

Appropriation Account 2021

Vote 13

Office of Public Works

Introduction

As Accounting Officer for Vote 13, 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 2021 for the salaries and expenses of the Office of Public Works, for services administered by that Office and for payment of certain grants and for the recoupment of certain expenditure.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2021, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2021 out of unspent 2020 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €19.658 million is liable for surrender to the Exchequer.

The Office of Public Works incurs expenditure on behalf of other Government departments and agencies. The expenditure incurred on their behalf is set out in Note 2.11. In addition, the Office provides client services on behalf of the State. This expenditure is set out in Note 1.

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 circulars 1 and 9 of 2022, have been applied in the preparation of the account with the exceptions below.

Valuation of capital assets

The Office recognises the value of land and buildings as follows.

- Assessments of market value have been applied to properties where market comparisons are available.
- Prestige properties have been individually valued using the replacement cost method of valuation. This rebuilding cost is based on the application of market rates.
- Where market comparisons are not available, properties acquired or purchased before 1 January 1995 or constructed before 1 January 1997 are valued based on building cost norms and notional site values. Properties purchased since 1 January 1995 or constructed since 1 January 1997 are valued at cost.

The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value. On the disposal of land and buildings, the assets are revalued to the sales proceeds amount and the gain or loss is shown as a revaluation on disposal in note 2.1.

Capital expenditure in a number of areas is not recognised in Note 2.1 (capital assets) as follows.

- Expenditure on improvements on certain buildings is not included. The change in value will be reflected at the next valuation date.
- Expenditure on improvements to leased buildings is not capitalised.
- National monuments and certain national historic properties are not valued.
- Flood relief works are considered infrastructure assets and are not capitalised.
- Artwork acquired after 1 January 2008 is included in the statement of capital assets under the heading fixtures and fittings at historical cost and is not revalued. Artwork acquired prior to 1 January 2008 has not been capitalised.

Depreciation

Depreciation is calculated on an annual basis. The depreciation policy is that a full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal.

Plant and machinery assets are depreciated on a straight line basis over their estimated useful life of between five and 20 years, to a projected residual value.

Artworks and heritage assets are not depreciated.

Buildings are not depreciated on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition.

Capital assets under development

Expenditure on works on existing properties owned by the Office carried out under Subhead B.6 (New works, alterations and additions) is capitalised under its relevant asset category in the year the expenditure is incurred save for the exceptions outlined above where capital expenditure is not recognised as a capital asset. Capital expenditure on new developments spanning multiple accounting periods is accounted for as a capital asset under development and is transferred to the relevant asset category on completion.

Property lease payments

Payment for goods and services is recognised in the account when the goods or services have been provided satisfactorily, the supplier has submitted their account and the instruction for payment has been executed. In the case of property lease agreements once the lease commences, and the rent is due and payable, then the Office is satisfied the liability has matured. However, where there are legal or compliance difficulties in making such payments, the Office charges the payment to the Vote and transfers the funds to suspense.

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 Chairman. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of human resources and payroll and travel shared services for civil service grades.

I rely on a letter of assurance from the Accounting Officer 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 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
- a corporate governance framework for the Office is in place.

Internal audit and Audit Committee

I confirm that the 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 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 recommendations arising from reports of the internal audit function are implemented.

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.

In 2021, the Office complied with the guidelines with the exception of 85 instances totalling €20.778 million. Details are set out below:

- €286,032 related to payments to two suppliers where the contract was extended as new procurement processes were not complete.
- €1,169,821 related to payments to 13 suppliers where the contract was extended beyond the original contract date.
- €1,238,439 related to payments to six suppliers where a contract was a direct award without a competitive process.
- €40,990 related to payments to one supplier where local arrangements were in place contrary to national procurement guidelines.
- €18,042,295 related to payments to 63 suppliers where the contract value was in excess of the relevant advertising threshold but was awarded by way of competitive requests for tenders. The Office has engaged with the Office of Government Procurement on this matter and is committed to reducing the level of non-compliant procurements.

The OPW has provided details of 46 non-competitive contracts totalling €4.731 million in the annual return in respect of circular 40 of 2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

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 an 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 assigned 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

The following internal financial control issues were identified in 2021.

Expenditure on measured term maintenance contract

A measured term maintenance contract entered into in 2014 had an anticipated value estimated at €12 million over four years. The contract term ended in October 2018. In 2021, the OPW incurred expenditure of €0.9 million on works placed under the contract prior to the term end. This brought the total expenditure under this contract to €49.2 million at year end 31 December 2021.

A replacement measured term maintenance contract entered into in October 2018 had an anticipated value estimated at €15 million. In 2021, the OPW incurred expenditure of €16.3 million related to urgent Brexit infrastructure works under the contract, as well as €14.4 million on other building works. This brought the total expenditure under this contract to €62.4 million on urgent Brexit infrastructure works and €40.9 million on other building works.

Frameworks have been procured to carry out the maintenance of OPW owned and leased buildings in Dublin to replace the measured term maintenance contract.

Travel and subsistence

Internal Audit carried out a review of travel and subsistence expenses and identified a possible issue with payroll taxes. The OPW made an unprompted voluntary disclosure to the Revenue Commissioners in relation to an under payment of €660,670 relating to four years of expense claims. The review is ongoing and corrective measures are being put in place to ensure the OPW is tax compliant.

Covid-19 control issues

The control environment to deal with Covid-19 remains largely unchanged in 2021. I confirm that existing controls and those introduced to deal with remote working continue to be effective.

Direct costs of €1.97 million were incurred in 2021 relating to the Office's response to working in a Covid-19 environment. In the main, additional costs relate to construction costs (€1.8 million), health and safety equipment and ICT requirements.

As a result of heritage site closures and the government's initiative to waive admissions charges, the Office experienced a shortfall in receipts. The reduction in receipts from the sales and waived admission charges was borne by savings within overall Vote expenditure.

Maurice Buckley
Accounting Officer
Office of Public Works

27 September 2022

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 13 Office of Public Works

Opinion on the appropriation account

I have audited the appropriation account for Vote 13 Office of Public Works for the year ended 31 December 2021 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 13 Office of Public Works for the year ended 31 December 2021, 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 appendix to this report. I am independent of the Office of Public Works 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 appendix to this report.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that there was a significant level of non-compliance with national procurement rules in respect of contracts that operated in 2021.

Expenditure under a maintenance contract

Chapter 6 of my report on the accounts of the public services for 2018 examined excess expenditure by the Office of Public Works under a maintenance contract in the period 2015 to 2018. The Accounting Officer has disclosed in the statement on internal financial control that further excess expenditure occurred in 2021 on a replacement maintenance contract. Total expenditure under the replacement contract to the end 2021 was €103.3 million.

Contract payments in respect of Convention Centre Dublin

Chapter 8 of my report on the accounts of the public services for 2021 examines the payments in 2020-2021 by the Office of Public Works in respect of the Convention Centre Dublin, in light of the impact of Covid-19 restrictions on international conference delegate attendance levels and the relevant public private partnership contract provisions.

Seamus McCarthy

Comptroller and Auditor General

27 September 2022

Appendix to the report

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the certificates of opinion on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 13 Office of Public Works

Appropriation Account 2021

			2021	2020
		Estimate provision	Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Flood risk management				
<i>Estimate provision</i>	127,363			
<i>Deferred surrender</i>	5,500			
		132,863	99,591	107,664
B Estate management				
<i>Estimate provision</i>	387,412			
<i>Deferred surrender</i>	14,500			
		401,912	392,939	380,643
Gross expenditure				
<i>Estimate provision</i>	514,775			
<i>Deferred surrender</i>	20,000			
		534,775	492,530	488,307
<i>Deduct</i>				
C Appropriations-in-aid		13,000	11,113	12,113
Net expenditure				
<i>Estimate provision</i>	501,775			
<i>Deferred surrender</i>	20,000			
		521,775	481,417	476,194

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €20.7 million of unspent allocations in respect of the capital elements of Subhead A.5 was carried forward to 2022.

	2021	2020
	€	€
Surplus	40,357,662	22,232,890
Deferred surrender	(20,700,000)	(20,000,000)
Surplus to be surrendered	<u>19,657,662</u>	<u>2,232,890</u>

Maurice Buckley
Accounting Officer
Office of Public Works

27 September 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

	2021		2020
	€000	€000	€000
Programme cost		430,610	428,088
Administration - pay		49,750	47,785
Administration - non pay		12,170	12,434
Gross expenditure		492,530	488,307
<i>Deduct</i>			
Appropriations-in-aid		11,113	12,113
Net expenditure		481,417	476,194
Changes in capital assets			
Purchases cash	(8,860)		
Depreciation	5,326		
Disposals cash	2,232		
Gain on disposal	(564)	(1,866)	(3,520)
Changes in net current assets			
Increase in closing accruals	7,173		
Decrease in stock	11	7,184	(6,592)
Direct expenditure		486,735	466,082
Expenditure on services where OPW acts as client		(170,351)	(171,077) ^a
Direct expenditure (excluding services where OPW acts as client)		316,384	295,005
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		(114,500)	(115,920)
Net programme cost ^b		201,884	179,085

Note ^a Following a review of capital and current expenditure where OPW acts as client the 2020 comparative figure has been amended to include capital expenditure incurred in 2020 on behalf of other Votes.

- ^b The net programme cost does not include the following.
- Notional rents receivable by the OPW on State owned properties are estimated at some €91.3 million. Notional rents payable by OPW are estimated at €3.6 million.
 - Amounts have not been included in the statement in respect of notional income from client departments in respect of services currently provided free of charge by the OPW.

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 13 borne elsewhere and costs borne by Vote 13 in respect of other Votes.

		2021	2020
		€000	€000
Vote 9	Office of the Revenue Commissioners	53	53
Vote 12	Superannuation and Retired Allowances	23,918	22,882
Vote 18	National Shared Services Office	78	82
Vote 43	Office of the Chief Information Officer	48	—
Apportioned cost of shared services for other Votes		(138,597)	(138,937) ^a
		(114,500)	(115,920)

Note ^a Following a review of apportioned costs of shared services for other Votes, the 2020 comparative figure has been amended to exclude capital expenditure.

Note 2 Statement of Financial Position as at 31 December 2021

	Note	2021 €000	2020 €000
Capital assets	2.1	3,454,327	3,429,835
Current assets			
Bank and cash	2.2	68,957	71,030
Stocks	2.3	1,984	1,995
Prepayments	2.4	23,700	29,881
Accrued income		3,431	3,570
Other debit balances	2.5	12,814	5,512
Total current assets		110,886	111,988
Less current liabilities			
Accrued expenses	2.6	10,475	9,567
Deferred income		118	173
Other credit balances	2.7	56,613	48,310
Net Exchequer funding	2.8	25,158	28,232
Total current liabilities		92,364	86,282
Net current assets		18,522	25,706
Net assets		3,472,849	3,455,541
Represented by:			
State funding account	2.9	3,472,849	3,455,541

2.1 Capital assets

	Land and buildings ^a	Plant and machinery	Office equipment	Furniture and fittings	Assets under development ^b	Total ^c
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2021	3,396,225	55,542	25,091	22,749	4,232	3,503,839
Additions ^d	9,705	7,071	534	439	5,760	23,509
Disposals	(1,489)	(3,834)	(256)	(42)	—	(5,621)
Revaluation on disposal	(970)	—	—	—	—	(970)
Revaluations ^e	8,947	—	—	—	—	8,947
Cost or valuation at 31 December 2021	3,412,418	58,779	25,369	23,146	9,992	3,529,704
Accumulated depreciation						
Opening balance at 1 January 2021	—	36,086	22,534	15,384	—	74,004
Depreciation for the year	—	3,918	1,143	265	—	5,326
Depreciation on disposals	—	(3,683)	(236)	(34)	—	(3,953)
Cumulative depreciation at 31 December 2021	—	36,321	23,441	15,615	—	75,377
Net assets at 31 December 2021	3,412,418	22,458	1,928	7,531	9,992	3,454,327
Net assets at 31 December 2020	3,396,225	19,456	2,557	7,365	4,232	3,429,835

- Notes
- ^a An analysis of the valuations of land and buildings is given below.
 - ^b Capital assets under development does not include construction projects carried out under Subhead B.6 New works, alterations and additions.
 - ^c Expenditure on leased buildings is not capitalised.
 - ^d The OPW bought three buildings in December 2020 at a cost of €8,958,338. Ownership of the buildings transferred to the OPW in 2021. A further payment of €172,355 was made in 2021 with regard to one of the buildings.
 - ^e The revaluation figure principally relates to the change in value on 23 assets subject to revaluation by the OPW in 2021.

Valuation of land and buildings

As set out in the statement of accounting policies and principles, assets are valued using a number of valuation bases. The number of buildings and the related value under each valuation basis used is set out below.

Valuation bases	2021		2020	
	Number of buildings	€000	Number of buildings	€000
Market value	304	908,129	291	894,778
Building cost norms	519	710,920	538	716,682
Cost	149	865,463	145	856,859
Prestige properties (replacement cost)	11	927,906	11	927,906
Heritage properties (nil value)	727	—	727	—
Miscellaneous properties ^a	225	—	228	—
	1,935	3,412,418	1,940	3,396,225

Note ^a Miscellaneous properties are various categories of land and buildings including secondary properties or land where the overall valuation for the full site is included on the primary asset in the table above.

2.2 Bank and cash

at 31 December	2021 €000	2020 €000
PMG balances	68,976	71,030
Petty cash	4	5
Orders outstanding	(23)	(5)
	68,957	71,030

2.3 Stocks

at 31 December	2021 €000	2020 €000
Engineering stocks	930	974
Heritage depot stocks	928	919
Building materials	71	42
Stationery	35	33
Miscellaneous stocks	20	27
	1,984	1,995

2.4 Prepayments

at 31 December	2021	2020
	€000	€000
Administration	347	193
IT services and support	956	943
Flood risk management	34	15
Estate management	22,363	28,730
	23,700	29,881

2.5 Other debit balances

at 31 December	2021	2020
	€000	€000
Agency balances (note 2.11)	12,381	5,456
Other debit balances	433	56
	12,814	5,512

2.6 Accrued expenses

at 31 December	2021	2020
	€000	€000
Administration	267	305
IT services and support	129	152
Flood risk management	1,733	1,035
Estate management	8,346	8,075
	10,475	9,567

2.7 Other credit balances

at 31 December	2021	2020
	€000	€000
Amounts due to the State		
Income tax	1,462	1,329
Universal social charge	283	268
Pay related social insurance	1,216	1,157
Professional services withholding tax	902	904
Value added tax	10,540	8,439
Pension contributions	327	305
Local property tax	10	9
	<u>14,740</u>	<u>12,411</u>
Agency balances (note 2.11)	24,548	16,738
Sundry works account	85	116
Property management ^a	15,129	16,824
Percent for art scheme	2,033	2,013
Miscellaneous heritage	—	45
Payroll deductions held in suspense	—	87
Other credit balances	78	76
	<u>56,613</u>	<u>48,310</u>

Note ^a As at 31 December 2021, the value of lease payments charged to the vote and transferred to suspense was €10 million. Of this, €9.84 million was charged to subhead B.8 and €160,000 was charged to subhead B.9.

2.8 Net Exchequer funding

at 31 December	2021	2020
	€000	€000
Surplus to be surrendered	19,658	2,233
Deferred surrender	20,700	20,000
Exchequer grant undrawn	(15,200)	5,999
Net Exchequer funding	<u>25,158</u>	<u>28,232</u>
Represented by:		
Debtors		
Bank and cash	68,957	71,030
Debit balances: suspense	12,814	5,512
	<u>81,771</u>	<u>76,542</u>
Creditors		
Due to the State	(14,740)	(12,411)
Credit balances: suspense	(41,873)	(35,899)
	<u>(56,613)</u>	<u>(48,310)</u>
	<u>25,158</u>	<u>28,232</u>

2.9 State funding account

	Note	2021	2020
		€000	€000
Balance at 1 January		3,455,541	3,369,070
Disbursements from the Vote			
Estimate provision	Account	521,775	
Deferred surrender	Account	(20,700)	
Surplus to be surrendered	Account	(19,658)	
Net vote		481,417	476,194
Expenditure (cash) borne elsewhere	1.1	24,097	23,017
Allied services	1.1	(138,597)	(138,937)
Client services	1	(170,351)	(171,077)
Net programme cost	1	(201,884)	(179,085)
Asset adjustments		22,626	76,359
Balance at 31 December		3,472,849	3,455,541

2.10 Commitments

a) Global commitments	2021	2020
at 31 December	€000	€000
Procurement of goods and services	8,409	6,243
Non-capital grant programmes	750	1,000
Capital grant programmes	14,124	12,768
Capital projects	81,910	62,100
Public private partnership projects	340,702	365,978
Total of legally enforceable commitments	445,895	448,089

There were commitments outstanding at the end of 2021 in respect of rental of leased properties and associated service charges. Figures have not been included for such commitments in this account but they are estimated to be €118.7 million in 2022 (2021: €114.9 million).

b) Non-capital grant programmes	2021	2020
	€000	€000
Opening balance	1,000	1,250
Grants paid in the year	(250)	(250)
Closing balance	750	1,000

c) Capital grant programmes	2021	2020
	€000	€000
Opening balance	12,768	13,199
Adjustment	—	24
New grant commitments	4,820	16
Grants paid in the year	(3,464)	(449)
Grants cancelled	—	(22)
Closing balance	14,124	12,768

d) Major capital projects

Major ongoing projects during 2021 where the total estimated cost of the individual project is expected to exceed €10 million. Particulars are as follows.

	Cumulative expenditure to 31 December 2020	Expenditure in 2021	Project commitments in subsequent years ^a	Expected total spend lifetime of project 2021	Expected total spend lifetime of project 2020
	€000	€000	€000	€000	€000
Flood risk management					
River Dodder Fluvial Scheme	17,867	1,851	1,482	21,200	19,517
Ennis Lower	18,607	693	100	19,400	19,173
Bandon	29,847	369	1,134	31,350	31,350
Skibbereen	32,837	1,139	524	34,500	34,500
Clonakilty	25,912	2,895	1,008	29,815	29,815
Ennis South	15,366	2,789	1,451	19,606	19,606
Douglas	11,380	4,458	4,300	20,138	19,800
Athlone	8,612	3,995	2,005	14,612	14,612
Clare Galway	10,969	89	159	11,217	11,217
Lower Morell FRS	1,422	2,784	6,603	10,809	10,809
Total	172,819	21,062	18,766	212,647	210,399
Estate Management					
Miesian Plaza	21,318	—	2,123	23,441	23,441
Leinster House	17,841	—	159	18,000	18,000
Total	39,159	—	2,282	41,441	41,441

Note ^a Project commitments in subsequent years refers to the Office's current estimate of capital costs to completion of project.

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2020 to 2021

Flood risk management**River Dodder Fluvial Scheme**

Increase in expected total spend: €1.683 million

The revised estimated total project cost is as a result of an under-estimate of piling costs and an increase in the contribution for the cycleway that runs adjacent the scheme.

e) Unitary payments of Public Private Partnership projects

	Cumulative expenditure to 31 December 2020	Expenditure in 2021	Legally enforceable commitments to be met in subsequent years	Expected project total 2021	Expected project total 2020
	€000	€000	€000	€000	€000
Convention Centre Dublin	398,702	23,847	340,702	763,251	764,680

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2020 to 2021.

Convention Centre Dublin

Decrease in expected total spend: €1.429 million

The reduction in the estimate is predominantly due to a refund of €300,000 in early 2021 from the insurance risk analysis exercise provided for under the project agreement and five quarterly commercial rates waivers of €921,000. In addition, the annual indexation process undertaken in August each year lead to a reduction in payments to the end of the project agreement in 2035.

2.11 Provision of agency services

In addition to expenditure on Vote 13, the Office also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to the Office by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2021 was €183.4 million which included major capital works (€152.9 million); leasing of accommodation (€19.6 million); schools programme (€7.6 million) and maintenance works (€3.3 million).

Agency services account

at 31 December	2021 €000	2020 €000
Opening balance at 1 January	(11,282)	(11,175)
Payments	183,406	137,956
Receipts	(184,291)	(138,063)
Closing balance ^a	<u>(12,167)^a</u>	<u>(11,282)</u>

Note ^a The closing credit balance of €12.167 million is made up of debit agency balances (note 2.5) €12.381 million and credit agency balances (note 2.7) €24.548 million.

2.12 Contingent liabilities

The Office is involved in a number of pending legal proceedings and contractual conciliations, which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	49,055	49,750	47,785
ii	Travel and subsistence	2,000	1,450	1,534
iii	Training and development and incidental expenses	1,100	1,348	1,207
iv	Postal and telecommunications services	1,733	1,983	1,675
v	Office equipment and external IT services	6,582	6,053	6,704
vi	Office premises expenses	1,279	910	1,077
vii	Consultancy services and value for money and policy reviews	200	285	117
viii	Government publication services	140	141	120
		62,089	61,920	60,219

Significant variations

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

ii Travel and subsistence

Estimate provision €2 million; outturn €1.45 million

The saving of €550,000 is a result of Covid-19 travel restrictions reducing expenditure on domestic and foreign travel.

vi Office premises expenses

Estimate provision €1.279 million; outturn €910,000

The saving of €369,000 arose as a result of employees continuing to work from home which led to a reduction in the running costs on OPW premises.

Programme A Flood risk management

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay		12,903	14,005
A.2	Administration – non pay		2,567	3,135
A.3	Purchase of plant and machinery			
	<i>Estimate provision</i>	6,470		
	<i>Deferred surrender</i>	1,500		
			7,970	7,679
A.4	Hydrometric and hydrological investigation and monitoring		1,272	1,371
A.5	Flood risk management			
	<i>Estimate provision</i>	85,922		
	<i>Deferred surrender</i>	4,000		
			89,922	55,666
A.6	Drainage maintenance		18,229	17,735
			132,863	99,591
				107,664

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 €33.272 million lower than originally provided. There was an increase of €1.67 million in administration expenditure for the programme (see above). Non-administration programme expenditure overall was €34.942 million less than originally provided, mainly due to the following.

A.5 Flood risk management

Estimate provision €89.922 million; outturn €55.666 million

The saving of €34.256 million is in the main due to planning approval delays and other legal issues affecting the construction commencement dates of five capital projects. In addition, there were reduced numbers of minor works applications and drawdowns on the Voluntary Home Relocation Scheme, slower than expected sourcing of replacement dwellings, and a contribution is yet to be finalised for maintenance works to be undertaken by Waterways Ireland.

Programme B Estate management

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	36,152	35,745	34,897
B.2	Administration – non pay	10,467	9,035	9,293
B.3	President's household staff	987	807	802
B.4	Grants for refurbishment works and services	3,500	3,500	500
B.5	Purchase of sites and buildings			
	<i>Estimate provision</i>	4,480		
	<i>Deferred surrender</i>	2,500		
		6,980	809	9,338
B.6	New works, alterations and additions			
	<i>Estimate provision</i>	82,981		
	<i>Deferred surrender</i>	12,000		
		94,981	97,311	85,222
B.7	Property maintenance and supplies	63,186	64,159	64,677
B.8	Rents	103,020	103,311	98,474
B.9	Service charges and utilities	11,856	11,841	11,447
B.10	Unitary payments	25,000	23,847	23,879
B.11	Heritage services	45,783	42,574	42,114
		401,912	392,939	380,643

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €8.973 million lower than provided. There was a saving of €1.839 million in administration expenditure for the programme (see above). Non-administration programme expenditure overall was €7.134 million less than originally provided, mainly due to the following.

B.3 President's household staff

Estimate provision €987,000; outturn €807,000

The saving of €180,000 is due to recruitment delays and Covid-19 restrictions on State events.

B.5 Purchase of sites and buildings

Estimate provision €6.98 million; outturn €809,000

The saving of €6.171 million is as a result of delay, ongoing negotiations, due diligence and legalities on a number of properties where the purchase has yet to be finalised.

B.11 Heritage services

Estimate provision €45.783 million; outturn €42.574 million

The saving of €3.21 million is as a result of the reduction in pay costs at visitor sites and delays in planned maintenance work due to Covid-19 restrictions.

Note 4 Receipts

4.1 Appropriations-in-aid

		2021		2020
		Estimated	Realised	Realised
		€000	€000	€000
1	Rents, licence fees, etc	3,630	3,099	3,161
2	Events and facilities management	1,400	332	938
3	Receipts for Government publication services	570	596	634
4	Sales at national monuments and historic properties	700	946	599
5	Admission charges at national monuments and historic properties	4,000	52	893
6	Miscellaneous, including fees, interest and disposals etc.	600	4,175	4,108
7	Receipts from additional superannuation contributions on public service remuneration	2,100	1,913	1,780
Total		13,000	11,113	12,113

Significant variations

The following outlines the reasons for significant variations in receipts (+/- 5% and €100,000). Overall, appropriations-in-aid were €1.887 million less than the estimate. Explanations for variances are set out below.

1 Rents, licence fees, etc.

Estimate €3.63 million; realised €3.099 million

The decrease of €531,000 is as a result of uncollected rents due to impacts of Covid-19 and other ongoing legal lease agreement issues.

2 Events and facilities management

Estimate €1.4 million; realised €332,000

The decrease of €1.068 million was due to site closures in the early part of 2021 and the admission waiver introduced due to Covid-19.

4 Sales at national monuments and historic properties

Estimate €700,000; realised €946,000

The increase of €246,000 is as a result of the increased use of public outdoor spaces due to Covid-19, resulting in higher than anticipated sales from concession stands and car park fees.

5 Admission charges at national monuments and historic properties*Estimate €4 million; realised €52,000*

The decrease of €3.948 million was due to admissions waiver, restricted site numbers and a period of site closure due to Covid-19.

6 Miscellaneous, including fees, interest and disposals etc.*Estimate €600,000; realised €4.175 million*

The increase of €3.575 million is primarily due to proceeds from the sale of state property and a higher than anticipated Social Insurance Fund agency fee.

7 Receipts from additional superannuation contributions on public service remuneration*Estimate €2.1 million; realised €1.913 million*

The decrease of €187,000 is primarily due to unanticipated delays in filling staff vacancies.

4.2 Extra receipts payable to the Exchequer

	2021	2020
	€000	€000
Balance at 1 January	—	—
Share of saving from refinancing of the National Convention Centre PPP company	—	12,042
Transferred to the Exchequer	—	(12,042)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents at year end	2021	2020
Civil service grades	820	845
OPW specific grades	1,239	1,235
	2,059	2,080

5.2 Pay

	2021	2020
	€000	€000
Pay		
Civil service grades	45,755	44,037
OPW specific grades	48,759	49,251
Higher, special or additional duties allowances		
Civil service grades	184	195
OPW specific grades	1,931	1,981
Overtime		
Civil service grades	24	38
OPW specific grades	3,081	2,698
Extra attendance, shift and roster		
OPW specific grades	1,879	1,634
Employer's PRSI		
Civil service grades	3,787	3,515
OPW specific grades	5,809	5,885
Total pay^a	111,209	109,234

Note ^a The total pay figure includes pay for 387 temporary and seasonal staff in 2021 (2020: 439 staff).

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021 €	2020 €
Higher, special or additional duties allowances				
Civil service grades	39	6	15,668	20,614
OPW specific grades	954	—	8,817	9,318
Overtime				
Civil service grades	14	—	4,370	3,454
OPW specific grades	1,062	87	35,631	31,337
Extra attendance, shift and roster				
OPW specific grades	664	4	13,004	10,599
Extra remuneration in more than one category				
Civil service grades	3	—	6,328	5,679
OPW specific grades	694	150	38,137	37,453

5.4 Other remuneration arrangements

Five retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €11,474. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

5.5 Payroll overpayments

	Number of recipients	2021 €	2020 €
Overpayments	27	45,378	31,344
Recovery plans in place	14	17,160	11,625

5.6 Severance/redundancy

During the year €35,377 was paid to five officers in severance payments, one of which exceeded €10,000.

5.7 Salary of Accounting Officer

As at 31 December 2021, the Accounting Officer's salary is at the grade of Secretary General Level III, with an annual gross salary of €192,474 (as at 31 December 2020, €190,568).

Note 6 Miscellaneous

6.1 Compensation and legal costs

6.1 (A) Payments/costs paid by the Office

					2021	2020
	Office own legal costs paid	Compensation paid by the Office	Legal costs paid by the Office to others parties involved	Other Costs paid by the Office to other parties involved	Total	Total
	€000	€000	€000	€000	€000	€000
Personal injury claims						
Claims by employees	98	407	211	20	736	1,032
Claims by members of the public	25	159	4	18	206	364
	123	566	215	38	942	1,396
Loss or damage claims						
Claims by members of the public	—	37	6	6	49	954
	—	37	6	6	49	954
Total expenditure	123	603	221	44	991	2,350

Notes ^a At 31 December 2021, the following claims are outstanding:

- Personal injury claims: 90 (2020 : 101)
- Loss or damage claims: 4 (2020 : 7)

6.1 (B) Cumulative costs of cases completed in 2021

						2021
	Number of cases	Office own legal costs paid	Compensation paid by the Office	Legal costs paid by the Office to others parties involved	Other costs paid by the Office to other parties involved	Total
		€000	€000	€000	€000	€000
Personal injury claims						
Claims by employees	5	115	1,139	352	46	1,652
Total expenditure	5	115	1,139	352	46	1,652

6.2 Arbitration and conciliation costs

Expenditure in 2021 includes payments of €373,541 (2020: €411,257) made to contractors and others as a result of conciliation and arbitration proceedings. There were eight cases in 2021 (2020: seven). Figures include VAT, legal and professional fees.

6.3 Interest and compensation

Penalty interest and compensation payments amounting to €56,991 were made by the OPW in 2021 under the Prompt Payment of Accounts Act 1997, in respect of late payments (2020: €91,525) of which €8,077 related to delays caused by Covid-19 restrictions (2020: €23,880). The total value of payments made by the OPW in 2021 amounted to €520 million and the total number of reckonable payments were 90,079.

6.4 Write offs

The following sums were written off in the year

	2021	2020
	€000	€000
Unpaid fees from companies no longer trading/irrecoverable debts	7	—
Write offs due to Covid-19 restrictions	—	239
	<u>7</u>	<u>239</u>

6.5 Ex-gratia payments

Ex-gratia payments to the value of €589,237 were paid in the year principally relating to the closure of sites due to Covid-19 restrictions. The payments were made following the guidance note issued by the Office of Government Procurement (2020: €257,217).

6.6 Deferred surrender

Deferred surrender comprises savings in 2021 of €20.7 million in capital expenditures in the following subheads that were carried over to 2022.

	€000
A.5 Flood risk management	20,700
	<u>20,700</u>