

Appropriation Account 2021

Vote 42

Rural and Community Development

Introduction

As Accounting Officer for Vote 42, 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 Rural and Community Development, including certain services administered by that Office and for the payment of 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 €41.45 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:

Payments to Pobal

Funds are advanced to Pobal in relation to the delivery of certain programmes on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year (see Note 6.3).

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 of Rural and Community Development.

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

Payroll and human resource functions are being provided on a shared services basis by the National Shared Services Office (Vote 18).

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 human resources and payroll shared services.

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 human resources and payroll shared services to this Department.

Financial shared services are provided by the Financial Shared Service Centre of the Department of Justice (Vote 24). I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department and the Financial Shared Service Centre of the Department of Justice.

I rely on a letter of assurance from the Accounting Officer of the Justice Vote that the appropriate controls are exercised in the provision of financial shared services to my 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 to advise me in discharging my responsibilities for the internal financial control system.
- There are systems in place to safeguard the assets of the Department.

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

- the Office of the Government Chief Information Officer (OGCIO) has a delegated responsibility for ensuring the security of ICT under a memorandum of understanding
- there are appropriate capital investment control guidelines in place.

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. 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. As part of the continued development of the internal audit function, it will be periodically reviewed by me and 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 these guidelines in 2021 with the exception of a contract extension with a value of €910,000 (ex. VAT) for the provision of air services to the Aran Islands, as reported in the Department's annual return in respect of circular 40 of 2002. The extension was necessary to allow for continued provision of lifeline transport services while a new long-term public service obligation contract is put in place. Tender documentation for these services was advertised on e-tenders in February 2022. Following a competitive process, the contract was awarded on 7 June 2022.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream and to engage with the Office of Government Procurement in relation to more specific requirements. Controls remain in place to ensure compliance in this area.

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

A Risk Committee is also in place to oversee the system of risk management and its implementation. The Committee includes all members of the Management Board and meets on a quarterly basis. The risk register is reviewed and updated at each quarterly meeting.

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

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.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2021 that resulted in, or may result in, a material loss.

Recoupment of project funding under the Outdoor Recreation Infrastructure Scheme

The Outdoor Recreation Infrastructure Scheme (ORIS) provides funding for the development of new outdoor recreational infrastructure and for the maintenance and promotion of existing outdoor recreational infrastructure in rural Ireland. The Department funds up to 90% of approved project costs, and up to €500,000 for any individual project. Committed grant funding is payable after works have been carried out. Failure to complete the approved works by relevant scheme target dates may result in all or part of the funding not being released or any funds already released becoming repayable to the Department.

In May 2020, the Department's Internal Audit Unit commenced an audit of scheme compliance for a sample of six ORIS projects. The audit consisted of onsite expenditure verification visits to relevant local authorities, and physical inspection of the works completed. The audit identified high-level concerns in respect of a Mayo County Council managed project, aimed at provision of a 45 metre span suspended bridge as part of the Achill Island Greenway cycle route. The Department had committed to paying €200,000 in ORIS funding, in the context of an estimated project cost of €250,000. The audit found that expenditure of just €59,000 had been charged up to the project code on Mayo County Council's accounting system, but that €27,000 of this related to the payment of invoices for other projects. The remaining €32,000 had been incurred in respect of professional fees and underground ducting for the bridge project. Despite this low level of expenditure, Mayo County Council had claimed the full grant amount of €200,000 on 31 October 2019 which, for grant-funding purposes, was the cut-off date for completion of the project.

In light of the findings in relation to the Achill Island bridge project, the Internal Audit Unit examined four other ORIS projects managed by Mayo County Council. In each case, the audit identified that no work, or only part of the project work, had been done when Mayo County Council claimed the related project funding, which amounted to €850,000 for the four projects. On two of the projects, some miscoding of expenses was also identified.

In December 2020, the Department sought explanations from Mayo County Council in relation to the audit report findings, and the controls in place in the Council over funded projects. Subsequently, there was significant engagement between the Council and the Department. This engagement resulted in ten ORIS projects being identified where the Council had claimed funds prior to completion. In November 2021, the Department informed the Council that it was terminating the funding agreements for four of these ten projects, and also terminating funding for part of one project. The Department requested the repayment of €1.09 million in this regard. In addition, the Department imposed a recoupment sanction of €161,000 in respect of the remaining projects that Mayo County Council agreed to complete within a specified timeframe.

Also in November 2021, the Department referred the internal audit findings and the outcome of its subsequent engagement with Mayo County Council to the Local Government Audit Service and to the National Oversight and Audit Commission. It has also continued to engage with Mayo County Council to ensure that its internal procedures provide the required assurance.

More generally, the Department has kept its systems of control over ORIS and other grant schemes under ongoing review. It had strengthened controls prior to the ORIS audit findings and has continued to review and strengthen the internal controls for grant schemes. The improvements made include

- a requirement for grantees to submit additional evidence of incurring expenditure prior to recoupment, including a case study report with 'before and after' photos; invoice listing; and Director of Service-level sign off of claims
- submission of at least two project progress reports
- increased inspection rate, including pre-payment inspections
- increased capacity building for local authority staff
- additional training for the Department's own staff in grant claim verification
- development of a departmental Scheme Management Handbook to support staff involved in scheme management.

Covid-19 control issues

Assessments of the impact of Covid-19 were carried out and the results are as follows. The Department put in place robust processes at the outset of the pandemic so as to ensure continued processing of payments and the continued effectiveness of controls in a remote working environment. These processes and controls were developed in co-operation with the Financial Shared Services Centre of the Department of Justice. These processes are now well embedded within the organisation. They have become standard operating procedure and will remain in place in the context of remote working being part of a future blended working approach.

With regard to funding schemes, the Department had €10 million available in 2021 for the Covid-19 Stability Fund. This followed on from similar funding schemes in 2020, but with much reduced funding for 2021. Scheme delivery and oversight was well established for this funding in 2021. In total, the Department incurred expenditure of €16.899 million on Covid related supports (€64.908 million in 2020).

Mary Hurley

Accounting Officer

Department of Rural and Community Development

14 September 2022

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 42 Rural and Community Development

Opinion on the appropriation account

I have audited the appropriation account for Vote 42 Rural and Community Development 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 42 Rural and Community Development 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 Rural and Community Development 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.

Recovery of grant funding from Mayo County Council

In the statement on internal financial control, the Accounting Officer has explained how the Department's Internal Audit Unit identified irregularities in relation to a number of projects the Department funded in the past under the Outdoor Recreation Infrastructure Scheme (ORIS). The audit identified that no work, or only part of the agreed work, had been done when Mayo County Council claimed the full committed grant funding amount, contrary to the conditions set for the scheme. The audit also identified miscoded expenses incurred for other projects that had been charged to some of the ORIS projects.

The Department terminated the funding agreements for four projects and reduced its funding commitment for another project, and asked Mayo County Council to return €1.09 million in this regard. In addition, it imposed a recoupment sanction of €161,000 in respect of other projects.

The statement on internal controls also outlines the changes the Department has made to strengthen the controls it operates in relation to grant schemes.

Non-compliance with procurement rules

The Accounting Officer has also disclosed in the statement on internal financial control that a material instance of non-compliance with national procurement rules occurred in respect of a contract that operated in 2021.

Seamus McCarthy

Comptroller and Auditor General

23 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 42 Rural and Community Development

Appropriation Account 2021

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Rural Development and Regional Affairs			
	<i>Estimate provision</i>	177,648		
	<i>Deferred surrender</i>	13,180		
			190,828	169,159
				152,735
B	Community Development		168,773	171,164
				202,511
C	Charities Regulatory Authority		4,606	4,127
				4,172
Gross expenditure				
	<i>Estimate provision</i>	351,027		
	<i>Deferred surrender</i>	13,180		
			364,207	344,450
				359,418
	<i>Deduct</i>			
D	Appropriations-in-aid		43,027	81,580
				84,677
Net expenditure				
	<i>Estimate provision</i>	308,000		
	<i>Deferred surrender</i>	13,180		
			321,180	262,870
				274,741

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. €16.86 million of unspent allocations in respect of the capital elements of subhead A.7 Rural regeneration and development and A.8 Islands was carried forward to 2022 (see Note 6.4).

	2021	2020
	€	€
Surplus	58,310,228	18,701,021
Deferred surrender	(16,860,000)	(13,180,000)
Surplus to be surrendered	41,450,228	5,521,021

Mary Hurley

Accounting Officer

Department of Rural and Community Development

31 March 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

	2021	2020
	€000	€000
Programme cost	333,120	349,096
Pay	10,394	9,318
Non pay	936	1,004
Gross expenditure	344,450	359,418
<i>Deduct</i>		
Appropriations-in-aid	81,580	84,677
Net expenditure	262,870	274,741
Changes in capital assets		
Depreciation	342	—
Changes in net current assets		
Increase in closing accruals	12,276	(17,900)
Increase in stock	(5)	(5)
Direct expenditure	275,483	256,836
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,881	1,984
Net programme cost	277,364	258,820

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 42 borne elsewhere.

	2021	2020
	€000	€000
Vote 9 Office of the Revenue Commissioners	1	12
Vote 12 Superannuation and Retired Allowances	185	328
Vote 13 Office of Public Works	1,123	1,111
Vote 18 National Shared Services Office	21	21
Vote 24 Justice	341	337
Vote 43 Office of the Government Chief Information Officer	210	175
	1,881	1,984

Note 2 Statement of Financial Position as at 31 December 2021

	Note	2021 €000	2020 €000
Capital assets	2.1	10,355	10,697
Current assets			
Bank and cash	2.2	17,864	15,825
Stocks	2.3	10	5
Prepayments	2.4	21,363	48,850
Other debit balances	2.5	71	207
Accrued income	2.6	24,368	9,117
Total current assets		63,676	74,004
Less current liabilities			
Accrued expenses	2.7	62	22
Other credit balances	2.8	1,066	618
Net Exchequer funding	2.9	16,869	15,414
Total current liabilities		17,997	16,054
Net current assets		45,679	57,950
Net assets		56,034	68,647
Represented by:			
State funding account	2.10	56,034	68,647

2.1 Capital assets

	Buildings	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2021	11,602	1,006	210	12,818
Additions	—	—	—	—
Cost or valuation at 31 December 2021	11,602	1,006	210	12,818
Accumulated depreciation				
Opening balance at 1 January 2021	1,328	749	44	2,121
Depreciation for the year	232	89	21	342
Cumulative depreciation at 31 December 2021	1,560	838	65	2,463
Net assets at 31 December 2021	10,042	168	145	10,355
Net assets at 31 December 2020	10,274	257	166	10,697

2.2 Banks and cash

Bank and cash represents the balances held at year end in the Department's Paymaster General account

2.3 Stocks

at 31 December	2021	2020
	€000	€000
Stationery	5	1
IT consumables	5	4
	10	5

2.4 Prepayments

at 31 December	2021	2020
	€000	€000
Rural regeneration and development	7,705	27,945
Town and village renewal	1,723	8,760
Library development and archive service	2,944	3,907
Regional economic development	2,946	2,449
Community Services Programme	1,035	2,420
Rural supports	2,450	1,494
Leader – rural economy sub programme	2,368	1,242
Dormant accounts measures	125	472
Local community development committees	—	85
Administration	67	76
	21,363	48,850

2.5 Other debit balances

at 31 December	2021	2020
	€000	€000
Travel pass schemes	17	5
Salary suspense	52	202
Other debit suspense items	2	—
	71	207

2.6 Accrued income

at 31 December	2021	2020
	€000	€000
Subhead Description		
A.5 Leader – rural economy sub programme	8,189	6,816
A.7 Rural regeneration and development - outdoor recreation infrastructure scheme ^a	1,253	—
B.8 Programme for Peace and Reconciliation	14,926	2,301
	24,368	9,117

Note ^a This accrued income relates to the repayment noted in the section of the statement on internal financial control dealing with weaknesses in controls.

2.7 Accrued expenses

at 31 December	2021	2020
	€000	€000
IT services and support	7	5
Specific programme accruals	39	-
Administration expenses	11	7
Other accruals	5	10
	<u>62</u>	<u>22</u>

2.8 Other credit balances

at 31 December	2021	2020
	€000	€000
Amounts due to the State		
Income tax	190	199
Pay related social insurance	106	94
Professional services withholding tax	52	26
Value added tax	39	16
	<u>387</u>	<u>335</u>
Tidy towns	612	230
Other	67	53
	<u>1,066</u>	<u>618</u>

2.9 Net Exchequer funding

at 31 December	2021	2020
	€000	€000
Surplus to be surrendered	41,450	5,521
Deferred surrender	16,860	13,180
Exchequer grant undrawn	(41,441)	(3,287)
Net Exchequer funding	<u>16,869</u>	<u>15,414</u>
Represented by:		
Debtors		
Bank and cash	17,864	15,825
Debit balances: suspense	71	207
	<u>17,935</u>	<u>16,032</u>
Creditors		
Credit balances: suspense	(1,066)	(618)
	<u>(1,066)</u>	<u>(618)</u>
	<u>16,869</u>	<u>15,414</u>

2.10 State funding account

	Note	2021	2020
		€000	€000
Balance at 1 January		68,647	40,433
Disbursements from the Vote			
Estimate provision	Account	321,180	
Deferred surrender		(16,860)	
Surplus to be surrendered	Account	(41,450)	
Net vote		262,870	274,741
Expenditure (cash) borne elsewhere	1.1	1,881	1,984
Non-cash items – capital assets transferred	2.1	—	10,309
Net programme cost	1	(277,364)	(258,820)
Balance at 31 December		56,034	68,647

2.11 Commitments

a) Global commitments	2021	2020
at 31 December	€000	€000
Procurement of goods and services	292	61
Non-capital grant programmes	109,106	106,703
Capital grant programmes	244,996	191,459
Total of legally enforceable commitments	354,394	298,223
b) Non-capital grant programmes	2021	2020
	€000	€000
Opening balance	106,703	110,497
Grants paid in the year	(163,432)	(188,823)
New grant commitments	165,835	185,029
Closing balance	109,106	106,703
c) Capital grant programmes	2021	2020
	€000	€000
Opening balance	191,548	232,283
Grants paid in the year	(163,815)	(154,232)
New grant commitments	217,263	113,408
Closing balance	244,996	191,459

2.12 Contingent liabilities

The Department is involved in a pending legal proceeding which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the 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	10,579	10,394	9,318
ii	Travel and subsistence	372	95	129
iii	Training and development and incidental expenses	663	373	325
iv	Postal and telecommunications services	72	53	146
v	Office equipment and external IT services	402	205	320
vi	Office premises expenses	313	43	64
vii	Consultancy and value for money and policy reviews	330	167	20
viii	Research	100	—	—
		12,831	11,330	10,322

Significant variations

The following note presents 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 €372,000; outturn €95,000

The shortfall in expenditure of €277,000 on travel and subsistence was due to the continued impact of the pandemic and increased use of online meeting facilities.

iii Training and development and incidental expenses

Estimate provision €663,000; outturn €373,000

The shortfall in expenditure of €290,000 relative to the estimate was due to the continued impact of the pandemic on training and development opportunities and also on incidental expenses. The latter are variable in nature and were less than anticipated.

v Office equipment and external IT services

Estimate provision €402,000; outturn €205,000

The shortfall in expenditure of €197,000 relative to the estimate provision was due to procurement of office equipment and external IT services being difficult due to Covid 19.

vi Office premises expenses

Estimate provision €313,000; outturn €43,000

The shortfall in expenditure of €270,000 relative to the estimate provision was due to expenditure on office premises and facilities in both Ballina and Trinity Point sites being less than anticipated. Completing office works and upgrades was challenging during the pandemic.

vii Consultancy and value for money and policy reviews

Estimate provision €330,000; outturn €167,000

The shortfall in expenditure of €163,000 relative to the estimate provision was due to less use of consultants than had been originally envisaged and the pandemic continuing to impact such work.

viii Research

Estimate provision €100,000; outturn €nil

The shortfall in expenditure of €100,000 relative to the estimate provision relates to longer than envisaged timelines for delivery of a multi-annual research project.

Programme A Rural Development and Regional Affairs

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	6,040	6,427	5,218
A.2	Administration – non pay	1,146	500	572
A.3	Western Development Commission	2,166	2,150	1,969
A.4	Rural supports ^a	23,243	31,928	18,702
A.5	Leader – rural economy sub programme	44,000	55,954	45,439
A.6	Regional economic development	3,070	3,836	3,374
A.7	Rural regeneration and development ^b			
	<i>Estimate provision</i>	87,000		
	<i>Deferred surrender</i>	11,780		
		98,780	58,011	67,996
A.8	Islands			
	<i>Estimate provision</i>	10,983		
	<i>Deferred surrender</i>	1,400		
		12,383	10,353	9,465
		190,828	169,159	152,735

Notes ^a A4 – Rural supports includes the CLÁR programme, the Local Improvement Scheme (LIS) and the Walks Scheme.

^b A7 – Rural regeneration and development consists of the Rural Regeneration and Development Fund (RRDF), the Town and Village Renewal Scheme (TVRS), and the Outdoor Recreation Infrastructure Scheme (ORIS).

Significant variations

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €21.669 million lower than (originally) provided. €259,000 of this related to administration expenditure and has already been explained and the balance of the variance of €21.41 million was mainly due to the following:

A.4 Rural supports

Estimate provision €23.243 million; outturn €31.928 million

This subhead provides funding for a number of schemes including the walks scheme and CLÁR, as well as some other initiatives supporting rural development. The increase in expenditure of €8.685 million relative to the estimate provision was largely due to additional demand under the Local Improvement Scheme which was funded from savings elsewhere.

A.5 Leader – rural economy sub programme

Estimate provision €44 million; outturn €55.954

The increase in expenditure of €11.954 million relative to the estimate provision was due to Leader being a multi annual programme and delivery in 2021 exceeded anticipated levels as the programme moves towards completion, with the additional demand funded from savings elsewhere.

A.6 Regional economic development

Estimate provision €3.07 million; outturn €3.836 million

The increase in expenditure of €766,000 relative to the estimate provision was primarily due to additional funding under the Digital Innovation Programme which was funded from savings elsewhere.

A.7 Rural regeneration and development

Estimate provision €98.78 million; outturn €58.011 million

The shortfall in expenditure of €40.769 million relative to the estimate provision was largely due to savings under the Rural Regeneration and Development Fund (RRDF) element of this sub-head. Construction of these large scale capital projects in rural areas was delayed due to the public health restrictions in place, which resulted in the closure of construction sites until May 2021. This delayed both projects under construction and new projects moving into the construction phase. The savings were utilised elsewhere to fund additional delivery under the Leader programme, the Local Improvement Scheme, the Community Enhancement Programme and Digital Innovation Projects. €15 million of the saving was carried forward for use in 2022 through the deferred surrender arrangement.

A.8 Islands

Estimate provision €12.383 million; outturn €10.353 million

The shortfall in expenditure of €2.03 million relative to the estimate provision was largely due to delays in the delivery of capital projects on offshore islands. The closure of construction sites until May 2021 delayed delivery of capital projects and the level of demand within the construction sector has continued to present challenges in contracting islands works given the additional burden on contractors in bringing machinery to and from the islands. €1.86 million of the saving was carried forward for use in 2022 through the deferred surrender arrangement.

Programme B Community Development

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	4,392	3,931	4,007
B.2	Administration – non pay	1,027	430	424
B.3	Supports for community and voluntary sector (part funded by the National Lottery)	17,545	17,542	16,571 ^a
B.4	SICAP, local/regional development supports (part funded by the National Lottery)	45,066	45,066	44,065
B.5	Local community development committees (support)	2,405	2,399	2,193
B.6	Supports for disadvantaged communities	6,500	6,500	6,500
B.7	Dormant account measures	12,570	12,481	12,570
B.X	Dormant accounts (Covid-19 supports)	—	—	37,000
B.8	Programme for Peace and Reconciliation	6,967	6,967	9,862
B.9	Water Safety Ireland	1,179	1,179	1,154
B.10	Library development and archive service	7,731	7,731	7,731
B.11	Community Enhancement Programme	4,501	8,048	11,237
B.12	Community Services Programme	48,890	48,890	46,890
B.13	Covid-19 Stability Fund	10,000	10,000	—
B.14	Public participation networks	—	—	2,307
		168,773	171,164	202,511

Note ^a The 2020 outturn for B.3 of €16.571 million includes €325,000 in expenditure which was incurred under the B.13 Social Inclusion Units sub-head. This sub-head was retired in 2021 and merged into the B.3 subhead given its alignment with that area. For 2021 the B.13 subhead was used for expenditure under the Covid-19 Stability Fund.

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). The original estimate was €168.773 million. Overall, the expenditure in relation to Programme B was €2.391 million higher than originally provided. This was made up of a shortfall in expenditure of €1.058 million in relation to administration spend, which has previously been explained, and an increase in expenditure of €3.499 million in other programme spend. This additional spend was mainly due to the following.

B.11 Community Enhancement Programme

Estimate provision €4.501 million; outturn €8.048 million

The increase in expenditure of €3.547 million relative to the estimate provision was as a result of additional demand arising under the Community Enhancement Programme, with the additional funding specifically aimed at providing necessary capital funding supports for community and voluntary groups in the context of Covid-19, complementing the current funding available under the Covid-19 Stability Fund.

Programme C Charities Regulatory Authority

		2021	2020
		Estimate provision	Outturn
		€000	€000
C.1	Administration – pay	147	36
C.2	Administration – non pay	79	7
C.3	Charities Regularity Authority	4,370	4,084
C.4	Charities Appeal Tribunal	10	—
		4,606	4,127
			4,172

Significant variations

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €479,000 lower than provided. €183,000 of this relates to administration expenditure and has already been explained. The balance of the variance of €296,000 was mainly due to the following.

C.3 Charities Regulatory Authority

Estimate provision €4.37 million; outturn €4.084 million

The shortfall in expenditure of €286,000 relative to the estimate provision arose due to pay related programme costs in the Charities Regulatory Authority being less than anticipated due to ongoing recruitment challenges.

Note 4 Receipts

4.1 Appropriations-in-aid

		2021		2020
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	100	36,734	180
2	Leader – rural economy sub programme	26,987	31,278	27,821
3	Programme for Peace and Reconciliation	3,000	690	6,724
4	Dormant accounts – programme expenditure	12,570	12,481	49,570
5	Receipts from additional superannuation contributions on public service remuneration	370	397	377
	<i>SICAP – Social Inclusion and Community Activation Programme</i>	—	—	5
Total		43,027	81,580	84,677

Significant variations

The following outlines the reasons for significant variations in appropriations-in-aid (+/- 5% and €100,000). Overall, appropriations-in-aid were €38.553 million more than the original estimate.

Explanations for variances are set out below:

1 Miscellaneous

Estimate €100,000; realised €36.734 million

The excess receipts of €36.634 million arose mainly because €36 million in funding under the Social Inclusion and Community Activation Programme was received from the EU in September 2021. This receipt could not form part of the Department's Revised Estimate for 2021 as the EU approval process was not complete at that time, and the recoupment of the funds was not certain. The remaining excess receipts of €634,000 for 2021 was mainly due to a number of refunds received in respect of grants issued in prior years, and which had not been anticipated.

2 Leader - rural economy sub programme

Estimate €26.987 million; realised €31.278 million

The excess receipts of €4.291 million was due to increased levels of payments under the EU Leader programme during 2021 which resulted in a corresponding increase in the level of EU receipts received by the Department.

3 Programme for Peace and Reconciliation*Estimate €3 million; realised €690,000*

The decrease of €2.31 million is due to receipts anticipated in 2021 not being issued until 2022.

4.2 Extra receipts payable to the Exchequer

	2021	2020
	€000	€000
Balance at 1 January	7	15
Voluntary surrender of Ministerial salaries	16	7
Transferred to the Exchequer	(7)	(15) ^a
Balance at 31 December	16	7 ^a

Note ^a The 2020 figures were amended to reflect the yearly transfer of balances that were omitted from the 2020 published accounts.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents at year end	2021	2020
Department	166	166
Agencies	76	73
Total	242	239

5.2 Pay

Remuneration of Department staff	2021	2020
	€000	€000
Pay	9,557	8,557
Higher, special or additional duties allowances	110	106
Overtime	20	15
Employer's PRSI	707	640
Total pay	10,394	9,318

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	12	4	22,002	20,613
Overtime	1	1	16,828	15,139
Extra remuneration in more than one category	1	1	22,444	20,246

Note The pay, allowance and other remuneration details above in 5.2 and 5.3 relate to the Department's staff paid directly from the Vote. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual reports or directly from the agencies concerned.

5.4 Payroll overpayments

at 31 December	Number of recipients	2021 €	2020 €
Overpayments	7	9,967	4,607

Recovery plans were put in place for all overpayments that occurred in 2021.

5.5 Salary of Accounting Officer

As at 31 December 2021 the Accounting Officers current 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 National Lottery funding

Subhead	Description	2021	2021	2020
		Estimate	Outturn	Outturn
		€000	€000	€000
B.3	Supports for community and voluntary sector (part funded by the National Lottery)	10,848	10,848	10,528
B.4	SICAP local/regional development supports (part funded by the National Lottery)	2,733	2,733	2,855
		13,581	13,581	13,383

Note The schemes part-funded by National Lottery funding within the B.3 subhead are the Scheme to Support National Organisations and the Senior Alert Scheme. The total outturn for these in 2021 was €5.988 million and €4.86 million respectively. The Senior Alerts Scheme is also part funded by the Dormant Accounts Fund, given the level of demand for the scheme, and the outturn for both 2020 and 2021 includes €3 million which is funded through the Dormant Accounts Fund, with the remainder part-funded by the National Lottery. The grants part-funded by National Lottery Funding within the B.4 sub-head are for work or projects that are outside of the Department's Social Inclusion and Community Activation Programme but within its ethos, with a focus on organisations that provide supports to those who are disadvantaged.

6.2 EU funding

Expenditure under subheads A.5 Leader – rural economy sub programme, B.4 SICAP local/regional development supports (part funded by the National Lottery) and B.8 Programme for Peace and Reconciliation are co-financed by the EU.

6.3 Payments to Pobal

Pobal administers or supports a number of grant programmes on behalf of the Department. In 2021, the Department transferred amounts totalling €72.143 million to support these programmes as outlined below.

Subhead	Description	2021	2020
		Outturn €000	Outturn €000
A.4	Rural supports	1,450	983
A.5	Leader – rural economy sub programme	1,698	916
B.3	Supports for community and voluntary sector (part funded by the National Lottery)	9,059	8,208
B.4	SICAP, local regional development supports (part funded by the National Lottery)	1,500	1,336
B.5	Local community development committees (support)	107	85
B.6	Supports for disadvantaged communities	1,000	1,000
B.7	Dormant account measures	3,939	3,680
B.X	Dormant accounts (Covid-19 supports)	—	31,750
B.12	Community Services Programme	48,890	46,852
B.13	Covid 19 Stability Fund	4,500	—
Total ^a		72,143	94,810

Note: ^a Pobal has identified amounts totalling €6.86 million which remain unspent in relation to 2021 payments (€17.14 million in 2020). In line with circular 13/2014, any such balances are taken into account when making subsequent payments to Pobal.

6.4 Deferred surrender

Deferred surrender comprises savings in 2021 of €16.86 million in capital expenditures in the following subheads that were carried over to 2022.

		€000
Description of subhead:		
A.7	Rural regeneration and development	15,000
A.8	Islands	1,860
		16,860

Appendix A Accounts of bodies under the aegis of the Department of Rural and Community Development

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

Body	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
Pobal	2020	19 Sep 2021	13 Oct 2021	15 Oct 2021
Charities Regulatory Authority	2020	28 May 2021	28 May 2021	25 Nov 2021
Western Development Commission	2020	9 Dec 2021	10 Jan 2022	18 Feb 2022
Water Safety Ireland	2020	12 Nov 2021	18 Nov 2021	6 Jan 2022