

Appropriation Account 2019

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.

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 Office of the Chief State Solicitor.

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

A surplus of €167,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principals 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 for the National Shared Services Office that the appropriate controls are exercised in the provision of the 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.

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 2019.

Procurement compliance

The Office ensures there is an appropriate focus on good practice in purchasing and have procedures in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of eight contracts to the value of €483,258 where 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 has been in place since 1 January 2020. It is also intended to make use of arrangements, which the Office of Government Procurement now has in place, to award a number of contracts during 2020. These eight contracts are included in a list of 16 contracts with an overall value of €828,789 awarded without following a competitive process and included in the 40/2002 return as they exceed the reporting threshold of €25,000. The eight remaining contracts with a value of €345,531 are considered compliant as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation.

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 weakness in internal financial control were identified in relation to 2019 that resulted in, or may result in, a material loss.

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

30 March 2020

Comptroller and Auditor General

Report for presentation to the 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 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 6 Office of the Chief State Solicitor 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 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*.

Reporting on other matters arising from audit

Chapter 6 of my report on the accounts of the public services for 2019 examines the delay in the payment of counsel fees by the Office of the Chief State Solicitor.

Seamus McCarthy
Comptroller and Auditor General

22 July 2020

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2019

	Estimate provision		2019 Outturn	2018 Outturn
	€000	€000	€000	€000
Programme expenditure				
A Provision of legal services				
<i>Original</i>	35,571			
<i>Supplementary</i>	5,000			
		40,571	40,437	33,982
Gross expenditure				
<i>Original</i>	35,571			
<i>Supplementary</i>	5,000			
		40,571	40,437	33,982
<i>Deduct</i>				
B Appropriations-in-aid		955	988	1,374
Net expenditure				
<i>Original</i>	34,616			
<i>Supplementary</i>	5,000			
		39,616	39,449	32,608

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	166,519	1,087,182

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
€000	€000	€000
Programme cost	20,333	15,217
Pay	17,735	16,591
Non-pay	2,369	2,174
Gross expenditure	40,437	33,982
<i>Deduct</i>		
Appropriations-in-aid	988	1,374
Net expenditure	39,449	32,608
Changes in capital assets		
Purchases cash	(167)	
Depreciation	251	
Loss on disposals	1	85
	<u>85</u>	178
Changes in net current assets		
Increase in closing accruals	178	
Increase in stock	(4)	1,875
	<u>174</u>	1,875
Direct expenditure	39,708	34,661
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,398	3,192
Notional rents	865	835
Net programme cost	43,971	38,688

1.1 Net allied services expenditure

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

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,904	1,543
Vote 13 Office of Public Works	1,464	1,624
Vote 18 National Shared Services Office	30	25
	<u>3,398</u>	<u>3,192</u>

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	511	596
Current assets			
Bank and cash	2.2	1,982	830
Stocks	2.3	51	47
Prepayments		192	241
Accrued income	2.4	9,829	9,806
Other debit balances		175	181
Total current assets		<u>12,229</u>	<u>11,105</u>
Less current liabilities			
Accrued expenses	2.5	2,958	2,806
Other credit balances	2.6	2,133	1,114
Net Exchequer funding	2.7	24	(103)
Total current liabilities		<u>5,115</u>	<u>3,817</u>
Net current assets		<u>7,114</u>	<u>7,288</u>
Net assets		<u>7,625</u>	<u>7,884</u>
Represented by:			
State funding account	2.8	<u>7,625</u>	<u>7,884</u>

2.1 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	4,558	1,724	6,282
Additions	123	44	167
Disposals	(43)	(61)	(104)
Cost or valuation at 31 December 2019	4,638	1,707	6,345
Accumulated depreciation			
Opening balance at 1 January 2019	4,074	1,612	5,686
Depreciation for the year	213	38	251
Depreciation on disposals	(43)	(60)	(103)
Cumulative depreciation at 31 December 2019	4,244	1,590	5,834
Net assets at 31 December 2019	394	117	511
Net assets at 31 December 2018	484	112	596

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	1,980	821
Other bank account balances	2	9
	1,982	830

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 in such accounts at the end of 2019 was €7.25 million (2018: €6.29 million) and this is not included in the appropriation account.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	51	47

2.4 Accrued income

at 31 December	2019	2018
	€000	€000
Opening balance 1 January 2019	9,806	9,631
Cash receipts	(71)	(164)
Settlements	(98)	(214)
Additions	192	553
Closing balance 31 December 2019	9,829	9,806

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 Accrued expenses

at 31 December	2019	2018
	€000	€000
Counsel fees (see Note 2.11)	2,645	2,626
General law expenses	107	108
Incidental expenses	61	27
Office machinery	56	11
Post and telecommunications	38	14
Other expenses	51	20
	2,958	2,806

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	351	277
Pay related social insurance	189	153
Professional services withholding tax	1,146	489
Pension contributions	79	64
Value added tax	30	7
Local property tax	1	1
	<u>1,796</u>	<u>991</u>
State property – escheated estates ^a	337	123
	<u>2,133</u>	<u>1,114</u>

Note ^a This balance is also payable to the State. It is shown separately in the table above because all of the other amounts due to the State arise from the on-going operations of CSSO while the escheated estates figure relates to cash collected from external third parties where the CSSO is awaiting disposition instructions.

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	167	1,087
Exchequer grant undrawn	(143)	(1,190)
Net Exchequer funding	<u>24</u>	<u>(103)</u>
Represented by:		
Debtors		
Bank and cash	1,982	830
Debit balances: suspense	175	181
	<u>2,157</u>	<u>1,011</u>
Creditors		
Due to State	(1,796)	(991)
Credit balances: suspense	(337)	(123)
	<u>(2,133)</u>	<u>(1,114)</u>
	<u>24</u>	<u>(103)</u>

2.8 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		7,884	9,937
Disbursements from the Vote			
Estimate provision	Account	39,616	
Surplus to be surrendered	Account	(167)	
Net vote		39,449	32,608
Expenditure (cash) borne elsewhere	1.1	3,398	3,192
Non cash expenditure – notional rent	1	865	835
Net programme cost	1	(43,971)	(38,688)
Balance at 31 December		7,625	7,884

2.9 Commitments

	2019	2018
	€000	€000
at 31 December		
Procurement of goods and services	807	903

2.10 Matured liabilities

	2019	2018
	€000	€000
at 31 December		
Estimate of matured liabilities not discharged at year end	128	83

2.11 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 evaluate 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.

The accruals number below is included in the amount submitted total. The end-of-year accruals 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 amount is included in the accrued expenses figure in the statement of financial position.

Counsels' fee notes	Number of notes	Amount submitted	Mark down value
at 31 December 2019		€000	€000
Amount sought	1,103	9,475	In progress
Accruals	556	3,882	2,645

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below 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	18,113	17,735	16,591
ii	Travel and subsistence	70	101	97
iii	Training and development and incidental expenses	983	974	971
iv	Postal and telecommunication services	330	284	310
v	Office equipment and external IT services	750	784	656
vi	Office premises expenses	275	166	123
vii	Consultancy services and value for money policy reviews	50	60	17
		20,571	20,104	18,765

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €18.113 million, outturn: €17.735 million

The saving of €378,000 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 of €863,000 (2018 - €707,000) related to specific legal work.

vi Office premises expenses

Estimate provision: €275,000, outturn: €166,000

The saving of €109,000 in this subhead was due to the deferral of certain planned repair and maintenance requirements.

Programme A Provision of legal services

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
A.1 Administration – pay		18,113	17,735	16,591
A.2 Administration – non-pay		2,458	2,369	2,174
A.3 External legal services		200	156	221
A.4 Fees to counsel				
	<i>Original</i>	13,500		
	<i>Supplementary</i>	5,000		
		18,500	19,237	13,971
A.5 General law expenses		1,300	940	1,025
		40,571	40,437	33,982

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 €4.866 million more than originally provided. This comprised the aggregate of (a) a saving of €467,000 relating to administration expenditure that has already been explained and (b) a net excess of €5.333 million in non-administrative expenditure, which was mainly due to the following:

A.4 Fees to counsel

Estimate provision: €13.5 million, outturn: €19.237 million

The excess of €5.737 million relative to the original estimate provision was due to the Office dealing with a number of high profile and complex cases during the year and a significant effort (using the €5 million supplementary estimate) to reduce the level of overdue fees.

A.5 General law expenses

Estimate provision: €1.3 million, outturn: €940,000

The saving in expenditure of €360,000 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

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Costs and fees received by the Office of the Chief State Solicitor	200	257	556
2 Receipts from additional superannuation contributions on public service remuneration ^a	755	731	818
	955	988	1,374

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

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Receipts under Section 10 of the State Property Act, 1954	10,715	3
Transferred to the Exchequer ^a	(10,715)	(3)
Balance at 31 December	—	—

Note ^a A total of €10,715,099 (2018: €2,540) was lodged to the Exchequer under the State Property Act 1954. Of the 2019 figure, €10,697,278 relates to the devolution of the assets of a dissolved company.

Note 5 Employee Number and Pay

5.1 Employee numbers

Full time equivalents	2019	2018
CSSO staff focused on core activities	273	249
CSSO staff working on projects for other departments/offices	12	11
Number of staff at year end (full time equivalents)	<u>285</u>	<u>260</u>

5.2 Pay

	2019 €000	2018 €000
Pay	16,881	15,745
Higher, special or additional duty allowance	98	108
Other allowances	7	7
Overtime	72	49
Employer's PRSI	<u>1,540</u>	<u>1,389</u>
Total gross pay	18,598	17,298
Recoveries from other departments/offices	<u>(863)</u>	<u>(707)</u>
Total net pay	<u>17,735</u>	<u>16,591</u>

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	37	2	11,011	14,159
Other allowances	4	—	1,848	1,783
Overtime	20	1	30,923	15,334
Extra remuneration in more than one category	5	3	35,118	19,229

5.4 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	14	21,310	41,712
Recovery plans in place	—	—	30,934