

**Appropriation Account 2019**

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**Vote 16**

**Valuation Office**

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## Introduction

As Accounting Officer for Vote 16, 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 2019 for the salaries and expenses of the Valuation Office and certain minor services.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Account 2019, including the amount that could be used as appropriations-in-aid of expenditure during the year.

A surplus of €3.406 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 27 of 2019, have been applied in the preparation of the account.

## Statement on Internal Financial Control

### *Responsibility for system of internal financial control*

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

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The payroll function transferred to the National Shared Service Office in June 2017. The CEO of the National Shared Services Office is Accounting Officer for Vote 18, and is responsible for the operation of controls within the shared services centres.

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

I rely on a letter of assurance from the CEO of 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 Valuation 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 in operation.

***Procurement compliance***

The Valuation 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 Valuation Office complied with procurement guidelines but one contract to the value of €38,210 required disclosure in my annual return in respect of circular 40/2002. This contract relates to an existing IT sub-system that expired in January 2019 and a decision was taken to extend the contract until the new system becomes available in 2021.

***Internal audit and Audit Committee***

I confirm that the Valuation Office 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 Valuation 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.

***Risk and control framework***

The Valuation 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 Valuation 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 quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

***Ongoing monitoring and review***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, 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 2019 that resulted in, or may result in, a material loss.

**John O'Sullivan**  
Accounting Officer  
Valuation Office

29 June 2020

## **Comptroller and Auditor General**

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

#### **Vote 16 Valuation Office**

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

I have audited the appropriation account for Vote 16 Valuation Office for the year ended 31 December 2019 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 16 Valuation Office for the year ended 31 December 2019, and
- 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 Valuation Office 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

30 June 2020

## Vote 16 Valuation Office

### Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Provision of a State valuation service	12,743	10,099	9,248
B Administration services for the Valuation Tribunal	1,349	711	669
<b>Gross expenditure</b>	<b>14,092</b>	<b>10,810</b>	<b>9,917</b>
<i>Deduct</i>			
C Appropriations-in-aid	<b>1,362</b>	<b>1,486</b>	<b>1,788</b>
<b>Net expenditure</b>	<b>12,730</b>	<b>9,324</b>	<b>8,129</b>

#### Surplus

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

	2019	2018
	€	€
<b>Surplus to be surrendered</b>	<b>3,406,216</b>	<b>2,310,642</b>

**John O'Sullivan**  
Accounting Officer  
Valuation Office

26 March 2020

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2019

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Programme cost	1,094	558
Pay	7,400	7,289
Non-pay	2,316	2,070
<b>Gross expenditure</b>	<b>10,810</b>	<b>9,917</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,486</b>	<b>1,788</b>
<b>Net expenditure</b>	<b>9,324</b>	<b>8,129</b>
<b>Changes in capital assets</b>		
Purchases cash	(88)	
Depreciation	118	
Loss on disposal	2	32
	<u>32</u>	<u>73</u>
<b>Changes in net current assets</b>		
Decrease in closing accruals	(237)	
Increase in stock	—	32
	<u>(237)</u>	<u>32</u>
<b>Direct expenditure</b>	<b>9,119</b>	<b>8,234</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	5,644	5,832
<b>Net programme cost</b>	<b>14,763</b>	<b>14,066</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 16 borne elsewhere.

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Vote 12 Superannuation and Retired Allowances	4,199	4,008
Vote 13 Office of Public Works	1,431	1,811
Vote 18 National Shared Services Office	14	13
	<u>5,644</u>	<u>5,832</u>

## Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
<b>Capital assets</b>	2.1	217	249
<b>Current assets</b>			
Bank and cash	2.2	271	123
Stocks		20	20
Prepayments		115	70
Accrued income		191	89
Other debit balances	2.3	93	93
Net Exchequer funding	2.5	—	8
<b>Total current assets</b>		<u>690</u>	<u>403</u>
<b>Less current liabilities</b>			
Accrued expenses		128	182
Deferred income		150	186
Other credit balances	2.4	363	224
Net Exchequer funding	2.5	1	—
<b>Total current liabilities</b>		<u>642</u>	<u>592</u>
<b>Net current assets</b>		<u>48</u>	<u>(189)</u>
<b>Net assets</b>		<u><b>265</b></u>	<u><b>60</b></u>
<b>Represented by:</b>			
<b>State funding account</b>	2.6	<u><b>265</b></u>	<u><b>60</b></u>



## 2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2019	1,687	1,130	2,817
Additions	83	5	88
Disposals	(66)	(1)	(67)
Cost or valuation at 31 December 2019	1,704	1,134	2,838
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2019	1,504	1,064	2,568
Depreciation for the year	103	15	118
Depreciation on disposals	(64)	(1)	(65)
Cumulative depreciation at 31 December 2019	1,543	1,078	2,621
<b>Net assets at 31 December 2019</b>	<b>161</b>	<b>56</b>	<b>217</b>
Net assets at 31 December 2018	183	66	249

## 2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance	38	9
Commercial bank account balance	233	114
	<b>271</b>	<b>123</b>

## 2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Recoupable travel pass scheme	82	88
Other debit suspense items	11	5
	<b>93</b>	<b>93</b>

**2.4 Other credit balances**

at 31 December	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
<b>Amounts due to the State</b>		
Income tax	131	128
Pay related social insurance	73	67
Professional services withholding tax	114	7
Value added tax	—	2
Superannuation	20	—
	<u>338</u>	<u>204</u>
Miscellaneous liabilities	25	20
	<u><b>363</b></u>	<u><b>224</b></u>

**2.5 Net Exchequer funding**

at 31 December	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Surplus to be surrendered	3,406	2,311
Exchequer grant undrawn	(3,405)	(2,319)
<b>Net Exchequer funding</b>	<u><b>1</b></u>	<u><b>(8)</b></u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	271	123
Debit balances: suspense	93	93
	<u>364</u>	<u>216</u>
<b>Creditors</b>		
Due to State	(338)	(204)
Credit balances: suspense	(25)	(20)
	<u>(363)</u>	<u>(224)</u>
	<u><b>1</b></u>	<u><b>(8)</b></u>

**2.6 State funding account**

	Note	2019	2018
		€000	€000
Balance at 1 January		60	165
Disbursements from the Vote			
Estimate provision	Account	12,730	
Surplus to be surrendered	Account	(3,406)	
Net vote		9,324	8,129
Expenditure (cash) borne elsewhere	1.1	5,644	5,832
Net programme cost	1	(14,763)	(14,066)
<b>Balance at 31 December</b>		<b>265</b>	<b>60</b>

**2.7 Commitments**

	2019	2018
	€000	€000
At 31 December		
Total of legally enforceable commitments	<b>981</b>	<b>494</b>

### Note 3 Vote Expenditure

#### Analysis of administration expenditure

Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,610	7,400	7,289
ii	Travel and subsistence	271	292	259
iii	Training and development and incidental expenses	885	842	883
iv	Postal and telecommunication services	105	176	136
v	Office equipment and external IT services	777	835	630
vi	Office premises expenses	161	98	112
vii	Consultancy services; value for money and policy reviews	60	73	50
		<b>10,869</b>	<b>9,716</b>	<b>9,359</b>

#### Significant variations

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

##### v Office equipment and external IT services

*Estimate provision: €777,000, outturn: €835,000.*

The overspend resulted from additional costs arising from:

- communications with clients in respect of programme Reval 2019
- upgrade of the Office's valuation database, thereby extending its useful life
- pre-procurement analysis and database cleansing work in advance of the competitive process to procure AXIA, the new valuation system.

### Programme A Provision of a State Valuation Service

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	8,221	7,198	7,108
A.2 Administration – non pay	1,299	1,807	1,582
A.3 Fees to counsel and other legal expenses	73	112	5
A.4 National revaluation projects	3,150	982	553
	<b>12,743</b>	<b>10,099</b>	<b>9,248</b>

#### Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €2.64 million lower than originally provided. €515,000 of this related to administration expenditure and has already been explained.

#### A.4 National revaluation projects

*Estimate provision: €3.15 million, outturn: €982,000*

Commencement of a revision outsourcing contract was delayed for a number of months due to industrial action. This resulted in an under spend for 2019.

### Programme B Administration Services for the Valuation Tribunal

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B.1 Administration – pay	389	202	181
B.2 Administration – non pay	960	509	488
	<b>1,349</b>	<b>711</b>	<b>669</b>

#### Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 5% and €100,000). Overall, the position in relation to Programme B was €638,000 lower than originally provided.

#### B.1 Administration – pay

*Estimate provision: €389,000, outturn: €202,000*

Salary costs were lower than estimated as the staffing numbers were not realised. A review of the Valuation Tribunal has been carried out and additional staff have now been sought for 2020 onwards.

#### B.2 Administration – non pay

*Estimate provision: €960,000, outturn: €509,000*

Estimates for the Valuation Tribunal were not realised due to capacity constraints, particularly in the number of hearing rooms available to facilitate simultaneous hearings.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Valuation Tribunal appeal fees	100	431	53
2 Valuation certificates	120	110	107
3 Valuation revision fees	800	671	1,286
4 Fees from appeals to the Commissioner	—	—	—
5 Miscellaneous receipts	65	25	44
6 Receipts from additional superannuation contributions on public service remuneration <sup>a</sup>	277	249	298
	<b>1,362</b>	<b>1,486</b>	<b>1,788</b>

Note <sup>a</sup> The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

#### Significant variations

Overall, appropriations-in-aid were €124,000 more than the original estimate. Explanations for variances are set out below:

#### 1 Valuation Tribunal appeal fees

*Estimate: €100,000, realised: €431,000*

A considerable number of appeals were received in consequent on the issue, by the Valuation Office, of final certificates of valuation in the Reval 2019 phase of the National Revaluation Programme. This resulted in a significant amount being received relating to the appeal fees during that period.

#### 3 Valuation revision fees

*Estimate: €800,000, realised: €671,000*

A significant amount of revision work was completed by the Office in 2019. Notwithstanding that effort, a delay in the engagement of a contractor involved in the completion of a volume of revision work led to fewer than estimated completed revision cases being submitted before the end of 2019 and a consequent reduction in the anticipated fee income. That project is ongoing.

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	134	130

### 5.2 Pay

	2019	2018
	€000	€000
Pay	6,743	6,649
Higher, special or additional duties allowance	82	103
Other allowances	14	9
Overtime	12	10
Employer's PRSI	549	518
<b>Total pay</b>	<b>7,400</b>	<b>7,289</b>

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	22	—	8,274	11,605
Other allowances	3	—	4,693	4,693
Overtime	10	—	6,660	5,638
Extra remuneration in more than one category	17	1	11,353	11,605

### 5.4 Other remuneration arrangements

€61,805 in total was paid to four retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

## Note 6 Miscellaneous

### 6.1 Legal fees

				2019	2018
	Number of cases	Legal costs paid by the Office €000	Compensation awarded €000	Legal costs awarded €000	Total €000
Claims by members of the public	2	3	—	85	88
Cost awarded arising from appeals to the Valuation Tribunal	1	—	—	28	28
		<b>3</b>	<b>—</b>	<b>113</b>	<b>116</b>

### 6.2 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The establishment of the new entity requires primary legislation. The Tailte Éireann Bill to provide for the merger is nearing completion and will be put before the Oireachtas when the timetable permits.

Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority is with the Department of Housing, Planning and Local Government, as is responsibility for the establishment of Tailte Éireann.

The Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013, has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work with the Registrar of Deeds and Titles, the Chief Survey Officer and other members of the Programme Board on planning and design of the necessary infrastructure for the new organisation. DHPLG are providing guidance and support to the Programme Board in relation to the required legislation and other issues relevant to the merger.

Accommodation arrangements for Tailte Éireann have been put in place by the Office of Public Works and will be effected in early 2022.

The Valuation Office will continue to provide any support necessary to bring about the establishment of Tailte Éireann.

When established, Tailte Éireann will be responsible for providing the authoritative property registration system, national mapping and surveying infrastructure and property valuation service for the State. As such, it will be the primary national source of property information and geo-spatial data and will be a leader in the development and delivery of land information services.