2018.

*C.7 Office of the Ombudsman for Children*

Estimate provision: €2.733 million, outturn: €2.435 million

The shortfall in expenditure of €298,000 relative to the estimate provision was due to slower than anticipated recruitment. The OCO did not have a full complement of staff for the full year.

*C.8 Commission of Investigation (Mother and Baby Homes and Certain Related Matters)*

Estimate provision: €3.357 million, outturn: €2.964 million

The shortfall in expenditure of €393,000 relative to the estimate provision was due to lower than anticipated costs associated with the Commission. The Commission was established in 2015, and has had its term extended until February 2020.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2018		2017
	Estimated €000	Realised €000	Realised €000
1 Superannuation scheme – Child and Family Agency	9,070	8,480	8,723
2 Superannuation scheme - non-teaching staff of Oberstown Children Detention Campus	550	566	551
3 Superannuation scheme – Adoption Authority of Ireland	1	—	—
4 Superannuation scheme – Office of the Ombudsman for Children	2	—	—
5 Miscellaneous	874	555	789
6 Dormant accounts funding			
<i>Original</i>	6,166		
<i>Supplementary</i>	<u>(2,082)</u>		
	4,084	3,650	1,098
7 Programme for Peace and Reconciliation			
<i>Original</i>	744		
<i>Supplementary</i>	<u>(704)</u>		
	40	231	—
8 Receipts from pension-related deduction on public service remuneration	9,894	10,464	9,863
<b>Total</b>	<b>24,515</b>	<b>23,946</b>	<b>21,024</b>

#### Significant variations

Overall, appropriations-in-aid were €3.355 million lower than forecast.

Explanations for significant variances are set out below.

- 1 *Superannuation scheme – Child and Family Agency*  
Estimate provision: €9.070 million, outturn: €8.480 million  
The shortfall of €590,000 was due to an overall underspend on pay resulting in reduced superannuation receipts.
- 5 *Miscellaneous*  
Estimate provision: €874,000, outturn: €555,000  
The shortfall of €319,000 was due primarily to Tusla's miscellaneous receipts, which are variable in nature, being lower than anticipated.
- 6 *Dormant accounts funding*  
Estimate provision: €6.166 million, outturn: €3.650 million  
The shortfall of €2.516 million was due to lower costs arising across a number of intervention projects, with a corresponding impact on receipts.
- 7 *Programme for Peace and Reconciliation*  
Estimate provision: €744,000, outturn: €231,000  
The timing of receipts from the EU Structural and Investment Fund Programmes are generally difficult to predict.
- 8 *Receipts from pension-related deduction on public service remuneration*  
Estimate provision: €9.894 million, outturn: €10.464 million  
The increase of €570,000 was primarily due to the impact of pay restoration in 2018.

**4.2 Extra receipts payable to the Exchequer**

	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
Balance at 1 January	110	—
Receipts <sup>a</sup>	1,662	2,625
Transferred to the Exchequer	<u>(1,546)</u>	<u>(2,515)</u>
Balance at 31 December	<u>226</u>	<u>110</u>

Note <sup>a</sup> The balance of €226,000 was paid over to the Exchequer in 2019. The receipts of €1.662 million related to refunds received from the following bodies.

	€000
Tusla	99
Pobal	343
Education and Training Boards	813
Oberstown Children Detention Campus	314
Other	93
	<u>1,662</u>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers (full time equivalents)

	2018	2017
<b>Number of staff at year end</b>		
Department	267	230
Commission of Investigation	19	23
Agencies (note 5.4)	4,180	3,976
	<u>4,466</u>	<u>4,229</u>

### 5.2 Pay

	2018	2017
	€000	€000
Pay	14,054	11,388
Higher, special or additional duties allowance	113	104
Overtime	31	19
Employer's PRSI	1,034	785
<b>Total pay<sup>1</sup></b>	<u>15,232</u>	<u>12,296</u>

Note The total pay figure is distributed across subheads A1, B1, C1 and C8.

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	13	4	20,613	20,613
Other allowances	9	—	2,675	113
Overtime	30	—	8,321	8,374
Extra remuneration in more than one category	4	1	10,996	11,114

Note The pay, allowances and other remuneration detailed above relate to the Department's staff paid directly from the administrative budget under programmes A, B and C of the Vote.

### 5.4 Agency employees and pay

The pay expenditure of agencies is not a direct financial transaction of the Department. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements or directly from the agencies concerned.

<b>Number of staff at year end</b> (full time equivalents)	<b>2018</b>	<b>2017</b>
Child and Family Agency	3,893	3,696
Oberstown Children Detention Campus	239	245
Adoption Authority of Ireland	27	22
Office of the Ombudsman for Children	20	13
<b>Total</b>	<b>4,179</b>	<b>3,976</b>
	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
<b>Pay</b>		
Child and Family Agency	280,254	259,043
Oberstown Children Detention Campus	16,443	14,289
Adoption Authority of Ireland	1,433	1,493
Office of the Ombudsman for Children	1,093	911
<b>Total pay</b>	<b>299,223</b>	<b>275,736</b>

### 5.5 Payroll overpayments

Overpayments at the year-end were €11,627 in respect of eleven individuals (2017: €29,645, 17 individuals).

Recovery plans are in place in respect of five individuals to a value of €8,772 (2017: €9,975, seven individuals).

### 5.6 Other remuneration arrangements

The Department engaged one retired civil servant in 2018. This officer was rehired under Circular 21/2017, being a temporary circular to allow for certain civil servants to be retained beyond their compulsory retirement age of 65 years until they reach the age of eligibility for the Contributory State Pension. The amount of salary paid in this regard to the officer was €9,995 in 2018.

## Note 6 Miscellaneous

### 6.1 Payments to Pobal

In accordance with the Department's accounting policy, the net amount transferred to Pobal in the year (€512.899 million) was charged to the relevant subheads as set out below.

In December 2018, Pobal returned funds totalling €6.159 million to the Department. All of the funds relating to the current year were returned to the relevant subheads. The funds relating to prior years were returned to the Exchequer as Extra Exchequer Receipts.

	2018	2017	
	€000	€000	
<b>Subhead</b>			
B.3	ECCE pre-school year programme	322,873	293,287
B.4	General childcare programmes	168,545	110,707
B.5	Childcare initiatives (cash-limited)	3,737	6,065
B.6	Youth organisations and services (part funded by the National Lottery)	10,715	10,685
B.7	Area based childhood programme	4,956	4,144
B.8	Intervention programmes for children and young people (dormant accounts funded)	892	100
C.5	Children's and young people's policy framework and other programmes	1,181	1,228
	Total paid to Pobal	<u>512,899</u>	<u>426,216</u>

Notes Pobal administers a large number of grant programmes on behalf of the Department. At 31 December 2018, Pobal had grant commitments totalling €3.4 million relating to programmes administered on behalf of the Department.

The Department was also made aware of two instances of fraud/alleged fraud involving Pobal payments during 2018. One related to a manager of a County Childcare Committee involving fraudulent travel and subsistence claims. The other related to the incorrect claim of a higher capitation grant for a room leader under the ECCE programme. The total monetary amount involved as a result of these two issues was €32,000.

## 6.2 Compensation and legal costs

	No of cases	Legal costs paid by the Department	Compensation awarded	Legal Costs awarded	2018	2017
					Total	Total
					€000	€000
<b>Claims by employees</b>						
Injury in the course of work	6	82	259	—	341	121
<b>Claims by members of the public</b>						
Personal Injury claim <sup>a</sup>	4	—	1	541	542	11
Adoption claim	1	—	—	394	394	—
		<b>82</b>	<b>260</b>	<b>935</b>	<b>1,277</b>	<b>132</b>

Note <sup>a</sup> Cases involving current/former residents of the Oberstown Children Detention Campus.

## 6.3 Committees, commissions and special inquiries

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (SI No 57 of 2015).

Commission expenditure is accounted for in subhead C8 of the Department's Vote, and includes €1.362 million relating to pay costs.

	Year of appointment	Cumulative expenditure to end 2018	Outturn	
			2018	2017
			€000	€000
C8 — Commission of Investigation – Mother and Baby Homes	2015	9,650	2,964	2,693

### 6.4 Write offs

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No amounts were written off in the year (2017: €26,000).

### 6.5 National lottery funding

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	<b>2018</b>		<b>2017</b>
	<b>Estimate</b>	<b>Outturn</b>	<b>Outturn</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Subhead B6 – Youth Organisations & Services (part funded by the National Lottery)	60,230	59,881	62,747

Note Particulars relating to individual recipients of the funding and the amounts paid over are available from the Youth Affairs Unit of the Department of Children and Youth Affairs pending the publication of the information on the Department's website.

### 6.6 EU funding

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The outturn shown in Subhead B9 includes payments in respect of activities which are co-financed by the European Regional Development Fund. Estimates of expenditure and actual outturns were as follows.

	<b>2018</b>		<b>2017</b>
	<b>Estimate</b>	<b>Outturn</b>	<b>Outturn</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Programme for Peace and Reconciliation	889	879	584

## **Appendix A Accounts of bodies and funds under the aegis of the Department of Children and Youth Affairs**

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

<b>Body / Departmental fund</b>	<b>Last accounting period</b>	<b>Date of audit report</b>	<b>Date received by Minister/ Department</b>	<b>Date presented to the Oireachtas</b>
Oberstown Children Detention Campus	31 Dec 2017	24 Dec 2018	28 Jan 2019	29 Jan 2019
Adoption Authority of Ireland	31 Dec 2017	24 Dec 2018	22 Jan 2019	12 Feb 2019
Office of the Ombudsman for Children	31 Dec 2017	24 Dec 2018	1 Feb 2019	12 Feb 2019
Child and Family Agency	31 Dec 2018	26 Jun 2019	26 Jun 2019	18 Jul 2019