

Appropriation Account 2021

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, 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 the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants.

The expenditure outturn is compared with the sums 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.

A surplus of €29.513 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 circulars 1 and 9 of 2022, have been applied in the preparation of the account, except for the following.

Stock valuation

Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price. Military and Air Corps stocks include certain items that have been refurbished.

Capital assets

The threshold for inclusion of capital asset additions for government departments and offices in the statement of capital assets increased to €10,000 for an individual asset with effect from 1 January 2021. Since this date, the Department of Defence continues to record additions to capital assets at individual values of less than €10,000.

Land and buildings are not valued and are not included in capital assets (note 2.1). A schedule of land and buildings administered by the Department of Defence is shown in appendix A. These are used for Defence Forces purposes and include unique and dedicated properties.

Payments under certain programmes for the development of Defence Forces equipment, including the purchase of aircraft and the refurbishment of armoured personnel carriers, are recorded as prepayments until they are brought into use, at which stage they are recorded as capital assets.

Capital assets under development

Payments in respect of the development of land and buildings administered by the Department of Defence are included as part of note 2.2 – capital assets under development. When such projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as, in line with the policy noted above, land and buildings are not included in capital assets.

Depreciation

Military assets and Civil Defence motor vehicles are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

Statement on Internal Financial Control***Responsibility for system of internal financial control***

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

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

Shared services

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

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

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, with an independent Chair, 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 Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Internal audit and Audit Committee

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

Non-compliance with procurement rules

I confirm that the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

The Department complied with the guidelines with the exception of 14 contracts (in excess of €25,000), totalling €461,289 (ex. VAT) in 2021 as follows:

- four contracts with a value of €57,711 were increased beyond the original estimated value
- three contracts with a value of €88,697 were awaiting completion of central purchasing arrangements
- seven contracts with a value of €314,881 were delayed pending the outcome of an internal policy review.

Each of these 14 contracts has been reviewed by the Department, and steps are being taken to bring these contracts into compliance with competitive procurement rules as quickly as possible.

The Department has provided details of 122 non-competitive contracts in the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly 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 Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Covid-19 control issues

The onset of the Covid-19 pandemic in early 2020 resulted in some changes to the working and control environment with the introduction of remote and virtual working where practical and appropriate, having regard to the nature of the work in the Department. As a result, the Department has introduced a number of procedural and control changes. Under the Department's risk and control framework, management carried out a full risk assessment of the Covid-19 impact on the control environment. I confirm that the controls, both existing and those introduced as a result of Covid-19, continue to be effective.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2021 that require disclosure in the appropriation account.

Jacqui McCrum
Accounting Officer
Department of Defence

30 March 2022

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

Opinion on the appropriation account

I have audited the appropriation account for Vote 36 Defence 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 36 Defence 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 Department of Defence 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.

I have nothing to report in that regard.

Seamus McCarthy

Comptroller and Auditor General

25 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 36 Defence

Appropriation Account 2021

	2021		2020
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Defence policy and support, military capabilities and operational outputs	809,781	786,405	780,999
Gross expenditure	809,781	786,405	780,999
<i>Deduct</i>			
B Appropriations-in-aid	24,320	30,457	30,210
Net expenditure	785,461	755,948	750,789

Surplus

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

	2021	2020
	€	€
Surplus to be surrendered	29,513,137	6,171,741

Jacqui McCrum
Accounting Officer
Department of Defence

30 March 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

		2021	2020
	€000	€000	€000
Programme cost		758,570	754,376
Administration pay		20,905	19,691
Administration non pay		6,930	6,932
Gross expenditure		786,405	780,999
<i>Deduct</i>			
Appropriations-in-aid		30,457	30,210
Net expenditure		755,948	750,789
Changes in capital assets			
Purchases cash	(106,095)		
Depreciation	62,066		
Loss on disposals	1,110		
Disposals cash	257	(42,662)	(64,120)
Changes in assets under development			
Cash payments		(16,051)	(11,714)
Changes in net current assets			
Decrease in closing accruals	(7,776)		
Increase in stock	(13,806)	(21,582)	(5,092)
Direct expenditure		675,653	669,863
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	12,988		
Notional rents	1,339		
		14,327	12,849
Net programme cost		689,980	682,712

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 36 borne elsewhere, net of expenditure incurred in respect of other votes.

		2021	2020
		€000	€000
Vote 1	President's Establishment	(448)	(432)
Vote 2	Department of the Taoiseach	(88)	(85)
Vote 9	Office of the Revenue Commissioners	24	4
Vote 12	Superannuation and Retired Allowances	13,094	11,813
Vote 13	Office of Public Works	579	643
Vote 18	National Shared Services Office	1,018	1,002
Vote 35	Army Pensions	(1,728)	(1,646)
Vote 43	Office of the Government Chief Information Officer	404	71
Central Fund – Ministerial pensions		133	140
		12,988	11,510

Note 2 Statement of Financial Position as at 31 December 2021

	Note	2021 €000	2020 €000
Capital assets	2.1	583,534	587,408
Capital assets under development	2.2	11,032	6,660
		594,566	594,068
Current assets			
Bank and cash	2.3	27,467	17,038
Stocks	2.4	234,043	220,237
Prepayments	2.5	200,656	152,906
Other debit balances	2.6	512	521
Accrued income		3,305	3,085
Total current assets		465,983	393,787
Less current liabilities			
Accrued expenses	2.7	4,306	10,656
Deferred income		40	32
Other credit balances	2.8	10,464	11,384
Net Exchequer funding	2.9	17,515	6,175
Total current liabilities		32,325	28,247
Net current assets		433,658	365,540
Net assets		1,028,224	959,608
Represented by:			
State funding account	2.10	1,028,224	959,608

2.1 Capital assets

	Military equipment	Civil Defence equipment	Office furniture and IT equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2021	1,291,598	4,684	54,988	1,351,270
Additions	56,841	205	2,513	59,559
Disposals	(21,256)	(138)	(2,498)	(23,892)
Cost or valuation at 31 December 2021	1,327,183	4,751	55,003	1,386,937
Accumulated depreciation				
Opening balance at 1 January 2021	716,527	2,532	44,803	763,862
Depreciation for the year	58,108	358	3,600	62,066
Depreciation on disposals	(19,987)	(93)	(2,445)	(22,525)
Cumulative depreciation at 31 December 2021	754,648	2,797	45,958	803,403
Net assets at 31 December 2021 ^a	572,535	1,954	9,045	583,534
Net assets at 31 December 2020	575,071	2,152	10,185	587,408

Note ^a The Department of Defence administers land holdings (approx. 8,300 hectares) and buildings at numerous locations throughout the country, being a mix of operational military facilities, training lands, married quarters and other properties, as set out in Appendix A – Schedule of land and buildings.

2.2 Capital assets under development

	Construction contracts €000
Amounts brought forward at 1 January 2021	6,660
Cash payments in the year	16,051
Projects completed ^a	(11,679)
Amounts brought forward at 31 December 2021	11,032

Note ^a As projects to develop land and buildings are completed, they are removed from capital assets under development. There is no transfer to the asset register as land and buildings are not included in capital assets.

2.3 Bank and cash

at 31 December	2021	2020
	€000	€000
PMG balance	26,364	15,697
Other bank and cash account balances	1,103	1,341
	27,467	17,038

Non-Vote bank accounts

There are 13 other bank accounts managed by Defence Forces personnel to administer the casual meals system in barracks. No funding from the Vote is issued to these bank accounts. The amount held at the end of 2021 was €22,795 (2020: €16,261). This balance is not included in the 'bank and cash' amount shown above.

2.4 Stocks

at 31 December	2021	2020
	€000	€000
Military stocks ^a	232,907	219,115
Civil Defence	1,051	1,045
Stationery	15	19
IT consumables	70	58
	234,043	220,237

Note ^a Write-offs and obsolete military stock in the year amounted to €888,000.

2.5 Prepayments

at 31 December	2021	2020
	€000	€000
Maritime patrol aircraft	162,340	116,803
Aircraft maintenance and training	7,277	—
Modernisation of primary armament	6,156	3,669
Armoured personnel carrier fleet maintenance and upgrade programme	6,103	8,321
Troop carrying vehicles	3,700	5,546
Mid-life refit of LÉ Niamh	3,587	—
Defence Forces equipment acquisition	471	2,836
Javelin missile programme	—	3,624
Other	11,022	12,107
	200,656	152,906

2.6 Other debit balances

at 31 December	2021	2020
	€000	€000
Payroll	—	38
Imprest	286	314
Cycle to work scheme	168	129
Overseas	5	3
Other suspense	53	37
	512	521

2.7 Accrued expenses

at 31 December	2021	2020
	€000	€000
Programme accruals – current	2,237	4,202
Programme accruals – capital	1,833	6,307
Administration expenses	236	147
	4,306	10,656

2.8 Other credit balances

at 31 December	2021	2020
	€000	€000
Amounts due to the State		
Income tax	4	4
Pay related social insurance	15	14
Professional services withholding tax	366	250
Value added tax	9,642	10,677
Pension contributions	(5)	22
Universal social charge	1	—
Relevant contracts tax	143	176
	10,166	11,143
Payroll deductions held in suspense	8	10
Other credit suspense items	290	231
	10,464	11,384

2.9 Net Exchequer funding

at 31 December	2021	2020
	€000	€000
Surplus to be surrendered	29,513	6,172
Exchequer grant undrawn	(11,998)	3
Net Exchequer funding	17,515	6,175
Represented by:		
Debtors		
Bank and cash	27,467	17,038
Debit balances: suspense	512	521
	27,979	17,559
Creditors		
Due to the State	(10,166)	(11,143)
Credit balances: suspense	(298)	(241)
	(10,464)	(11,384)
	17,515	6,175

2.10 State funding account

	Note	2021	2020
		€000	€000
Balance at 1 January		959,608	889,748
Disbursements from the Vote			
Estimate provision	Account	785,461	
Surplus to be surrendered	Account	(29,513)	
Net Vote		755,948	750,789
Expenditure (cash) borne elsewhere	1.1	12,988	11,510
Capital assets under development completed in the year	2.2	(11,679)	(11,066)
Non cash expenditure – notional rents	1	1,339	1,339
Net programme cost	1	(689,980)	(682,712)
Balance at 31 December		1,028,224	959,608

2.11 Commitments

a) Legally enforceable commitments	2021	2020
at 31 December	€000	€000
Procurement of goods and services	9,282	11,682
Capital projects	141,405	192,324
Total of legally enforceable commitments	150,687	204,006

b) Major capital projects

	Cumulative expenditure to 31 December 2020	Expenditure in 2021	Project commitments in subsequent years	Expected total spend lifetime of project 2021	Expected total spend lifetime of project 2020
	€000	€000	€000	€000	€000
Naval vessels replacement programme and armament project	287,591	3	—	287,594	287,594
Maintenance and upgrade programme for armoured personnel carriers	68,508	15,233	11,259	95,000	95,000
IT infrastructure virtual desktop architecture project	12,122	389	—	12,511	12,800
Fixed wing utility aircraft	47,223	495	—	47,718	47,810
Mid-life refit of LÉ Róisín	10,622	1,485	193	12,300	12,300
Mid-life refit of LÉ Niamh	1,928	3,683	6,689	12,300	12,300
Maritime patrol aircraft	116,803	45,537	65,959	228,299 ^a	222,102
¾ tonne, 4x4 fleet replacement (FFR)	9,135	3,973	5,070	18,178	18,178
Troop carrying vehicles	5,546	9,499	9,555	24,600	24,600
Total	559,478	80,297	98,725	738,500	732,684

Note ^a The increase of €6.197 million on the expected total spend of the project is due to additional costs to cater for a contract amendment in 2021 to provide and install certain additional equipment.

2.12 Matured liabilities

at 31 December	2021	2020
	€000	€000
Estimate of matured liabilities not discharged at year end	389	177

2.13 Contingent liabilities

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

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in Programme A to present complete programme costings.

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	22,000	20,905	19,691
ii	Travel and subsistence	650	443	374
iii	Training and development and incidental expenses	400	388	299
iv	Postal and telecommunications services	880	462	616
v	Office equipment and external IT services	4,510	4,368	4,090
vi	Office premises expenses	1,865	1,193	1,429
vii	Consultancy services and value for money and policy reviews	195	76	124
		30,500	27,835	26,623

Significant variations

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

ii Travel and subsistence

Estimate provision €650,000; outturn €443,000

The underspend of €207,000 was due to the restrictions in place because of Covid-19.

iv Postal and telecommunications services

Estimate provision €880,000; outturn €462,000

The underspend of €418,000 was due to less than anticipated spend on communications equipment and postal services.

vi Office premises expenses

Estimate provision €1.865 million; outturn €1.193 million

The underspend of €672,000 was mainly due to lower demands on building services resulting from Covid-19 restrictions with less onsite attendance.

vii Consultancy services and value for money and policy reviews

Estimate provision €195,000; outturn €76,000

The underspend of €119,000 was mainly due to the fact that an expected payment did not arise as a project extended into 2022.

Programme A Defence policy and support, military capabilities and operational outputs

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	22,000	20,905	19,691
A.2	Administration – non pay	8,500	6,930	6,932
A.3	Permanent Defence Force: pay	445,500	419,471	405,459
A.4	Permanent Defence Force: allowances	48,000	51,990	46,488
A.5	Reserve Defence Force: pay, etc.	2,000	1,830	1,015
A.6	Chaplains and officiating clergy: pay and allowances	1,250	1,098	1,116
A.7	Defence Forces civilian support: pay and allowances, etc.	23,000	20,583	20,180
A.8	Defence Forces: capability development	94,000	91,307	128,436
A.9	Air Corps: equipment and support	18,350	26,776	20,403
A.10	Military transport	17,790	23,483	21,002
A.11	Naval Service: equipment and support	14,000	16,600	11,720
A.12	Barrack expenses and engineering equipment	15,650	15,269	13,009
A.13	Defence Forces built infrastructure: construction and maintenance	37,000	24,938	20,835
A.14	Defence Forces uniforms, clothing, equipment and catering	15,120	14,729	15,892
A.15	Defence Forces communications and IT	11,940	16,688	15,390
A.16	Military education and training	2,550	2,564	2,386
A.17	Defence Forces logistics and travel	4,000	2,470	3,236
A.18	Defence Forces medical and healthcare support	7,130	7,569	6,822
A.19	Lands	786	629	563
A.20	Equitation	1,000	1,195	845
A.21	Litigation and compensation costs	7,500	5,557	6,997
A.22	Miscellaneous expenditure	4,100	5,132	3,679
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	2,000	2,873	2,445
A.24	Civil Defence (including dormant accounts fund)	5,640	4,844	5,493
A.25	Irish Red Cross Society	975	975	965
		809,781	786,405	780,999

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000).

A.3 Permanent Defence Force: pay

Estimate provision €445.5 million; outturn €419.471 million

The underspend of €26.029 million was due to lower than projected recruitment in 2021, leading to lower than anticipated numbers of personnel serving in the Permanent Defence Force during the year.

A.4 Permanent Defence Force: allowances

Estimate provision €48 million; outturn €51.99 million

The overspend of €3.99 million was mainly due to an increase in the payment of allowances due to Covid-19 related duties.

A.5 Reserve Defence Force: pay, etc.

Estimate provision €2 million; outturn €1.83 million

The underspend of €170,000 was due to strength levels being less than targeted and as a consequence the uptake of paid training was less than anticipated.

A.6 Chaplains and officiating clergy: pay and allowances

Estimate provision €1.25 million; outturn €1.098 million

The underspend of €152,000 was due to lower than anticipated recruitment of chaplains in 2021.

A.7 Defence Forces civilian support: pay and allowances, etc.

Estimate provision €23 million; outturn €20.583 million

The underspend of €2.417 million was due to the number of civilian employees being less than provided for in the estimate and lower than anticipated recruitment.

A.9 Air Corps: equipment and support

Estimate provision €18.35 million; outturn €26.776 million

The overspend of €8.426 million was due to additional expenditure on crash rescue vehicles and support and training for certain Air Corps aircraft.

A.10 Military transport

Estimate provision €17.79 million; outturn €23.483 million

The overspend of €5.693 million was mainly due to the purchase of replacement military vehicles. This overspend was partly offset by lower fuel costs.

A.11 Naval Service: equipment and support

Estimate provision €14 million; outturn €16.6 million

The overspend of €2.6 million was mainly due to the procurement of parts and maintenance services.

A.13 Defence Forces built infrastructure: construction and maintenance

Estimate provision €37 million; outturn €24.938 million

The underspend of €12.062 million was due to delays in the procurement process for the capital programme in addition to on-site containment measures required under Covid-19.

A.15 Defence Forces communications and IT

Estimate provision €11.94 million; outturn €16.688 million

The overspend of €4.748 million was mainly due to the requirement for additional procurement of essential telecommunications equipment and supplies.

A.17 Defence Forces logistics and travel

Estimate provision €4 million; outturn €2.47 million

The underspend of €1.53 million was due to lower than anticipated travel costs due to Covid-19 restrictions.

A.18 Defence Forces medical and healthcare support

Estimate provision €7.13 million; outturn €7.569 million

The overspend of €439,000 was mainly due to additional treatments occurring in 2021 which were cancelled in 2020 due to Covid-19 restrictions.

A.19 Lands

Estimate provision €786,000; outturn €629,000

The underspend of €157,000 was due to some environmental projects planned for 2021 that could not proceed due to Covid-19 restrictions.

A.20 Equitation

Estimate provision €1 million; outturn €1.195 million

The overspend of €195,000 was mainly due to an increase in the cost of the upkeep of the horses in the Army Equitation School and the cost of the purchase of a number of horses.

A.21 Litigation and compensation costs

Estimate provision €7.5 million; outturn €5.557 million

The underspend of €1.943 million arose due to the fact that this expenditure is difficult to predict as it is subject to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.

A.22 Miscellaneous expenditure

Estimate provision €4.1 million; outturn €5.132 million

The overspend of €1.032 million was mainly due to costs associated with the Commission on the Defence Forces, unanticipated expenditure on the Research, Technology and Innovation project and additional advertising and communication costs associated with the military recruitment campaigns.

A.23 Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy

Estimate provision €2 million; outturn €2.873 million

The overspend of €873,000 was mainly due to an increase in the EU common costs and in funding of the European Defence Agency.

A.24 Civil Defence (including dormant accounts fund)

Estimate provision €5.64 million; outturn €4.844 million

The underspend of €796,000 was due to projects not progressing as anticipated due to supply issues and Covid-19.

Note 4 Receipts

4.1 Appropriations-in-aid

	2021		2020
	Estimated €000	Realised €000	Realised €000
1 Receipts from United Nations in respect of overseas allowances, etc.	8,113	12,769	13,234
2 Receipts from EU in respect of fishery protection costs	—	—	—
3 Receipts from banks and other organisations	1,300	1,364	1,445
4 Receipts from occupation of official quarters	90	160	140
5 Receipts from rations on repayment	450	623	347
6 Receipts from other issues on repayment	20	24	25
7 Receipts for aviation fuel	40	13	48
8 Receipts on discharge by purchase	50	129	104
9 Lands and premises			
(a) rents, etc.	462	443	407
(b) sales	100	—	1
10 Sale of surplus stores	100	395	311
11 Refunds in respect of services of seconded personnel	50	168	67
12 Miscellaneous	300	440	601
13 Receipts from additional superannuation contributions on public service remuneration	11,895	12,986	12,475
14 Dormant accounts receipts	1,350	943	1,005
Total	24,320	30,457	30,210

Significant variations

The following outlines the reasons for significant variations in appropriations-in-aid (+/- 5% and €100,000). Overall, appropriations-in-aid were €6.137 million more than the original estimate. Explanations for variances are set out below:

1 Receipts from United Nations in respect of overseas allowances, etc.

Estimate €8.113 million; realised €12.769 million

The surplus of €4.656 million was due to higher than anticipated UN receipts in respect of equipment and troop costs. The timing of receipts from the UN is difficult to predict. See Note 6.1.

5 Receipts from rations on repayment

Estimate €450,000; realised €623,000

The surplus of €173,000 was due to more than anticipated repayment of rations.

9 Land and premises

Estimate €562,000; realised €443,000

The shortfall of €119,000 was due to the fact that a number of transactions did not proceed to completion due to legal issues.

10 Sale of surplus stores

Estimate €100,000; realised €395,000

The surplus of €295,000 was mainly due to trade-ins of vehicles due to fleet upgrades.

11 Refunds in respect of services of seconded personnel

Estimate €50,000; realised €168,000

The surplus of €118,000 was due to more than anticipated refunds received.

12 Miscellaneous

Estimate €300,000; realised €440,000

The surplus of €140,000 was mainly due to higher than anticipated receipts in respect of refunds for education fees and training.

13 Receipts from additional superannuation contributions on public service remuneration

Estimate €11.895 million; realised €12.986 million

The surplus of €1.091 million arose because receipts from additional superannuation contributions are difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

14 Dormant accounts receipts

Estimate €1.35 million; realised €943,000

The shortfall of €407,000 was mainly due to Covid-19 impacts on the procurement supply chain which delayed the purchasing process for Civil Defence.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2021	2020
Number of staff at year end	<u>9,298</u>	<u>9,396</u>

5.2 Pay

Remuneration of all staff	2021	2020
	€000	€000
Pay	417,690	403,752
Higher, special or additional duties allowances	211	220
Overtime	286	373
Shift and roster allowance	271	240
Military and other allowances	44,945	40,515
Employer's PRSI	42,721	40,972
Total pay^{a, b}	<u>506,124</u>	<u>486,072</u>

- Notes ^a The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for four personnel and total pay of €289,360. That office produces a separate account.
- ^b Total pay represents the pay elements of subheads A.1, A.3, A.4, A.6 and A.7.

5.3 Civil servants

	2021	2020
Full time equivalents		
Number of staff at year end ^a	370	357
Note ^a 14 of these personnel are embedded in Defence Forces' units and are employed full time in providing support to those units.		
	2021	2020
	€000	€000
Pay	19,407	18,337
Higher, special or additional duties allowances	122	87
Other allowances	52	51
Overtime	61	99
Employer's PRSI	1,263	1,117
Total pay	20,905	19,691

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021	2020
			€	€
Higher, special or additional duties allowances	12	6	22,002	20,722
Other allowances	15	—	9,248	8,645
Overtime	45	—	8,930	23,551
Extra remuneration in more than one category	9	2	24,700	15,410

5.4 Civilian employees

	2021	2020
Full time equivalents		
Number of staff at year end	440	444
	2021	2020
	€000	€000
Pay	17,349	16,882
Higher, special or additional duties allowances	89	133
Overtime	225	274
Shift and roster allowances	271	240
Travel time allowance	421	445
Tool and other allowances	213	202
Employer's PRSI	1,839	1,831
Total pay	20,407	20,007

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021	2020
			€	€
Higher, special or additional duties allowances	58	—	8,853	9,361
Overtime	111	—	9,304	9,375
Shift and roster allowances	40	4	14,821	15,935
Travel time allowance	59	12	13,335	13,257
Tool and other allowances	248	—	3,235	3,298
Extra remuneration in more than one category	156	34	27,995	26,158

5.5 Permanent Defence Force (including Army Nursing Service and Chaplaincy)

	2021	2020
Full time equivalents		
Number of staff at year end	8,488	8,595
	2021	2020
	€000	€000
Pay and military service allowance	380,934	368,533
Overseas allowances	20,934	19,371
Security duty allowances	17,230	14,186
Border duty allowance	2,042	2,128
Patrol duty allowance	1,663	1,743
Miscellaneous allowances	2,390	2,389
Employer's PRSI	39,619	38,024
Total pay	464,812	446,374

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021	2020
			€	€
Overseas allowances	1,775	1,079	42,950	41,376
Security duty allowances	7,294	122	20,551	21,815
Border duty allowance	459	2 ^a	26,384	5,840
Patrol duty allowance	502	6	12,435	9,015
Miscellaneous allowances	800	96	10,974	15,147
Extra remuneration in more than one category	2,745	1,165	37,995	41,024

Note ^a The two individuals who were paid Border Duty Allowance in excess of €10,000 in 2021 received arrears in respect of prior years.

5.6 Revenue payment

A payment of €74,079 was made to the Revenue Commissioners in 2021 for benefit-in-kind in relation to statutory public hospital charges for the dependants of enlisted members of the Permanent Defence Force in 2020.

5.7 Other remuneration arrangements

A total of €1,127,272 was paid to 33 retired Defence Force personnel in receipt of Defence Forces pensions, ranging from €13,487 to €89,243, who were re-employed on various duties during 2021. In addition, a total of €29,710 ranging from €150 to €5,330 was paid to 15 retired public servants in receipt of public service pensions, who were re-employed on various duties during 2021. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Seconded staff

This account includes expenditure of €346,492 in respect of five officers who were serving outside the Department for all or part of 2021 and whose salaries were not recouped by the Department. This account does not include expenditure in respect of two officers who were serving outside the Department for all or part of 2021 in other Government departments/offices whose salaries were paid by the departments/offices in which they were serving.

5.9 Payroll overpayments

At 31 December	2021	2020
Number of recipients	106	137
Recovery plans in place	24	45
	€	€
Overpayments	171,872	175,210
Value of recovery plans	56,769	78,454

No overpayments were transferred from the Department of Defence to any other department/office in 2021.

5.10 Medical treatment

Inpatient and outpatient services were provided to enlisted personnel and their dependants in public hospitals without application of the statutory charge.

5.11 Severance/redundancy

No severance or redundancy payments were made in 2021.

5.12 Salary of Accounting Officer

As at 31 December 2021, the Accounting Officer's salary is at the grade of Secretary General Level III (PPC)^a, with an annual gross salary of €202,604 (as at 31 December 2020, €200,598).

Note ^a Employees appointed on or after 6 April 1995 pay the Class A rate of PRSI contribution and make an employee contribution in respect of personal superannuation benefits (PPC).

Note 6 Miscellaneous

6.1 Overseas missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs:

	2021	2020
	€000	€000
UN and EU missions		
UNIFIL (Lebanon)	32,084	31,235
UNDOF (Golan Heights)	13,088	12,581
KFOR (Kosovo)	1,420	1,463
EUFOR (Bosnia Herzegovina)	589	567
Other UN and EU missions	5,423	4,878
	<u>52,604</u>	<u>50,724</u>
Other		
Military representatives and advisors	2,653	2,103
German Battlegroup	314	1,611
Organisation for Security and Co-operation in Europe	247	183
Mediterranean operations (search and rescue)	658	682
ECAT Kabul	21	—
Total	<u>56,497</u>	<u>55,303</u>

Of the sum of €52.6 million for UN and EU missions, €7.4 million relates to missions the full costs of which are borne by the State. The remaining €45.2 million relates to UNIFIL, UNDOF and MINUSMA (Mali) in respect of which arrangements for the re-imbursement of certain costs have been agreed with the UN and the German Armed Forces. The timing of re-imbursements from the UN is dependent on various factors including the funding available to that organisation.

The monies received by way of appropriations-in-aid in 2021 was €12.8 million, made up of €6.7 million for personnel costs and €6.1 million for equipment costs. The amount outstanding at year end was €3.2 million (€1.7 million personnel costs and €1.5 million equipment costs).

6.2 Committees, commissions and special inquiries

The Commission on the Defence Forces was established in December 2020 and reported in February 2022. Its terms of reference included the consideration of appropriate capabilities, structures and staffing for the Army, the Air Corps, the Naval Service and the Reserve Defence Force. The costs of the Commission to 31 December 2021 were €358,000.

6.3 Support for Defence Forces' representative associations

This account includes a total of €468,829 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.4 Write-offs

The following sums were written off within the year.

	2021	2020
	€000	€000
Damage to military vehicles	49	73
Loss of, or damage to, stores, equipment or property	—	35
Debt write-off	38	11
	87	119

6.5 Fraud and suspected fraud

	Number of cases	2021	2020
		€000	€000
Fraud	—	—	—
Suspected fraud/irregularity	2	33	—
		33	—

The Department became aware of two suspected fraud/irregularity cases during 2021 (2020: nil). The total amount involved is estimated to be €33,000. Both of these cases are being investigated by An Garda Síochána.

6.6 Compensation and legal costs

Payments/costs paid by the Department in the year

	Claims by		Total	Total
	employees	members of the public	2021	2020
Number of cases	387	36	423	948
	€000	€000	€000	€000
Department's own legal costs	923	35	958	1,481
Payments by/on behalf of Department				
Compensation	2,740	133	2,873	3,166
Legal costs	1,570	52	1,622	2,471
Other costs	172	9	181	—
2021 total	5,405	229	5,634	7,118
2020 total	6,759	359	7,118	

Note At 31 December 2021, 521 claims were outstanding (2020: 548 claims).

Cumulative costs of cases completed in 2021

	Claims by		Total
	employees	members of the public	
Number of cases	98	10	108
	€000	€000	€000
Department's own legal costs	371	58	429
Payments by/on behalf of Department			
Compensation	1,944	363	2,307
Legal costs	991	144	1,135
Other costs	125	14	139
Total	3,431	579	4,010

6.7 Arbitration and conciliation

In 2021, costs of €7,389 were incurred (2020: €3,000) in relation to three arbitration and conciliation cases (2020: nil cases).

Appendix A Schedule of land and buildings

1. Vested in the Minister for Defence

Property	Area (hectares) ^a
Clare	
Knockalisheen Camp	51.24
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.22
Portion of Camp Field, Collins Barracks	—
Old Barracks and Graveyard, Fermoy	4.23
Fitzgerald Camp, Fermoy	0.40
RDF premises, Kilcrohane	0.40
Michael Collins Memorial Plot, Béal na Bláth	0.004
RDF premises, Skibbereen	0.20
RDF premises, Mallow	0.03
Dublin	
Casement Aerodrome, Baldonnell including sewage plant on adjacent land	276.93
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.40
Galway	
Oranmore Rifle Range	216.10
Springfield water supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF premises, Kilorglin	0.10
Kildare	
Curragh Camp and lands	1,968.12
Curragh Lands – Kildare by-pass	—
Nos. 2, 78 and 96 Orchard Park, Curragh	0.06
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37
Kilkenny	
Stephens Barracks, Kilkenny	5.67

Property	Area (hectares) ^a
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanstown Camp and Aerodrome	105.62
RDF premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmoney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (hectares) ^a
Clare	
RDF premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to TII	10.69
Bere Island	91.05
Naval Base, Haulbowline ^b	33.99
Fort Davis, Whitegate	22.04
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28, Cathal Brugha Apartments, Rathmines, Dublin 6	0.27
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.01
Laois	
RDF premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Louth	
Aiken Barracks, Dundalk	7.28
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	1.20
Part of McCann Barracks, Templemore	0.16

Property	Area (hectares) ^a
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

- Notes ^a Hectares are approximate. Most of the properties contain buildings thereon.
- ^b Temporarily transferred to the Department of Agriculture, Food and the Marine for the remedial work on the former ISPAT site.

Appendix B Accounts of bodies and funds under the aegis of the Department of Defence

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2022, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Ombudsman for the Defence Forces	2020	30 Sep 2021	7 Oct 2021	20 Oct 2021
Defence Forces Canteen Board	2020	17 May 2021	25 May 2021	1 Jun 2021