

Appropriation Account 2024

Vote 35

Army Pensions

Introduction

As Accounting Officer for Vote 35, I am required each year to prepare the appropriation account for the Vote, and 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 2024 for retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain other Military Organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2024, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €12.461 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, National Development Plan Delivery and Reform in circular 20 of 2024 have been applied in the preparation of the account. This includes the application of a number of Central Government Accounting Standards (CGAS) brought into effect from 1 January 2024.

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 pension payroll shared services.

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

Financial control environment

A control environment comprising 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

A framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability.

- 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.

Internal audit and Audit Committee

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, including the Army Pensions Vote, 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.

Procurement

The Department ensures that there is an appropriate focus on good procurement practice in the award of all contracts and that procedures are in place to ensure compliance with all relevant guidelines.

There were no contracts that exceeded the reporting threshold of €25,000 that were awarded without a competitive process.

The Department has provided a nil return in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure, National Development Plan Delivery 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 risk register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. Any risks where the risk score has increased to a significant degree in the intervening months are then brought to the Management Board.

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

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

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 2024 that require disclosure in the appropriation account.

Jacqui McCrum
Accounting Officer
Army Pensions

31 March 2025

Comptroller and Auditor General

Report for presentation to Dáil Éireann

Vote 35 Army Pensions

Opinion on the appropriation account

I have audited the appropriation account for Vote 35 Army Pensions for the year ended 31 December 2024 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 35 Army Pensions for the year ended 31 December 2024, and
- has been prepared in the form prescribed by the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

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

15 September 2025

Appendix to the report of the Comptroller and Auditor General

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, Infrastructure, Public Service Reform and Digitalisation's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation
- 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 Dáil Éireann 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 appropriation account is 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 appropriation account 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, Infrastructure, Public Service Reform and Digitalisation'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.

Appendix to the report of the Comptroller and Auditor General (continued)**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 audit reports on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 35 Army Pensions

Appropriation Account 2024

		2024	2023
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Provision for Defence Forces' pension benefits	316,998	304,341	290,961
Gross expenditure	316,998	304,341	290,961
<i>Deduct</i>			
B Appropriations-in-aid	5,000	4,804	4,996
Net expenditure	311,998	299,537	285,965

Surplus

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

	2024	2023
	€	€
Surplus to be surrendered	12,460,761	3,410,172

Jacqui McCrum
Accounting Officer
Army Pensions

31 March 2025

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2024

	2024	2023
	€000	€000
Programme cost	304,262	290,883
Pay	72	69
Non pay	7	9
Gross expenditure	304,341	290,961
<i>Deduct</i>		
Appropriations-in-aid	4,804	4,996
Net expenditure	299,537	285,965
Changes in net current assets		
Increase in accrued expenses	74	—
Direct expenditure	299,611	—
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,387	3,251
Net programme cost	302,998	289,216

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 35 borne elsewhere, in respect of the administration of pension benefits and other services.

	2024	2023
	€000	€000
Vote 18 National Shared Services Office	1,246	1,294
Vote 36 Defence	2,115	1,927
Vote 43 Office of the Government Chief Information Officer	26	30
	3,387	3,251

Note 2 Statement of Financial Position as at 31 December 2024

	Note	2024 €000	2023 €000
Current assets			
Bank and cash		1,028	6,629
Other debit balances		3	1
		<u>1,031</u>	<u>6,630</u>
<i>Less</i>			
Current liabilities			
Accrued expenses		74	—
Other credit balances	2.1	21	6,012
Net Exchequer funding	2.2	1,010	618
		<u>1,105</u>	<u>6,630</u>
Net current liabilities		(74)	—
Net liabilities		<u>(74)</u>	<u>—</u>
Represented by:			
State funding account	2.3	<u><u>(74)</u></u>	<u><u>—</u></u>

2.1 Other credit balances

at 31 December	2024	2023
	€000	€000
Amounts due to the state		
Income tax	(2)	5,021
Universal social charge	(5)	819
Local property tax	—	124
Professional services withholding tax	1	—
	(6)	5,964
 Pension payments held in suspense	 27	 48
	21	6,012

2.2 Net Exchequer funding

at 31 December	2024	2023
	€000	€000
Surplus to be surrendered	12,461	3,410
Exchequer grant undrawn	(11,451)	(2,792)
Net Exchequer funding	1,010	618
 Represented by:		
Debtors		
Bank and cash	1,028	6,629
Debit balances: suspense	3	1
	1,031	6,630
 Creditors		
Due to the State	6	(5,964)
Credit balances: suspense	(27)	(48)
	(21)	(6,012)
	1,010	618

2.3 State funding account

	Note		2024	2023
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	311,998		
Surplus to be surrendered	Account	(12,461)		
Net vote			299,537	285,965
Expenditure borne elsewhere	1.1		3,387	3,251
Net programme cost	1		(302,998)	(289,216)
Balance at 31 December			(74)	—

2.4 Matured liabilities

	2024	2023
at 31 December	€000	€000
Estimate of matured liabilities not discharged at year end	70	—
	70	—

2.5 Impact of accounting policy changes in 2024

Nine new central government accounting standards (CGAS) were implemented with effect from 1 January 2024. The implementation had the following impact on the State funding balance.

	2024
	€000
Payroll accrual ^a	(72)
Holiday accrual ^a	(2)
	(74)

Note ^a CGAS 39A Employee Benefits Part A

Note 3 Vote Expenditure

Programme A Provision for Defence Forces' pensions benefits

		2024		2023
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	92	79	78
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service	306,019	292,812	280,924
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces	10,442	11,141	9,673
A.4	Payments to spouses of veterans of the War of Independence	90	56	65
A.5	Compensation payments	245	93	176
A.6	Medical appliances and travelling and incidental expenses	110	160	45
		316,998	304,341	290,961

Significant variations

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

A.3 Wound and disability pensions, allowances and gratuities

Estimate provision €10.442 million; outturn €11.141 million

The overspend was due to a greater number of applications for disability benefits than anticipated being processed.

A.5 Compensation payments

Estimate provision €245,000; outturn €93,139

The main 'contingency' element of this subhead provides for payment of special lump sum compensation by the Department of Defence for service-related deaths or disablement of members of the Defence Forces while serving overseas with the UN and certain other missions. There were no such payments made in this category during 2024.

Note 4 Receipts

4.1 Appropriations-in-aid

		2024		2023
		Estimated	Realised	Realised
		€000	€000	€000
1	Contributions to Defence Forces spouses' and children's pension schemes	3,347	2,847	3,056
2	Contributions to Defence Forces contributory (main) pensions schemes	1,500	1,879	1,837
3	Recoveries of overpayments	40	57	87
4	Payments re transferred service	40	—	3
5	Receipts from additional superannuation contributions on public service remuneration	3	2	2
6	Miscellaneous	70	19	11
		5,000	4,804	4,996

Significant variations

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

1 Contributions to Defence Forces spouses' and children's pension schemes

Estimate provision €3.347 million; realised €2.847 million

Contributions to the spouses' and children's pension schemes will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

2 Contributions to Defence Forces contributory (main) pensions schemes

Estimate provision €1.500 million; realised €1.879 million

Contributions will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2024	2023
Number of staff at year end	<u>1</u>	<u>1</u>

5.2 Pay

	2024	2023
	€000	€000
Pay	70	68
Employer's PRSI	<u>2</u>	<u>1</u>
Total pay ^a	<u>72</u>	<u>69</u>

Note ^a The pay figure above includes the salary of one full time Department of Defence staff member (see note 5.1) who provides administrative support to the Army Pensions Board, and fees paid to the two civilian members of the Board in 2024. These pay costs and associated travel costs of €7,000 are charged to the A.1 subhead.

Currently there are 25.7 employees (FTEs) of the Department of Defence engaged in the administration of Defence Forces superannuation and disability arrangements. Their remuneration, which amounts to some €1,367,043 is charged to Vote 36.

5.3 Retirement pension (annual) – average payments to retired Defence Forces personnel^a

Category of pensioner	Number of pension recipients at year-end		Average individual payment	
	2024	2023	2024 €	2023 €
Retired officers	1,867	1,868	36,273	34,828
Retired NCOs and privates	9,639	9,579	20,014	19,030
Dependants and other ^b	1,873	1,849		
Total	13,379	13,296		

Note ^a Table 5.3 shows the total headcount for all categories of recipients from all subheads as at year-end within Vote 35. Some retired personnel are in receipt of both a military retirement pension and a military disability pension, and similar payments are also payable to some spouses/children of deceased personnel: such dual recipients are counted only once for headcount purposes above. The average individual pension payment recorded for retired personnel is calculated by reference to total expenditure on retirement pensions as at year-end under Subhead A2.

^b The average individual payment has not been recorded above under 'Dependants and other' as the amounts vary due to the different categories of recipients within this sub-group. The overall average dependants' superannuation-related pension for 1,472 recipients in 2024 was €10,611, compared to 1,443 recipients with an average amount of €10,082 in 2023.

5.4 Retirement gratuity (lump sum) – average payments where retiring on pension^a

Category of pensioner	Number of recipients		Average individual payment	
	2024	2023	2024 €	2023 €
New retirees on pension during the year				
Officers	28	46	99,707	102,426
NCOs and privates	260	307	47,911	44,878
Total	288	353		

Note ^a The level of pension and retirement gratuity varies with retiring rank, pensionable earnings, overall reckonable service etc.

5.5 Salary of Accounting Officer

The Accounting Officer for Vote 35 Army Pensions is also the Accounting Officer for Vote 36 Defence. Her salary level is disclosed in the Appropriation Account for Vote 36.

Note 6 Miscellaneous

6.1 Payments in excess of entitlements

There were 127 overpayments outstanding at year end (2023:105), amounting to €137,698 of which €55,109 relates to previous years. Overpayments of €166,257 came to light in 2024 of which €78,733 were recovered and €4,935 written off. Efforts are ongoing to recover outstanding amounts. The vast majority of these overpayments relate to the portion of pension paid in the period after the date of a pensioner's death, when the monthly payroll had already been processed for that month.

	2024		2023
	€	€	€
Opening balance		94,840	75,720
Overpayments identified in year		166,257	101,327
		<u>261,097</u>	<u>177,047</u>
Recouped			
Overpayments identified 2024	78,733		
Overpayments identified pre-2024	<u>23,331</u>		
		<u>102,064</u>	<u>65,936</u>
		159,033	111,111
Written off			
Overpayments identified 2024	4,935		
Overpayments identified pre-2024	<u>16,400</u>		
		<u>21,335</u>	<u>16,271</u>
Closing balance		<u>137,698</u>	<u>94,840</u>

6.2 Payments subject to public service pension abatement

Separately from the figures at 6.1 above, there were 20 other overpayments outstanding at year-end amounting to €50,541 (see table below). These were in respect of former members of the Permanent Defence Force in receipt of military retirement pensions, who had subsequently taken up employment elsewhere in the public service. Such pensions are subject to the abatement provisions of Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. The pension overpayments primarily arose due to delays on the part of the relevant public service employer in notifying the Department of Defence of the pensioner's re-employment. Overpayments of €17,310 came to light in 2024 in respect of seven cases, of which €8,003 has been recovered.

	2024		2023
	€	€	€
Opening balance		47,887	47,612
Overpayments identified in the year		17,310	35,030
		<u>65,197</u>	<u>82,642</u>
Recouped			
Overpayments identified 2024	8,003		
Overpayments identified pre-2024	<u>6,653</u>		
		<u>14,656</u>	<u>34,755</u>
Closing balance		<u>50,541</u>	<u>47,887</u>