

Appropriation Account 2018

Vote 6

Office of the Chief State Solicitor

Introduction

As Accounting Officer for Vote 6, 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.

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 Chief State Solicitor.

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

A surplus of €1.087 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 have been applied in the preparation of the account except for the following:

Accrued expenses

Accrued expenses include counsel fee notes received from counsel which are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

The National Shared Services Office provides human resource and payroll services to the Office of the Chief State Solicitor.

I rely on the letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of 14 contracts to the value of €1,112,703 which were listed in my annual return in respect of Circular 40/2002. Seven contracts to a value of €260,852 related to payments to sole suppliers. In the other seven cases with a value of €851,851, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and a new contract will be in place with effect from 1 April, 2019. It is also intended to make use of arrangements which the Office of Government Procurement (OGP) now has in place, to award a number of contracts during 2019.

Significant financial risks

As outlined above, maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Internal audit and audit committee

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up. An internal audit function for the Office was in place during 2018.

Information and communications technology security

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

Administrative and financial controls

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Audit Committee.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a semi-annual 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 Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

29 March 2019

Comptroller and Auditor General

Report for the presentation to Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

Opinion on the appropriation account

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor 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 6 Office of the Chief State Solicitor for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Chief State Solicitor 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*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2018

		2018	2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A	Provision of legal services	34,779	33,982
			33,132
	Gross expenditure	34,779	33,982
			33,132
	Deduct		
B	Appropriations-in-aid	1,084	1,374
			1,141
	Net expenditure	33,695	31,991

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	<u>1,087,182</u>	<u>348,872</u>

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	15,217	14,833
Pay	16,591	15,697
Non pay	2,174	2,602
Gross expenditure	33,982	33,132
<i>Deduct</i>		
Appropriations-in-aid	1,374	1,141
Net expenditure	32,608	31,991
Changes in capital assets		
Purchases cash	(99)	
Depreciation	276	
Loss on disposals	1	
	178	(46)
Changes in net current assets		
Increase in closing accruals	1,871	
Decrease in stock	4	
	1,875	(1,243)
Direct expenditure	34,661	30,702
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,192	2,497
Notional rents	835	795
Net programme cost	38,688	33,994

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 6 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,543	1,653
Vote 13 Office of Public Works	1,624	814
Vote 18 National Shared Services Office	25	30
	3,192	2,497

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	596	774
Current assets			
Bank and cash	2.3	830	648
Stocks		47	51
Prepayments		241	286
Accrued income	2.4	9,806	9,631
Other debit balances		181	179
Net Exchequer funding due	2.6	103	227
Total current assets		<u>11,208</u>	<u>11,022</u>
Less current liabilities			
Accrued expenses		2,806	805
Other credit balances	2.5	1,114	1,054
Total current liabilities		<u>3,920</u>	<u>1,859</u>
Net current assets		<u>7,288</u>	<u>9,163</u>
Net assets		<u>7,884</u>	<u>9,937</u>
Represented by:			
State funding account	2.1	<u>7,884</u>	<u>9,937</u>

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		9,937	8,648
Disbursements from the Vote			
Estimate provision	Account	33,695	
Surplus to be surrendered	Account	<u>(1,087)</u>	
Net vote		32,608	31,991
Expenditure (cash) borne elsewhere	1.1	3,192	2,497
Non cash expenditure – notional rent	1	835	795
Net programme cost	1	<u>(38,688)</u>	<u>(33,994)</u>
Balance at 31 December		<u>7,884</u>	<u>9,937</u>

2.2 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2018	4,609	1,729	6,338
Additions	82	17	99
Disposals	(133)	(22)	(155)
Cost or valuation at 31 December 2018	4,558	1,724	6,282
Accumulated depreciation			
Opening balance at 1 January 2018	3,982	1,582	5,564
Depreciation for the year	224	52	276
Depreciation on disposals	(132)	(22)	(154)
Cumulative depreciation at 31 December 2018	4,074	1,612	5,686
Net assets at 31 December 2018	484	112	596
Net assets at 31 December 2017	627	147	774

2.3 Bank and cash

at 31 December	2018 €000	2017 €000
PMG balances	821	642
Other bank account balances	9	6
	830	648

Non-vote bank accounts

The CSSO maintains a number of bank accounts held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2018 (not included in this account) is €6.29 million (2017: €1.74 million).

2.4 Accrued income

Accrued income represents taxed costs due to the State not yet recovered. It is the policy of the Office to pursue the recovery of all taxed costs awarded in favour of the State.

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	277	387
Pay Related Social Insurance	153	212
Professional Services Withholding Tax	489	415
Pension Contributions	64	—
Value Added Tax	7	7
Local Property Tax	1	1
	<u>991</u>	<u>1,022</u>
State Property – Escheated Estates	123	32
	<u>1,114</u>	<u>1,054</u>

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,087	349
Exchequer grant undrawn	(1,190)	(576)
Net Exchequer funding due	<u>(103)</u>	<u>(227)</u>
Represented by:		
Debtors		
Bank and cash	830	648
Debit balances: suspense	181	179
	<u>1,011</u>	<u>827</u>
Creditors		
Due to State	(991)	(1,022)
Credit balances: suspense	(123)	(32)
	<u>(1,114)</u>	<u>(1,054)</u>
	<u>(103)</u>	<u>(227)</u>

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Total of legally enforceable commitments	<u>903</u>	<u>1,088</u>

2.8 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	<u>83</u>	<u>40</u>

Note 3 Vote Expenditure

Analysis of administration expenditure

	Estimate provision €000	2018	2017
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	17,371	16,591	15,697
ii Travel and subsistence	70	97	65
iii Training, development and incidental expenses	813	971	1,030
iv Postal and telecommunications services	350	310	343
v Office equipment and external IT services	750	656	952
vi Office premises expenses	275	123	190
vii Consultancy services and value for money policy reviews	50	17	22
	19,679	18,765	18,299

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €17.371 million, outturn: €16.591 million

The saving of €780,000 on expenditure on salaries, wages and allowances was due to greater number of unexpected departures and timing of recruiting replacement staff. The Office also recovered from other government departments staff costs related to specific legal work.

vi Office premises expenses

Estimate provision: €275,000, outturn: €123,000

The saving of €152,000 in this subhead was due to lower than expected repair and maintenance requirements.

Programme A Provision of legal services

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration — pay	17,371	16,591	15,697
A.2	Administration — non pay	2,308	2,174	2,602
A.3	External legal services	200	221	235
A.4	Fees to counsel	13,500	13,971	13,627
A.5	General law expenses	1,400	1,025	971
		34,779	33,982	33,132

Significant variations

Overall, the expenditure in relation to Programme A was €797,000 lower than provided. This comprised the aggregate of (a) a saving of €914,000 related to administration expenditure that has already been explained and (b) a net excess of €117,000 in non-administration expenditure, which was mainly due to the following.

A.5 General law expenses

Estimate provision: €1.40 million, outturn: €1.025 million

The saving in expenditure of €375,000 relative to the estimate provision was due to the unpredictability of how legal cases progress through the courts.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated €000	2018		2017
		Realised €000	Realised €000	Realised €000
1 Costs and fees received by the Office of the Chief State Solicitor	200	556		397
2 Receipts from pension-related deductions on public service remuneration	884	818		744
	1,084	1,374		1,141

Significant variations

Overall, appropriations-in-aid were €290,000 more than the estimate.

Explanations for variances are set out below.

- Costs and fees received by the Office of the Chief State Solicitor*

Estimate provision: €200,000, outturn: €556,000

The increase of €356,000 was due to a combination of (a) a number of significant unexpected cost recoveries and (b) higher fees recovered on an increased volume of applications for sports capital grants.

4.2 Extra receipts payable to the Exchequer

A total of €2,540 (2017: €19,429) was lodged to the Exchequer under the State Property Act 1954.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	<u>260</u>	<u>260</u>

5.2 Pay

	2018	2017
	€000	€000
Pay	15,038	14,269
Higher, special or additional duties allowance	108	111
Other allowances	7	7
Overtime	49	35
Employer's PRSI	1,389	1,275
Total pay	<u>16,591</u>	<u>15,697</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	40	2	14,159	24,265
Other allowances	6	—	1,783	1,843
Overtime	22	1	15,334	8,502
Extra remuneration in more than than one category	7	1	19,229	11,380

5.4 Payroll overpayments

Overpayments at the year-end were €41,712 in respect of 41 individuals (2017: €43,934, 41 individuals). Of this €30,934, 32 individuals have recovery plans in place (2017: €20,058, 20 individuals).

Note 6 Miscellaneous

6.1 Counsel fee notes

The CSSO operates a robust system to determine the appropriate counsel fee level on a case-by-case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

Counsels' fee notes	Number of notes	Amount submitted	Mark down value
at 31 December 2018		€000	€000
Amount sought	1,178	12,449	In progress
Accruals	576	3,885	2,613

The accruals number above is included in the amount sought total. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year and this figure is included in the accrued expenses figure in the statement of financial position.