Comptroller and Auditor General

Appropriation Accounts 2017

September 2018

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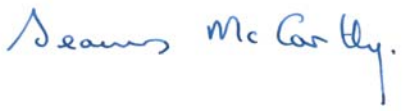
Appropriation Accounts 2017

Section 3 (11) of the Comptroller and Auditor General (Amendment) Act 1993 requires me, upon the completion of my audit of the appropriation accounts, to present to Dáil Éireann a copy of each such account together with my certificate thereon.

I hereby present, pursuant to the foregoing provision, the said accounts and certificates for the year ended 31 December 2017.



Seamus McCarthy
Comptroller and Auditor General

28 September 2018

Table of Contents

Page

Part 1 – Preface

Background to the appropriation accounts 8

Accountability and audit arrangements 9

Part 2 - Appropriation accounts 2017

Statement of accounting policies and principles 12

Vote 1	President's Establishment	19
Vote 2	Department of the Taoiseach	33
Vote 3	Office of the Attorney General	53
Vote 4	Central Statistics Office	69
Vote 5	Office of the Director of Public Prosecutions	85
Vote 6	Office of the Chief State Solicitor	101
Vote 7	Office of the Minister for Finance	119
Vote 8	Office of the Comptroller and Auditor General	141
Vote 9	Office of the Revenue Commissioners	157
Vote 10	Office of the Appeal Commissioners	177
Vote 11	Office of the Minister for Public Expenditure and Reform	191
Vote 12	Superannuation and Retired Allowances	211
Vote 13	Office of Public Works	227
Vote 14	State Laboratory	251
Vote 15	Secret Service	265
Vote 16	Valuation Office	271
Vote 17	Public Appointments Service	287
Vote 18	National Shared Services Office	303
Vote 19	Office of the Ombudsman	323
Vote 20	An Garda Síochána	339
Vote 21	Prisons	365
Vote 22	Courts Service	385
Vote 23	Property Registration Authority	409
Vote 24	Justice and Equality	425
Vote 25	Irish Human Rights and Equality Commission	459
Vote 26	Education and Skills	475
Vote 27	International Co-operation	525
Vote 28	Foreign Affairs and Trade	545
Vote 29	Communications, Climate Action and Environment	569

Vote 30	Agriculture, Food and the Marine	597
Vote 31	Transport, Tourism and Sport	641
Vote 32	Business, Enterprise and Innovation	669
Vote 33	Culture, Heritage and the Gaeltacht	703
Vote 34	Housing, Planning and Local Government	731
Vote 35	Army Pensions	763
Vote 36	Defence	779
Vote 37	Employment Affairs and Social Protection	809
Vote 38	Health	853
Vote 39	Office of Government Procurement	881
Vote 40	Children and Youth Affairs	897
Vote 41	Policing Authority	925
Vote 42	Rural and Community Development	937

Part 1 — Preface

Background to the Appropriation Accounts

Dáil Éireann provides money for the ordinary services of Government department and offices, both capital and non-capital, by

- approving estimates for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

Expenditure is provided for under 'Votes', with one or more covering the functions of each department or office. The first part of the estimate for each Vote (referred to as the ambit) provides an outline of the services to be financed. The ambit is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

At the end of every financial year, each department or office is required to prepare an account, known as the appropriation account, for each voted service administered by it. The statutory requirement is for the appropriation account to provide details of the outturn for the year against the amount provided by Dáil Éireann, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

In addition to providing the statutory financial information on a cash-accounting basis, each appropriation account sets out some accrual-based information, in notes to the account.

- Note 1 presents an operating cost statement that gives information on the cost of the service for the year.
- Note 2 presents a statement of financial position, with related explanatory notes, giving information on the financial position of the service at year-end. This includes information on expenditure commitments and on the actual position of the voted service *vis-à-vis* the Exchequer at year-end i.e. the net liability to the Exchequer, or amount due from the Exchequer.
- Other standard notes to the account provide information on: expenditure by programme and subhead (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Information on any other relevant matters is presented in Note 6 (miscellaneous) and Note 7 (fund accounts).

Accountability and Audit Arrangements

The respective duties of Accounting Officers and the Comptroller and Auditor General are as outlined below.

Duties of Accounting Officers in relation to the Appropriation Accounts

An Accounting Officer is the head of a Government department or office to whom the Minister for Public Expenditure and Reform has assigned, in accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the duty of preparing the annual appropriation account for each Vote under his/her charge. By law, the accounts must be submitted to the Comptroller and Auditor General by 31 March following the end of the year of account. The appropriation accounts must comply 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.

Accounting Officers are also responsible for the safeguarding of public funds and property under their control, for the efficiency and economy of administration in their departments/offices and for the regularity and propriety of all transactions recorded in the appropriation accounts.

Duties of the Comptroller and Auditor General

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for the Comptroller and Auditor General to audit the appropriation accounts for the previous financial year prepared by Accounting Officers.

The Comptroller and Auditor General carries out his audits of the appropriation accounts in accordance with the International Standards on Auditing (ISAs); as promulgated by the International Organisation of Supreme Audit Institutions. In carrying out the audit, his objective is to obtain reasonable assurance about whether the 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, the Comptroller and Auditor General exercises professional judgment and maintains professional scepticism throughout the audit. In doing so, he

- identifies and assesses the risks of material misstatement of the appropriation account whether due to fraud or error; designs and performs audit procedures responsive to those risks; and obtains audit evidence that is sufficient and appropriate to provide a basis for his 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.
- obtains 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.
- assesses whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.
- communicates with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that is identified during the audit.

Upon completion of the audit, the Comptroller and Auditor General is obliged to attach to each account a certificate stating whether, in his opinion, the account properly presents the receipts and expenditure related to the Vote concerned and to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Reporting on the Statement on Internal Financial Control

The opinion of the Comptroller and Auditor General on the appropriation account does not cover the statement on internal financial control presented by the Accounting Officer therewith, and he does not express any form of assurance conclusion thereon.

In connection with the audit of the appropriation account, he is 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 performed, he concludes that there is a material misstatement of this other information, he is required to report that fact.

Reporting on other matters

The Comptroller and Auditor General plans and performs his audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation. He reports if there are material matters relating to the manner in which public business has been conducted.

The Comptroller and Auditor General also reports by exception if, in his opinion,

- he has not received all the information and explanations required for the 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, the Comptroller and Auditor General has the additional duty of preparing, in each year, a report on such matters as he considers it appropriate to report arising from his audits of the appropriation accounts.

Certain matters arising from the audit of the appropriation accounts for 2017 are set out in a separate report entitled Report on the Accounts of the Public Services 2017. Where such matters have arisen, the certificates of opinion on the respective appropriation accounts refer to the relevant chapter(s) in that report.

Part 2 — Appropriation Accounts 2017

Statement of Accounting Policies and Principles

Basis of Accounts

Appropriation accounts, showing the financial transactions of Government departments[1], are prepared in accordance with the Exchequer and Audit Departments Act 1866 (as amended by the Comptroller and Auditor General (Amendment) Act 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Reporting Period

The reporting period is the year ended 31 December 2017.

Receipts

As a general rule, all revenues of the State are paid into the Central Fund.

Departmental receipts fall into two categories: they may be appropriated in aid of expenditure borne on a Vote or they may be surrendered directly to the Central Fund. The approval of the Department of Public Expenditure and Reform should always be obtained before determining whether to treat a particular type of receipt as an appropriation-in-aid or a direct Exchequer receipt.

Appropriations-in-aid are receipts that, under section 2 of the Public Accounts and Charges Act 1891, may be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a department's business under the Vote.

The Department of Public Expenditure and Reform requires certain receipts of departments to be credited directly to the Exchequer as 'extra' receipts. In general, these are receipts that have no direct connection with the Vote expenditure or are 'windfall' receipts. Such extra receipts may not be used to meet expenditure from the Vote. Where they arise, they are reported in a note to the appropriation account (Note 4).

Departments are required to provide a breakdown of the Exchequer extra receipts and an explanation where the amounts are material in nature. In addition, departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Moneys Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

Departments are also required to present the breakdown of the Exchequer extra receipts on an opening balance/closing balance basis.

1 In this statement, the term 'department' includes central Government departments, offices and agencies responsible for Vote management and accounting.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected and matured liabilities are outstanding at year end, the amount of such liabilities should be given in a note to the account (Note 2).

Where a department is acting as an agent for another Government department resulting in financial transactions between the principal and agent, the general rule is that the agent should put the transactions through suspense, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including

- an operating cost statement (Note 1), showing the total amount of resources consumed by the department in the year
- a statement of financial position showing the department's assets and liabilities at year end (Note 2), and
- explanatory notes providing details regarding capital assets, the net liability to the Exchequer, and commitments.

The statement of financial position includes the position at year-end in relation to the following

- **Accrued expenses** — these represent all liabilities at the year end, with the exception of liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered, but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed.
- **Prepayments** — these are payments made during the year of account to meet expenses which will arise in a subsequent financial year.
- **Accrued income** — this is income due to the department at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the department during the year of account for goods/ services which it has yet to provide.

Capital Assets

The opening and closing values of capital assets on a department's asset register and details of depreciation are shown by way of note to the statement of financial position (Note 2).

Capital assets under development should be included within capital assets in the statement of financial position, showing expenditure on assets being developed within the department e.g. software development or construction projects.

The following are not included in the statement of capital assets

- assets that cost less that €1,000 and/or
- heritage assets, the value of which cannot be adequately expressed in financial terms. (Heritage assets which can be valued are included in the statement.)

Valuation of assets

Land and buildings

All lands and buildings owned by the State and controlled or managed by a department are included in the statement of financial position (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account.

Where ownership of land and buildings is (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are included in the account for that Office.

Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the department, but the ownership of the asset is noted in the department's account. Otherwise, they appear in the account for the relevant department.

Government departments/offices that for technical reasons cannot provide valuations for State-owned lands and buildings controlled or managed by them should append to the appropriation account a schedule of these assets.

Equipment, furniture and fittings

Equipment, furniture and fittings are valued at cost.

Other assets

Where required, accounting policies in respect of valuation of other assets (e.g. specialised vehicles) are set out in the Accounting Officer's introduction to the appropriation account.

Depreciation

Land is not depreciated. Where relevant, buildings are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Equipment, furniture and fittings are depreciated on a straight-line basis at the following annual rates:

- furniture and fittings, and telecommunications equipment — 10%
- IT equipment and software, scientific and laboratory equipment and other office machinery — 20%; and
- major operational software systems — 10%.

Where required, other capital items are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Stocks

Consumables are stated at the lower of cost or departmental valuations.

Net Exchequer Funding Due

The net Exchequer funding due note shows the funding position of the Vote at the year end, taking account of the surplus to surrender and issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is a contractual obligation to pay on delivery for goods or services (including capital projects) which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

A note provides figures for all (global) contractual commitments likely to materialise in the subsequent years under (a) procurement and (b) grant subheads, excluding commitments under €10,000. A separate note is provided giving details of any multi-annual capital commitments over €6,350,000. Where the reported commitment level or projected project cost has varied by more than €500,000 compared with the previous year, the reason for the movement should be explained.

Contingent Liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on Exchequer funds in the future. Contingent liabilities are disclosed by way of a note, unless the possibility of an outflow of resources is remote.

Superannuation

Superannuation payments for Gardaí, teachers, army personnel and health service executive personnel are met on a pay-as-you-go basis from the relevant Votes.

Superannuation payments to retired civil servants are provided for in Vote 12 – Superannuation and Retired Allowances. An estimate of the amount attributable to each department is provided by the Department of Public Expenditure and Reform and shown under the heading 'allied services' for the relevant Votes.

Foreign Currency Transactions

Transactions arising in foreign currencies are converted to euro values at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted at the year-end rates of exchange.

Other Notes to the Accounts

General principles

In general, the other notes to the appropriation accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments, and extra remuneration. Except in the cases outlined below, notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

Where amounts lower than the threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Variations from grant

Note 3 provides explanations of variations on outturn versus original estimate provision.

A note is provided where the variation relative to the original estimate provision (including any deferred capital funding) is:

- €100,000 or more, and
- represents 5% or more of the subhead (25% in the case of administration subheads), or
- represents a significant variation from the original estimate provision that does not meet the above criteria but which warrants explanation.

Notes in relation to variations in the categories of appropriations-in-aid are included on a similar basis.

Allowance and overtime payments

In the case of allowance and overtime payments, the details given in Note 5 include the total number of recipients of allowance and overtime payments in more than one category, the number of individuals that received €10,000 or more, and the highest payment to an individual, if over €10,000.

The aggregate amount paid to an individual under the various headings is set out in 'highest individual payment'.

Compensation and legal costs

The components of the legal costs in respect of cases in which the Department is or was involved should be disclosed. This does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation. If the Department is represented in legal proceedings (other than by the Chief State Solicitor's Office), the costs incurred in relation to these cases are included in the table. In cases where cumulative legal costs incurred in the year of account exceed €50,000, (i.e. in situations where legal costs of cases have exceeded €50,000 in total, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the costs into

- legal costs paid by the department
- legal costs awarded (against the department), and
- compensation awarded.

Late payments

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations 2012, information is supplied in Note 6 where

- the total of interest and compensation payments due was €10,000 or more, or
- an individual payment was €10,000 or more.

Fraud or suspected fraud

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in Note 6 where

- the total of losses during the accounting period were €10,000 or more, or
- an individual loss was €10,000 or more, or
- for losses under €10,000, a serious issue of principle arises, or
- where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a disclosure should be made.

Commissions and special inquiries

Where relevant, Note 6 should include a statement of expenditure on each commission or special inquiry financed from the Vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account and prior year is shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment is shown.

Grant funds and miscellaneous accounts

Where relevant, accounts of grant funds financed from the Vote and of other miscellaneous accounts are presented in Note 7.

Appropriation Account 2017

Vote 1

President’s Establishment

Introduction

As Accounting Officer for Vote 1, 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 2017 for the salaries and expenses of the Office of the Secretary General to the President, for certain other expenses of the President's Establishment and for certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €294,236 is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Heritage assets of the President’s Establishment are not valued as assets in these financial statements. The assets include furniture, works of art and sculptures. They have the characteristics of being inalienable, irreplaceable, and fragile and consequently there is no useful purpose in capitalising the assets in these statements.

Statement on Internal Financial Control

The President’s Establishment relies upon the Department of Finance for the provision of a payment function and accounting service.

Responsibility for the System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General of the Department of the Taoiseach. 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.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the President's Establishment and the National Shared Service Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the President's Establishment.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an audit committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the President's Establishment
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement Compliance

The President's Establishment 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 President's Establishment complied with the guidelines with the exception of one contract to the value of €37,555 that has been rolled over for a number of years. The Office intends to make use of arrangements the Office of Government Procurement has in place to award a new contract for this service during 2018.

Internal Audit and Audit Committee

The President’s Establishment comes under the ambit of the internal audit function provided by the Department of the Taoiseach which has appropriately trained personnel and operates under a written charter which I have approved. The internal audit work is informed by analysis of the financial risks to which the President's Establishment is exposed and aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function and its programme of work are subject to periodic review by me and the Audit Committee, which operates under the auspices of the Department of the Taoiseach.

There were no meetings of the Audit Committee in 2017 as there was no Chairman in place and consequently no internal audits took place. A Chairman was appointed in February 2018 and since then, the Committee has met and a plan for internal audit in 2018 has been scheduled.

Risk and Control Framework

The President's Establishment 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 President's Establishment and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated on a quarterly basis by the Management Board. 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 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 President's Establishment has procedures to monitor the effectiveness of its risk management and control procedures. In 2017, monitoring and review of the effectiveness of the system of internal financial control by the President's Establishment was informed by the work of the external auditors and the senior management within the President's Establishment 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 2017 that resulted in, or may result in, a material loss.

Martin Fraser
Accounting Officer

28 March 2018

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 1 President's Establishment

Opinion on the appropriation account

I have audited the appropriation account for Vote 1 President's Establishment for the year ended 31 December 2017 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 1 President's Establishment for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the President's Establishment and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 August 2018

Vote 1 President's Establishment

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	President's Establishment	2,662	2,567	2,456
B	Centenarians' bounty	1,336	1,125	1,152
	Gross expenditure	**3,998**	**3,692**	**3,608**
	Deduct			
C	**Appropriations-in-aid**	**95**	**83**	**84**
	Net expenditure	**3,903**	**3,609**	**3,524**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**294,236**	**286,958**

Martin Fraser
Accounting Officer

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		1,071	1,096
Pay		1,666	1,677
Non pay		955	835
Gross expenditure		**3,692**	**3,608**
Deduct			
Appropriations-in-aid		**83**	**84**
Net expenditure		**3,609**	**3,524**
Changes in capital assets			
Purchases cash	(26)		
Depreciation	34		
		8	(21)
Changes in net current assets			
Increase in closing accruals	21		
Decrease in stock	2	23	
			2
Direct expenditure		**3,640**	**3,505**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		5,039	4,658
Net programme cost		**8,679**	**8,163**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 1 borne elsewhere.

	2017	2016
	€000	€000
Vote 7 Office of the Minister for Finance	20	20
Vote 12 Superannuation and Retired Allowances	564	484
Vote 13 Office of Public Works	2,265	2,411
Vote 18 National Shared Services Office	4	4
Vote 20 Garda Síochána	197	174
Vote 28 Foreign Affairs and Trade	667	241
Vote 36 Defence	428	431
Central Fund (Emoluments and allowances of President and presidential pensions)	894	893
	5,039	**4,658**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**71**	**79**
Current assets			
Stocks	2.3	29	31
Prepayments		51	29
Accrued income		10	4
Bank and cash		100	71
Total current assets		**190**	**135**
Less current liabilities			
Net Exchequer funding due	2.5	23	(4)
Accrued expenses		150	101
Other credit balances	2.4	77	75
Total current liabilities		**250**	**172**
Net current liabilities		(60)	(37)
Net assets		**11**	**42**
Represented by:			
State funding account	2.1	**11**	**42**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			42	23
Disbursements from the Vote				
Estimate provision	Account	3,903		
Surplus to be surrendered	Account	(294)		
Net vote			3,609	3,524
Expenditure (cash) borne elsewhere	1.1		5,039	4,658
Net programme cost	1		(8,679)	(8,163)
Balance at 31 December			**11**	**42**

2.2 Capital assets

	IT equipment	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	372	93	465
Additions	26	—	26
Disposals	(25)	(79)	(104)
Cost or valuation at 31 December 2017	373	14	387
Accumulated depreciation			
Opening balance at 1 January 2017	295	91	386
Depreciation for the year	33	1	34
Depreciation on disposal	(25)	(79)	(104)
Cumulative depreciation at 31 December 2017	303	13	316
Net assets at 31 December 2017	**70**	**1**	**71**
Net assets at 31 December 2016	77	2	79

2.3 Stocks

at 31 December	2017	2016
	€000	€000
Centenarian medals	7	7
IT consumables and stationery	22	24
	29	**31**

2.4 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	35	33
Pay Related Social Insurance	15	14
Pension Levy	—	3
Universal Social Charge	7	8
Withholding Tax	2	—
Pension contributions	5	5
	64	63
Payroll deductions held in suspense	13	12
	77	**75**

2.5 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	294	287
Exchequer grant undrawn	(271)	(291)
Net Exchequer funding due	**23**	**(4)**
Represented by:		
Bank and cash	100	71
	100	71
Creditors		
Due to State	(64)	(63)
Credit balances: suspense	(13)	(12)
	(77)	(75)
	23	**(4)**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,746	1,666	1,677
ii	Travel and subsistence	310	240	150
iii	Training and development and incidental expenses	295	391	302
iv	Postal and telecommunications services	86	114	90
v	Office machinery and other office supplies and related services	280	210	293
		2,717	**2,621**	**2,512**

Significant variations relative to provision

iii *Training and development and incidental expenses*

Estimate provision: €295,000, outturn: €391,000

The increase in expenditure was on account of costs mainly associated with photography and videography in Ireland and with the President's foreign travel in 2017 which included a four week visit to Australia and New Zealand and a 12 day visit to South America including Columbia, Peru and Cuba.

Programme A President's Establishment

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	1,706	1,627	1,636
A.2	Administration – non -pay	956	940	820
		2,662	**2,567**	**2,456**

Programme B Centenarians' Bounty

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	40	39	41
B.2	Administration – non -pay	15	15	15
B.3	Centenarians' bounty	1,281	1,071	1,096
		1,336	**1,125**	**1,152**

Significant variations

Overall, the expenditure in relation to Programme B was €211,000 lower than (originally) provided because there were fewer centenarians than provided for.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from pension-related deductions on public service remuneration	85	77	79
2	Miscellaneous	10	6	5
		95	**83**	**84**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**27**	**27**

5.2 Pay

	2017	2016
	€000	**€000**
Salaries	1,485	1,483
Higher, special or additional duties allowance	58	83
Redundancy payment	14	—
Overtime	19	24
Employer's PRSI	90	87
Total pay	**1,666**	**1,677**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	Highest individual payment
			2017	2016
			€	€
Higher, special or additional duties	7	4	19,549	27,154
Overtime	12	—	4,759	4,869
Extra remuneration in more than one category	2	—	3,421	3,322

5.4 Redundancy payment

There was a redundancy payment of €14,004 in January 2017.

Appropriation Account 2017

Vote 2

Department of the Taoiseach

Introduction

As Accounting Officer for Vote 2, 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 2017 for the salaries and expenses of the Department of the Taoiseach, including certain services administered by the Department and for payment of grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9.16 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.

Transfer of Functions

Responsibility for diaspora affairs transferred to the Department of Foreign Affairs and Trade on the appointment by the Government (in accordance with the Ministers and Secretaries Acts) of the Minister of State at the Department of Foreign Affairs and Trade with special responsibility for the diaspora and international development on 20 July 2017.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

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 are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared Services

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) in Killarney, which is part of the Department of Justice and Equality. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote18).The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within Shared Services. The audits are being conducted by firms of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within Shared Services.

The audits encompass a readiness assessment to identify risks and related controls and provide a gap analysis, followed by a report on the design and existence of controls, and an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality have provided me with letters outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in those letters.

I take assurance from the system of control within Shared Services and the Financial Shared Services Centre as reported to me by the Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality respectively.

The position in regards to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- procedures for all key business processes have been documented.
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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.

Public Procurement

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 six contracts to the value of € 698,754 which were listed in my annual return in respect of Circular 40/2002. The largest contract, with a value of €412,206, had been the subject of an open tender process previously and has been extended. It relates to maintenance, support and license expenditure on a bespoke eCabinet system for users across all Government Departments, as well as expenditure on a necessary upgrade of the system. Another contract, with a value of €115,157 was awarded without a competitive tender. However, a detailed inter-departmental cost benefit analysis was performed to ensure the proposed contract award represented good value for money. Two contracts with a combined value of €107,993 were included because they were rolled over from a previous year, with one of these subject to a request for tender process in 2017.

One contract, with a value of €36,861, relates to the ICT services provided to support the IBRC Commission of Investigation, which is entirely independent of the Department of the Taoiseach. The final contract with a value of €26,537, relates to provision of software to the Moriarty Tribunal.

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. 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.

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 evaluated and graded according to their significance. The register is a living document and is updated by the Department's senior management on an ongoing basis. The risk register is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Risk management is also a standing item on the agenda of the Department's Audit Committee.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Advisory Committee (MAC), 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 2017 that resulted in, or may result in, a material loss.

Martin Fraser
Accounting Officer
Department of the Taoiseach

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

Opinion on the appropriation account

I have audited the appropriation account for Vote 2 Department of the Taoiseach for the year ended 31 December 2017 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 2 Department of the Taoiseach for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of the Taoiseach and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 August 2018

Vote 2 Department of the Taoiseach

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government	37,580	28,345	23,348
	Gross expenditure	**37,580**	**28,345**	**23,348**
	Deduct			
B	**Appropriations-in-aid**	**833**	**757**	**763**
	Net expenditure	**36,747**	**27,588**	**22,585**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**9,158,594**	**6,764,586**

Martin Fraser
Accounting Officer
Department of the Taoiseach

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		13,022	8,299
Pay		12,487	11,866
Non pay		2,836	3,183
Gross expenditure		**28,345**	**23,348**
Deduct			
Appropriations-in-aid		**757**	**763**
Net expenditure		**27,588**	**22,585**
Changes in capital assets			
Purchases cash	(342)		
Depreciation	111		
Loss on disposals	17		
		(214)	(108)
Changes in net current assets			
Increase in closing accruals	287		
Increase in stock	(7)		
		280	(228)
Direct expenditure		**27,654**	**22,249**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,561	4,269
Notional rents		1,395	1,395
Net programme cost		**33,610**	**27,913**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 2 borne elsewhere less amounts incurred in relation to other Votes.

		2017	2016
		€000	€000
Vote 9 Office of Revenue Commissioners	e	8	8
Vote 12 Superannuation and Retired Allowances	e	2,709	2,522
Vote 13 Office of Public Works	e	1,099	933
Vote 18 National Shared Services Office	e	25	21
Vote 20 Garda Síochána	e	201	186
Vote 24 Justice and Equality	e	51	57
Vote 36 Defence	e	91	72
Central Fund: Taoisigh and Ministerial pensions	e	377	470
		4,561	**4,269**

"e" indicates that the number is an estimate value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**669**	**450**
Current assets			
Bank and cash	2.3	513	1,215
Stocks	2.4	107	100
Prepayments		282	404
Other debit balances	2.5	29	100
Net Exchequer funding due	2.7	50	(651)
Total current assets		**981**	**1,168**
Less current liabilities			
Accrued expenses		332	162
Other credit balances	2.6	592	664
Total current liabilities		**924**	**826**
Net current assets		**57**	**342**
Net assets		**726**	**792**
Represented by:			
State funding account	2.1	**726**	**792**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			792	456
Disbursements from the Vote				
Estimate provision	Account	36,747		
Surplus to be surrendered	Account	(9,159)		
Net vote			27,588	22,585
Expenditure (cash) borne elsewhere	1		4,561	4,269
Non cash expenditure – notional rent	1		1,395	1,395
Net programme cost	1		(33,610)	(27,913)
Balance at 31 December			**726**	**792**

2.2 Capital assets

	IT and office equipment	Furniture and fittings	Capital assets under development[a]	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	2,289	587	164	3,040
Additions	148	35	164	347
Disposals	(321)	(7)	—	(328)
Cost or valuation at 31 December 2017	2,116	615	328	3,059
Accumulated depreciation				
Opening balance at 1 January 2017	2,068	522	—	2,590
Depreciation for the year	95	16	—	111
Depreciation on disposals	(304)	(7)	—	(311)
Cumulative depreciation at 31 December 2017	1,859	531	—	2,390
Net assets at 31 December 2017	**257**	**84**	**328**	**669**
Net assets at 31 December 2016	221	65	164	450

[a] The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3,000 users across all government departments. The system is undergoing a major upgrade to ensure its ongoing viability.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	505	1,183
Commercial bank accounts	8	32
	513	**1,215**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Gifts	10	13
Stationery	48	41
Publications	42	41
Consumables, etc.	7	5
	107	**100**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupment of travel pass scheme	23	80
Other	6	20
	29	**100**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	246	310
Pay Related Social Insurance	96	110
Value Added Tax	50	59
Professional Services Withholding Tax	98	53
	490	532
Payroll deductions held in suspense	80	99
Other	22	33
	592	**664**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	9,159	6,764
Exchequer grant undrawn	(9,209)	(6,113)
Net Exchequer funding due	**(50)**	**651**
Represented by:		
Debtors		
Bank and cash	513	1,215
Debit balances: suspense	29	100
	542	1,315
Creditors		
Due to State	(490)	(532)
Credit balances: suspense	(102)	(132)
	(592)	(664)
	(50)	**651**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	14	22
Capital projects	164	327
Total of legally enforceable commitments	**178**	**349**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	13,926	12,487	11,866
ii	Travel and subsistence	615	618	473
iii	Training and development and incidental expenses	1,505	555	937
iv	Postal and telecommunications services	360	274	252
v	Office equipment and external IT services	1,160	1,041	1,241
vi	Office premises expenses	316	348	280
vii	Consultancy services and value for money and policy reviews	18	—	—
		17,900	**15,323**	**15,049**

Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €1.5 million, outturn: €0.6 million

The underspend of €0.9 million on expenditure on training and development and incidental expenses was due to less expenditure than anticipated on State events. Savings in this subhead were offset against increased expenditure incurred in two other subheads: subhead ii travel and subsistence and subhead vi office premises expenses.

Programme A Supporting the work of the Taoiseach and Government

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	13,926	12,487	11,866
A.2	Administration – non pay	3,974	2,836	3,184
A.3	National Economic and Social Council	2,008	1,889	1,822
A.4	Tribunals of inquiry	10,000	6,552	1,086
A.5	Commissions of Investigation	4,763	2,403	2,489
A.6	Data protection	503	378	248
A.7	Diaspora affairs	500	266	825
A.8	Citizens' Assembly	1,906	1,535	—
	EU engagement	—	—	276
	Irish personnel in EU and international organisations	—	—	1,553
		37,580	**28,346**	**23,349**

Significant variations

Overall, the expenditure in relation to Programme A was €9.2 million lower than provided. €0.9 million of this related to incidental expenditure and has already been explained and the balance of the variance of €8.3 million was mainly due to the following:

A.1 *Administration - pay*

Estimate provision: €13.9 million, outturn: €12.5 million

The underspend of €1.4 million on salaries, wages and allowances in 2017 was due to a delay in the planned filling of vacancies at some grades due to the lack of availability of panels and security vetting requirements.

A.3 *National Economic and Social Council*

Estimate provision: €2 million, outturn: €1.9 million

Variance in 2017 was mainly due to the non-filling of a post with the remaining difference due to the reduction in work pattern of another employee.

A.4 *Tribunals of inquiry*

Estimate provision: €10 million, outturn: €6.5 million

The variance of €3.5 million relative to the estimate provision was due to the number of legal cost claims settled in 2017 being lower than expected. The Department has no control over third party legal costs awarded by Tribunals of Inquiry and it is impossible to predict the timing of settlement of third party costs or the level of costs falling due at any particular time.

A.5 *Commissions of Investigation*

Estimate provision: €4.8 million, outturn: €2.4 million

Commissions of Investigation are independent of the Department of the Taoiseach and their expenditure levels depend on the needs and requirements of their investigations in the first instance. The underspend of €2.4 million relative to the estimate provision was due to the Commissions' difficulty in accurately forecasting the level and timing of their own expenditure needs, including expenditure arising from decisions to award third party costs.

A.6 *Data Protection*

Estimate provision: €0.5 million, outturn: €0.38 million

Variance due to reduced staff costs and efficient procurement throughout 2017 resulting in lower costs than anticipated at estimates stage.

A.7 *Diaspora affairs*

Estimate provision: €0.5 million, outturn: €0.26 million

Responsibility for this subhead transferred to the Department of Foreign Affairs and Trade, who recouped costs from this Department in 2017.

A.8 *Citizens' Assembly*

Estimate provision: €1.9 million, outturn €1.5 million

Initial expenditure forecasts were prepared based on the experience of similar projects. The underspend in expenditure of €0.4 million mainly resulted from efficient tendering and careful procurement practices through the year.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Appropriations-in-aid	58	49	47
2.	Receipts from pension-related deductions on public service remuneration	775	708	716
	Total	**833**	**757**	**763**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**228**	**204**

The above analysis includes non-departmental staff charged to other subheads.

5.2 Pay

	2017 €000	2016 €000
Pay	13,123	14,074
Redundancy and severance	414	47
Higher, special or additional duties allowance	297	401
Overtime and extra attendance	387	351
Employer's PRSI	908	957
Total pay	**15,129**	**15,830**

This analysis includes pay costs of departmental and agency staff

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	37	9	20,614	20,439
Overtime and extra attendance	84	10	20,932	20,899
Extra remuneration in more than one category	17	8	21,568	21,808

5.4 Other remuneration arrangements

Ex-gratia payment of €29,681 (2016: €29,681) was made in respect of agreed retirement benefits to one former employee.

5.5 Payroll overpayments

Overpayments balance outstanding at the year-end was €19,886 relating to 13 individuals. (2016: €23,439 original value of overpayment cases, relating to 9 individuals). Of this, €13,203 (10 individuals) had recovery plans in place at the end of 2017.

5.6 Redundancy and severance

Nine employees received redundancy and severance payments in 2017 with cumulative values of €79,500 in respect of redundancy and €336,007 in respect of severance.

Note 6 Miscellaneous

6.1 Commissions and inquiries

Commission, Committee or Special Inquiry	Year of appointment	2017	2016	Total expenditure to end 2017
		€000	€000	€000
Tribunal of Inquiry (payments to Messrs Haughey and Lowry)	1997	6,552	1,086	61,294
Commission of Investigation (Fennelly Commission)	2014	499	1,289	3,522
Commission of Investigation (Cregan Commission)	2015	1,555	1,039	3,071
Commission of Investigation (Cooke Commission)	2017	350	—	350

There will be further payments associated with the Tribunal of Inquiry (payments to Messrs Haughey and Lowry). Final costs cannot be determined at this point.

The Commission of Investigation (Fennelly) was established to investigate certain matters relative to An Garda Síochána and other persons. This Commission was dissolved in March 2017. No further costs are expected.

The Commission of Investigation (Cregan) relates to certain transactions carried out by Irish Banking Resolution Corporation.

The Commission of Investigation (Cooke) relates to the sale by the National Asset Management Agency of its Project Eagle portfolio.

6.2 Official gifts

The account includes the sum of €6,944 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2017 (2016: €3,203).

6.3 Arbitration and conciliation costs

Expenditure in 2017 was NIL (2016 2 cases: €1,516).

6.4 Contingent liability

An indemnity provided by the Department may generate costs, depending on the outcome of the litigation. The timing and size of any actual amount are uncertain.

Appendix A Accounts of bodies and funds under the aegis of the Department of the Taoiseach

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 end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
National Economic and Social Development Office	2016	14 Dec 2017	21 Dec 2017	31 Jan 2018

Appropriation Account 2017

Vote 3

Office of the Attorney General

Introduction

As Accounting Officer for Vote 3, 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 2017 for the salaries and expenses of the Office of the Attorney General, including a grant.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.03 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

Assurance on Shared Services

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

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for 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 monthly and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of information and communications technology systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. As required in Department of Public Expenditure and Reform circular 40/2002, I have submitted a report on procurements in 2017 that were not based on competitive tendering processes, worth a total of €389,911. This included:

- €73,851 (2 contracts) spent on subscription services not available through intermediaries
- €95,923 (2 contracts) spent on case and records management services provided by sole suppliers
- € 28,604 (1 contract) spent on financial management services provided by sole suppliers
- €147,096 (1 contract) spent on parliamentary services that were non-compliant with procurement rules
- €44,437 (1 contract) spent on legislation drafting services provided by sole suppliers.

Internal Audit and Audit Committee

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

An internal audit function for the Office was in place during 2017. However, the contracted provider withdrew from the contract from the end of September 2017. A procurement process was undertaken in late 2017 through the OGP Framework and a new provider was appointed in December 2017 for a 3 year term with the option of a 12 month extension on two occasions.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Advisory Committee (MAC) 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.

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 MAC, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Damien Moloney
Accounting Officer
Office of the Attorney General

27 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 3 Office of the Attorney General

Opinion on the appropriation account

I have audited the appropriation account for Vote 3 Office of the Attorney General for the year ended 31 December 2017 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 3 Office of the Attorney General for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Attorney General and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 3 Office of the Attorney General

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of professional legal services to Government, Departments and Offices	15,666	14,540	14,221
	Gross expenditure	**15,666**	**14,540**	**14,221**
	Deduct			
B	**Appropriations-in-aid**	**766**	**668**	**743**
	Net expenditure	**14,900**	**13,872**	**13,478**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**1,028,105**	**1,216,801**

Damien Moloney
Accounting Officer
Office of the Attorney General

27 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		2,187	2,033
Pay		10,463	10,283
Non pay		1,890	1,905
Gross expenditure		**14,540**	**14,221**
Deduct			
Appropriations-in-aid		**668**	**743**
Net expenditure		**13,872**	**13,478**
Changes in capital assets			
Purchases cash	(132)		
Depreciation	192		
Loss on disposal	1		
		61	14
Changes in net current assets			
Decrease in closing accruals	(15)		
Increase in stock	(3)		
		(18)	(31)
Direct expenditure		**13,915**	**13,461**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,504	1,367
Notional rents		727	727
Net programme cost		**17,146**	**15,555**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 3 borne elsewhere.

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	1,984	909
Vote 13 Office of Public Works	e	164	106
Vote 18 National Shared Services Office	e	18	17
Central Fund - Pensions in respect of former Attorneys General		338	335
		2,504	**1,367**

“e” indicates that the number is an estimate value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**391**	**451**
Current assets			
Stocks	2.4	36	33
Prepayments		215	197
Accrued income		2	—
Other debit balances	2.5	92	112
Net Exchequer funding due	2.7	8	(72)
Total current assets		**353**	**270**
Less current liabilities			
Bank and cash	2.3	59	(393)
Accrued expenses		73	67
Other credit balances	2.6	41	433
Total current liabilities		**173**	**107**
Net current assets		**180**	**163**
Net assets		**571**	**614**
Represented by:			
State funding account	2.1	**571**	**614**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			614	597
Disbursements from the Vote				
Estimate provision	Account	14,900		
Surplus to be surrendered	Account	(1,028)		
Net vote			13,872	13,478
Expenditure (cash) borne elsewhere	1.1		2,504	1,367
Non cash expenditure – notional rent	1		727	727
Net programme cost	1		(17,146)	(15,555)
Balance at 31 December			**571**	**614**

2.2 Capital assets

	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	4,752	1,680	30	6,462
Additions	128	4	—	132
Disposals	(24)	(3)	—	(27)
Brought into use	30	—	(30)	—
Adjustment*	2	2	—	4
Cost or valuation at 31 December 2017	**4,888**	**1,683**	—	**6,571**
Accumulated depreciation				
Opening balance at 1 January 2017	4,434	1,577	—	6,011
Depreciation for the year	165	27	—	192
Depreciation on disposals	(24)	(2)	—	(26)
Adjustment	2	1		3
Cumulative depreciation at 31 December 2017	**4,577**	**1,603**	—	**6,180**
Net assets at 31 December 2017	**311**	**80**	**—**	**391**
Net assets at 31 December 2016	318	103	30	451

***The adjustment relates to groups of assets, individually valued below €1,000, some of which were disposed of in 2017.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	(61)	393
Commercial bank account balance	2	—
	(59)	**393**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	16	15
IT consumables	20	18
	36	**33**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Office of Public Works	38	38
Recoupable shared costs	4	—
Salaries control account	—	14
Travel pass scheme	48	55
Miscellaneous	2	5
	92	**112**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	—	267
Pay Related Social Insurance	—	119
Professional Services Withholding Tax	8	8
Value Added Tax	32	38
Local Property Tax	—	1
Other creditors	1	—
	41	**433**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,028	1,217
Exchequer grant undrawn	(1,036)	(1,145)
Net Exchequer funding due	**(8)**	**72**
Represented by:		
Debtors		
Debit balances: suspense	92	112
	92	**112**
Creditors		
Bank and cash	(59)	393
Due to State	(41)	(433)
	(100)	**(40)**
	(8)	**72**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	**705**	**207**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,263	10,463	10,283
ii	Travel and subsistence	170	178	153
iii	Training and development and incidental expenses	610	647	637
iv	Postal and telecommunications services	70	54	64
v	Office equipment and external IT services	576	655	653
vi	Office premises expenses	160	96	142
vii	Consultancy services and value for money and policy reviews	50	4	41
viii	Contract legal expertise	350	194	215
		13,249	**12,291**	**12,188**

Significant variations

viii *Contract legal expertise*

Estimate provision: €350,000, outturn: €194,000

Savings arose under this subhead due to a lower than anticipated requirement for contract legal expertise.

Programme A Delivery of professional legal services to Government, Departments and Offices

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	11,263	10,463	10,283
A.2	Administration – non pay	1,986	1,828	1,905
A.3	Contributions to international organisations	38	35	34
A.4	Law Reform Commission	2,239	2,187	1,878
A.5	General law expenses	140	27	121
		15,666	**14,540**	**14,221**

Significant variations

Overall, the expenditure in relation to Programme A was €1.13 million lower than provided. €958,000 of this related to administration expenditure and the balance of the variance of €168,000 was mainly due to the following:

A.4 Law Reform Commission

Estimate provision: €2.24 million, outturn: €2.19 million

The shortfall in expenditure of €52,000 relative to the estimate provision was due to salary savings arising due to the length of time taken to fill sanctioned posts.

A.5 General law expenses

Estimate provision: €140,000, outturn: €27,000

The shortfall in expenditure of €113,000 relative to the estimate provision was due to lower than anticipated costs due to Counsel.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	8	64	134
2.	Receipts from pension-related deductions on public service remuneration	758	604	609
	Total	**766**	**668**	**743**

Significant variations

Overall, appropriations-in-aid were €98,000 less than the estimate.

Explanations for variances are set out below:

1 Miscellaneous

Estimate provision: €8,000, outturn: €64,000

The additional receipts of €56,000 were due to additional remuneration received by the Law Reform Commission from the subletting of one floor of the Commission building.

2 Receipts from pension-related deductions on public service remuneration

Estimate provision: €758,000, outturn: €604,000

The shortfall of €154,000 arose due to the fact that not all sanctioned posts were filled at all times during the year.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**151**	**150**

5.2 Pay

	2017	2016
	€000	€000
Pay	9,571	9,450
Redundancy and severance	42	—
Higher, special or additional duties allowance	75	81
Overtime	18	16
Employer's PRSI	757	736
Total Pay	**10,463**	**10,283**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	€
Higher, special or additional duties	15	3	12,911	18,518
Overtime and extra attendance	8	—	1,341	1,510
Extra remuneration in more than one category	1	—	7,750	8,870

5.4 Redundancy and severance

One employee received payments in 2017 totalling €7,092 in respect of redundancy and €35,456 in respect of severance.

5.5 Overpayments

Overpayments at the year end were €15,402 (6 cases), 2016 €0. Arrangements were put in place for recoupment in 2018.

Appendix A Accounts of bodies and funds under the aegis of the Office

The following table lists the bodies under the aegis of the Office. It indicates, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister for Public Expenditure and Reform *	Date presented to the Oireachtas
Law Reform Commission	2016	2 October 2017	10 October 2017	18 October 2017

* The Minister for Public Expenditure and Reform is responsible for laying the Law Reform Commission's financial statements before the Houses of the Oireachtas.

Appropriation Account 2017

Vote 4

Central Statistics Office

Introduction

As Accounting Officer for Vote 4, 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 2017 for the salaries and expenses of the Central Statistics Office (CSO).

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.86 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 have been applied in the preparation of the account except for:

Depreciation

Assets employed during the 2016 Census of Population were depreciated over a two year period (2016-2017).

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Director 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 Agreements between this Office and the National Shared Service Office for the provision of HR and payroll shared services.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability.
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- procedures for all key business processes have been documented.
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Office.
- there are systems aimed at ensuring the security of the ICT systems.
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. I confirm that during 2017, the Office complied with these procedures with the exception of expenditure of €261,954 in relation to six contracts rolled over pending completion of tendering processes. Four of the contracts related to telecommunications, one related to cleaning services and one related to catering services. It is planned to retender all of these services during 2018.

Internal Audit and Audit Committee

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

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board (MB) on a bi-annual basis. The risk management framework also incorporates the assessment of risk at a local level and within projects. Weekly MB meetings discuss risks to CSO outputs. 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 MB, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Pádraig Dalton
Accounting Officer
Central Statistics Office

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 4 Central Statistics Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 4 Central Statistics Office for the year ended 31 December 2017 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 4 Central Statistics Office for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Central Statistics Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 August 2018

Vote 4 Central Statistics Office

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
	Programme expenditure			
A	Delivery of annual statistical programme	49,972	46,269	76,557
	Gross expenditure	**49,972**	**46,269**	**76,557**
	Deduct			
B	**Appropriations-in-aid**	**1,388**	**1,542**	**1,442**
	Net expenditure	**48,584**	**44,727**	**75,115**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**3,856,323**	**6,966,305**

Pádraig Dalton
Accounting Officer
Central Statistics Office

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		36,080	36,391
Non pay		10,189	40,166
Gross expenditure		**46,269**	**76,557**
Deduct			
Appropriations-in-aid		**1,542**	**1,442**
Net expenditure		**44,727**	**75,115**
Changes in capital assets			
Purchases cash	(1,019)		
Depreciation	4,444		
Loss on disposals	3		
Adjustments (note 2.2)	103		
		3,531	3,349
Changes in net current assets			
Increase in closing accruals	181		
Decrease in stock	9		
		190	(219)
Direct expenditure		**48,448**	**78,245**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		7,718	6,868
Notional rents		1,568	1,568
Net programme cost		**57,734**	**86,681**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 4 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	1,760	1,726
Vote 12 Superannuation and Retired Allowances	4,796	3,905
Vote 13 Office of Public Works	1,057	1,143
Vote 18 National Shared Services Office	105	94
	7,718	**6,868**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**7,239**	**10,680**
Current assets			
Bank and cash	2.3	327	419
Stocks	2.4	43	52
Prepayments		781	841
Accrued income		313	424
Other debit balances	2.5	328	344
Net Exchequer funding due	2.7	807	693
Total current assets		**2,599**	**2,773**
Less current liabilities			
Accrued expenses		427	327
Other credit balances	2.6	1,462	1,457
Total current liabilities		**1,889**	**1,784**
Net current assets		710	989
Net assets		**7,949**	**11,669**
Represented by:			
State funding account	2.1	**7,949**	**11,669**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			11,669	14,799
Disbursements from the Vote				
Estimate provision	Account	48,584		
Surplus to be surrendered	Account	(3,856)		
Net vote			44,728	75,115
Expenditure (cash) borne elsewhere			7,718	6,868
Non cash expenditure – notional rent			1,568	1,568
Net programme cost			(57,734)	(86,681)
Balance at 31 December			**7,949**	**11,669**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	34	64,706	3,465	1,841	70,046
Adjustments[1]	—	(22)	—	(99)	(121)
Additions	—	597	—	512	1,109
Disposals	—	(876)	(41)	—	(917)
Brought into use	—	1,996	—	(1,996)	—
Cost or valuation at 31 December 2017	34	66,401	3,424	258	70,117
Accumulated depreciation					
Opening balance at 1 January 2017	34	56,065	3,267	—	59,366
Depreciation for the year	—	4,401	43	—	4,444
Depreciation on disposals	—	(873)	(41)	—	(914)
Adjustments [1]	—	(18)	—	—	(18)
Cumulative depreciation at 31 December 2017	34	59,575	3,269	—	62,878
Net assets at 31 December 2017	**—**	**6,826**	**155**	**258**	**7,239**
Net assets at 31 December 2016	—	8,641	198	1,841	10,680

[1] Office equipment which cost €21,869 (net book value €4,374) has been removed from capital assets as it had been capitalised twice in 2014. In addition, three in-house IT development projects with a total value of €99,007 were deemed defunct during 2017. No further development work is planned on these projects.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances	245	398
Commercial bank	81	19
Petty cash	1	2
	327	**419**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	33	38
IT consumables	10	14
	43	**52**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable salary costs	170	205
Recoupable travel costs	19	16
Recoupable travel pass scheme	17	30
Other debit suspense items	122	93
	328	**344**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	564	539
Pay Related Social Insurance	391	388
Professional Services Withholding Tax	8	1
Value Added Tax	35	7
Pension contributions	94	124
Universal Social Charge	133	149
	1,225	1,208
Payroll deductions held in suspense	188	241
Other credit suspense items	49	8
	1,462	**1,457**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	3,856	6,966
Exchequer grant undrawn	(4,663)	(7,659)
Net Exchequer funding due	**(807)**	**(693)**
Represented by:		
Debtors		
Bank and cash	327	419
Debit balances: suspense	328	344
	655	763
Creditors		
Due to State	(1,225)	(1,208)
Credit balances: suspense	(237)	(248)
	(1,462)	(1,456)
	(807)	**(693)**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Global commitments		
Procurement of goods and services	5,083	1,779
Total of legally enforceable commitments	**5,083**	**1,779**

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities	25	5

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

All the vote expenditure is classified as administration expenditure. The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	38,983	36,080	36,391
ii	Travel and subsistence	1,035	1,348	1,245
iii	Training and development and incidental expenses	1,142	1,439	2,553
iv	Postal and telecommunications services	1,039	797	1,767
v	Office equipment and external IT services	4,203	3,907	6,312
vi	Office premises expenses	1,173	1,057	845
vii	Consultancy services and value for money and policy reviews	511	69	19
viii	Collection of statistics[1]	1,886	1,572	27,425
		49,972	**46,269**	**76,557**

[1] The higher outturn in 2016 was due to Census 2016 field operations

i *Salaries, wages and allowances*

Estimate provision: €38.983 million, outturn: €36.080 million

The savings of €2.903 million on expenditure on salaries, wages and allowances was due to the estimate being based on staff numbers of 755. The average staff number during 2017 was 736, but this fluctuated from a high of 793 in January to a low of 710 in April. There were delays in filling vacancies at statistician level and in IT technical grades as the recruitment market for statisticians and IT professionals is currently very competitive.

ii *Travel and subsistence*

Estimate provision: €1.035 million, outturn: €1.348 million

Travel and subsistence costs were €0.313 million higher than expected in the year, primarily due to increased recruitment at the Statistician Grade in 2017. The travel and subsistence costs associated with increased recruitment was not properly accounted for in the estimate provision requested for 2017 contributing to an overspend in the year. The bulk of expenditure on travel relates to home travel that is necessary in the course of CSO surveys. For 2017 this expenditure amounted to €0.953 million (a 7% increase on 2016). Foreign travel costs were €0.395 million in 2017 (an 8% increase on 2016) and were necessary mainly in the course of representation at EU meetings.

iii *Training and development and incidental expenses*

Estimate provision: €1.142 million, outturn: €1.439 million

The increase of €0.297 million on expenditure on training and development and incidental expenses was due to increased expenditure on IT related training and development of €0.121 million and by the payment of a once-off legal cost of €0.086 million relating to compliance with CSO Surveys that was finalised in 2017. The IT training was necessary because of the recruitment of new staff.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €0.511 million, outturn: €0.069 million

The decrease of €0.442 million was due to the continued process of implementing considerable change in the Irish Statistical System during the course of 2017. Because of the scale of change, the consultancy provision was made in 2017 for anticipated needs that might have arisen in the course of the year. In the event, no such need arose on the scale that was anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	European Union receipts	130	277	1
2	Miscellaneous	70	70	41
3	Receipts from pension-related deduction on public service remuneration	1,188	1,195	1,400
	Total	**1,388**	**1,542**	**1,442**

Significant variations

Overall, appropriations-in-aid were €0.154 million more than the estimate as forecast.

Explanation for the main variance is set out below:

1 European Union receipts

Estimate provision: €0.130 million, outturn: €0.277 million

The increase of €0.147 million was due to receipt of EU funding in the amount of €0.253 million in December 2017 on foot of a statement of costs that was issued mid-year for a prices contract. Payments are made following CSO submission of results and depend on the satisfactory acceptance of these results by Eurostat. The receipt of funds can vary according to the availability of funds in Eurostat. This makes accurate prediction of when due amounts are likely to be received difficult.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**737**	**799**

5.2 Pay

	2017	2016
	€000	€000
Pay	33,371	33,650
Higher, special or additional duties allowance	110	119
Other allowances	79	87
Overtime	68	83
Employer's PRSI	2,452	2,452
Total Pay	**36,080**	**36,391**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	45	—	7,522	7,820
Overtime and extra attendance	23	1	15,059	13,672
Shift and roster allowances	12	—	9,007	8,112
Miscellaneous	1	—	6,961	11,440
Extra remuneration in more than one category	16	3	22,266	21,119

5.4 Payroll overpayments

Overpayments at the year end were €107,083 in respect of 89 cases (2016: €90,026, 31cases). Of this, €47,392 have recovery plans in place.

Note 6 Miscellaneous

6.1 Support for statistical endeavour

The Office awarded prize money of €3,210 in 2017 as part of the seventh John Hooper Medal for Statistics competition. This competition was open to senior cycle second level students.

6.2 EU funding

The Office receives funding in relation to projects/surveys conducted on behalf of Eurostat. During 2017, the CSO received EU income of €277,000 which has been recognised as appropriations-in-aid. This included income of €253,000 in relation to a purchasing price parity contract that facilitates comparison between capital city prices and €23,000 relating to an IT data delivery contract. The majority of the related expenditure incurred in delivering these projects was charged to subhead A1 in 2017 or in earlier years.

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by:						
Employees	1	2	3	15	20	51
External organisation	1	—	86	—	86	—
		2	**89**	**15**	**106**	**51**

6.4 Contingent liabilities

The Office 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 potential liabilities is uncertain.

Appropriation Account 2017

Vote 5

Office of the Director of Public Prosecutions

Introduction

As Accounting Officer for Vote 5, 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 2017 for the salaries and expenses of the Office of the Director of Public Prosecutions.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €189,816 is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of HR/payroll shared service.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of six contracts to the value of €474,607 which were listed in my annual return in respect of Circular 40/2002. Two of the contracts, to the value of €69,400, involved services for which there was only one supplier. Two more, to the value of €60,242, involving the provision of telephone service and data connectivity were extended beyond the original advertised tender length because of a delay in reducing the number of locations in which staff of the office are based. One contract with a value of €318,177 was renewed without a tender competition while awaiting the completion of an Office of Government Procurement competition to establish a Framework Agreement. Following a competition held under this new framework a new contract was placed in June 2017. The last contract for €26,788 is being addressed under another OGP established Framework Agreement.

Internal Audit and Audit Committee

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

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a twice yearly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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

Ongoing Monitoring and Review

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

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 5 Office of the Director of Public Prosecutions

Opinion on the appropriation account

I have audited the appropriation account for Vote 5 Office of the Director of Public Prosecutions for the year ended 31 December 2017 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 5 Office of the Director of Public Prosecutions for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Director of Public Prosecutions and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

24 September 2018

Vote 5 Office of the Director of Public Prosecutions

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Provision of prosecution service				
	Original	41,588			
	Supplementary	260	41,848	41,682	39,417
	Gross expenditure		**41,848**	**41,682**	**39,417**
	Deduct				
B	**Appropriations-in-aid**				
	Original	912			
	Supplementary	(158)	**754**	**778**	**791**
	Net expenditure				
	Original	40,676			
	Supplementary	418			
			41,094	**40,904**	**38,626**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**189,816**	**259,940**

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		24,850	23,976
Pay		13,264	12,825
Non pay		3,568	2,616
Gross expenditure		**41,682**	**39,417**
Deduct			
Appropriations-in-aid		**778**	**791**
Net expenditure		**40,904**	**38,626**
Changes in capital assets			
Purchases cash	(214)		
Depreciation	165		
Loss on disposals	23		
		(26)	70
Changes in net current assets			
Decrease in closing accruals	(276)		
Decrease in stock	2		
		(274)	210
Direct expenditure		**40,604**	**38,906**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,547	2,600
Notional rents		1,862	457
		45,013	**41,963**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 5 borne elsewhere.

	2017	2016
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,653	1,186
Vote 13 Office of Public Works	680	1,230
Vote 18 National Shared Services Office	27	24
Vote 20 Garda Síochána	187	160
	2,547	**2,600**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**327**	**301**
Current assets			
Bank and cash	2.3	844	854
Stocks	2.4	65	67
Prepayments		131	145
Other debit balances	2.5	248	230
Total current assets		**1,288**	**1,296**
Less current liabilities			
Net Exchequer funding due	2.7	66	94
Accrued expenses		2,819	3,109
Other credit balances	2.6	1,026	990
Total current liabilities		**3,911**	**4,193**
Net current liabilities		**(2,623)**	**(2,897)**
Net liabilities		**(2,296)**	**(2,596)**
Represented by:			
State funding account	2.1	**(2,296)**	**(2,596)**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			(2,596)	(2,329)
Disbursements from the Vote				
Estimate provision	Account	41,094		
Surplus to be surrendered	Account	(190)		
Net vote			40,904	38,626
Expenditure (cash) borne elsewhere	1		2,547	2,600
Non cash expenditure – notional rent	1		1,862	457
Net programme cost	1		(45,013)	(41,963)
Non cash Items: capital asset adjustment			—	13
Balance at 31 December			**(2,296)**	**(2,596)**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	3,458	661	4,119
Additions	187	27	214
Disposals	(243)	(127)	(370)
Cost or valuation at 31 December 2017	3,402	561	3,963
Accumulated depreciation			
Opening balance at 1 January 2017	3,242	576	3,818
Depreciation for the year	131	34	165
Depreciation on disposals	(235)	(112)	(347)
Cumulative depreciation at 31 December 2017	3,138	498	3,636
Net assets at 31 December 2017	**264**	**63**	**327**
Net assets at 31 December 2016	216	85	301

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	768	837
Commercial bank account balances	76	17
	844	**854**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	28	36
IT consumables	37	31
	65	**67**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Other debit balances	248	230

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	548	551
Pay Related Social Insurance	180	176
Professional Services Withholding Tax	270	259
Value Added Tax	24	4
	1,022	990
Other credit suspense items	4	—
	1,026	**990**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	190	260
Exchequer grant undrawn	(124)	(166)
Net Exchequer funding due	**66**	**94**
Represented by:		
Debtors		
Bank and cash	844	854
Debit balances: suspense	248	230
	1,092	1,084
Creditors		
Due to State	(1,022)	(990)
Credit balances: suspense	(4)	—
	(1,026)	(990)
	66	**94**

2.8 Commitments

The Office had commitments in respect of legal fees at the year end, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and status of outstanding cases.

The Office had no other legally enforceable commitments at 31 December 2017 (2016: Nil).

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	144	138

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	14,127			
	Supplementary	(771)	13,356	13,264	12,825
ii	Travel and subsistence				
	Original	109			
	Supplementary	(13)	96	172	131
iii	Training and development and incidental expenses				
	Original	1,262			
	Supplementary	(106)	1,156	1,123	1,259
iv	Postal and telecommunications services				
	Original	240			
	Supplementary	11	251	238	207
v	Office equipment and external IT services				
	Original	641			
	Supplementary	313	954	658	516
vi	Office premises expenses				
	Original	1,048			
	Supplementary	403	1,451	1,341	490
vii	Consultancy services and value for money and policy reviews				
	Original	37			
	Supplementary	8	45	36	13
			17,309	**16,832**	**15,441**

Significant variations

vi Office premises expenses

Estimate provision: €1.05 million, outturn: €1.34 million

The excess arose because capital works which were expected to fall in 2016 were actually carried out in 2017.

Programme A Provision of a Prosecution Service

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration - pay				
	Original	14,127			
	Supplementary	(771)			
			13,356	13,264	12,825
A.2	Administration – non-pay				
	Original	3,337			
	Supplementary	616			
			3,953	3,568	2,616
A.3	Fees to counsel				
	Original	14,528			
	Supplementary	1,377			
			15,905	16,406	14,858
A.4	General law expenses				
	Original	2,946			
	Supplementary	(879)			
			2,067	1,883	2,571
A.5	Local state solicitor service				
	Original	6,650			
	Supplementary	(83)			
			6,567	6,561	6,547
			41,848	**41,682**	**39,417**

Significant variations

A.3 Fees to counsel

Estimate provision: €14.53 million, outturn: €16.41million

The excess of €1.88 million relative to the estimate provision was due to an unanticipated increase in activity in certain courts.

A.4 General law expenses

Estimate provision: €2.95 million, outturn: €1.88 million

The saving of €1.07 million relative to the estimate provision was due to fewer cost awards in 2017 than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

			2017		2016
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Miscellaneous				
	Original	128			
	Supplementary	(44)			
			84	117	110
2	Receipts from pension-related deductions on public service remuneration				
	Original	784			
	Supplementary	(114)			
			670	661	681
	Total		**754**	**778**	**791**

Significant variations

Overall, appropriation in aid were €134,000 lower than estimated. This was mainly due to the following:

2 Receipts from pension-related deductions on public service remuneration

Estimate provision: €784,000, outturn: €661,000

Receipts were less than expected due to an increase in the annual PRD thresholds and because of savings on the payroll subhead.

4.2 Extra receipts payable to the Exchequer

Receipts of €4,488 (2016: €23,324) arising from forfeitures ordered by the courts were lodged to the Exchequer.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**199**	**194**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	12,169	11,783
Higher, special or additional duties allowance	118	119
Overtime	6	5
Employer's PRSI	971	918
Total Pay	**13,264**	**12,825**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	45	4	41,592	37,757
Overtime and extra attendance	8	—	1,845	2,909
Extra remuneration in more than one category	2	—	1,319	—

5.4 Other remuneration arrangements

This account includes expenditure of €137,088 (2016: €138,244) in respect of one officer who was serving outside the Office in 2017 and whose salary was paid from Subhead A.1.

Appropriation Account 2017

Vote 6

Office of the Chief State Solicitor

Introduction

As Accounting Officer for Vote 6, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Office of the Chief State Solicitor.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €348,872 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 have been applied in the preparation of the account except for the following:

Accrued expenses

Accrued expenses include counsel fee notes received from counsel which are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

Assurance on Shared Services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR and payroll shared service.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented.
- there are systems in place to safeguard the assets

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

Procurement Compliance

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of thirteen contracts to the value of €1,037,693 which were listed in my annual return in respect of Circular 40/2002. Seven contracts to a value of €369,963 related to payments to sole suppliers. In the other six cases with a value of €667,730, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and contract negotiations are ongoing with the successful tenderer. It is also intended to make use of arrangements, which the Office of Government Procurement (OGP) now has in place, to award a number of contracts during 2018.

Significant Financial Risks

As outlined above maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Internal Audit and Audit Committee

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit function for the Authority was in place during 2017. However, the contracted provider withdrew from the contract from the end of September 2017. A procurement process was undertaken in late 2017 through the OGP Framework and a new provider was appointed in December 2017 for a 3 year term with the option of a 12 month extension on two occasions.

Information and Communications Technology Security

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

Administrative and Financial Controls

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Audit Committee.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a semi-annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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

An internal audit report (September 2017) identified a weakness in the control over the recovery of legal costs and made a recommendation that there should be a regular reconciliation between the Case Management System and the Financial Management System. In September 2017 the Office implemented this recommendation.

Ongoing Monitoring and Review

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

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

26 March 2018

Comptroller and Auditor General

Report for the presentation to Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

Opinion on the appropriation account

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Chief State Solicitor and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

24 September 2018

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	33,668	33,132	30,004
	Gross expenditure	**33,668**	**33,132**	**30,004**
	Deduct			
B	**Appropriations-in-aid**	**1,328**	**1,141**	**1,114**
	Net expenditure	**32,340**	**31,991**	**28,890**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**348,872**	**258,277**

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		14,833	13,454
Pay		15,697	13,978
Non pay		2,602	2,572
Gross expenditure		**33,132**	**30,004**
Deduct			
Appropriations-in-aid		**1,141**	**1,114**
Net expenditure		**31,991**	**28,890**
Changes in capital assets			
Purchases cash	(387)		
Depreciation	338		
Loss on disposals	3	(46)	(152)
Changes in net current assets			
Decrease in closing accruals	(1,229)		
Increase in stock	(14)		
		(1,243)	177
Direct expenditure		**30,702**	**28,915**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,497	2,077
Notional rents		795	795
Net programme cost		**33,994**	**31,787**

1.1 Net Allied Services Expenditure

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

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	1,653	1,186
Vote 13 Office of Public Works	e	814	865
Vote 18 National Shared Services Office	e	30	26
		2,497	**2,077**

“e” indicates that the number is an estimate value or an apportioned cost

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**774**	**728**
Current assets			
Bank and cash	2.3	648	851
Stocks		51	37
Prepayments		286	232
Accrued income	2.4	9,631	9,485
Other debit balances		179	139
Net Exchequer funding due	2.6	227	(6)
Total current assets		**11,022**	**10,738**
Less current liabilities			
Accrued expenses		805	1,834
Other credit balances	2.5	1,054	984
Total current liabilities		**1,859**	**2,818**
Net current assets		**9,163**	**7,920**
Net assets		**9,937**	**8,648**
Represented by:			
State funding account	2.1	**9,937**	**8,648**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			8,648	8,673
Disbursements from the Vote				
Estimate provision	Account	32,340		
Surplus to be surrendered	Account	(349)		
Net vote			31,991	28,890
Expenditure (cash) borne elsewhere	1.1		2,497	2,077
Non cash expenditure – notional rent	1		795	795
Net programme cost	1		(33,994)	(31,787)
Balance at 31 December			**9,937**	**8,648**

2.2 Capital assets

	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	4,225	1,741	61	6,027
Additions	372	15	—	387
Disposals	(49)	(27)	—	(76)
Brought into use	61	—	(61)	—
Cost or valuation at 31 December 2017	4,609	1,729	—	6,338
Accumulated depreciation				
Opening balance at 1 January 2017	3,747	1,552	—	5,299
Depreciation for the year	282	56	—	338
Depreciation on disposals	(47)	(26)	—	(73)
Cumulative depreciation at 31 December 2017	3,982	1,582	—	5,564
Net assets at 31 December 2017	**627**	**147**	**—**	**774**
Net assets at 31 December 2016	478	189	61	728

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	642	848
Commercial bank account balances	6	3
	648	**851**

The CSSO maintains a number of commercial bank accounts. Moneys in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2017 is €1.74 million and is not included in the account (2016: €3.88 million).

2.4 Accrued income

Accrued income represents taxed costs due to the State not yet recovered. It is the policy of the Office to pursue the recovery of all taxed costs awarded in favour of the State.

2.5 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	387	360
Pay Related Social Insurance	212	188
Professional Services Withholding Tax	415	290
Value Added Tax	7	6
Local Property Tax	1	2
	1,022	846
State property deposits	32	138
	1,054	**984**

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	349	258
Exchequer grant undrawn	(576)	(252)
Net Exchequer funding due	**(227)**	**6**
Represented by:		
Debtors		
Bank and cash	648	851
Debit balances: suspense	179	139
	827	990
Creditors		
Due to State	(1,022)	(846)
Credit balances: suspense	(32)	(138)
	(1,054)	(984)
	(227)	**6**

2.7 Commitments

at 31 December	2017	2016
	€000	€000
Total of legally enforceable commitments	**1,088**	**908**

2.8 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	40	45

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	16,760	15,697	13,978
ii	Travel and subsistence	70	65	82
iii	Training and development and incidental expenses	813	1,030	972
iv	Postal and telecommunications services	350	343	301
v	Office equipment and external IT services	750	952	1,002
vi	Office premises expenses	275	190	171
vii	Consultancy services and value for money policy reviews	50	22	44
		19,068	**18,299**	**16,550**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €16.8 million, outturn: €15.7 million

The saving of €1.06 million on salaries, wages and allowances was due to the timing of the filling of staff vacancies which occurred mainly in the second half of the year. The Office also recovered from other government departments staff costs related to specific legal work.

iii *Training and development and incidental expenses*

Estimate provision: €0.81 million, outturn: €1.03 million

The excess of €0.22 million in this subhead was due principally to (a) higher spend on training and development (including continuing professional development) and (b) the high ongoing costs to run the Office (e.g. security, cleaning).

v *Office equipment and external IT services*

Estimate provision: €0.75 million, outturn: €0.95 million

The excess of €0.2 million in this subhead was due principally to the costs of upgrading the case management system and replacing the records management system.

Programme A Provision of legal services

		2017 Estimate provision €000	2017 Outturn €000	2016 Outturn €000
A.1	Administration - pay	16,760	15,697	13,978
A.2	Administration - non -pay	2,308	2,602	2,572
A.3	External legal services	200	235	217
A.4	Fees to counsel	13,000	13,627	12,137
A.5	General law expenses	1,400	971	1,100
		33,668	**33,132**	**30,004**

Significant variations

Overall, the expenditure in relation to Programme A was €0.53 million lower than provided. This saving comprised the aggregate of (a) €0.76 million saving related to administration expenditure and has already been explained and (b) a net excess of €0.23 million mainly due to the following:

A.4 Fees to counsel

Estimate provision: €13 million, outturn: €13.63 million

The excess of €0.63 million relative to the estimate provision was due to the Office dealing with a number of high profile and complex cases during the year and a faster then expected throughput of some cases by the courts.

A.5 General law expenses

Estimate provision: €1.4 million, outturn: €0.97 million

The saving is due to the unpredictability of how legal cases progress through the courts.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Costs and fees received by the Office of the Chief State Solicitor	500	397	414
2.	Receipts from pension-related deductions on public service remuneration	828	744	700
		1,328	**1,141**	**1,114**

Significant variations

Overall, appropriations-in-aid were €0.19 million less than the estimate.

Explanations for variances are set out below:

1. *Costs and fees received by the Office of the Chief State Solicitor*

   Estimate provision: €0.5 million, outturn: €0.4 million

   The saving of €0.1 million was due to the fact that it is not possible to forecast accurately what costs will be awarded to the State or what fees will be recovered in any year.

2. *Receipts from pension-related deductions on public service remuneration*

   Estimate provision: €0.83 million, outturn: €0.74 million

   The saving of €84,000 was due to slower than anticipated recruitment.

4.2 Extra receipts payable to the Exchequer

A total of €19,429 (2016: €9,652) was lodged to the Exchequer under the State Property Act 1954.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**260**	**237**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	14,269	12,743
Higher, special or additional duties allowance	111	106
Other allowances	7	10
Overtime	35	25
Employer's PRSI	1,275	1,094
Total Pay	**15,697**	**13,978**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	42	2	24,265	16,707
Other allowances	6	—	1,843	3,328
Overtime	17	—	8,502	4,713
Extra remuneration in more than one category	7	1	11,380	9,070

5.4 Payroll overpayments

Overpayments at the year end were €43,934 in respect of 41 cases (2016 €77,611, 67 cases). Of this, €20,058, 20 cases, have recovery plans in place.

Note 6 Miscellaneous

6.1 Counsel fee notes

The CSSO operates a robust system to determine the appropriate counsel fee level on a case-by-case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

Counsels' fee notes at 31 December	**Number**	**Amount submitted €000**	**Mark down value €000**
Amount sought	809	8,099	In progress
Accruals	128	1,021	646

The accruals number above is included in the amount sought total. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year and this figure is included in the accrued expenses figure in the statement of financial position.

Appropriation Account 2017

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, 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 2017 for the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2017 out of the unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

The account has been prepared in accordance with the 2017 Revised Estimate for the Office of the Minister for Finance.

A surplus of €7.2 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 have been applied in the preparation of the account except for the following:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective departments.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance has purchased certain assets since 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this department and the National Shared Service Office for the provision of HR and payroll shared services.

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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

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. One contract with a value of €28,110 was listed on my annual return in respect of Circular 40/2002. A brief outline of the contract is set out below:

In the absence of an Office of Government Procurement (OGP) Framework agreement, the department has engaged a translation services provider for the provision of technical translation services. The department's Procurement Officer is currently engaging with the OGP on the procurement of a foreign language translation service provider(s), while ensuring that the high quality translation of technical documents is maintained.

Significant Financial Risks

There are no significant financial risks for the Vote*.*

Internal Audit and Audit Committee

I confirm that the department uses the services of the Department of Public Expenditure and Reform internal audit function under the terms of a service level agreement between the two departments. The Department of Public Expenditure and Reform internal audit unit operates under a written charter which has been approved by the Secretary General of the Department of Public Expenditure and Reform. Its work is informed by analysis of the financial risks to which the department is exposed and its annual internal audit plans (which are prepared in consultation with the Audit Committee and 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.

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 Executive 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.

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 Executive 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 2017 that resulted in, or may result in, a material loss.

Derek Moran
Accounting Officer
Office of the Minister for Finance

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 7 Office of the Minister for Finance

Opinion on the appropriation account

I have audited the appropriation account for Vote 7 Office of the Minister for Finance for the year ended 31 December 2017 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 7 Office of the Minister for Finance for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Finance and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 7 Office of the Minister for Finance

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Economic and fiscal policy		19,734	18,864	15,841
B	Banking and financial services policy		11,800	8,061	6,762
C	Delivery of shared services				
	Current year provision	9,271			
	Deferred surrender	227	9,498	7,049	8,635
	Gross expenditure				
	Current year provision	40,805			
	Deferred surrender	227	**41,032**	**33,974**	**31,238**
	Deduct				
D	**Appropriations-in-aid**		**1,335**	**1,440**	**2,271**
	Net expenditure				
	Current year provision	39,470			
	Deferred surrender	227			
			39,697	**32,534**	**28,967**

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 spend in the following year.

	2017	2016
	€	€
Surplus	7,162,688	10,626,805
Deferred surrender	–	(227,000)
Surplus to be surrendered	**7,162,688**	**10,399,805**

Derek Moran
Accounting Officer
Office of the Minister for Finance

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		13,310	9,689
Pay		17,410	16,627
Non pay		3,254	4,922
Gross expenditure		**33,974**	**31,238**
Deduct			
Appropriations-in-aid		**1,440**	**2,271**
Net expenditure		**32,534**	**28,967**
Changes in capital assets			
Purchases cash	(147)		
Loss on disposal	1		
Depreciation	232		
		86	(705)
Changes in net current assets			
Decrease in closing accruals	(460)		
Increase in stock	(5)		
		(465)	(149)
Direct expenditure		**32,155**	**28,113**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		13,456	12,005
Notional rents		979	979
Net programme cost		**46,590**	**41,097**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	—	7
Vote 11 Public Expenditure and Reform	e	245	—
Vote 12 Superannuation and Retired Allowances	e	13,323	11,755
Vote 13 Office of Public Works	e	713	600
Vote 18 National Shared Services Office	e	35	32
Central Fund – Ministerial pensions		225	224
		14,541	12,618
Apportioned cost of accounting and facility support for other Votes	e	(1,085)	(613)
		13,456	**12,005**

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**543**	**629**
Current assets			
Bank and cash	2.3	2,130	1,097
Stocks	2.4	22	17
Prepayments		337	328
Other debit balances	2.5	186	136
Accrued income		736	270
Total current assets		**3,411**	**1,848**
Less current liabilities			
Accrued expenses		352	337
Other credit balances	2.6	850	834
Net Exchequer funding due	2.7	1,466	399
Total current liabilities		**2,668**	**1,570**
Net current assets		743	278
Net assets		**1,286**	**907**
Represented by:			
State funding account	2.1	**1,286**	**907**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			907	579
Disbursements from the Vote				
Estimate provision	Account	39,470		
Deferred surrender	Account	227		
Surplus to be surrendered	Account	(7,163)		
Net vote			32,534	28,967
Expenditure (cash) borne elsewhere	1.1		13,456	12,005
Non cash items – capital assets			—	(908)
Non cash items – depreciation			—	382
Non cash expenditure – notional rent	1		979	979
Net programme cost	1		(46,590)	(41,097)
Balance at 31 December			**1,286**	**907**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	498	5,555	2,471	8,525
Additions	36	67	44	147
Disposals [a]	—	(4,040)	(1,983)	(6,023)
Cost or valuation at 31 December 2017	534	1,582	532	2,649
Accumulated depreciation				
Opening balance at 1 January 2017	284	5,257	2,354	7,896
Depreciation for the year	64	130	38	232
Depreciation on disposals [a]	—	(4,040)	(1,982)	(6,022)
Cumulative depreciation at 31 December 2017	348	1,347	410	2,106
Net assets at 31 December 2017	**186**	**235**	**122**	**543**
Net assets at 31 December 2016	214	298	117	629

[a] As part of the fire upgrade and rewiring project undertaken in Government Buildings completed in quarter 2 2017, the Facilities Management Unit undertook a trawl of the capital assets with a view to removing assets from the asset register which it deemed to have been sent for destruction either as being obsolete or not fit for purpose.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	2,056	1,096
Commercial bank account balance	74	1
	2,130	**1,097**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	8	12
IT consumables	14	5
	22	**17**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel expenditure	56	37
Travel imprests	2	—
Recoupable travel pass scheme expenditure	114	92
Other debit suspense items	14	7
	186	**136**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	308	302
Pay Related Social Insurance	191	176
Professional Services Withholding Tax	29	53
Value Added Tax	5	21
Pension contributions	68	67
Local Property Tax	2	2
Universal Social Charge	69	75
	672	696
Payroll deductions held in suspense	94	94
Other credit suspense items	74	1
Recoupable salaries	10	43
	850	**834**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	7,163	10,400
Deferred surrender	—	227
Exchequer grant undrawn	(5,697)	(10,228)
Net Exchequer funding due	**1,466**	**399**
Represented by:		
Debtors		
Bank and cash	2,130	1,097
Debit balances: suspense	186	136
	2,316	1,233
Creditors		
Due to State	(672)	(696)
Credit balances: suspense	(178)	(138)
	(850)	(834)
	1,466	**399**

2.8 Commitments

There were no legally enforceable commitments at 31 December 2017.

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	**14**	**4**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,000	17,410	16,627
ii	Travel and subsistence	816	672	595
iii	Training and development and incidental expenses	1,114	990	750
iv	Postal and telecommunications services	354	358	317
v	Office equipment and external IT services	1,526	783	1,279
vi	Office premises expenses	1,984	451	1,982
vii	Consultancy and other services	50	—	—
		23,844	**20,664**	**21,550**

Significant variations

v Office equipment and external IT services

Estimate provision: €1.5 million, outturn: €0.8 million

The underspend of €0.7 million on expenditure on office equipment and external IT services was due to capital projects relating to the delivery of shared services which were budgeted for but which did not take place during the year.

vi Office premises expenses

Estimate provision: €1.9 million, outturn: €0.5 million

The decrease of €1.4 million on expenditure on office premises expenses was due to planned capital projects relating to the delivery of shared services which were budgeted for but which did not take place during the year.

Programme A Economic and Fiscal Policy

		2017 Estimate provision €000	2017 Outturn €000	2016 Outturn €000
A.1	Administration – pay	7,157	6,658	5,970
A.2	Administration – non pay	972	874	967
A.3	Committee and commissions	370	277	320
A.4	Consultancy and other services	1,235	1,602	727
A.5	Fuel grant	10,000	9,453	7,857
		19,734	**18,864**	**15,841**

Significant variations

Overall, the expenditure in relation to Programme A was €0.8 million lower than provided. €0.7 million of this related to administration expenditure and has already been explained and the balance of the variance of €0.1 million (net) was mainly due to the following:

A. 4 Consultancy and other services

Estimate provision: €1.2 million, outturn: €1.6 million

The increase in expenditure of €0.4 million relative to the estimate provision was due to expenditure pressures attaching to the legal costs involving an alleged State aid case. Sanctioned virement was received in relation to this increase.

A.5 Fuel grant

Estimate provision: €10 million, outturn: €9.4 million

The fuel grant was a new service first included in the Finance Vote in 2016. In the 2017 Vote a sum of €10 million was provided for the fuel grant under the Disabled Drivers and Passengers (Tax Concessions) Scheme. The Department initially estimated that an average grant of €730 would be made to approximately 13,700 claimants which would include drivers, passengers and organisations. The actual outturn of €9.453 million was paid to 13,321 claimants and the average grant was €704.

Programme B Banking and Financial Services Policy

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	5,567	5,433	5,379
B.2	Administration – non pay	927	693	654
B.3	Committees and commissions	20	11	17
B.4	Consultancy and other services	5,285	1,924	712
B.5	Office of the Financial Services Ombudsman	1	—	—
		11,800	**8,061**	**6,762**

Significant variations

Overall, the expenditure in relation to Programme B was €3.7 million lower than provided. €0.4 million of this related to administration expenditure and has already been explained and the balance of the variance of €3.3 million was mainly due to the following:

B.4 Consultancy and other services

Estimate provision: €5.3 million, outturn: €1.9 million

The shortfall in expenditure of €3.4 million relative to the estimate provision is because, due to the nature of this subhead, the work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise. The key driver of this saving was the Shareholding and Financial Advisory Division where savings of approximately €2.2 million arose in relation to the budget for litigation and transactional activity.

Savings also arose on a number of projects in the Banking Division where a number of factors, such as the in-house completion of work, contributed to the lower outturn.

Programme C Delivery of Shared Services

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	5,276	5,319	5,279
C.2	Administration – non pay	3,945	1,687	3,300
C.3	Consultancy and other services	50	43	56
		9,271	**7,049**	**8,635**

Significant variations

Overall, the expenditure in relation to Programme C was €2.2 million lower than provided. This related to administration expenditure and has already been explained.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	601	1,365
2	Miscellaneous	100	103	120
3	Receipts from pension-related deductions on public service remuneration	735	736	786
		1,335	**1,440**	**2,271**

Significant variations

Overall, appropriations-in-aid were in line with the estimate, except for:

1 Recoupment of certain expenses in relation to the stabilisation of the banking sector

Estimate provision: €0.5 million, outturn: €0.6 million

The increase of €0.1 million was a result of the budgeted 2017 recoupments being set at a prudent level because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Collected	1	3
Transferred to the Exchequer	(1)	(3)
Balance at 31 December	—	—

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**310**	**290**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	15,633	15,183
Redundancy	72	—
Higher, special or additional duties allowance	99	98
Other allowances	273	121
Overtime	159	159
Employer's PRSI	1,174	1,066
Total pay [a]	**17,410**	**16,627**

[a] The total pay figure is distributed across subheads A.1, B.1 and C.1.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	14	5	22,626	11,937
Other allowances	95	4	79,109	—
Overtime	54	6	23,268	22,069
Extra remuneration in more than one category	14	8	33,596	25,549

5.4 Other remuneration arrangements

This account includes expenditure of €157,805 in respect of 3 officers who were serving outside the Department for all or part of 2017 and whose salaries were paid by the Department.

The pay figure includes €72,357 paid out in respect of redundancy and severance payments to three staff members who were formerly employed as Ministerial staff.

5.5 Payroll overpayments

Overpayments at the year-end were €51,830 (10 cases) (2016: €37,428, 12 cases). Of this, €8,045 (4 cases) have recovery plans in place.

6 Miscellaneous

6.1 Banking system functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (SI) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under SI no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and commissions

	2017	2016
	€000	€000
Credit Union Advisory Committee [a]	11	17
Disabled Drivers Appeals Board [b]	277	320
	288	**337**

[a] The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise regarding:

- improvement of the management of credit unions
- protection of the interest of members and creditors of credit unions and
- other matters relating to credit unions upon which the Minister, the Central Bank or such other persons as may be specified by the Minister, may from time to time seek by way of advice from the Committee.

[b] The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Board was established in 1989.

6.3 Contingent liabilities

There is litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

6.4 Compensation and legal costs

	Number of cases	Legal cost paid by Department	Compensation awarded	Legal costs awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by members of the public	1	—	—	526	526	—

Appendix A Accounts of bodies and funds under the aegis of the Department of Finance

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end March 2018, the period to which the last audited financial statements relate and when they were presented to.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Central Bank	2016	14 Mar 17	10 Apr 17	3 May 17
Credit Institutions (Eligible Liabilities Guarantee) Scheme	2016	19 Dec 17	19 Dec 17	18 Jan 18
Credit Union Fund	2016	28 Jun 17	29 Jun 17	4 Jul 17
Credit Union Restructuring Board	2016	28 Jul 17	16 Aug 17	16 Aug 17
Finance Accounts	2016	28 Jun 17	28 Jun 17	26 Jul 17
Financial Services and Pensions Ombudsman	2016	28 Sep 17	29 Sep 17	29 Nov 17
Intestate Estates Fund Account	2016	3 Oct 17	3 Oct 17	4 Oct 17
Irish Financial Services Appeals Tribunal	2016	24 Mar 17	30 Mar 17	27 Jun 17
Irish Fiscal Advisory Council	2016	30 Jun 17	17 Jul 17	20 Jul 17
Local Loans Accounts	2016	24 Nov 17	24 Nov 17	19 Dec 17
National Asset Management Agency	2016	28 Apr 17	17 May 17	1 Jun 17
National Treasury Management Agency	2016	12 May 17	25 May 17	10 Jul 17
Strategic Banking Corporation of Ireland	2016	13 Apr 17	23 May 17	6 Jun 17
Sundry Moneys Deposit Account	2016	21 Nov 17	21 Nov 17	4 Dec 17

Appropriation Account 2017

Vote 8

Office of the

Comptroller and Auditor General

Introduction

As Accounting Officer for Vote 8, 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 2017 for the salaries and expenses of the Office of the Comptroller and Auditor General.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €0.98 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account. In addition, the following accounting policies have been adopted.

Accrued audit fee income

Accrued audit fee income represents audits where an opinion had been reported at the year end but the fee had not yet been invoiced.

Work in progress

Work in progress represents the estimated recoverable value associated with work undertaken on audits where a fee is chargeable but where the audit had not been completed at year end. The value of work in progress is calculated as a percentage of the agreed audit fee, based on the status of the audit at year end.

Statement on Internal Financial Control

Responsibility for the System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting, internal audit and risk management is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems.

Public Procurement

Expenditure on goods and services including contracted-in staff in 2017 amounted to a total of €2.2 million. The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of one contract to the value of €31,000 listed in my annual return in respect of Circular 40/2002. The Office extended an existing contract for IT support services pending the completion of a strategic review of the provision of IT services. A new tender competition will be held for this service in 2018.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function which operates in accordance with a written charter which I have approved. The internal audit function is provided by a private firm which uses appropriately trained personnel.

Its work is informed by analysis of the financial risks to which the Office is exposed and its annual audit plans, approved by me, are based on this analysis. These plans aim to cover the key risks 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.

Risk and Control Framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A Risk Management Committee (RMC) comprising the three directors of audit oversees the risk management process. A risk register is in place which records the key risks facing the Office.

The register is regularly reviewed and updated by the RMC. The risks are graded according to their significance after taking account of mitigating controls and risks treatment actions are developed to ensure that risks are managed to an acceptable level. The results of risk management activities are reported to the Audit Committee.

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, 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.

Significant Financial Risk

Audit fees are charged for certain financial audits in accordance with the Comptroller and Auditor General (Amendment) Act 1993. The fees form a significant proportion of the resources of the Office and a number of procedures have been put in place to ensure that costs are recovered for relevant audits. These measures include

- an annual review of the basis on which fees are charged including a review of the recovery of costs on individual audits over time
- systems which record audit costs, audit progress and billing information
- the monitoring of financial information including audit costs and fee recovery.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of human resources and payroll processing shared services. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Review of Effectiveness of Controls

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Andrew Harkness
Accounting Officer
Office of the Comptroller and Auditor General

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 8 Office of the Comptroller and Auditor General

Opinion on the appropriation account

The appropriation account for Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2017 has been audited on my behalf by Mr Bernard Barron of Mazars, Chartered Accountants and Statutory Auditors under section 13 of the Comptroller and Auditor General (Amendment) Act 1993.

On the basis of his audit and report, in my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2017.
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts.*

I have nothing to report in that regard.

Seamus Mc Carthy
Comptroller and Auditor General

15 June 2018

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act, 1993

Report on the audit of the Appropriation Account

Opinion

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, I have audited the Appropriation Account of the Office of the Comptroller and Auditor General for the year ended 31 December 2017.

In my opinion, the Appropriation Account of the Vote for the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2017 and there are no matters on which I need to report, pursuant to Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

Basis of Opinion

I conducted my audit of the Appropriation Account of the Office of the Comptroller and Auditor General in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)), applicable law and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. My responsibilities under those Standards are described in the Auditor's responsibilities for the audit of the Appropriation Accounts section of my report. I am independent of the entity in accordance with ethical requirements that are relevant to audits in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

I have obtained all the information and explanations which I considered necessary for the purposes of my audit. In my opinion, proper accounting records have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the accounting records.

Statement of Internal Financial Control

I have reviewed the contents of the Statement on Internal Financial Controls. I have nothing to report in this regard.

Responsibilities of the Accounting Officer

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the Appropriation Account. He is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the Appropriation Account.

Auditor's responsibilities for the audit of the Appropriation Account

It is my responsibility to audit the Appropriation Account in accordance with relevant legal and regulatory requirements and International Standards on Auditing (Ireland). My objective is to obtain reasonable assurance about whether the Appropriation Account is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Appropriation Account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of Public Financial Procedures have been complied with. A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsbilities for audit.pdf. This description forms part of our auditor's report.

The purpose of my audit work and to whom I owe my responsibilities

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. My audit work has been undertaken so that I can state to the Comptroller and Auditor General those matters I am required to state to him in my opinion and for no other purposes. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions I have formed.

Bernard Barron

For and on behalf of

Mazars
Chartered Accountants and Statutory Auditors
Dublin 2

31 May 2018

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2017

	2017		2016
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Audit and reporting	12,642	11,923	11,567
Gross expenditure	**12,642**	**11,923**	**11,567**
Deduct			
B Appropriations-in-aid	**5,727**	**5,986**	**6,514**
Net expenditure	**6,915**	**5,937**	**5,053**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**978,145**	**1,707,576**

Andrew Harkness
Accounting Officer
Office of the Comptroller and Auditor General

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		9,898	9,376
Non pay		2,025	2,191
Gross expenditure		**11,923**	**11,567**
Deduct			
Appropriations-in-aid (Note 4)		**5,986**	**6,514**
Net expenditure		**5,937**	**5,053**
Changes in capital assets			
Purchases	(34)		
Depreciation	326		
Loss on disposals	20		
		312	277
Changes in net current assets			
Decrease in closing accruals	(428)		
Decrease in stock	3		
		(425)	297
Direct expenditure		**5,824**	**5,627**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,060	2,823
Notional rents		21	21
Net programme cost		**8,905**	**8,471**

1.1 Net Allied Services Expenditure

The net allied services expenditure is made up of the following amounts associated with Vote 8 services that were borne elsewhere.

		2017	2016
		€000	€000
Vote 9	Office of the Revenue Commissioners	30	30
Vote 12	Superannuation and Retired Allowances	1,585	1,430
Vote 13	Office of Public Works	924	850
Vote 18	National Shared Services Office	19	15
	Account of the Central Fund of the Exchequer	502	498
		3,060	**2,823**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**1,567**	**1,879**
Current assets			
Bank and cash	2.3	462	(345)
Stocks		3	6
Prepaid expenses		113	106
Audit fees recoverable	2.4	2,591	2,170
Other debit balances	2.5	117	129
Total current assets		**3,286**	**2,066**
Less current liabilities			
Net exchequer funding due	2.7	328	(567)
Accrued expenses		125	125
Other credit balances	2.6	251	351
Total current liabilities		**704**	**(91)**
Net current assets		2,582	2,157
Net assets		**4,149**	**4,036**
Represented by:			
State funding account	2.1	**4,149**	**4,036**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			4,036	4,610
Disbursements for the Vote				
Estimate provision	Account	6,915		
Surplus to be surrendered	Account	978		
Net Vote			5,937	5,053
Expenditure (cash) borne elsewhere	1.1		3,060	2,823
Non-cash expenditure – notional rent	1		21	21
Net programme cost	1		(8,905)	(8,471)
Balance at 31 December			**4,149**	**4,036**

2.2 Capital assets

	Office equipment	Fixtures, furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	2,231	1,932	4,163
Additions	34	—	34
Disposals	(932)	(2)	(934)
Cost or valuation at 31 December 2017	1,333	1,930	3,263
Accumulated depreciation			
Opening balance at 1 January 2017	1,893	391	2,284
Depreciation for the year	133	193	326
Depreciation on disposals	(913)	(1)	(914)
Cumulative depreciation at 31 December 2017	1,113	583	1,696
Net assets at 31 December 2017	**220**	**1,347**	**1,567**
Net assets at 31 December 2016	338	1,541	1,879

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	280	(543)
Commercial bank account balance	182	198
	462	**(345)**

2.4 Audit fees recoverable

at 31 December	2017	2016
	€000	€000
Audit fee debtors	521	385
Accrued audit fee income	1,673	1,301
Work in progress	397	484
	2,591	**2,170**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel expenditure and travel pass scheme	97	92
Recoupable expenditure from co-tenants	20	25
Miscellaneous salary suspense	—	12
	117	**129**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	105	151
Pay Related Social Insurance	75	105
Universal Social Charge	24	39
Professional Services Withholding Tax	20	26
Value Added Tax	26	29
Local Property Tax	1	1
	251	**351**

2.7 Net exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	978	1,708
Exchequer grant undrawn	(650)	(2,275)
Net exchequer funding due	**328**	**(567)**
Represented by:		
Debtors		
Bank and cash	462	(345)
Debit balances: suspense	117	129
	579	(216)
Creditors		
Due to State	(251)	(351)
	328	**(567)**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Total of legally enforceable commitments	**28**	**34**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

All of the allocation for Vote 8 Office of the Comptroller and Auditor General is all classified as administration expenditure applied towards a single programme: audit and reporting.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	10,413	9,898	9,376
ii	Travel and subsistence	546	549	517
iii	Training and development and incidental expenses	328	343	390
iv	Postal and telecommunications services	100	63	70
v	Office equipment and external IT services	443	391	416
vi	Office premises expenses	217	202	176
vii	Consultancy services and value for money and policy reviews	350	59	59
viii	Legal fees	45	46	66
ix	Contract audit services	200	372	497
		12,642	**11,923**	**11,567**

Note: The outturn includes audit committee costs totalling €2,687 (2016: €709).

Overall, the expenditure in relation to this programme was €719,000 lower than originally provided. The significant variations (+/- 25% and €100,000 relative to provision) are explained below.

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €10,413,000; outturn: €9,898,000

The underspend of €515,000 arose due to a shortfall in the number of serving staff. The average number of staff in the year was 147 compared to a staff complement of 164. Some of the shortfall was addressed through the engagement of qualified accountants on short term contracts.

vii *Consultancy services and value for money policy reviews*

Estimate provision: €350,000; outturn: €59,000

The estimate includes a provision for the Office to engage external assistance for examinations, if required. Assistance acquired cost €59,000, resulting in a saving of €291,000.

ix *Contract audit services*

Estimate provision: €200,000; outturn: €372,000

Additional expenditure of €172,000 on this subhead was incurred to facilitate the timely certification of accounts. This was funded from savings on subhead vii Consultancy services and value for money and policy reviews. The virement was sanctioned by the Department of Public Expenditure and Reform.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Audit fees, etc.	5,275	5,592	6,112
2	Receipts from pension-related deductions on public service remuneration	452	394	402
		5,727	**5,986**	**6,514**

Significant variations

Overall, income from appropriations- in- aid exceed the budgeted level by €259,000. The variation is the net result of the following

1 Audit fees, etc.

Estimate provision: €5,275,000; outturn: €5,592,000

The surplus of €317,000 is due to earlier than anticipated completion of audits.

2 Receipts from pension-related deductions on public service remuneration

Estimate provision: €452,000; outturn: €394,000

Receipts from pension related deductions were €58,000 lower than anticipated due to the shortfall in permanent staff numbers.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**144**	**143**

5.2 Pay

	2017	2016
	€000	€000
Salaries	9,155	8,679
Higher, special or additional duties allowances	28	25
Overtime	1	2
Employer's PRSI	714	670
Total pay	**9,898**	**9,376**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	4	1	10,377	10,081
Overtime and extra attendance	1	—	1,104	1,743

No member of staff received additional payments in more than one category.

5.4 Remuneration of senior management

Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid directly out of the Central Fund of the Exchequer, as provided for in Section 14 of the Comptroller and Auditor General (Amendment) Act 1993. The charge on the Central Fund in 2017 in relation to the remuneration of the Comptroller and Auditor General was €179,130 (2016: €175,742). As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

Accounting Officer

The charge to the Vote in 2017 in relation to the remuneration of the Accounting Officer was €139,563 (2016: €138,546).

5.5 Payroll overpayments

Payroll and human resources services are provided by the National Shared Services Office. Overpayments can occur for a number of reasons, including staff taking unpaid leave at short notice or payments continuing when sick leave limits are exceeded. Outstanding overpayments at the year end were €20,101 relating to 10 employees (2016: €25,239). Recovery plans are in place in two cases. Recovery of the other amounts is being pursued.

Appropriation Account 2017

Vote 9

Office of the Revenue Commissioners

Introduction

As Accounting Officer for Vote 9, 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 2017 for the salaries and expenses of the Vote for the Office of the Revenue Commissioners, including certain other services administered by that Office.

The expenditure outturn is compared with the sums:

- granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €3.42 million is liable for surrender to the Exchequer.

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 Circular 25 of 2017, have been applied in the preparation of the account, with the exceptions listed here.

Capital assets: vehicles and equipment

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs cutter is depreciated at a rate of 5% per annum on a straight line basis.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service 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 Service Office in relation to the provision of Human Resources and Payroll shared services.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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.
- mitigations used to manage risk include;
  - Revenue's governance structures
  - environmental scanning to ensure Revenue is aware of influences that affect risk, such as Brexit
  - integrated strategic/business planning and Risk Management system that regularly reviews risks at Organisational, Divisional and Branch level
  - project management methodologies for all significant projects.
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks.
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement

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

As required by DPER circular 40/2002, I have submitted a report on procurements in 2017 without competitive tendering process to the value of €1,676,644. In addition, contracts valued at €13,012,637, which were originally the subject of competitive tendering, were continued in 2017. The combined total was €14,689,281 and included:

- €8,987,859 (27 contracts) spent on goods and services from proprietary suppliers to cover ongoing support, maintenance and licencing of ICT (and other systems) to which Revenue is committed.
- €2,900,886 (10 contracts) contracts extended pending availability of replacement arrangements by OGP.
- €1,375,543 (8 contracts) in place with suppliers who provided required specialist skills and expertise.
- €893,799 (10 contracts) in place with sole suppliers of required goods and services.

- €531,194 (1 contract) rolled over contrary to national procurement guidelines. This relates to a long standing contract for telephonist services to Government departments. Revenue intends to work towards phasing out the use of external telephonists.

The Office operates a financial management system that records details of all suppliers of goods and services and related payments. This database includes records relating to long term service, licencing, support and maintenance agreements, largely in respect of software, IT hardware and communications where regular tendering is not practical or possible. These arrangements have not been included under Circular 40/2002 but are recorded separately.

It is the policy of my Office to avail of all centrally available frameworks as soon as they come on stream and to engage with the Office of Government Procurement where we have more specific requirements. Controls will remain in place to ensure compliance with this strategy.

Internal Audit and Audit Committee

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

Risk and Control Framework

This Office has implemented a risk management system which identifies and reports key risks and the 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 this Office and these have been identified, evaluated and graded according to their likelihood and impact. The risk register details the actions needed to mitigate risks and these actions are integrated in to Revenue's strategic and business planning process. The register is reviewed and updated on a quarterly basis by the Risk Management Committee (RMC) and noted by the Management Advisory Committee (MAC). The Committee also takes account of feedback received from Divisional management when determining whether there should be changes to the priority or ranking of a risk.

A Data Protection Unit is in place which has responsibility for the overall management and administration of data protection in Revenue. A Data Protection Officer, whose primary role is to ensure compliance with the General Data Protection Regulation (GDPR) and with Revenue data protection policies, is also in place.

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 MAC, 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 this Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within this Office are 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 2017 that resulted in, or may result in, a material loss.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

27 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 9 Office of the Revenue Commissioners

Opinion on the appropriation account

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners for the year ended 31 December 2017 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 9 Office of the Revenue Commissioners for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Revenue Commissioners and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapter 17 of my report on the accounts of the public services for 2017 refers to certain matters relating to Vote 9 Office of the Revenue Commissioners.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Administration and collection of taxes and duties, and frontier management				
	Current year provision	409,380			
	Deferred surrender	2,000			
			411,380	410,874	397,003
	Gross expenditure		**411,380**	**410,874**	**397,003**
	Deduct				
B	**Appropriations-in-aid**		**68,239**	**71,153**	**74,696**
	Net expenditure				
	Current year provision	341,141			
	Deferred surrender	2,000			
			343,141	**339,721**	**322,307**

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.

	2017	2016
	€	€
Surplus	3,420,000	10,805,980
Deferred surrender	—	(2,000,000)
Surplus to be surrendered	**3,420,000**	**8,805,980**

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

27 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		293,808	288,101
Non pay		117,066	108,902
Gross expenditure		**410,874**	**397,003**
Deduct			
Appropriations-in-aid		**71,153**	**74,696**
Net expenditure		**339,721**	**322,307**
Changes in capital assets			
Purchases cash	(20,709)		
Depreciation	17,564		
Disposals cash	69		
Gain on disposals	(20)		
		(3,096)	(8,327)
Changes in net current assets			
Increase in closing accruals	384		
Decrease in stock	197		
		581	4,524
Direct expenditure		**337,206**	**318,504**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		109,918	88,956
Notional rents (non cash)		9,936	9,969
Net programme cost		**457,060**	**417,429**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

		2017 €000	2016 €000
Vote 12 Superannuation and Retired Allowances		94,061	73,202
Vote 13 Office of Public Works		18,825	18,541
Vote 18 National Shared Services Office		744	154
Vote 24 Justice and Equality		—	561
		113,630	92,458
Services rendered by Revenue without charge [a]	e	(3,712)	(3,502)
		109,918	**88,956**

[a] In addition to services rendered without charge to other Votes shown here (€3.7 million), services to the value of approximately €1,107,000 were also provided without charge to other non voted bodies.

'e' Indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**75,748**	**71,356**
Current assets			
Bank and cash	2.3	9,687	21,771
Stocks	2.4	1,370	1,567
Prepayments		13,231	13,278
Accrued income		1,884	1,884
Other debit balances	2.5	2,509	1,731
Net Exchequer funding due	2.7	85	(7,194)
Total current assets		**28,766**	**33,037**
Less current liabilities			
Accrued expenses		4,274	3,193
Deferred income		113	135
Other credit balances	2.6	12,281	16,308
Total current liabilities		**16,668**	**19,636**
Net current assets		12,098	13,401
Net assets		**87,846**	**84,757**
Represented by:			
State funding account	2.1	**87,846**	**84,757**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			84,757	80,928
Disbursements from the Vote				
Estimate provision	Account	341,141		
Deferred surrender	Account	2,000		
Surplus to be surrendered	Account	(3,420)		
Net vote			339,721	322,307
Expenditure (cash) borne elsewhere	1.1		109,918	88,956
Non cash expenditure – notional rent	1		9,936	9,969
Other non-cash items – seized vehicles			574	26
Net programme cost	1		(457,060)	(417,429)
Balance at 31 December			**87,846**	**84,757**

2.2 Capital assets

	Vehicles and equipment	Office/IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	16,351	426,487	59,823	6,558	509,219
Additions	1,397	6,221	3,284	10,528	21,430
Seized vehicles appropriated to Revenue	574	—	—	—	574
Assets under development capitalised	—	14,296	—	(14,296)	—
Transfers from Vote 10	—	4	—	—	4
Transfers to Vote 10	—	(3)	—	—	(3)
Disposals	(1,136)	(6,360)	(1,965)	—	(9,461)
Cost or valuation at 31 December 2017	17,186	440,645	61,142	2,790	521,763
Accumulated depreciation					
Opening balance at 1 January 2017	11,897	372,468	53,498	—	437,863
Transfers to Vote 10	—	(2)	—	—	(2)
Depreciation for the year	1,358	14,671	1,537	—	17,566
Depreciation on disposals	(1,125)	(6,336)	(1,951)	—	(9,412)
Cumulative depreciation at 31 December 2017	12,130	380,801	53,084	—	446,015
Net assets at 31 December 2017	**5,056**	**59,844**	**8,058**	**2,790**	**75,748**
Net assets at 31 December 2016	4,454	54,019	6,325	6,558	71,356

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	9,685	21,768
Commercial bank account balances	2	3
	9,687	**21,771**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery and small stores	975	934
IT consumables	11	225
Equipment/clothing/miscellaneous	384	408
	1,370	**1,567**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Shared buildings advances	215	183
Advances for travel and subsistence purposes	18	19
Advances to OPW for building works, etc.	1,689	906
Miscellaneous suspense	247	352
Vote 10 Tax Appeals Commission	340	271
	2,509	**1,731**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	3,818	5,430
Pay Related Social Insurance	1,794	2,315
Professional Services Withholding Tax	1,801	1,734
Value Added Tax	429	756
Local Property Tax	47	61
Pension contributions	799	1,945
Extra Exchequer receipts	424	—
	9,112	12,241
Payroll deductions held in suspense	3,019	4,020
Recoupable expenditure in advance[a]	52	(32)
Other credit suspense items	98	79
	12,281	**16,308**

[a] In 2016, recoupable expenditure in advance of (€32,000) was disclosed in Note 2.5 Other debit balances.

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	3,420	8,806
Deferred surrender	—	2,000
Exchequer grant undrawn	(3,505)	(3,612)
Net Exchequer funding due	**(85)**	**7,194**
Represented by:		
Debtors		
Bank and cash	9,687	21,771
Other debit balances	2,509	1,731
	12,196	23,502
Creditors		
Due to State	(9,112)	(12,241)
Other credit balances	(3,169)	(4,067)
	(12,281)	(16,308)
	(85)	**7,194**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Global commitments		
Procurement of goods and services	2,351	3,899
Total of legally enforceable commitments	**2,351**	**3,899**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). All the programme expenditure is classified as administration expenditure.

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
I	Salaries, wages and allowances		301,645	293,808	288,101
ii	Travel and subsistence		4,100	4,670	3,956
iii	Training and development and other day-to-day expenses		18,035	20,943	19,721
iv	Postal and telecommunications services		10,200	11,198	10,057
v	Office equipment and external IT services				
	Current year provision	53,950			
	Deferred surrender	2,000	55,950	56,855	52,304
vi	Office premises expenses		7,000	7,954	7,507
vii	Consultancy services and value for money and policy reviews		50	47	53
viii	Motor vehicles and equipment maintenance		3,000	3,807	4,376
ix	Law charges, fees and rewards		10,900	11,250	10,532
x	Compensation and losses		500	342	396
			411,380	**410,874**	**397,003**

Significant variations

viii *Motor vehicles and equipment maintenance*

Estimate provision: €3 million, outturn: €3.8 million

The increase of €807,000 on expenditure on motor vehicles and equipment maintenance was due to the number of periodic maintenance on motor vehicles, scanners and boats being higher than normal in 2017.

x *Compensation and losses*

Estimate provision: €500,000, outturn: €342,000

The decrease of €158,000 on expenditure on compensation and losses was due to lower than expected costs. Compensation and losses can be difficult to accurately estimate due to irregular and long lead-in nature of payments.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for services relating to Pay Related Social Insurance Scheme	37,437	37,437	37,437
2	Fines, forfeitures, law costs recovered	3,600	2,895	3,269
3	Cherished numbers	150	198	257
4	Receipts in respect of Environmental Levy collection	400	397	394
5	Share of SASP collection cost (Single Authorisation for Simplified Procedures)	15,600	17,885	19,892
6	Miscellaneous	2,000	2,441	2,500
7	Receipts from pension-related deductions on public service receipts in respect of civil service staff	9,052	9,900	10,947
		68,239	**71,153**	**74,696**

Significant variations

Overall, appropriations-in-aid were €2.9 million more than the estimate.

Explanations for variances are set out below:

2 Fines, forfeitures, law costs recovered

Estimate provision: €3.6 million, outturn: €2.895 million

The shortfall of €705,000 was due to the introduction of a new instalment arrangement. This resulted in an interim timing issue, which will balance out over time.

5 Share of SASP collection cost (Single Authorisation for Simplified Procedures)

Estimate provision: €15.6 million, outturn: €17.885 million

The additional €2.285 million was due to the value of imports by private companies to other member states which are difficult to forecast. A conservative approach is taken in preparing the estimate.

6 Miscellaneous

Estimate provision: €2 million, outturn: €2.441 million

The additional €441,000 was due to (i) the increase in the number of people who paid by credit card, (ii) increase in Vote refunds.

7 Receipts from pension-related deductions on public service receipts in respect of civil service staff

Estimate provision: €9.052 million, outturn: €9.9 million

The additional €848,000 was due to the review of the Lansdowne Road Agreement and increase in staff numbers.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	460
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994	862	439
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers	750	768
Transferred to Exchequer	(1,188)	(1,667)
Balance at 31 December	**424**	**—**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**6,113**	**6,054**

The number of staff at year end 2017 includes 106 temporary clerical officers (2016:86), 48 of whom were engaged in the administration of Local Property Tax. The remainder covered other peak business periods across the organisation.

5.2 Pay

	2017 €000	2016 €000
Pay	271,404	266,807
Higher, special or additional duties allowance	4,087	4,131
Overtime	2,490	2,398
Employer's PRSI	15,827	14,765
Total pay	**293,808**	**288,101**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	116	14	21,304	17,288
Overtime and extra attendance	1,757	78	17,085	17,297
Shift and roster allowances	215	25	23,413	23,177
Miscellaneous	241	4	28,385	13,280
Extra remuneration in more than one category	324	93	25,478	23,548

5.4 Performance awards

A total of €103,011 was spent on Staff Recognition Schemes. There were 1,844 individual awards, ranging from €20 to €350.

5.5 Other remuneration arrangements

The cost of Revenue staff on secondment to other departments/agencies without recoupment was €295,380 (2016: €365,687).

A total of €65,125 was paid to three Revenue staff in 2017 in compensation for loss of earnings in accordance with Labour Court Recommendation No.19995.

A total of €44,087 was paid to 28 retired civil servants by Revenue in 2017 in respect of Interview Board payments, training interventions and witness expenses. These payments were made in accordance with the appropriate Department of Public Expenditure and Reform rates.

A total of €24,742 was paid to 12 staff in 2017 who redeployed to Revenue from other public sector bodies. These payments were in compensation for the loss of entitlements from their previous employment, including for annual leave and employee schemes. The payments were made in accordance with Department of Public Expenditure Reform guidelines.

5.6 Payroll overpayments

Overpayments recorded by NSSO at the year-end were €1,690,634 (797 employees) (2016: €1,512,222; 662 employees). Of this, €730,512 (353 employees) had recovery plans in place.

Note 6 Miscellaneous

6.1 Write-offs

The following sums were written off in the year:

	2017	2016
	€000	€000
Obsolete stock	31	24

6.2 Law charges, fees and rewards (subhead A (ix))

	2017	2016
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	4,713	4,583
Counsel fees	2,406	2,532
Other fees and costs:		
Bankruptcy/liquidation costs	2,877	2,676
Court fees	10	8
Miscellaneous costs and rewards	1,244	733
	11,250	**10,532**

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by employees of the Office						
Legal action taken by members of staff including claims pursued via the State Claims Agency	11	9	4	47	60	68
Miscellaneous expenses arising from work related incidents.	5	—	—	1	1	5
Claims by members of the public	26	20	215	46	281	323
		29	**219**	**94**	**342**	**396**

6.4 Arbitration and conciliation costs

Revenue had no expenditure in 2017 relating to arbitration and conciliation (2016: €1,678).

6.5 Contingent liability

Revenue has contingent liabilities of €1.5 million at year end (2016: €2.6 million).

6.6 EU funding

A grant for €375,000 was received from the European Anti-fraud Office towards the procurement of a mobile x-ray scanner. This was the second half of a €750,000 EU grant towards this purchase.

Appropriation Account 2017

Vote 10

Tax Appeals Commission

Introduction

As Accounting Officer for Vote 10, 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 2017 for the salaries and expenses of the Tax Appeals Commission.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €528,203 is liable for surrender to the Exchequer.

Establishment of the Commission

The Finance (Tax Appeals) Act 2015 which establishes the Tax Appeals Commission (formerly the Office of the Appeal Commissioners) was signed into law in December 2015. The Minister for Finance signed the relevant commencement orders to give effect to the new legislative provisions in February 2016. The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

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 Circular 25 of 2017, have been applied in the preparation of the account.

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 Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner.

Financial Control Environment

The Tax Appeals Commission depends to a significant degree on the controls operated by the Revenue Commissioners which provides a payment function and an accounting service to the Commission. I note in this regard the assurances provided to the Revenue Commissioners by the Accounting Officer of the Vote for the National Shared Service Office in relation to the provision of Human Resources and Payroll shared services .

A revised service level agreement between the Commission and the Office of the Revenue Commissioners setting out both parties' responsibilities for all administrative and accounting procedures was not signed during 2017. The existing procedures have rolled over from 2016.

The Tax Appeals Commission did not, in 2017, have an audit committee but it did in late 2017 establish an audit group pending establishment of an audit and risk committee. The agreement between the Commission and the Revenue Commissioners did not provide for access to the Revenue Commissioners' Audit Committee by the Commission. However, had I required access to the Audit Committee, I understand I would have been facilitated.

Administrative Controls and Management Reporting

I confirm that within our limited resources 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 a budgeting system with an annual budget which is kept under review by senior management
- there are periodic and annual financial reports which indicate financial performance against forecasts provided by Revenue to senior management for review
- there are systems aimed at ensuring the security of Revenue's ICT applications, particularly in relation to cyber threats and malicious attacks
- the Commission 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 risk management system in the Revenue Commissioners did not extend to the Tax Appeals Commission and the Commission did not, in 2017, have a separate risk management system or maintain a risk register. It did, however, make strides towards developing a risk management policy and register, with the assistance of 3rd party consultants. This has been ongoing into 2018. The most significant risk is that the Commission does not have the resources to adequately process appeals, or address its Civil Service and compliance obligations. It has not been possible to dedicate staff of the Commission to specified roles while we remain significantly short-staffed. The reality is that responsibilities and duties can change daily, based on emerging needs and priorities. The fluidity that pertains in relation to individuals' responsibilities makes it difficult to assign functions in relation to risk identification in some instances.

As part of a reform agenda currently underway to enhance and modernise the appeals process, internal controls are being revised in line with best public service practice.

Internal Audit

I confirm that the Tax Appeals Commission has an agreement in place with the Revenue Commissioners which provides the Commission with access to Revenue's internal audit function which will, on request, advise the Commission on departmental standards of internal audit, practices and procedures in auditing generally, and ongoing developments. The Commission established an internal audit function during 2017, with consultants engaged for this purpose. In the second half of 2017, the Commission also established an audit group, to begin the task of internal audit and identification of risks in the Commission, as well as commencement of the work to establish an audit & risk committee. The group itself is curtailed in its work, as members must address the daily, competing priorities that arise within the Office. The group has noted the significant risk faced by the Commission in relation to staff shortages and is itself at risk of sub-optimal performance because of that issue.

In 2017, the Commission did not consult with or seek the advice of Revenue's internal audit function.

Procurement Compliance

During 2017, procurement documentation was not maintained in a compliant manner . This meant that it was not available for review by external auditors. However, the Commission believes that the procurement was carried out in line with best public procurement guidelines.

Risk and Control Framework

The Commission has identified the need to develop a risk management system which identifies key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. The Commission has engaged the Institute of Public Administration (IPA) to assist with enhancement of the risk function and to train staff on all aspects of same. A draft policy and register was developed in the latter half of 2017 but, given our limited resources and the time and expertise needed for this important task, assistance was sought from consultants. This in itself is a time-consuming process and has gone on into 2018. The development of these policies and roles, with an inadequate staff complement, clearly reduces the time available to deal with the Commission's core function of resolving tax appeals.

The draft register is being adapted to meet with needs and in consultation with the IPA. The outcome of these assessments will be used to plan and allocate limited resources to ensure risks are managed to the best level possible, given our resource constraints.

The risk register will detail the controls and actions needed to mitigate risks and will identify where responsibility for operation of controls should be assigned to specific staff. However, based on current staffing levels, it is likely that a significant exercise in priority-identification will be to the fore, given that the Commission does not have enough staff to take responsibility for all risks likely to be identified.

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 in a timely way. The main risk, our significant resource deficit, has been identified and processes have been put in place to monitor this risk and report any identified deficiencies, to the Department of Finance, as well as to the Department of Public Expenditure and Reform. The Commission has highlighted the resource-related risk to all parties and has strived to put in place efficiencies that address what we can, such as new liaison systems with Revenue in respect of the appeals process. At year-end, as part of our review of progress to date, a full resource review, to be conducted by consultants, was identified as a pressing need. The Commission began that process.

Review of Effectiveness

The Commission'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 Commission responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

A weakness was identified in the internal financial controls relating to the making and payment of overtime claims. The weakness has been addressed by the introduction of a new policy in June 2017 governing the pre-authorisation, approval and payment of overtime claims, which is in line with the Department of Public Expenditure & Reform guidelines and the Civil Service Code of Conduct. There is currently an ongoing inquiry into related issues which is having a significant impact on the resources of the Commission.

Mark O'Mahony
Accounting Officer
Tax Appeals Commission

19 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 10 Tax Appeals Commission for the year ended 31 December 2017 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 10 Tax Appeals Commission for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Tax Appeals Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Adequacy of resources

In the statement on internal financial control, the Accounting Officer sets out concerns regarding the adequacy of resources within the Tax Appeals Commission and the implications for the control environment.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 10 Tax Appeals Commission

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing of tax appeals	1,684	1,122	890
	Gross expenditure	**1,684**	**1,122**	**890**
	Deduct			
B	**Appropriations-in-aid**	**79**	**45**	**46**
	Net expenditure	**1,605**	**1,077**	**844**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**528,203**	**596,480**

Mark O' Mahony
Accounting Officer
Tax Appeals Commission

19 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		753	661
Non pay		369	229
Gross expenditure		**1,122**	**890**
Deduct			
Appropriations-in-aid		**45**	**46**
Net expenditure		**1,077**	**844**
Changes in capital assets			
Purchases cash	(58)		
Depreciation	62		
		4	(194)
Changes in net current assets			
Decrease in closing accruals	—		
Increase in stock	(3)		
		(3)	(21)
Direct expenditure		**1,078**	**629**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		270	265
Net programme cost		**1,348**	**894**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following actual amounts in relation to Vote 10 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Revenue Commissioners	28	28
Vote 13 Office of Public Works	242	237
	270	**265**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**204**	**208**
Current Assets			
Bank and cash		371	383
Prepayments		36	41
Accrued income		—	4
Stocks	2.3	3	—
Total current assets		**410**	**428**
Less current liabilities			
Accrued expenses		9	18
Vote 9 Revenue Commissioners		340	271
Net Exchequer funding due	2.4	31	112
Total current liabilities		**380**	**401**
Net current assets		30	27
Net assets		**234**	**235**
Represented by:			
State funding account	2.1	**234**	**235**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			235	20
Disbursements from the Vote				
Estimate provision	Account	1,605		
Surplus to be surrendered	Account	(528)		
Net vote			1,077	844
Expenditure (cash) borne elsewhere	1		270	265
Net programme cost	1		(1,348)	(894)
Balance at 31 December			**234**	**235**

2.2 Capital assets

	Furniture and fittings	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	78	260	338
Additions	7	51	58
Transfers from Vote 9	3	—	3
Transfers to Vote 9	—	(4)	(4)
Disposals	(3)	—	(3)
Cost or valuation at 31 December 2017	85	307	392
Accumulated depreciation			
Opening balance at 1 January 2017	63	67	130
Depreciation for the year	3	60	63
Depreciation on transfers from Vote 9	2	—	2
Depreciation on transfers to Vote 9	—	(4)	(4)
Depreciation on disposals	(3)	—	(3)
Cumulative depreciation at 31 December 2017	65	123	188
Net assets at 31 December 2017	**20**	**184**	**204**
Net assets at 31 December 2016	15	193	208

2.3 Stocks

at 31 December	2017	2016
	€000	€000
Stationery and small stores	1	—
Consumables	2	—
	3	**—**

2.4 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	528	596
Exchequer grant undrawn	(497)	(484)
Net Exchequer funding due	**31**	**112**
Represented by:		
Debtors		
Bank and cash	371	383
	371	383
Creditors		
Vote 9 Revenue Commissioners	(340)	(271)
	31	**112**

2.5 Commitments

at 31 December	2017	2016
	€000	€000
Global commitments		
Procurement of goods and services	—	40
Total of legally enforceable commitments	**—**	**40**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The allocation for Vote 10 is all classified as administrative expenditure. The following note presents an analysis of the administration expenditure and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,284	753	661
ii	Travel and subsistence	70	1	4
iii	Training and development and incidental expenses	30	62	19
iv	Postal and telecommunications services	30	9	8
v	Office equipment and external IT services	200	252	181
vi	Office premises expenses	70	16	17
vii	Consultancy and other services	—	29	—
		1,684	**1,122**	**890**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €1,284,000, outturn: €753,000

The underspend of €531,000 on salaries, wages and allowances was because the recruitment of additional staff was slower than anticipated.

ii *Travel and subsistence*

Estimate provision: €70,000, outturn: €1,000

The vast majority of cases were held in Dublin. The 2017 estimate provided for an amount of travel to venues around the country in connection with the hearing of cases.

iii *Training and development and incidental expenses*

Estimate provision: €30,000, outturn: €62,000

The increase of €32,000 on expenditure on training and development and incidental expenses was due to the recruitment of additional staff, coupled with expenditure on online resources.

iv *Postal and telecommunications services*

Estimate provision: €30,000, outturn: €9,000

The decrease of €21,000 on expenditure on postal and telecommunications services was due to increased use of email. The allocation of expenditure set aside to take account of increased correspondence in line with increased levels of appeals was not required.

v *Office equipment and external IT services*

Estimate provision: €200,000 outturn: €252,000

The increase of €52,000 on office equipment and external IT services was due to continued development on the ICT infrastructure and Case Management System.

vi *Office premises expenses*

Estimate provision: €70,000, outturn: €16,000

The decrease of €54,000 on expenditure on office premises expenses was due to slower than anticipated recruitment of additional staff and the moving of offices did not arise.

vii *Consultancy and other services*

Estimate provision: €Nil, outturn: €29,000

Consultancy was not provided for in the estimates. Consultancy spend was on IT services for the management of the new build of the case management system and on accountancy services.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from pension-related deductions on public service remuneration	79	41	46
2	Miscellaneous	—	4	—
		79	45	46

Significant variations

Overall, appropriations-in-aid were €34,000 less than the estimate.

Explanations for variances are set out below:

1 *Receipts from pension- related deductions on public service remuneration*

Estimate provision: €79,000, outturn: €41,000

The shortfall of €38,000 was due to the recruitment of additional staff being slower than anticipated.

2 *Miscellaneous*

Estimate provision: €Nil, outturn:€4,000

The increase of €4,000 was due to a recoupment from the Department of Finance in respect of previous year expenditure.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**13**	**7**

5.2 Pay

	2017	2016
	€000	**€000**
Salaries	686	541
Higher, special or additional duties allowance	—	4
Overtime	—	65
Employer's PRSI	67	51
	753	**661**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties allowance	—	—	—	3,679
Overtime and extra attendance	—	—	—	65,411

Appropriation Account 2017

Vote 11

Office of the

Minister for Public Expenditure and Reform

Introduction

As Accounting Officer for Vote 11, 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 2017 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.3 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account with the following exceptions:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared between the Department of Public Expenditure and Reform and the Department of Finance, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform when established in 2011. In general, IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform and furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Public Expenditure and Reform has at times, since it was established, purchased certain assets which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Service 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 to advise me in discharging my responsibilities for the internal financial control system
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 11
- 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.
- 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. Two supply arrangements were reported under Circular 40/02. The first had a total value of €82,833 which was in relation to modifying an IT system at short notice to safeguard EU funding in 2017. The second had a total value of €39,149 which was in relation to the Department being required to use a data centre’s own supplier within its secure environment.

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. 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.

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 quarterly 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.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

26 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 11 Office of the Minister for Public Expenditure and Reform

Opinion on the appropriation account

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2017 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 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21September 2018

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Public expenditure and sectoral policy	18,089	15,092	14,908
B	Public service management and reform	37,962	37,899	28,280
	Gross expenditure	**56,051**	**52,991**	**43,188**
	Deduct			
C	**Appropriations-in-aid**	**2,946**	**1,897**	**1,965**
	Net expenditure	**53,105**	**51,094**	**41,223**

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.

	2017	2016
	€	€
Surplus	2,011,378	2,524,639
Deferred surrender	(685,000)	—
Surplus to be surrendered	**1,326,378**	**2,524,639**

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		28,152	20,380
Pay		22,165	20,272
Non pay		2,674	2,536
Gross expenditure		**52,991**	**43,188**
Deduct			
Appropriations-in-aid		**1,897**	**1,965**
Net expenditure		**51,094**	**41,223**
Changes in capital assets			
Purchases cash	(7,482)		
Depreciation	2,343		
		(5,139)	(673)
Changes in net current assets			
Decrease in closing accruals	(1,097)		
Increase in closing stock	(14)		
		(1,111)	(434)
Direct expenditure		**44,844**	**40,116**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,531	2,808
Notional rents		2,252	2,252
Net programme cost		**50,627**	**45,176**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 11 borne elsewhere.

		2017	2016
		€000	€000
Vote 7 Finance	e	882	243
Vote 9 Office of the Revenue Commissioners	e	410	229
Vote 12 Superannuation and Retired Allowances	e	2,182	1,129
Vote 13 Office of Public Works		1,040	1,168
Vote 18 National Shared Services Office	e	46	39
		4,560	**2,808**
Apportioned cost of IT support for other Votes	e	(1,029)	—
		3,531	**2,808**

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**8,122**	**2,984**
Current assets			
Bank and cash	2.3	2,066	1,765
Stocks	2.4	27	13
Prepayments[1]		2,575	1,285
Other debit balances	2.5	221	166
Total current assets		**4,889**	**3,229**
Less current liabilities			
Accrued expenses		406	213
Other credit balances	2.6	1,612	1,261
Net Exchequer funding due	2.7	675	670
Total current liabilities		**2,693**	**2,144**
Net current assets		2,196	1,085
Net assets		**10,318**	**4,069**
Represented by:			
State funding account	2.1	**10,318**	**4,069**

[1]The prepayments are driven, in the main, by the OGCIO expenditure in relation to external IT services, licences and warranties where the benefits of this expenditure will be consumed in future years. The increase in prepayments was driven by the expansion of OGCIO activities as well as including prepayments in respect of years prior to 2017 for the first time in this note.

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			4,069	2,433
Disbursements from the Vote				
Estimate provision	Account	53,105		
Deferred surrender	Account	(685)		
Surplus to be surrendered	Account	(1,326)		
Net vote			51,094	41,223
Expenditure (cash) borne elsewhere			3,531	2,808
Non-cash items – capital assets			—	911
Non-cash items – depreciation			—	(382)
Non-cash items – disposal adjustment			(1)	—
Non cash expenditure – notional rent			2,252	2,252
Net programme cost			(50,627)	(45,176)
Balance at 31 December			**10,318**	**4,069**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	27,809	208	3	—	28,020
Additions	7,167	10	—	305	7,482
Disposals [1]	(16,747)	—	—	—	(16,747)
Cost or valuation at 31 December 2017	18,229	218	3	305	18,755
Accumulated depreciation					
Opening balance at 1 January 2017	24,991	42	3	—	25,036
Depreciation for the year	2,321	22	—	—	2,343
Depreciation on disposals [1]	(16,746)	—	—	—	(16,746)
Cumulative depreciation at 31 December 2017	10,566	64	3	—	10,633
Net assets at 31 December 2017	**7,663**	**154**	**—**	**305**	**8,122**
Net assets at 31 December 2016	2,818	166	—	—	2,984

[1] In 2017, the Department, as a significant developer and manager of IT systems conducted a review of its capital assets register. As a result of the review, the Department identified a number of IT systems on the register that had become obsolete and, in many cases, had been superseded by more contemporary systems. The historical cost disposal amount above was predominately due to these systems being removed from the register. They were fully depreciated and all had a zero net book value. Also in 2017, the Department retired a number of desk top PCs as part of a programme of updating technology.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance and cash	1,943	1,764
Commercial bank	123	1
	2,066	**1,765**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	10	6
IT consumables	17	7
	27	**13**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel expenditure	9	4
Recoupable travel pass scheme expenditure	138	139
Recoupable salaries	42	—
Other debit suspense items	32	23
	221	**166**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	650	570
Pay Related Social Insurance	259	213
Professional Services Withholding Tax	218	230
Value Added Tax	72	24
Pension contributions	91	81
Local Property Tax	3	3
Ministerial salary surrender	8	—
	1,301	1,121
Payroll deductions held in suspense	149	132
Other credit suspense items	162	8
	1,612	**1,261**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,326	2,525
Deferred surrender	685	—
Exchequer grant undrawn	(1,336)	(1,855)
Net exchequer balance	**675**	**670**
Represented by:		
Debtors		
Bank and cash	2,066	1,765
Debit balances: suspense	221	166
	2,287	1,931
Creditors		
Due to State	(1,301)	(1,121)
Credit balances: suspense	(311)	(140)
	(1,612)	(1,261)
	675	**670**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Global commitments		
Procurement of goods and services	360	325
Total of legally enforceable commitments	**360**	**325**

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimates of matured liabilities not discharged at year end	3	3

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	22,500	22,165	20,272
ii	Travel and subsistence	315	265	165
iii	Training and development and incidental expenses	1,111	1,029	1,018
iv	Postal and telecommunications services	280	186	245
v	Office equipment and external IT services	1,037	987	843
vi	Office premises expenses	411	195	250
vii	Consultancy and other services	40	12	15
		25,694	**24,839**	**22,808**

Significant variations

vi *Office premises expenses*

Estimate provision: €0.4 million, outturn: €0.2 million

The decrease of €0.2 million on office premises expenses was due to extra accommodation required by the Department not being available in 2017.

Programme A Public Expenditure and Sectoral Policy

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	8,310	7,614	7,267
A.2	Administration – non pay	964	797	942
A.3	Economic and Social Research Institute – administration and general expenses	2,675	2,675	2,575
A.4	Structural funds technical assistance and other costs	2,268	1,275	1,032
A.5	Technical assistance costs of Regional Assemblies	650	631	621
A.6	Peace Programme/ Northern Ireland INTERREG	1,100	608	666
A.7	Special EU Programmes Body	1,350	998	1,200
A.8	Ireland/ Wales and Transnational INTERREG	251	131	303
A.9	Consultancy and other services	188	101	57
A.10	Funding for pensions for bodies under the aegis of the Department	333	262	245
		18,089	**15,092**	**14,908**

Significant variations (+/-5% and €100,000)

Overall, the expenditure in relation to Programme A was €3 million lower than provided. €0.9 million of this related to administration expenditure and has already been explained. The balance of the variance of €2.1 million was mainly due to the following:

A.4 Structural funds technical assistance and other costs

Estimate provision: €2.3 million, outturn: €1.3 million

The shortfall in expenditure of €1 million relative to the estimate provision was due to a change in the licencing arrangements and savings in the E-Cohesion IT system project that will conclude in early 2018. The system will facilitate the electronic exchange of information between beneficiaries of EU funding and the authorities involved in the implementation of EU co-financed programmes.

A.6 Peace Programme/Northern Ireland INTERREG

Estimate provision: €1.1 million, outturn: €0.6 million

The shortfall in expenditure of €0.5 million relative to the estimate provision was due to the impact of the delay in 2014-2020 programme expenditure along with the favourable euro to sterling exchange rate.

A.7 Special EU Programmes Body

Estimate provision: €1.4 million, outturn: €1 million

The shortfall in expenditure of €0.4 million relative to the estimate provision was due to the impact of the delay in 2014-2020 programme expenditure along with the favourable euro to sterling exchange rate.

A.8 Ireland/Wales and Transnational INTERREG

Estimate provision: €0.2 million, outturn: €0.1 million

The shortfall in expenditure of €0.1 million relative to the estimate provision was due to the earlier than anticipated completion of 2007-2013 programme and reduced contribution for the 2014-2020 programme.

Programme B Public Service Management and Reform

			2017	2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	14,190	14,550	13,005
B.2	Administration – non pay	2,230	1,877	1,594
B.3	Institute of Public Administration	2,725	2,725	2,725
B.4	Civil service arbitration and appeals procedure	40	33	42
B.5	Consultancy and other services	650	291	258
B.6	Office of the Government Chief Information Officer	12,545	14,441	7,003
B.7	Reform agenda	1,981	1,862	1,988
B.8	Employee Assistance Officer shared service	1,331	1,305	1,232
B.9	Public Service Pay Commission	200	166	—
B.10	Civil service learning and development programme	1,350	87	124
B.11	Irish Government economic and evaluation service	200	178	—
B.12	Single public service pension administration project	300	164	—
B.13	Implementation of Protected Disclosures Act	220	220	300
	Statute law revision programme	—	—	9
		37,962	**37,899**	**28,280**

Significant variations (+/-5% and €100,000)

Overall, the expenditure in relation to Programme B was €0.1 million lower than provided. Administration expenditure variances have already been explained and the balance of the variance of €0.1 million was mainly due to the following:

B.5 Consultancy and other services

Estimate provision: €0.7 million, outturn: €0.3 million

The shortfall in expenditure of €0.4 million relative to the estimate provision was due to costs associated to a court case which did not materialise in 2017 and a number of smaller savings across the Department.

B.6 Office of the Government Chief Information Officer

Estimate provision: €12.5 million, outturn: €14.4 million

The increase in expenditure of €1.9 million relative to the estimate provision was due to an increase in the pace of the implementation of the Government's Public Service ICT Strategy particularly in respect of Build to Share Infrastructure and application projects.

B.7 Reform agenda

Estimate provision: €2 million, outturn: €1.9 million

The shortfall in expenditure of €0.1 million relative to the estimate provision was due to a combination of smaller savings over a number of policy and programme areas in HR resourcing and capacity.

B.10 Civil service learning and development programme

Estimate provision: €1.3 million, outturn: €0.1 million

The shortfall in expenditure of €1.2 million relative to the estimate provision was due to the procurement process to develop the IT platform required for the civil service learning and development service taking longer than anticipated.

B.12 Single public service pension administration project

Estimate provision: €0.3 million, outturn: €0.2 million

The shortfall in expenditure of €0.1 million relative to the estimate provision was due to the timing of procurement of external services which will take place in early 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	EU programmes	1,000	—	109
2.	Pension cashflow surpluses	56	58	58
3.	Miscellaneous	40	74	73
4.	Receipts from pension-related deduction on public service remuneration	1,850	1,765	1,725
	Total	**2,946**	**1,897**	**1,965**

Significant variations (+/-5% and €100,000)

Overall, appropriations-in-aid were €1 million less than the estimate.

Explanations for variances are set out below:

1. EU programmes

Estimate provision: €1 million, outturn: €Nil

The shortfall of €1 million was due to the difficulty in estimating the timing as well as the quantity of reimbursements pertaining to EU programmes. The Department received some reimbursements in early 2018 that had been expected in 2017.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Voluntary surrender of ministerial salaries	8	1
Transferred to Exchequer	—	(1)
Balance at 31 December	**8**	**—**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**397**	**352**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	23,076	21,739
Redundancy	—	210
Higher, special or additional duties allowance	250	220
Other allowances	144	39
Overtime	32	50
Employer's PRSI	1,475	1,277
Total pay [a]	**24,977**	**23,535**

[a] The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, B.1, B.7 and B.8.

Staff working in the Special EU Programmes Body (SEUPB) which is headquartered in Belfast are not included in PER staff numbers. SEUPB is a North South Body established under the Good Friday Agreement and PER contributes to its payroll costs from subheads A.6 and A.7 which are included in pay above.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	82	8	29,414	18,854
Other allowances	11	2	12,498	11,020
Overtime	27	—	5,600	11,970
Extra remuneration in more than one category	7	2	14,338	13,080

5.4 Other remuneration arrangements

This account includes expenditure of €146,586 (2016: €121,255) in respect of three officers who were serving outside the Department for all or part of 2017 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% Programme for Competitiveness and Work (PCW) restructuring agreement, 37 officers (2016: 35) received a total of €83,787 (2016: €83,887) in respect of PCW/seniority allowances.

5.5 Payroll overpayments

Overpayments at year end were €18,224, 10 cases (2016: €15,928 (5 cases)).

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in headings A.4, A.5, A.6 and A.8 includes the following payments in respect of activities which are co-financed by the EU.

Heading	Description	2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	2,000	1,044	796
A.5	Technical assistance costs of Regional Assemblies	650	631	621
A.6	Peace Programme/Northern Ireland INTERREG	1,100	608	666
A.8	Ireland/Wales and Transnational INTERREG	251	131	303
		4,001	**2,414**	**2,386**

6.2 Committees and commissions

	Year of appointment	2017	2016
		€000	€000
Civil Service Arbitration Board	1950/51	17	26
Public Service Pay Commission	2017	166	—
		183	**26**

6.3 Contingent liabilities

The Department has received a judgment in respect of an ongoing legal case. Costs have been awarded against the Department. However, the amount is yet to be determined.

6.4 Carryover to 2018

Under the provisions of Section 91 of the Finance Act 2004, €685,000 of unspent allocations in respect of capital elements of Subheads A.4 and B.10 were carried forward to 2018.

Note 7 Contingency Fund

	2017	2016
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	**1,200**	**1,200**

The Contingency Fund is a non-statutory fund formed in 1923. The fund is available for use to facilitate the defraying of urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess.

The procedures in relation to the operation of the Fund are set out in Public Financial Procedures (Sections C.1.5 to C.1.12).

The size of the Fund is reviewed every five years. Following a review in 2014, it was decided that the Fund should remain at its existing level.

Appendix A Accounts of bodies and funds under the aegis of the Department of Public Expenditure and Reform

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when 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
Economic and Social Research Institute	2016	15 Dec 16	21 Dec 16	18 Jan 18
Institute of Public Administration	2016	15 May 17	10 Jul 2017	10 Jul 17
Ireland-United States Educational Fund [2]	2016	28 Nov 17	28 Nov 17	
Regulator of the National Lottery	2016	6 Dec 17	5 Jan 2018	13 Feb 18
Special EU Programmes Body [1]	2016	16 Jun 2017	27 Nov 17	14 Dec 17
State Property Miscellaneous Deposit Account [3]	2016	28 Nov 17	28 Nov 17	

[1] The Special EU Programmes Body is one of the cross border bodies set up under the Good Friday Agreement, and is jointly sponsored by the Northern Ireland Department of Finance. The annual report and accounts of the SEUPB are audited and certified by the Comptrollers and Auditors General of both jurisdictions and jointly laid before both Houses of the Oireachtas in Ireland and the Northern Ireland Assembly.

[2] The Ireland-United States Educational Fund account 2016 was laid before the Houses of the Oireachtas on 24 August 2018.

[3] The State Property Miscellaneous Deposit account 2016 was laid before the Houses of the Oireachtas on 24 August 2018.

Vote 12

Superannuation and Retired Allowances

Introduction

As Accounting Officer for Vote 12, 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 2017 for pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform; fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Authority, miscellaneous payments, etc.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €33.5 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 have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the 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, all transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR 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 shared services to this Office.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems.

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. 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.

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 quarterly 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.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

26 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 12 Superannuation and Retired Allowances

Opinion on the appropriation account

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances for the year ended 31 December 2017 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 12 Superannuation and Retired Allowances for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Superannuation and retired allowances				
	Original	539,900			
	Supplementary	10,500			
			550,400	535,478	499,500
	Gross expenditure				
	Original	539,900			
	Supplementary	10,500			
			550,400	**535,478**	**499,500**
B	**Appropriations-in-aid**				
	Original	180,000			
	Supplementary	4,000			
			184,000	**202,555**	**158,403**
	Net expenditure				
	Original	359,900			
	Supplementary	6,500			
			366,400	**332,923**	**341,097**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**33,476,725**	**50,783,203**

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

This note is not applicable. The administration costs of this Vote are borne on Vote 18 – National Shared Services Office. The costs involved in formulation of superannuation policy are borne on Vote 11 - Office of the Minister for Public Expenditure and Reform.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Current Assets			
Other debit balances	2.3	242	205
Bank and cash	2.2	19,171	29,781
Total current assets		**19,413**	**29,986**
Less current liabilities			
Other credit balances	2.4	14,894	12,429
Net Exchequer funding due	2.5	4,519	17,557
Total current liabilities		**19,413**	**29,986**
Net current assets		**—**	**—**
Net assets		**—**	**—**
Represented by:			
State funding account	2.1	**—**	**—**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	366,400		
Surplus to be surrendered	Account	(33,477)		
Net vote			332,923	341,097
Net programme cost			(332,923)	(341,097)
Balance at 31 December			**—**	**—**

2.2 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	18,037	29,781
Commercial bank account balance	1,134	—
	19,171	**29,781**

2.3 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable pensions owed by other departments	242	205
	242	**205**

2.4 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	5,996	8,506
Universal Social Charge	1,278	2,209
Local Property Tax	122	152
	7,396	10,867
Voluntary pension deductions held in suspense	4,193	12
Other credit suspense items	3,305	1,550
	14,894	**12,429**

2.5 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	33,477	50,783
Exchequer grant undrawn	(28,958)	(33,226)
Net Exchequer funding due	**4,519**	**17,557**
Represented by:		
Debtors		
Debit balances: suspense	242	205
Bank and cash	19,171	29,781
	19,413	29,986
Creditors		
Due to State	(7,396)	(10,867)
Credit balances: suspense	(7,498)	(1,562)
	(14,894)	(12,429)
	4,519	**17,557**

Note 3 Vote Expenditure by Subhead

Programme A Superannuation and Retired Allowances

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances				
	Original	383,500			
	Supplementary	(2,900)	380,600	378,995	357,641
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers				
	Original	41,400			
	Supplementary	500	41,900	41,873	41,181
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers				
	Original	600			
	Supplementary	(125)	475	447	596
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service				
	Original	90,400			
	Supplementary	13,700	104,100	91,479	78,049
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service				
	Original	22,995			
	Supplementary	(595)	22,400	21,915	21,243
A.6	Injury grants and medical fees		400	350	359
A.7	Pension related fees and other expenses				
	Original	250			
	Supplementary	(80)	170	151	202
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997		300	214	176
A.9	Pension liabilities of former public service bodies payable under statute		55	54	53
			550,400	**535,478**	**499,500**

Significant variations

Overall, the expenditure in relation to Programme A was €14.9 million lower than provided. This was mainly due to the following:

A.4 *Additional allowances and gratuities in respect of established officers and payments in respect of transferred service*

Estimate provision: €104.1 million, outturn: €91.5 million

The shortfall in expenditure of €12.6 million relative to the estimate provision was due to fewer retirements from the established scheme than provided for in the estimate. The original estimate was based on 1,300 retirements expected for 2017. Given the inherent expenditure variability, and the level of gross expenditure as it stood at end October, a supplementary estimate of €13.7 million was sought for subhead A.4 as a precautionary measure and approved by the Oireachtas. The actual experience at year end was that 1,343 people (103.3% of the original estimate) retired from the established scheme and received a lump sum under subhead A.4. An additional 76 former civil servants, who had retired under the Incentivised Scheme for Early Retirement (ISER), received a lump sum payment in 2017 on reaching minimum pension age. The outturn of €91.5 million exceeded the original 2017 estimate by €1.1 million. In the event, the full supplementary provision was not used.

Note 4 Receipts

4.1 Appropriations-in-aid

				2017	2016
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Receipt from the Social Welfare Consolidation Act 1993 (No. 38 on 1993) in respect of pension liability of staff		28,000	28,000	28,000
2	Receipts in respect of pension liability of staff on loan, etc.				
	Original	2,000			
	Supplementary	(400)	1,600	1,706	1,617
3	Contributions to spouses' and children's pension scheme for civil servants and others				
	Original	19,500			
	Supplementary	(1,300)	18,200	18,847	17,399
4	Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)				
	Original	28,500			
	Supplementary	800	29,300	31,704	29,695
5	Repayment of gratuities, etc.				
	Original	900			
	Supplementary	(780)	120	120	295
6	Purchase of notional service				
	Original	5,000			
	Supplementary	(250)	4,750	4,956	5,287
7	Single scheme contributions				
	Original	96,000			
	Supplementary	6,000	102,000	117,203	75,948
8	Miscellaneous				
	Original	100			
	Supplementary	(70)	30	19	162
	Total		**184,000**	**202,555**	**158,403**

Significant variations

Overall, appropriations-in-aid were €18.6 million more than the estimate.

Explanations for variances are set out below:

2 Receipts in respect of pension liability of staff on loan, etc.

Estimate provision: €1.6 million, outturn: €1.7 million

The increase of €0.1 million was due to an increased level of receipts in respect of staff on loan. It is difficult to predict the number of staff on loan year to year.

4 Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)

Estimate provision: €29.3 million, outturn: €31.7 million

The increase of €2.4 million was due to an underestimation of the level of receipts from the cohort of civil servants appointed on or after 6 April 1995 and before 1 January 2013 who are members of the established scheme. The number in this cohort will decrease as retirements occur, however the level of contributions is affected by changes in the salary levels of this cohort which may increase in line with career progression.

7 Single scheme contributions

Estimate provision: €102 million, outturn: €117 million

The increase of €15 million was largely due to an increased level of receipts in the final months of the year. The amount credited to the Vote in respect to the Single Public Service Pension Scheme represents contributions made by all new public servants who commence employment after 1 January 2013. While there is central oversight of total public service employee numbers, the number of new entrants, the timing of their engagement and the grade and pay level at which they are engaged in individual sectors in any year is managed in those sectors and is subject to fluctuation. Due to the nature of recruitment and the retirement processes across the public service, a level of variation in estimates versus receipts will remain.

Note 5 Employee and Pensioner Numbers

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 18 – National Shared Services Office. Staff engaged on the formulation of superannuation policy are charged to Vote 11 - Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

		2017	2016
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	16,448	15,414
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,859	2,816
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	30	37
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,578	4,634
A.9	Pension liabilities of former public service bodies payable under statute	3	3
		23,918	**22,904**

5.3 Pension payment agency services

The Department (Vote 12) makes pension payments, on an agency basis, to former staff of the bodies detailed below

Name of body	Number of pensioners	Gross value (per annum) €m
Vocational Education Committee/Institute of Technology/ Education Training Board pensions	9,615	267
FÁS/SOLAS pensions	1,564	31

The amounts paid are charged to the Vote for Education and Skills (Vote 26).

5.4 Overpayments of pensions

Overpayments at year end were €158,436 (44 cases), (2016: €123,319 (41 cases)), all of these cases have recoupment plans in place.

5.5 Severance payments

Severance payments totalling €379,349 were paid to four retiring secretaries general in 2017 under a scheme which was terminated for new appointees in November 2011. Severance payments are charged to subhead A.1.

Note 6 Miscellaneous

6.1 Abatement of pensions

The Pensions (Abatement) Act 1965 and the Public Service (Single Scheme and other Provisions) Act 2012 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The legislation also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

In 2017, the pensions of 27 retired civil servants were fully or partially abated. The total amount abated in 2017 was €175,260.

6.2 Compensation and legal costs

Compensation and legal costs paid during the year are categorised as follows:

				2017	2016
	Number of cases	Legal costs paid by Department	Legal costs awarded	Total	Total
		€000	€000	€000	€000
Claims in respect of the pension functions of the Minister for Public Expenditure and Reform	—	—	—	—	57

Appropriation Account 2017

Vote 13

Office of Public Works

Introduction

As Accounting Officer for Vote 13, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Office of Public Works, for services administered by that Office, for payment of certain grants and for the recoupment of certain expenditure.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.63 million is liable for surrender to the Exchequer.

The OPW acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. The expenditure incurred on their behalf is set out in Note 6.4.

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 have been applied in the preparation of the account. Departures from the standard accounting policies and principles are highlighted below.

(a) Valuation of capital assets:

The Office of Public Works recognises the value of land and buildings as follows:

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

The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value.

Capital expenditure in a number of areas is not recognised in Note 2.2 Capital assets as follows:

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

(b) Depreciation

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

Artworks and heritage assets are not depreciated.

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

(c) Capital assets under development

Expenditure on existing properties owned by OPW carried out under Subhead B6 (new works alterations and additions) is capitalised under its relevant asset category in the year the expenditure is incurred save for the exceptions outlined above where capital expenditure is not recognised as a capital asset. Capital expenditure on new developments spanning multiple accounting periods is accounted for as a capital asset under development and is transferred to the relevant asset category on completion.

(d) Property lease payments

The OPW recognises payment for goods and services when the goods or services have been provided satisfactorily, the supplier has submitted their account and the instruction for payment has been executed. In the case of property lease agreements, once the service is provided, and the rent is due and payable, then the OPW are satisfied the liability has matured. However, where there are legal or compliance difficulties in making such payments to the suppliers, the OPW may charge the payment to the Vote and transfer the funds to suspense.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of human resources shared service. Since 1 May 2017, the management of payroll and travel claims for civil service grades has been transferred to the National Shared Services Office.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- a Corporate Governance Framework for the Office is in place.

Internal Audit and Audit Committee

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

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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

Ongoing Monitoring and Review

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

Review of Effectiveness

I confirm that the office has procedures to monitor the effectiveness of its risk management and control procedures. The office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the office responsible for the development and maintenance of the internal financial control framework.

Non-compliance with Procurement Rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with the relevant guidelines. In 2017, the Office complied with procurement guidelines with the exception of payments totalling €811,764 as set out below:

- Seven contracts with a total value of €486,834 related to urgent specialised work of a security nature. The completion of framework agreements for the relevant services is pending.
- In five cases, contracts to the value of €324,930 related to instances where services were procured from a sole supplier or a contractor with specialist expertise.

The Office has provided details of these exceptional contracts, as part of information on 23 contracts with a total value of €1,864,026 (ex VAT), that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal Financial Control Issues

The following internal financial control issue was identified in 2017.

Rents receivable

An internal review into rent collection controls was carried out in 2017. The review has identified that there are weaknesses in controls due largely to the scale and diverse nature of the portfolio and the lack of a central register of all lease agreements and licence arrangements. Following the review a central register of lease agreements has been put in place.

Maurice Buckley
Accounting Officer
Office of Public Works

17 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 13 Office of Public Works

Opinion on the appropriation account

I have audited the appropriation account for Vote 13 Office of Public Works for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 13 Office of Public Works for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of Public Works and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Reporting on matters arising from audit

Chapter 6 of my report on the accounts of the public services for 2017 refers to certain matters relating to Vote 13 Office of Public Works.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 13 Office of Public Works

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Flood risk management	75,044	75,099	80,127
B	Estate portfolio management	319,287	319,180	311,360
	Gross expenditure	**394,331**	**394,279**	**391,487**
	Deduct			
C	**Appropriations-in-aid**	**29,264**	**33,847**	**32,685**
	Net expenditure	**365,067**	**360,432**	**358,802**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**4,634,977**	**5,746,074**

Maurice Buckley
Accounting Officer
Office of Public Works

17 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		350,262	349,696
Administration pay		35,976	33,175
Administration non pay		8,041	8,616
Gross expenditure		**394,279**	**391,487**
Deduct			
Appropriations-in-aid		**33,847**	**32,685**
Net expenditure		**360,432**	**358,802**
Changes in capital assets			
Purchases cash	(4,669)		
Disposals cash	574		
Depreciation	4,389		
Gain on disposals	(103)		
		191	(41,444)
Changes in net current assets			
Increase in closing accruals	321		
Decrease in stock	184		
		505	5,228
Direct expenditure		**361,128**	**322,586**
Expenditure on services provided free to other departments (allied services)		(163,606)	(126,988)
Expenditure on services where OPW acts as client[1]		(87,288)	(93,851)
Direct expenditure (excluding allied services and services where OPW acts as client)		**110,234**	**101,747**
Expenditure borne elsewhere			
Vote 12 - Superannuation and retired allowances		23,047	18,780
Net programme cost[2]		**133,281**	**120,527**

[1] The direct expenditure figure has been reduced by an amount of €87.3 million which is the net cost of capital and current services where OPW either carries out or funds certain works on behalf of the State (e.g. drainage maintenance €5.1 million, flood relief €42 million, maintenance of heritage properties €12.8 million, grants for certain refurbishment works €0.5 million, payments for the Convention Centre Dublin €24.3 million). The cost of such works and grants do not form part of the running costs of OPW.

[2] The net programme cost does not include an amount for notional income or payments.

- Notional rents receivable by the OPW on State owned properties are estimated at some €80.5 million. Notional rents payable by OPW are estimated at €3.4 million.
- Amounts have not been included in the statement in respect of notional income from client departments in respect of services currently provided free of charge by the OPW.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**3,326,934**	**3,328,288**
Current assets			
Bank and cash	2.3	32,628	31,232
Stocks	2.4	1,844	2,028
Prepayments	2.5	20,060	21,564
Accrued income		1,510	1,243
Other debit balances	2.6	278	1,154
Total current assets		**56,320**	**57,221**
Less current liabilities			
Accrued expenses		7,973	8,698
Deferred income		346	784
Other credit balances	2.7	31,086	31,201
Net Exchequer funding due	2.8	1,820	1,185
Total current liabilities		**41,225**	**41,868**
Net current assets		15,095	15,353
Net assets		**3,342,029**	**3,343,641**
Represented by:			
State funding account	2.1	**3,342,029**	**3,343,641**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			3,343,641	3,254,137
Disbursements from the Vote				
Estimate provision	Account	365,067		
Surplus to be surrendered	Account	(4,635)		
Net vote			360,432	358,802
Expenditure (cash) borne elsewhere	Note 1		23,047	18,780
Allied services	Note 1		(163,606)	(126,988)
Client services	Note 1		(87,288)	(93,851)
Net programme cost	Note 1		(133,281)	(120,527)
Adjustments[1]			(916)	53,288
Balance at 31 December			**3,342,029**	**3,343,641**

[1] Adjustments include the write off of the net book value of capital assets less than €1,000 totalling €0.839 million, revaluations on disposal of property of €1.073 million and agency assets capitalised by the OPW of €0.4 million.

2.2 Capital assets

	Land and buildings[1]	Plant and machinery	Office equipment	Furniture and fittings	Assets under development[2]	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2017	3,309,586	42,612	28,135	22,854	—	3,403,187
Adjustments [3]	—	(1,468)	(1,663)	(800)	—	(3,931)
Additions	706	2,342	1,507	801	177	5,533
Transfer from Department of Housing, Planning and Local Government	—	41	—	—	—	41
Disposals	(498)	(1,744)	(791)	(190)	—	(3,223)
Revaluation on disposal	(1,073)	—	—	—	—	(1,073)
Cost or valuation at 31 December 2017	3,308,721	41,783	27,188	22,665	177	3,400,534
Accumulated depreciation						
Opening balance at 1 January 2017	—	34,881	24,259	15,759	—	74,899
Depreciation on Adjustments	—	(1,342)	(1,505)	(246)	—	(3,093)
Transfer from Department of Housing, Planning and Local Government	—	36	—	—	—	36
Depreciation for the year	—	1,955	1,880	554	—	4,389
Depreciation on disposals	—	(1,683)	(774)	(174)	—	(2,631)
Cumulative depreciation at 31 December 2017	—	33,847	23,860	15,893	—	73,600
Net assets at 31 December 2017	**3,308,721**	**7,936**	**3,328**	**6,772**	**177**	**3,326,934**
Net assets at 31 December 2016	3,309,586	7,731	3,876	7,095	—	3,328,288

[1] As set out in the statement of accounting policies and principles, assets are valued using a number of valuation bases. The number of buildings and the valuation basis used is set out below.

Valuation	31 December 2017		31 December 2016	
	Number of buildings	€000	Number of buildings	€000
Market value	289	831,264	291	831,518
Building cost norms	544	718,711	549	720,028
Cost	131	830,840	127	830,134
Prestige properties (replacement cost)	11	927,906	11	927,906
Heritage properties (nil value)	727	—	727	—
Total	**1,702**	**3,308,721**	**1,705**	**3,309,586**

[2] Capital assets under development does not include construction projects carried out under Subhead B6, new works, alterations and additions. Expenditure on leased buildings is not capitalised.

[3] The adjustment figure is in respect of the removal of the cost and cumulative depreciation of capital assets which cost less than €1,000.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
Commercial bank account	32,721	31,316
Petty cash	12	10
Orders outstanding	(105)	(94)
	32,628	**31,232**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Engineering stocks	807	906
Heritage depot stocks	918	1,004
Building materials	48	56
Paper and stationery	20	19
Miscellaneous stocks	51	43
	1,844	**2,028**

2.5 Prepayments

at 31 December	2017	2016
	€000	€000
Administration	474	679
Flood risk management	15	2,224
Estate portfolio management	19,571	18,661
	20,060	**21,564**

2.6 Other debit balances

at 31 December	2017	2016
	€000	€000
Agency balances (Note 6.4)	278	1,154

2.7 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	1,081	1,034
Universal Social Charge	266	308
Pay Related Social Insurance	896	927
Professional Services Withholding Tax	590	704
Value Added Tax	3,698	4,193
Pension contributions	231	213
Local Property Tax	11	13
	6,773	7,392
Agency balances (note 6.4)	14,540	11,698
Sundry works account	1,224	1,279
Property management	4,989	6,119
Receipts from sale of State property	84	916
Percent for Art scheme	1,175	1,234
Misc heritage	1,024	1,237
Payroll deductions held in Suspense	175	364
Other credit balances	1,102	962
	31,086	**31,201**

2.8 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	4,635	5,746
Exchequer grant undrawn	(2,815)	(4,561)
Net Exchequer funding due	**1,820**	**1,185**
Represented by:		
Debtors		
Bank and cash	32,628	31,232
Debit balances: suspense	278	1,154
	32,906	32,386
Creditors		
Due to State	(6,773)	(7,392)
Credit balances: suspense	(24,313)	(23,809)
	(31,086)	(31,201)
	1,820	**1,185**

2.9 Commitments

a) Global commitments

	2017	2016
	€000	€000
Procurement of goods and services	2,883	2,452
Capital projects including grants	117,250	115,779

There were commitments outstanding at the end of 2017 in respect of rental of leased properties and associated service charges – longer term leases would normally have a specific provision or minimum notice period for early termination. Figures have not been included for such commitments in this account but they are estimated to be €100.2 million in 2018 (2017: €102 million).

b) Major capital projects

Expenditure was incurred on 11 ongoing major projects during 2017 where the total estimated cost of the individual project will exceed €6.5 million. Particulars of these projects are as follows:

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years[1] €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Flood risk management					
River Dodder (fluvial scheme)	8,999	3,117	2,384	14,500	12,500
Ennis Lower	16,996	496	1,155	18,647	18,645
Bray	35,810	4,875	500	41,185	41,000
Waterford	14,583	489	928	16,000	16,000
Bandon	2,976	8,828	9,096	20,900	20,500
Skibbereen	5,479	4,202	20,320	30,001	30,086
Claregalway	3,872	2,700	1,900	8,472	—
Total	88,715	24,707	36,283	149,705	138,731
Estate portfolio management					
Knockmaun House	8,897	128	—	9,025	9,023
Miesian Plaza	—	8,734	14,707	23,441	—
National Gallery[2]	7,717	974	500	9,191	8,717
Leinster House	188	947	13,050	14,185	—
Total	16,802	10,783	28,257	55,842	17,740

[1] Project commitments in subsequent years refers to the OPW's estimate of capital costs to completion of projects.

[2] This includes actual and expected expenditure from the OPW vote only. The project is also funded by the Department of Culture, Heritage and the Gaeltacht and the National Gallery.

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2016 to 2017.

Description	Less/(more) than provided	Explanation
River Dodder fluvial scheme	2,000	The revised cost budget reflects the emergence of a number of additional works including the need to adapt the scheme to properties that have been built over the course of the scheme.

c) Capital Cost of Public Private Partnership Project

	Cumulative Expenditure to 31 December 2016	Expenditure in 2017	Legally enforceable commitments to be met in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Convention Centre Dublin	148,576	7,349	124,303	280,228	280,228

The expenditure in 2017 represents repayment of the capital cost of the asset, excluding the cost of PPP financing.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	35,049	35,976	33,175
ii	Travel and subsistence	1,511	1,540	1,562
iii	Training and development and incidental expenses	1,187	1,039	840
iv	Postal and telecommunications services	1,532	1,433	1,423
v	Office equipment and external IT services	4,931	2,785	3,142
vi	Office premises expenses	1,103	944	1,008
vii	Consultancy services and value for money and policy reviews	517	165	641
viii	Government Publication Services[1]	170	135	—
		46,000	**44,017**	**41,791**

[1] In 2016 this expenditure was classified under Programme B12.

Significant variations

v *Office equipment and external IT services*

Estimate provision: €4.931 million, outturn: €2.785 million

The saving arose due to a delay in placing the contract for the Integrated Workplace Management System.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €0.517 million, outturn: €0.165 million

The saving arose due to a delay in placing the contract for the Integrated Workplace Management System.

Programme A Flood risk management

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	8,737	8,718	7,686
A.2	Administration - non pay	2,140	2,079	2,045
A.3	Purchase of plant and machinery	2,150	2,167	2,106
A.4	Hydrometric and hydrological investigation and monitoring	1,229	1,109	1,048
A.5	Flood risk management	45,019	45,369	51,855
A.6	Drainage maintenance	15,769	15,657	15,387
		75,044	**75,099**	**80,127**

Programme B Estate portfolio management

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	26,312	27,258	25,489
B.2	Administration – non pay	8,811	5,962	6,571
B.3	President's household staff	874	801	874
B.4	Grants for certain refurbishment works and services	250	250	250
B.5	Purchase of sites and buildings	980	1,031	3,169
B.6	New works, alterations and additions	53,530	52,847	55,189
B.7	Property maintenance and supplies	59,156	60,233	59,130
B.8	Rents	94,035	96,374	87,594
B.9	Service charges and utilities	11,043	9,549	10,477
B.10	Unitary payments	25,000	24,281	23,731
B.11	Heritage services	39,296	40,594	38,737
—	*Government Publication Services*	—	—	*149*
		319,287	**319,180**	**311,360**

Significant variations

Overall, the expenditure in relation to Programme B was €0.107 million lower than originally provided. €1.903 million of this related to administration expenditure and the balance of the variance of €1.796 million was mainly due to the following:

B.8 Rents

Estimate provision: €94.035 million, outturn: €96.374 million

The over spend of €2.339 million arose largely to the inclusion of an additional gale of rent relating to the lease of Miesian Plaza. Due to the timing of the lease being signed a fifth rental gale, expected to fall during the 2016 budget period, fell payable in 2017 at a cost of €2.536 million.

B.9 Service charges and utilities

Estimate provision: €11.043 million, outturn: €9.549 million

The saving of €1.494 million was due to service charges and utility payments on new leases not being realised in 2017 and on the rationalisation of space in recent years.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Rents, licence fees, etc.	3,040	4,637	3,607
2	Events and facilities management	2,330	3,903	2,806
3	Receipts for Government publication services	630	631	710
4	Recoveries for services carried out on repayment or agency basis	9,995	8,744	9,997
5	Sales at national monuments and historic properties	1,250	1,371	1,448
6	Admission charges at national monuments and historic properties	6,520	10,214	7,487
7	Miscellaneous, including fees, interest and disposals etc.	2,320	1,643	3,679
8	Receipts from pension-related deduction on public service remuneration	3,179	2,704	2,951
	Total	**29,264**	**33,847**	**32,685**

Significant variations

Overall, appropriations-in-aid were €4.583 million more than the estimate were as forecast.

Explanations for variances are set out below:

1 Rents, licence fees, etc.

Estimate provision: €3.040 million, outturn: €4.637 million

The increase of €1.597 million was due to an unanticipated receipt of a final penalty break on mast receipts contract. In addition, an amount of €131,261 was received from An Garda Siochána in respect of OPW land in Templemore, Co Tipperary which was rented under short term letting by An Garda Síochána in the period 2009 to 2013 but not paid over to OPW until July 2017.

2 Events and facilities management

Estimate provision: €2.330 million, outturn: €3.903 million

The increase of €1.573 million was mainly due to a significant increase in visitor numbers at Dublin Castle, Kilkenny Castle and Castletown House. In addition, there was increased business activity at conference centres.

4 Recoveries for services carried out on repayment or agency basis

Estimate provision: €9.995 million, outturn: €8.744 million

The shortfall of €1.251 million was a timing issue which resulted in less Social Insurance Fund receipts in 2017. Moneys due in 2017 were received in early 2018

5 Sales at national monuments and historic properties

Estimate provision: €1.250 million, outturn: €1.371 million

The increase of €0.121 million was due to an increase in facility fees and general revenues at various sites.

6 Admission charges at national monuments and historic properties

Estimate provision: €6.520 million, outturn: €10.214 million

The increase of €3.694 million was mainly due to an increase in admissions at Kilmainham Gaol (€0.662 million) and other sites (€0.953 million). In addition, tour operator receipts increased by €0.924 million in the year.

7 *Miscellaneous, including fees, interest and disposals etc.*
Estimate provision: €2.320 million, outturn: €1.643 million
The shortfall of €0.677 million was due to less sales of state property in 2017.

8 *Receipts from pension-related deduction on public service remuneration*
Estimate provision: €3.179 million, outturn: €2.704 million
The shortfall of €0.475 million was due to changes to the pension related deduction rates and bands.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Civil service grades	674	636
OPW specific grades	1,037	968
	1,711	**1,604**

5.2 Pay

	2017	2016
	€000	**€000**
Pay		
Civil service grades	33,725	31,110
OPW specific grades	43,448	42,840
Higher, special or additional duties allowance		
Civil service grades	87	171
OPW specific grades	1,932	421
Overtime		
Civil service grades	27	66
OPW specific grades	3,108	3,016
Extra attendance, shift and roster		
OPW specific grades	2,495	2,379
Employer's PRSI		
Civil service grades	2,137	1,828
OPW specific grades	5,236	4,970
Total pay	**92,195**	**86,801**

The total pay figure is inclusive of pay in programme subheads A.1, A.4, A.5, A.6, B.1, B.3, B.7, and B.11 and includes pay for 245 temporary and seasonal staff in 2017 (2016: 316 staff).

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties				
Civil service grades	25	2	10,595	15,471
OPW specific grades	987	—	8,574	7,463
Overtime				
Civil service grades	19	—	8,380	8,994
OPW specific grades	1,005	75	37,831	49,605
Extra attendance, shift and roster				
OPW specific grades	826	24	25,985	23,068
Extra remuneration in more than one category				
Civil service grades	4	1	10,075	10,689
OPW specific grades	1,031	226	39,991	50,922

5.4 Other remuneration arrangements

Four retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €158,827.

5.5 Overpayments

Overpayments outstanding at the year end were €28,490, (20 cases) (2016: €22,451, 29 cases). All have recovery plans in place.

5.6 Severance payments

The pay figure includes €11,900 paid out in respect of severance payments to two staff members who were formerly employed as Ministerial staff.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by the OPW	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by employees						
Personal injury claims						
- settled in 2017	5	6	—	219	225	150
- settled in a previous year or ongoing	7	11	5	—	16	2
Claims by members of the public						
Personal injury claims						
- settled in 2017	13	29	52	246	327	348
- settled in a previous year or ongoing	15	45	90	—	135	202
Loss or damage claims settled in 2017	10	—	—	14	14	11
		91	**147**	**479**	**717**	**713**

6.2 Arbitration and conciliation costs

Expenditure in 2017 includes payments of €4.880 million (2016: €12.718 million) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were four cases in 2017 (2016: six). Figures include VAT, legal and professional fees.

6.3 Contingent liabilities

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

6.4 Provision of agency services

In addition to expenditure on Vote 13, the OPW also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to the OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2017 was €84 million of which the main areas of expenditure were major capital works (€66.1 million); schools programme (€4.2 million); maintenance works (€3.1 million) and leasing of accommodation (€8.5 million).

Agency services account

at 31 December	**2017**
	€000
Opening balance at 1 January	(10,559)
Payments	84,011
Receipts	(87,714)
Closing balance	(14,262)

6.5 Interest and compensation

Penalty interest and compensation payments amounting to €25,132 were made by the OPW in 2017 under the Prompt Payment of Accounts Act 1997, in respect of late payments (2016: €15,873). The total value of payments made by the OPW in 2017 amounted to €365 million and the total number of reckonable payments were 83,322.

6.6 Fraud and suspected fraud

	2017	**2016**
	€000	**€000**
Misappropriation of moneys	—	8

One case of alleged misappropriation of moneys arose in 2016. The case was investigated and the misappropriated moneys, amounting to €7,500, were recovered. The staff member's employment with the OPW was terminated.

Appropriation Account 2017

Vote 14

State Laboratory

Introduction

As Accounting Officer for Vote 14, 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 2017 for the salaries and expenses of the State Laboratory.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €454,489 is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

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 State Laboratory. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the State Laboratory and the National Shared Service Office for the provision of payroll shared services and human resource shared services.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- A risk management system operates within the State Laboratory
- There are systems aimed at ensuring the security of the ICT systems
- There are appropriate capital investment control guidelines and formal project management disciplines
- The State Laboratory 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 State Laboratory complied with the guidelines with the exception of four contracts to the value of €158,356 which were listed in my annual return in respect of circular 40/2002. These contracts were not competitively procured for the following reasons:
    - Two contracts with a total value of €78,951 were awarded to separate companies producing the required brand-specific laboratory equipment for which they were the sole supplier
    - One contract to the value of €51,586 was awarded to a supplier who is the sole European agent for specialist consumables for a particular laboratory instrument
    - €27,819 was spent with the supplier of laboratory gases following expiry of the contract in March. The Education Procurement Service (EPS) is establishing a Framework Agreement for this requirement which was delayed.

Internal Audit and Audit Committee

I confirm that the State Laboratory has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the State Laboratory 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.

Risk and Control Framework

The State Laboratory 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 laboratory and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a bi-annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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

Ongoing Monitoring and Review

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

Review of Effectiveness

I confirm that the State Laboratory has procedures to monitor the effectiveness of its risk management and control procedures. The State Laboratory'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 laboratory 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 2017 that resulted in, or may result in, a material loss.

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

Opinion on the appropriation account

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2017 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 14 State Laboratory for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the State Laboratory and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 14 State Laboratory

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	9,671	9,318	8,882
	Gross expenditure	**9,671**	**9,318**	**8,882**
	Deduct			
B	**Appropriations-in-aid**	**922**	**1,023**	**883**
	Net expenditure	**8,749**	**8,295**	**7,999**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**454,489**	**450,638**

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		5,279	4,923
Non pay		4,039	3,959
Gross expenditure		**9,318**	**8,882**
Deduct			
Appropriations-in-aid		**1,023**	**883**
Net expenditure		**8,295**	**7,999**
Changes in capital assets			
Purchases cash	(974)		
Depreciation	773		
		(201)	(221)
Changes in net current assets			
Increase in closing accruals	110		
Increase in stock	(28)		
		82	(201)
Direct expenditure		**8,176**	**7,577**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		1,367	1,143
Notional rents		1,622	1,622
Total Operating Cost		**11,165**	**10,342**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 14 borne elsewhere.

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	1,355	1,133
Vote 18 National Shared Services Office	e	12	10
		1,367	**1,143**

“e” indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**1,721**	**1,520**
Current assets			
Bank and cash	2.3	253	240
Stocks	2.4	174	146
Prepayments		630	652
Accrued income		80	129
Other debit balances	2.5	5	14
Total current assets		**1,142**	**1,181**
Less current liabilities			
Accrued expenses		128	89
Other credit balances	2.6	255	264
Net Exchequer funding due	2.7	3	(10)
Total current liabilities		**386**	**343**
Net current assets		**756**	**838**
Net assets		**2,477**	**2,358**
Represented by:			
State funding account	2.1	**2,477**	**2,358**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			2,358	1,936
Disbursements from the Vote				
Estimate provision	Account	8,749		
Surplus to be surrendered	Account	(454)		
Net vote			8,295	7,999
Expenditure (cash) borne elsewhere	1		1,367	1,143
Non cash expenditure – notional rent	1		1,622	1,622
Net programme cost	1		(11,165)	(10,342)
Balance at 31 December			**2,477**	**2,358**

2.2 Capital assets

	Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	13,787	543	14,330
Additions	961	13	974
Disposals	(1,097)	—	(1,097)
Cost or valuation at 31 December 2017	13,651	556	14,207
Accumulated depreciation			
Opening balance at 1 January 2017	12,272	538	12,810
Depreciation for the year	771	2	773
Depreciation on disposals	(1,097)	—	(1,097)
Cumulative depreciation at 31 December 2017	11,946	540	12,486
Net assets at 31 December 2017	**1,705**	**16**	**1,721**
Net assets at 31 December 2016	1,515	5	1,520

2.3 Banks and cash

at 31 December	2017	2016
	€000	€000
PMG balance	248	234
Commercial bank account balance	5	6
	253	**240**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Chemicals and laboratory consumables	138	120
Stationery and IT consumables	36	26
	174	**146**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel expenses	1	1
Recoupable travel pass scheme expenditure	2	12
Recoupable cycle to work scheme	2	1
	5	**14**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	93	86
Pay Related Social Insurance	65	59
Universal Social Charge	21	23
Local Property Tax	1	1
Relevant Contracts Tax	—	2
Value Added Tax on intra-EU acquisitions	15	36
	195	207
Payroll deductions held in suspense	60	55
Miscellaneous	—	2
	255	**264**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	454	451
Exchequer grant undrawn	(451)	(461)
Net Exchequer funding due	**3**	**(10)**
Represented by:		
Debtors		
Bank and cash	253	240
Debit balances: suspense	5	14
	258	254
Creditors		
Due to State	(195)	(207)
Credit balances: suspense	(60)	(57)
	(255)	(264)
	3	**(10)**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Goods and services	296	66
Total of legally enforceable commitments	**296**	**66**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

A	Government Analytical Laboratory and Advisory Service	2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,601	5,279	4,923
ii	Travel and subsistence	40	33	30
iii	Training and development and incidental expenses	256	248	233
iv	Postal and telecommunications services	70	48	56
v	Office equipment and external IT services	2,145	2,321	2,169
vi	Office premises expenses	1,545	1,376	1,457
vii	Consultancy services and value for money and policy reviews	14	13	14
		9,671	**9,318**	**8,882**

Significant variations

Overall, the expenditure in relation to the Vote was €353,000 less than the estimate. This was mainly due to an underspend in relation to pay.

Explanations for variances are set out below:

i *Salaries, wages and allowances*

Estimate provision: €5.6 million, outturn: €5.3 million

The variation between the estimate and the outturn for salaries, wages and allowances was due to a delay in planned recruitment.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for various analyses, examinations, tests etc.	700	818	657
2	Receipts from pension-related deductions on public service remuneration	222	205	219
3	Miscellaneous receipts	—	—	7
	Total	**922**	**1,023**	**883**

Significant variations

Overall, appropriations-in-aid were €101,000 more than estimated. This was mainly due to the following:

1 Receipts for various analyses, examinations, tests etc.

Estimate provision: €0.7 million, outturn: €0.818 million

Additional receipts of €118,000 were due to the fact that the income under this heading includes Coroner's fees for analysis of post-mortem samples etc. As this service is demand led, it is not possible to accurately predict the figure for appropriations-in-aid. These additional receipts were offset by a shortfall in receipts from pension related deductions.

Note 5 Employee Numbers and Pay

	2017	2016
Number of staff at year end (full time equivalents)	**96**	**89**

Pay

	2017	2016
	€000	€000
Pay	4,870	4,560
Higher, special or additional duties allowance	21	19
Overtime	1	1
Employer's PRSI	387	343
Total Pay	**5,279**	**4,923**

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	€
Higher, special or additional duties	1	1	16,657	14,172
Other allowances	3	—	2,430	2,477
Overtime	2	—	645	1,345

No staff member received additional payments in more than one category.

5.2 Performance and merit payments

Under the terms of the AHCPS 1% PCW restructuring agreement, ten officers received a total of €29,142, in respect of PCW allowances (2016 €28,156).

Appropriation Account 2017

Vote 15

Secret Service

Introduction

As Accounting Officer for Vote 15, 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 2017 for the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017.

A surplus of €0.26 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 3 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Prescribed arrangements are in place with the Department of Justice and Equality and the Department of Defence for the drawdown of moneys from the Secret Service Vote and for the annual certification by the relevant Ministers of moneys actually expended during the year, as well as balances at year end.

For security reasons, restrictions are in place regarding operations and information about the individual transactions. This places a limitation on the normal direct controls available to me as Accounting Officer of a Vote. In the circumstances, I rely on annual certified statements signed by the Ministers to whom moneys have been issued, which are underpinned by operational controls put in place by their Departments.

Robert Watt
Accounting Officer
Secret Service

26 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 15 Secret Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 15 Secret Service for the year ended 31 December 2017 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 15 Secret Service for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

For the purposes of this audit, I have been furnished with certificates from the Minister for Justice and Equality and the Minister for Defence which support the expenditure from the Vote. The audit included review of operational controls over the moneys issued from the Vote and, on a sample basis, of related transactions. For security reasons, certain information about those transactions was not reviewed.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General
20 August 2018

Vote 15 Secret Service

Appropriation Account 2017

	2017		2016
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
Secret service	1,000	741	683
	1,000	**741**	**683**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**258,649**	**316,994**

Robert Watt
Accounting Officer
Secret Service

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

The note is not applicable in the case of the Secret Service Vote.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Current assets			
Sub-account balances		272	318
Net Exchequer funding due	2.2	46	58
Total current assets		**318**	**376**
Less current liabilities			
PMG balance		318	301
Extra receipts due to Exchequer	2.3	—	75
Total current liabilities		**318**	**376**
Net assets		**—**	**—**
Represented by:			
State funding account	2.1	**—**	**—**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	1,000		
Surplus to be surrendered	Account	(259)		
Net vote			741	683
Net programme cost			(741)	(683)
Balance at 31 December			**—**	**—**

2.2 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	259	317
Exchequer grant undrawn	(305)	(375)
Net Exchequer funding due	**(46)**	**(58)**
Represented by:		
Debtors		
Sub-account balances	272	318
Creditors		
Net PMG balance	(318)	(301)
Extra receipts due to Exchequer	—	(75)
	(46)	**(58)**

2.3 Extra receipts payable to Exchequer

	2017	2016
	€000	€000
Balance at 1 January	75	—
Drawdown returned	—	75
Transferred to Exchequer	(75)	—
Balance at 31 December	—	75

Note 3 Variations in Expenditure

The estimate is necessarily conjectural.

Appropriation Account 2017

Vote 16

Valuation Office

Introduction

As Accounting Officer for Vote 16, 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 2017 for the salaries and expenses of the Valuation Office and certain minor services.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.86 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 have been applied in the preparation of the account.

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 Valuation Office. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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.

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The payroll function transferred to the National Shared Service Office in June 2017. The Secretary General of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18, and is responsible for the operation of controls within the shared service centres.

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

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for 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 Valuation Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines in operation
- the Valuation Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal Audit and Audit Committee

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

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Valuation Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly 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, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the 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 2017 that resulted in, or may result in, a material loss.

John O'Sullivan
Accounting Officer
Valuation Office

27 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 16 Valuation Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 16 Valuation Office for the year ended 31 December 2017 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 16 Valuation Office for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Valuation Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 16 Valuation Office
Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of a State valuation service	10,278	9,107	8,590
B	Administration services for the Valuation Tribunal	1,090	581	539
	Gross expenditure	**11,368**	**9,688**	**9,129**
	Deduct			
C	**Appropriations-in-aid**	**1,129**	**1,307**	**1,139**
	Net expenditure	**10,239**	**8,381**	**7,990**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**1,857,762**	**1,500,830**

John O'Sullivan
Accounting Officer
Valuation Office

27 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	Note		2017	2016
		€000	€000	€000
Programme cost			1,277	1,184
Pay			6,725	6,487
Non pay			1,686	1,458
Gross expenditure			**9,688**	**9,129**
Deduct				
Appropriations-in-aid			**1,307**	**1,139**
Net expenditure			**8,381**	**7,990**
Changes in capital assets				
Purchases cash	2.2	(76)		
Depreciation	2.2	210		
Loss on disposals	2.2	1	135	(73)
Changes in net current assets				
Increase in closing accruals		142		
Increase in stock		(6)		
			136	127
Direct expenditure			**8,652**	**8,044**
Net allied services expenditure (note 1.1)			4,648	4,652
Net programme cost			**13,300**	**12,696**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 16 borne elsewhere.

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	3,818	3,546
Vote 13 Office of Public Works	e	821	1,106
Vote 18 National Shared Services Office	e	9	—
		4,648	**4,652**

'*e*' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**322**	**457**
Current assets			
Bank and cash	2.3	191	98
Stocks	2.4	40	34
Prepayments		43	124
Accrued income		108	71
Other debit balances	2.5	10	77
Total current assets		**392**	**404**
Less current liabilities			
Accrued expenses		133	121
Deferred income		215	129
Other credit balances	2.6	163	245
Net Exchequer funding due	2.7	38	(70)
Total current liabilities		**549**	**425**
Net current liabilities		(157)	(21)
Net assets		**165**	**436**
Represented by:			
State funding account	2.1	**165**	**436**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			436	490
Disbursements from the Vote				
Estimate provision	Account	10,239		
Surplus to be surrendered	Account	(1,858)		
Net vote			8,381	7,990
Expenditure (cash) borne elsewhere	1.1		4,648	4,652
Net programme cost	1		(13,300)	(12,696)
Balance at 31 December			**165**	**436**

2.2 Capital assets

	Office & IT Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	1,759	1,122	2,881
Additions	57	19	76
Disposals	(87)	(12)	(99)
Cost or valuation at 31 December 2017	1,729	1,129	2,858
Accumulated depreciation			
Opening balance at 1 January 2017	1,357	1,067	2,424
Depreciation for the year	198	12	210
Depreciation on disposals	(87)	(11)	(98)
Cumulative depreciation at 31 December 2017	1,468	1,068	2,536
Net assets at 31 December 2017	**261**	**61**	**322**
Net assets at 31 December 2016	402	55	457

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	12	46
Commercial bank account balance	179	52
	191	**98**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Valuation Office consumable stock	40	34
	40	**34**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel pass scheme	8	77
Other Debit balance suspense items	2	—
	10	**77**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	101	137
Pay Related Social Insurance	54	65
Value Added Tax	1	1
Professional Services Withholding Tax	4	39
	160	242
Appeal fees refunds outstanding	3	3
	163	**245**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,858	1,501
Exchequer grant undrawn	(1,820)	(1,571)
Net Exchequer funding due	**38**	**(70)**
Represented by:		
Debtors		
Bank and cash	191	98
Debit balances: suspense	10	77
	201	175
Creditors		
Due to State	(160)	(242)
Credit balances: suspense	(3)	(3)
	(163)	(245)
	38	**(70)**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Total of legally enforceable commitments	**696**	**2,035**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

This note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,286	6,725	6,487
ii	Travel and subsistence	271	222	228
iii	Training and development and incidental expenses	885	515	609
iv	Postal and telecommunications services	105	131	106
v	Office equipment and external IT services	527	639	665
vi	Office premises expenses	161	97	142
vii	Consultancy services; value for money and policy reviews	60	82	50
		10,295	**8,411**	**8,287**

Note: In order to maintain consistency between the prior year values and 2017 and to follow the change in the 2017 Estimate, the values in respect 2016 have been reclassified to reflect the reallocation of the Valuation Tribunal spend within subhead A2 in the Estimates.

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €8.286 million, outturn: €6.725 million

The shortfall in expenditure of €1.561 million relative to the estimate provision was due to a slower than expected rate of appointment of new staff coupled with the loss of staff to retirement.

iii *Training and development and incidental expenses*

Estimate provision: €0.885 million, outturn: €0.515 million

The shortfall of €370,000 on expenditure on training and development and incidental expenses was due mainly to fewer than expected hearings of the Valuation Tribunal. Members' fees are charged to this subhead.

Programme A Provision of a State Valuation Service

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	7,906	6,482	6,290
A.2	Administration – non-pay	1,299	1,348	1,458
A.3	Fees to counsel and other legal expenses	73	1	203
A.4	National revaluation projects	1,000	1,276	639
		10,278	**9,107**	**8,590**

Significant variations

Overall, the expenditure in relation to Programme A was €1.17 million lower than originally provided. €1.375 million of this related to administration expenditure and has already been explained, offset by a net overspend in A.3 (Fees to counsel and other legal expenses) and A.4 (National revaluation projects) of €0.204 million explained below.

A.4 *National revaluation projects*

Estimate provision: €1 million ,outturn: €1.276 million

The increase in expenditure of €0.276 million relative to the estimate provision was due to an additional payment in 2017 to the external service provider due to a delayed milestone delivery which was carried over from the previous year.

Programme B Administration Services for the Valuation Tribunal

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	380	243	197
B.2	Administration – non-pay	710	338	342
		1,090	**581**	**539**

Significant variations

Overall, the expenditure in relation to Programme B was €0.509 million lower than originally provided, all of which related to administration expenditure and was mainly due to the following:

B.2 Administration – non-pay

Estimate provision: €0.71 million, outturn: €0.338 million

The shortfall in expenditure of €0.372 million relative to the estimate provision was due to fewer hearings in 2017 than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Valuation Tribunal appeal fees	60	296	31
2.	Valuation certificates	120	91	83
3.	Valuation revision fees	600	613	700
4.	Fees from appeals to the Commissioner	—	—	2
5.	Miscellaneous receipts	65	31	24
6.	Receipts from pension related deduction on public service remuneration	284	276	299
	Total	**1,129**	**1,307**	**1,139**

Significant variations

Overall, appropriations-in-aid were €0.178 million more than the estimate.

Explanations for significant variances are set out below:

1 Valuation Tribunal appeal fees

Estimate provision: €60,000, outturn: €296,000

The increase of €236,000 was due to the receipt of a significant number of appeals relating to the Reval 2017 programme in late 2017.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**124**	**117**

5.2 Pay

	2017 €000	2016 €000
Pay	6,173	5,966
Higher, special or additional duties allowance	78	93
Other allowances	14	14
Overtime	12	4
Employer's PRSI	448	410
Total Pay	**6,725**	**6,487**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	18	—	8,274	8,274
Other allowances	4	—	4,693	1,855
Overtime	9	—	4,852	3,578
Extra remuneration in more than one category	15	—	9,545	7,823

5.4 Other remuneration arrangements

€52,355 was paid to three retired civil servants who were employed on contract on specialised tasks. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme Other Provisions) Act 2012.

Note 6 Miscellaneous Items

6.1 Compensation and legal costs

No costs were incurred in 2017 in respect of claims against the Office or the Valuation Tribunal (2016: €203,000).

6.2 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The establishment of the new entity requires primary legislation. Drafting of the Tailte Éireann Bill to provide for the merger is ongoing.

Responsibility for the establishment of Tailte Éireann has transferred to the Department of Housing Planning and Local Government from 1 January 2018 further to the transfer of the Valuation Office, Ordnance Survey Ireland and Property Registration Authority to that Department from Department of Justice and Equality.

In the meantime, the Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013 has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work on the planning and design of the necessary infrastructure for the new organisation and the Valuation Office will continue to provide every support in bringing about its establishment.

When established, Tailte Éireann will be responsible for providing the authoritative property registration system, national mapping and surveying infrastructure and property valuation service for the State. As such, it will be the primary national source of property information and geo-spatial data and will be a leader in the development and delivery of land information services.

Appropriation Account 2017

Vote 17

Public Appointments Service

Introduction

As Accounting Officer for Vote 17, 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 2017 for the salaries and expenses of the Public Appointments Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €306,071 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 have been applied in the preparation of the account.

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 Public Appointments Service.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of the Office. 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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Public Appointments Service and the National Shared Service 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 Shared Services that the appropriate controls are exercised in the provision of shared services to the Public Appointments Service.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Public Appointments Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Public Appointments Service 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. Two contracts active during 2017, and with a value of €189,771 did not fully comply with the guidelines. These related, in the first case to Oracle support and software licensing for a values of €145,958, and, in the second, to the cleaning of the facility for an amount of €43,813. In the case of the Oracle licensing the exception arose because there was only a single suitable supplier available for the proprietary software while, in the case of the cleaning of the facility, the tender was put on hold pending a decision on the long term status of the facility by OPW.

Internal Audit and Audit Committee

I confirm that the Public Appointments Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Public Appointments Service 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.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly 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 corrective action and to the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has monitored its risk management and control procedures effectively throughout 2017. This monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the audit committee, the Management Board and the board of the Public Appointments Service (PAS).

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Fiona Tierney
Accounting Officer
Public Appointments Service

25 June 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 17 Public Appointments Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 17 Public Appointments Service for the year ended 31 December 2017 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 17 Public Appointments Service for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Public Appointments Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 17 Public Appointments Service

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Civil and public service - redeployment/ recruitment/selection				
	Original	11,380			
	Supplementary	664	12,044	11,757	9,537
	Gross expenditure		**12,044**	**11,757**	**9,537**
	Deduct				
B	**Appropriations-in-aid**		224	303	275
	Net expenditure				
	Original	11,156			
	Supplementary	664			
			11,820	**11,454**	**9,262**

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.

	2017	2016
	€	€
Surplus	366,071	136,188
Deferred surrender	(60,000)	—
Surplus to be surrendered	**306,071**	**136,188**

Fiona Tierney
Accounting Officer
Public Appointments Service

25 June 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		6,557	5,613
Non pay		5,200	3,924
Gross expenditure		**11,757**	**9,537**
Deduct			
Appropriations-in-aid		**303**	**275**
Net expenditure		**11,454**	**9,262**
Changes in capital assets			
Purchases cash	(223)		
Depreciation	446		
Loss on disposals	1		
		224	249
Changes in net current assets			
Increase in closing accruals	153		
Decrease in stock	121		
		274	97
Direct expenditure		**11,952**	**9,608**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,146	3,094
Net programme cost		**15,098**	**12,702**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 17 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	45	45
Vote 12 Superannuation and Retired Allowances	869	822
Vote 13 Office of Public Works	2,213	2,211
Vote 18 National Shared Services Office	19	16
	3,146	**3,094**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**697**	**921**
Current assets			
Bank and cash	2.3	452	258
Stocks	2.4	22	143
Prepayments		251	256
Accrued income		91	54
Other debit balances	2.5	67	41
Total current assets		**883**	**752**
Less current liabilities			
Accrued expenses		286	101
Net Exchequer funding due	2.6	115	11
Other credit balances	2.7	404	288
Total current liabilities		**805**	**400**
Net current assets		78	352
Net assets		**775**	**1,273**
Represented by:			
State funding account	2.1	**775**	**1,273**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			1,273	1,619
Disbursements from the Vote				
Estimate provision	Account	11,820		
Deferred surrender	Account	(60)		
Surplus to be surrendered	Account	(306)		
Net vote			11,454	9,262
Expenditure (cash) borne elsewhere	1.1		3,146	3,094
Net programme cost	1		(15,098)	(12,702)
Balance at 31 December			**775**	**1,273**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Building Improvement	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	6,738	678	691	8,107
Additions	189	34	—	223
Disposals	(164)	(17)	—	(181)
Cost or valuation at 31 December 2017	6,763	695	691	8149
Accumulated depreciation				
Opening balance at 1 January 2017	5,872	623	691	7,186
Depreciation for the year	433	13	—	446
Depreciation on disposals	(163)	(17)	—	(180)
Cumulative depreciation at 31 December 2017	6,142	619	691	7,452
Net assets at 31 December 2017	**621**	**76**	—	**697**
Net assets at 31 December 2016	866	55	—	921

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	431	248
Commercial bank account balance	21	10
	452	**258**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Test materials*	—	115
IT consumables/stationery	22	28
	22	**143**

* *As the Office has now moved to totally online testing, the stock of paper tests were assessed as no longer having any value and consequently were written down to zero in 2017.*

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Salary suspense	33	—
Recoupable travel pass scheme	33	41
Other debit balance suspense items	1	—
	67	**41**

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	306	136
Deferred surrender	60	—
Exchequer grant undrawn	(251)	(125)
Net Exchequer funding due	**115**	**11**
Represented by:		
Debtors		
Bank and cash	452	258
Debit balances suspense	67	41
	519	299
Creditors		
Due to State	(324)	(274)
Credit balances suspense	(80)	(14)
	(404)	**(288)**
	115	**11**

2.7 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	176	165
Pay Related Social Insurance	93	83
Local Property Tax	1	1
Professional Services Withholding Tax	26	11
Value Added Tax	28	14
	324	274
Credit balances suspense	80	14
	404	**288**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	40	23
Total of legally enforceable commitments	**40**	**23**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

				2017		2016
				Estimate provision	Outturn	Outturn
				€000	€000	€000
i	Salaries, wages and allowances	Original	6,458			
		Supplementary	196	6,654	6,557	5,613
ii	Travel and subsistence [a]	Original	80			
		Supplementary	(56)	24	31	30
iii	Training and development and incidental expenses	Original	280			
		Supplementary	21	301	213	245
iv	Postal and telecommunications services	Original	130			
		Supplementary	(22)	108	93	79
v	Office equipment and external IT services	Original	1,860			
		Supplementary	(222)	1,638	1,462	842
vi	Office premises expenses	Original	190			
		Supplementary	61	251	231	155
vii	Recruitment costs – research and corporate governance	Original	35			
		Supplementary	46	81	40	13
viii	Recruitment costs – advertising and testing	Original	950			
		Supplementary	37	987	1,167	992
ix	Recruitment costs – interview boards	Original	1,397			
		Supplementary	603	2,000	1,963	1,568
				12,044	**11,757**	**9,537**

[a] The 2016 outturns for subhead ii Travel and subsistence and subhead ix Recruitment costs – interview boards, have been adjusted to reflect the reallocation of interview board members travel and subsistence expenses to subhead ix in 2017.

Significant variations

ix *Recruitment costs – interview boards*

Estimate provision: €1.397 million, outturn: €1.963 million

The excess of €566,000 on recruitment costs for the interview boards was due to greater level recruitment activity than was anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	25	91	62
2	Receipts from pension-related deductions on public service remuneration	199	212	213
		224	**303**	**275**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**158**	**144**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	5,899	5,053
Higher, special or additional duties allowance	54	68
Overtime	104	87
Employer's PRSI	500	405
Total pay	**6,557**	**5,613**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	12	—	7,962	7,479
Other allowances	8	1	10,391	8,025
Overtime and extra attendance	106	2	12,595	13,000
Extra remuneration in more than one category	12	3	16,054	16,704

5.4 Other remuneration arrangements

A total of €35,055 was paid as fees to four members of the Board of the Public Appointments Service in 2017 (2016: €35,055).

			Annual spend	
Member	**Status**	**Sector**	**2017**	**2016**
			€	**€**
Ms Fiona Tierney	Member (Chief Executive)	Civil servant	—	—
Ms Judith Eve	Chairman	Private sector	11,970	11,970
Mr Paul Lemass	Member	Civil servant	—	—
Dr Eddie Molloy	Member	Private sector	7,695	7,695
Ms Anne Marie Taylor	Member	Private sector	7,695	7,695
Ms Eimear Kenny	Member	Private sector	7,695	7,695
Ms Oonagh McPhillips	Member	Civil servant	—	—
Mr Damien McCallion	Member	Public servant	—	—
Mr David Cagney	Member	Civil servant	—	—
Total			**35,055**	**35,055**

Note 6 Miscellaneous

6.1 Compensation and legal costs

No legal and compensation costs were paid in 2017 (2016: €49,000).

Appropriation Account 2017

Vote 18

National Shared Services Office

Introduction

As Accounting Officer for Vote 18, I am required 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 2017 for the salaries and expenses of the National Shared Services Office.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9.13 million is liable for surrender to the Exchequer.

During the accounting period ending 31 December 2017, the National Shared Services Office operated as a unit within the Department of Public Expenditure and Reform. The National Shared Services Office was established as a separate Civil Service office on 1 January 2018. On 1 January 2018 all assets and liabilities transferred to the newly established civil service body.

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 Circular 25 of 2017, have been applied in the preparation of the account except for the following.

Stock policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), National Shared Service Office (Vote 18) and the Office of Government Procurement (Vote 39) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on IT consumable stock is recorded under Vote 11. However, as the stock is deemed to be shared, it is included in the operating cost notes to the accounts of Vote 7, Vote 11, Vote 18 and Vote 39 and is allocated on the basis of staff numbers in the respective Departments.

Basis of charge for services

The National Shared Services Office applies a service charge for its HR and pensions administration service. The PeoplePoint 2017 service charge has distributed 35% of operational costs on a pro-rata basis among each public sector body served (based on their employee headcount). The remaining 65% is borne by the National Shared Services Office.

The method of charge for payroll shared services is by way of payroll budget suppression on an Exchequer - neutral basis. As public sector bodies come on-board for payroll shared services, a related budget reduction is applied on the customer Vote. In 2017 the payroll suppression was €2.1 million.

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 National Shared Services Office, which, for the year of account, existed on an administrative basis within the Department of Public Expenditure and Reform.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. 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.

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
- the audit committee in place for the year of account was that of the Department of Public Expenditure and Reform
- a separate audit and risk committee has been established since the National Shared Services Office was established as a civil service body on 1 January 2018
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides finance transaction services on a shared basis to Vote 18
- 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 National Shared Services Office.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines. All capital spend has been executed in accordance with relevant guidelines.
- The National Shared Services Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal Audit and Audit Committee

The National Shared Services Office (Vote 18) for the year of account existed on an administrative basis within the Department of Public Expenditure and Reform and within the remit of the internal audit unit of that Department. The Statement of Internal Financial Control for the Department of Public Expenditure & Reform is therefore relevant in this regard. To reflect establishment on 1 January 2018 as a separate office an internal audit unit has been established within the National Shared Services Office and an Audit Committee has been appointed with an independent Chair. The National Shared Services Office internal audit unit will operate in accordance with a written charter which I have approved. Its work will be informed by analysis of the financial risks to which the National Shared Services Office is exposed and its annual internal audit plans will be based on this analysis.

Risk and Control Framework

The National Shared Services Office (Vote 18) for the year of account existed on an administrative basis within the Department of Public Expenditure and Reform and the risk management policy and process of the Department applied. The National Shared Services Office has begun the implementation of a National Shared Services Office risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

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

Payment of Unmatured Liabilities

The current year audit has queried advance payments made in 2017. A review undertaken by the National Shared Services Office has established advance payments totalling €1,102,916 were made to a single supplier. These payments were made before the service was provided without a contractual obligation to do so, contrary to the requirements of *Public Financial Procedures.*

Of the total amount of advance payments made, €644,397 has been charged to the vote - €52,460 of this service was delivered in 2017 and €591,937 was delivered in 2018. The balance of €458,519 has not been charged to the vote, as these costs would fall to be recouped from public service bodies in due course, this service was delivered in 2018.

No financial loss was incurred as the vast majority of the services that were paid for in advance have been received by the National Shared Services Office and this supplier is a long term partner of the National Shared Services Office. The National Shared Services Office acknowledges that its system of internal financial controls, at that time, did not prevent this occurring.

With immediate effect, control improvements have been implemented to ensure any future advance payments are centrally reviewed and approved prior to any payment being made, and the terms and conditions of all payments in excess of specified limits are also centrally reviewed.

A comprehensive review of all internal financial controls has been instigated to mitigate against control failures to ensure a robust financial control environment is in operation.

Assurance Reports on Controls at a Service Organisation

I have put in place an audit process to provide independent assurance on the operation of controls surrounding the delivery of services by the National Shared Services Office. The audits are conducted by independent auditors in accordance with the International Standard on Assurance Engagement (ISAE 3402) 'Assurance Reports on Controls at a Service Organisation'. There are two types of ISAE 3402 reports:

- Type I which is designed to report to user departments and their auditors on the description and design of controls at a service organisation, and
- Type II which provides the same assurance as a Type I report but also provides assurance that the control objectives were achieved and operated effectively throughout the period under review.

Human resource shared services achieved ISAE Type II certification in 2018 based on testing performed in 2017.

An ISAE Type I review of payroll shared services was performed in 2017 and describes the controls in place at 31 December 2016. A minor weakness was identified during this ISAE Type I review concerning the removal of access rights when no longer required. This matter has been reviewed and appropriate steps taken to prevent a recurrence.

Payroll shared services are now proceeding to Type II certification.

Overpayments

Overpayments, in respect of which the root cause was attributable to the National Shared Services Office, were made in 1,401 cases with an estimated value of €1,466,849.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Hilary Murphy-Fagan
Accounting Officer
National Shared Services Office

24 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 National Shared Services Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 18 National Shared Services Office for the year ended 31 December 2017 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 18 National Shared Services Office for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the National Shared Services Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Payment of unmatured liabilities

The Accounting Officer has disclosed in the statement on internal financial control that the appropriation account includes charges of €592,000 in respect of liabilities that were not mature for payment until 2018. A further €459,000 in payments, charged to a suspense account, were also made before the liabilities were due to mature in 2018.

Seamus McCarthy
Comptroller and Auditor General

25 September 2018

Vote 18 National Shared Services Office

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of shared services including personnel, payroll and pension administration services	50,623	40,081	36,405
	Gross expenditure	**50,623**	**40,081**	**36,405**
	Deduct			
B	**Appropriations-in-aid**	**5,450**	**5,463**	**5,338**
	Net expenditure	**45,173**	**34,618**	**31,067**

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.

	2017	2016
	€	€
Surplus	10,555,610	8,091,142
Deferred surrender	(1,429,000)	—
Surplus to be surrendered	**9,126,610**	**8,091,142**

Hilary Murphy-Fagan
Accounting Officer
National Shared Services Office

24 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		9,661	12,555
Pay		22,530	19,306
Non pay		7,890	4,544
Gross expenditure		**40,081**	**36,405**
Deduct			
Appropriations-in-aid		**5,463**	**5,338**
Net expenditure		**34,618**	**31,067**
Changes in capital assets			
Purchases cash	(6,943)		
Depreciation	5,112		
		(1,831)	(7,474)
Changes in net current assets			
Decrease in closing accruals	(2,345)		
Decrease in stock	15		
		(2,330)	749
Direct expenditure		**30,457**	**24,342**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		(12,303)	(8,498)
Notional rents		423	302
Net programme cost		**18,577**	**16,146**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 18 borne elsewhere

		2017	2016
		€000	€000
Vote 7 Finance	e	96	198
Vote 9 Revenue	e	5	5
Vote 11 Public Expenditure and Reform	e	598	—
Vote 13 Office of Public Works	e	907	922
Apportioned cost of shared services for other votes	e	(13,909)	(9,623)
		(12,303)	**(8,498)**

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	22,117	14,729
Capital assets under development	2.2	—	12,809
		22,117	**27,538**
Current assets			
Bank and cash	2.3	16,489	20,118
Stocks	2.4	—	15
Prepayments		2,953	545
Other debit balances	2.5	1,846	150
Net Exchequer funding due	2.7	56	(1,182)
Total current assets		**21,344**	**19,646**
Less current liabilities			
Accrued expenses		230	167
Other credit balances	2.6	1,264	1,792
Client funding/advance balances	2.8	17,127	17,294
Total current liabilities		**18,621**	**19,253**
Net current assets		**2,723**	**393**
Net assets		**24,840**	**27,931**
Represented by:			
State funding account	2.1	**24,840**	**27,931**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			27,931	21,116
Disbursements from the Vote				
Estimate provision	Account	45,173		
Surplus to be surrendered	Account	(9,127)		
Deferred Surrender	Account	(1,429)		
Net vote			34,618	31,067
Expenditure (cash) borne elsewhere	1.1		(12,303)	(8,498)
Non cash items-capital asset adjustment			(280)	—
Non-cash items – capital assets and depreciation – transfer from OGP			—	47
Non-cash items – capital assets and depreciation – transfer to OGP			—	(36)
Non cash item – CAUD adjustment			(6,972)	79
Non cash expenditure – notional rent			423	302
Net programme cost	1		(18,577)	(16,146)
Balance at 31 December			**24,840**	**27,931**

2.2 Capital assets

	IT software and equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	23,123	506	77	12,809	36,515
Prior year adjustment [1]	(351)	—	—	(6,972)	(7,323)
Additions	1,742	39	—	5,162	6,943
Brought into use	1,051	—	—	(1,051)	—
Cost or valuation at 31 December 2017	25,565	545	77	9,948	36,135
Accumulated depreciation					
Opening balance at 1 January 2017	8,754	179	44	—	8,977
Prior year adjustment [1]	(71)	—	—	—	(71)
Depreciation for the year	5,042	54	16	—	5,112
Cumulative depreciation at 31 December 2017	13,725	233	60	—	14,018
Net assets at 31 December 2017	**11,840**	**312**	**17**	**9,948**	**22,117**
Net assets at 31 December 2016	14,369	327	33	12,809	27,538

[1] Adjustment required to correct the recording of capital assets of €6.97 million capitalised from capital assets under development (CAUD) in 2016 which were included in IT software and equipment but remained in the CAUD balance. Also to correct the value of an asset which was overstated by €351,000 on the asset register.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	(643)	2,824
Commercial bank account	17,132	17,294
	16,489	**20,118**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	—	4
IT consumables	—	11
	—	**15**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Travel pass scheme	93	67
Recoupable salaries	—	6
OPW suspense	809	42
HRMS suspense	920	13
Other debit suspense items	24	22
	1,846	**150**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	302	217
Pay Related Social Insurance	308	245
Professional Services Withholding Tax	340	1,074
Pension contributions	91	70
Local Property Tax	4	3
Universal Social Charge	76	70
	1,121	1,679
Payroll deductions held in suspense	143	113
	1,264	**1,792**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	9,127	8,091
Deferred surrender	1,429	—
Exchequer grant undrawn	(10,612)	(6,909)
Net Exchequer funding due	**(56)**	**1,182**
Represented by:		
Debtors		
Bank and cash	16,489	20,118
Debit balances: suspense	1,846	150
	18,335	20,268
Creditors		
Due to State	(1,121)	(1,679)
Client funding/advances balances	(17,127)	(17,294)
Credit balances: suspense	(143)	(113)
	(18,391)	(19,086)
	(56)	**1,182**

2.8 Client funded payroll bank account

The National Shared Services Office provides a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account was €17,126,768 at 31 December 2017, all of which represents money lodged to the account by these client offices to cover funding for salaries over the new year period.

2.9 Commitments

a) Global commitments

at 31 December	2017 €000	2016 €000
Procurement of goods and services	2,190	2,235
Capital projects	24,680	33,955
Total of legally enforceable commitments	**26,870**	**36,190**

b) Major capital commitments

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Payroll shared services	8,611	2,147	—	10,758	10,373
Financial management shared services	10,467	7,514	24,680	42,661	42,661
	19,078	**9,661**	**24,680**	**53,419**	**53,034**

2.10 Matured liabilities

at 31 December	2017 €000	2016 €000
Estimate of matured liabilities not discharged at year end	15	2

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	25,206	22,530	19,306
ii	Travel and subsistence	169	102	83
iii	Training and development and incidental expenses	1,144	1,127	812
iv	Postal and telecommunications services	697	519	559
v	Office equipment and external IT services	5,339	5,834	2,728
vi	Office premises expenses	660	308	362
		33,215	**30,420**	**23,850**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €25.2 million, outturn: €22.5 million

The underspend of €2.7 million on expenditure on salaries, wages and allowances was due to general delays in the filling of ongoing operational vacancies. In addition the €1 million estimate provided for financial shared services operations was not required in 2017. This is a timing matter as financial shared services will go live in 2018.

ii *Travel and subsistence*

Estimate provision: €0.17 million, outturn: €0.10 million

The underspend of €0.07 million on expenditure on travel and subsistence was due to the estimated level of claims not materialising as FSS operations were not in place.

iv *Postal and telecommunications services*

Estimate provision: €0.7 million, outturn: €0.5 million

The underspend of €0.2 million on expenditure on postal and telecommunications services was largely due to some payslip distribution charges remaining in the client account longer than estimated.

v *Office equipment and external IT services*

Estimate provision: €5.3 million, outturn: €5.8 million

The overspend of €0.5 million on expenditure on office equipment and external IT was due to the replacement of servers which had reached their 'end of life' status and which was considered essential to the maintenance of continuing operations if not replaced.

vi *Office premises expenses*

Estimate provision: €0.66 million, outturn: €0.31 million

The underspend of €0.35 million on expenditure on office premises expenses was due to the postponement of the move of the corporate business unit into 2018.

Programme A Provision of shared services including personnel, payroll and pension administration services

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	25,206	22,530	19,306
A.2	Administration – non pay	8,009	7,890	4,544
A.3	PeoplePoint project	—	—	496
A.4	Payroll shared services project	2,602	2,147	2,387
A.5	Financial management shared services project	14,806	7,514	9,672
		50,623	**40,081**	**36,405**

Significant variations

Overall, the expenditure in relation to Programme A was €10.5 million lower than provided. €2.8 million of this related to administration expenditure and has already been explained above. The balance of the variance of €7.8 million was mainly due to the following:

A.4 Payroll shared services project

Estimate provision: €2.6 million, outturn: €2.1 million

The shortfall in expenditure of €0.5 million relative to the estimate provision was due to the non-replacement of project team members who left the project early in the year.

A.5 Financial management shared services project

Estimate provision: €14.8 million, outturn: €7.5 million

The shortfall in expenditure of €7.3 million was due largely to delays associated with the system implementation partner (contracted to build the system) in the development, design and roll out of certain aspects of the project. This is a timing issue that will be absorbed over the course of the project.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deduction on public service remuneration	580	456	461
2.	PeoplePoint levy	4,700	4,867	4,714
3.	Miscellaneous	170	140	163
	Total	**5,450**	**5,463**	**5,338**

Significant variations

Overall, appropriations-in-aid were €0.01 million more than the forecast.

Explanations for the variances are set out below:

1. Receipts from pension-related deduction on public service remuneration

Estimate provision: €0.58 million, outturn: €0.46 million

Receipts from pension related deductions were slightly lower than estimated due to a reduced expenditure in relation to salaries and wages.

2. PeoplePoint levy

Estimate provision: €4.7 million, outturn: €4.87 million

The PeoplePoint levy had a positive variation of €0.17 million and arose due to the original figure of anticipated annual costs being underestimated.

3. Miscellaneous

Estimate provision: €0.17 million, outturn: €0.14 million

The miscellaneous figure was largely as anticipated and is subject to such variables as the amount of sick leave and maternity leave which is taken by staff.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**750**	**601**

5.2 Pay

	2017	2016
	€000	**€000**
Pay [a]	22,315	19,226
Redundancy	—	51
Higher, special or additional duties allowance	30	11
Other allowances	33	29
Overtime	250	163
Employer's PRSI	1,890	1,607
Total pay	**24,518**	**21,087**

[a] The total pay figure is inclusive of pay in subheads A.1, A.4 and A.5

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	9	1	23,546	2,811
Other allowances	10	—	9,474	6,532
Overtime	255	—	8,741	5,343
Extra remuneration in more than one category	6	—	6,252	—

5.4 Payroll overpayments

Overpayments recorded by the National Shared Services Office at the year-end were €114,681 in respect of 122 individuals (2016: €86,500 (121 individuals)). Of this €34,553 (95 individuals) have recovery plans in place.

Note 6 Miscellaneous

6.1 Public Service Bodies in Shared Services at 31 December 2017

Public Service Body	HR Shared Services	Payroll Shared Services
An Garda Síochána (Force, Civilian and Pensioners)	—	✔
An Garda Síochána Ombudsman Commission	✔	✔
Central Statistics Office	✔	✔
Chief State Solicitor's Office	✔	✔
Children Detention Schools	—	✔
Credit Union Restructuring Board	—	✔
Competition and Consumer Protection Commission	—	✔
Court Service	✔	✔
Department of Agriculture, Food and the Marine	✔	✔
Department of Business, Enterprise and Innovation	✔	✔
Department of Children and Youth Affairs	✔	✔
Department of Communications, Climate Action and Environment	✔	✔
Department of Culture, Heritage and the Gaeltacht	✔	✔
Department of Defence (Administration)	✔	✔
Department of Defence (Defence Force, Civilian and Pensioners)	—	✔
Department of Education and Skills	✔	✔
Department of Employment Affairs and Social Protection	✔	✔
Department of Finance	✔	✔
Department of Finance (PMG Pensions)	—	✔
Department of Foreign Affairs and Trade	✔	✔
Department of Health	✔	✔
Department of Housing, Planning and Local Government	✔	✔
Department of Justice and Equality	✔	✔
Department of Public Expenditure and Reform	✔	✔
Department of Public Expenditure and Reform (Pensioners)	—	✔
Department of the Taoiseach	✔	✔
Department of Transport, Tourism and Sport	✔	✔
Health Information and Quality Authority	—	✔
International Co-operation	✔	✔
Irish Auditing and Accounting Supervisory Authority	—	✔
Irish Human Rights and Equality Commission	✔	✔
Irish Prison Service	—	✔
Law Reform Commission	—	✔
Legal Aid Board	✔	✔
National Council for Curriculum and Assessment	—	✔
National Council for Special Education	✔	✔
National Disability Authority	—	✔
National Library of Ireland	✔	✔
National Museum of Ireland	✔	✔
National Shared Services Office	✔	✔
Office of the Attorney General	✔	✔
Office of the Comptroller and Auditor General	✔	✔
Office of the Director of Public Prosecutions	✔	✔
Office of Government Procurement	✔	✔
Office of the Ombudsman	✔	✔
Office of Public Works	✔	✔
Office of Revenue Commissioners	✔	✔
Ordnance Survey Ireland	✔	—

Public Service Body	HR Shared Services	Payroll Shared Services
Pensions Ombudsman	—	✔
President’s Establishment	✔	✔
Property Registration Authority	✔	✔
Public Appointments Service	✔	✔
Road Safety Authority	✔	—
State Examinations Commission	✔	✔
State Laboratory	✔	✔
Valuation Office	✔	✔
Workplace Relations Commission	—	✔

Appropriation Account 2017

Vote 19

Office of the Ombudsman

Introduction

As Accounting Officer for Vote 19, 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 2017 for the salaries and expenses of the Office of the Ombudsman, the Office of the Commission for Public Service Appointments, the Standards in Public Office Commission, the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.03 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 have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Director 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.

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

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting, internal audit and risk management is as follows:

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.
- The Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- There are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- There are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office was compliant with the guidelines in 2017.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operates under a charter which was approved in 2016. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Team 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.

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 team, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Jacqui McCrum
Accounting Officer
Office of the Ombudsman

22 June 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

Opinion on the appropriation account

I have audited the appropriation account for Vote 19 Office of the Ombudsman for the year ended 31 December 2017 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 19 Office of the Ombudsman for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Ombudsman and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 19 Office of the Ombudsman

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/ Office of the Commission for Public Service Appointments	5,912	5,109	4,819
B	Standards in Public Office Commission	2,061	1,500	1,499
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	2,887	2,311	2,090
	Gross expenditure	**10,860**	**8,920**	**8,408**
	Deduct			
D	**Appropriations-in-aid**	**325**	**414**	**302**
	Net expenditure	**10,535**	**8,506**	**8,106**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**2,029,395**	**1,632,379**

Jacqui McCrum
Accounting Officer
Office of the Ombudsman

22 June 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		6,675	6,372
Non pay		2,245	2,036
Gross expenditure		**8,920**	**8,408**
Deduct			
Appropriations-in-aid		**414**	**302**
Net expenditure		**8,506**	**8,106**
Changes in capital assets			
Purchases cash	(604)		
Depreciation	396		
Loss on disposal	—		
		(208)	(427)
Changes in net current assets			
Increase in closing accruals	8		
Decrease in stock	2		
		10	37
Direct expenditure		**8,308**	**7,716**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,329	2,057
Net programme cost		**10,637**	**9,773**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 19 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	23	23
Vote 12 Superannuation and Retired Allowances	1,137	848
Vote 13 Office of Public Works	1,155	1,174
Vote 18 National Shared Services Office	14	12
	2,329	**2,057**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**1,064**	**840**
Current assets			
Bank and cash	2.3	552	207
Stocks		11	13
Prepayments		102	97
Other debit balances	2.4	51	35
Total current assets		**716**	**352**
Less current liabilities			
Accrued expenses		79	66
Net Exchequer funding due	2.6	280	(86)
Other credit balances	2.5	323	328
Total current liabilities		**682**	**308**
Net current assets		34	44
Net assets		**1,098**	**884**
Represented by:			
State funding account	2.1	**1,098**	**884**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			884	489
Disbursements from the Vote				
Estimate provision	Account	10,535		
Surplus to be surrendered	Account	(2,029)		
Net vote			8,506	8,106
Expenditure (cash) borne elsewhere	1.1		2,329	2,057
Purchases cash adjustment	2.2		16	5
Net programme cost	1		(10,637)	(9,773)
Balance at 31 December			**1,098**	**884**

2.2 Capital assets[a]

	IT equipment	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	1,344	129	437	92	2,002
Additions	311	4	—	289	604
Adjustment[b]	—	—	—	16	16
Brought into use	222	—	—	(222)	—
Cost or valuation at 31 December 2017	1,877	133	437	175	2,622
Accumulated depreciation					
Opening balance at 1 January 2017	645	108	409	—	1,162
Depreciation for the year	378	6	12	—	396
Cumulative depreciation at 31 December 2017	1,023	114	421	—	1,558
Net assets at 31 December 2017	**854**	**19**	**16**	**175**	**1,064**
Net assets at 31 December 2016	699	21	28	92	840

[a] There has been ongoing major investment in IT infrastructure including the following:

- The introduction of a new Document Management System for the electronic filing of records.
- A Case Management System which will manage documentation, processes, workflow and reporting requirements for varying types of cases. It is expected that this will assist in delivering better throughput and quality of casework along with a better service for our customers with the aid of a new and enhanced Case Management System.
- Websites - OIC and OCEI websites were completed in 2017, preliminary works carried out on Ombudsman and Health Complaints sites.

[b] The adjustment of €16,000 relates to Schedule 4 VAT amounts which were not included in the Capital Assets under Development figures for 2016.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	549	207
Commercial Bank Account Balance	3	—
	552	**207**

2.4 Other debit balances

at 31 December	2017	2016
	€000	€000
Other debit balances	51	35

2.5 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	151	147
Pay Related Social Insurance	68	65
Professional Services Withholding Tax	32	46
Pension contributions	28	26
	279	284
Payroll deductions held in suspense	39	39
Other credit suspense items	5	5
	323	**328**

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	2,029	1,632
Exchequer grant undrawn	(1,749)	(1,718)
Net Exchequer funding due	**280**	**(86)**
Represented by:		
Debtors		
Bank and cash	552	207
Debit balances: suspense	51	35
	603	242
Creditors		
Due to State	(279)	(284)
Credit balances: suspense	(44)	(44)
	(323)	(328)
	280	**(86)**

2.7 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	99	96

2.8 Contingent liabilities

The Commission for Public Service Appointments is liable to pay an element of an individual's legal costs arising from a judicial review case. The Taxing Master is due to hear an appeal of these costs shortly.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,956	6,675	6,372
ii	Travel and subsistence	48	50	47
iii	Training and development and incidental expenses	407	357	444
iv	Postal and telecommunications services	39	39	33
v	Office equipment and external IT services	360	761	687
vi	Office premises expenses	132	114	123
vii	Consultancy services and value for money and policy reviews	1,368	409	383
viii	Legal fees	540	515	319
ix	Referendum Commission	10	—	—
		10,860	**8,920**	**8,408**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €7.956 million, outturn: €6.675 million

The decrease of €1.281million on expenditure on salaries, wages and allowances was due to delays in filling the vacancies created from 17% of the staff leaving the Office in 2017 (mainly through promotion and taking up opportunities in the private sector) and in filling new positions created in 2017.

v *Office equipment and external IT services*

Estimate provision: €0.360 million, outturn: €0.761 million

The increase of €0.401million in spending on office machinery and other office supplies was due to the accelerated purchase of hardware and software as part of the ongoing modernisation of IT systems including new servers, network equipment and PCs.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €1.368 million outturn: €0.409 million

The decrease of €0.959 million on expenditure on consultancy services and value for money and policy reviews was due to:

- delays in the roll out of the case tracking system which was delayed pending the finalisation of the document management system
- ongoing staff vacancies and difficulties in recruitment of IT staff.

Programme A Ombudsman function/ Office of the Commission for Public Service Appointments

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	4,812	4,213	4,061
A.2	Administration – non pay	1,100	896	758
		5,912	**5,109**	**4,819**

Programme B Standards in Public Office Commission

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,347	917	766
B.2	Administration – non pay	714	583	733
		2,061	**1,500**	**1,499**

Programme C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	1,797	1,545	1,545
C.2	Administration – non pay	1,090	766	545
		2,887	**2,311**	**2,090**

Note 4 Receipts

4.1 Appropriations-in-aid

		2017 Estimated €000	2017 Realised €000	2016 Realised €000
1	Miscellaneous	5	129	13
2	Receipts from pension-related deductions on public service remuneration	320	285	289
		325	**414**	**302**

Significant variations

Overall, appropriations-in-aid were €89,000 more than the estimate.

Explanations for significant variances are set out below:

1 Miscellaneous receipts

Estimate provision: €5,000, outturn: €129,000

The additional receipts of €124,000 were due mainly to receipts of €85,600 under section 21 of the Regulation of Lobbying Act 2015. Fixed Payment Notice fines of €200 per quarter are paid by registered lobbyists who fail to make quarterly returns as required.

4.2 Extra exchequer receipts

An amount of €40,000 was received in 2017 in settlement of costs incurred by the Office of the Information Commissioner arising from a High Court case. The full amount was lodged to the Exchequer in 2017.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**120**	**117**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	6,227	5,949
Higher, special or additional duties allowance	21	22
Overtime	11	23
Employer's PRSI	416	378
Total pay	**6,675**	**6,372**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	4	1	11,573	10,913
Overtime and extra attendance	15	—	4,198	3,452
Extra remuneration in more than one category	3	—	8,891	5,394

5.4 Salary overpayments

Overpayments at the year-end were €10,641 (13 individuals) (2016 : €9,877, 9 individuals). Of this €6,780 (7 individuals) had a recovery plan in place.

Note 6 Miscellaneous

6.1 Recoupment of legal costs

Costs were awarded in favour of the Standards in Public Office Commission with regard to the successful defence of a judicial review case taken by a then county councillor against the Commission concerning an investigation it was undertaking. An amount of €153,144 was agreed by the Taxing Master in this regard. Efforts are ongoing to recover these costs.

Appropriation Account 2017

Vote 20

An Garda Síochána

Introduction

As Accounting Officer for Vote 20, I am required 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 2017 for the salaries and expenses of the Garda Síochána, including pensions, etc. for the payment of certain witnesses' expenses, and for payment of certain grants.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
(b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €5.29 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 have been applied in the preparation of the account except for the following:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month recorded in the fixed asset register.

The standard depreciation rates are applied in respect of office and IT equipment, and furniture and fittings. The following depreciation rates apply to other capital assets

- aircraft: 5% per annum
- boats: 10% per annum
- vehicles: 25% per annum

Land and buildings

The Minister for Justice and Equality owns eight Garda stations which are included in the appropriation account of the Office of Public Works (Vote 13).

Land holdings are used by An Garda Síochána at Templemore for student use for recreational purposes. An Garda Síochána is working with the Office of Public Works to ensure that all lands are transferred into State ownership.

All other property utilised by An Garda Síochána is owned by the Office of Public Works, and is accounted for in the appropriation account of that Office.

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 An Garda Síochána. This responsibility is exercised in the context of the resources available to me and my other obligations as the Acting Commissioner of An Garda Síochána. 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.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within An Garda Síochána
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Risk Management

In 2015, a comprehensive review of An Garda Síochána's risk management approach was completed and a 'Revised Approach to Risk Management' was developed that ensures risk management processes continue to be robust and reflect best national and international practice. The revised approach aligns with Government policies and is designed to ensure that corporate, executive and local risks that impact on the achievement of the organisation's strategic objectives are managed in line with the organisation's Strategy Statement and plans.

The 'Revised Approach to Risk Management' was implemented on 31st March 2017 as a phase 1 initiative under the Modernisation and Renewal Programme 2016-2021. It is supported by a Risk and Policy Governance Board, a dedicated Garda Risk Management Unit, a Risk Champion Network, revised policy and procedures, portal webpage and associated documents.

The Chief Administrative Officer has been appointed as the Chief Risk Officer for An Garda Síochána and chairperson of the Risk and Policy Governance Board. His role includes the identification of corporate risks, championing risk management at all levels, advising the Acting Commissioner on the status and effectiveness of risk management and reporting to the Policing Authority. Membership of the Risk and Policy Governance Board includes a number of Assistant Commissioners and Executive Directors. The Risk and Policy Governance Board meetings are required to be held on at least a quarterly basis. An Garda Síochána has taken steps to mitigate the risks of conflict of interest related to the attendance of the Chief Administrative Officer at Audit Committee meetings as a member of the Audit Committee.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service level agreements between An Garda Síochána and the Financial Shared Services Centre of the Department of Justice and Equality and the National Shared Services Office for the provision of financial and payroll shared services.

I rely on letters of assurance from the Accounting Officers of Vote 24 Justice and Equality and of Vote 18 Shared Services that the appropriate controls are exercised in the provision of shared services to An Garda Síochána.

Procurement

An Garda Síochána 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.

An Garda Síochána complied with the guidelines with the exception of 128 contracts to the value of €28,478,271 which were listed in my annual return in respect of Circular 40/2002.

- 30 contracts to a value of €5,696,651 related to sole suppliers and security-related services.
- 56 contracts to a value of €19,253,463 were extended beyond the original contract date without competitive procurement which included contracts for IT skilled resources. Tenders are being developed and will be advertised in 2018 for these services.
- 21 contracts to a value of €2,275,531 in respect of medical services were paid in accordance with the Department of Public Expenditure and Reform sanctioned rates for professional services. A competitive tender for medical services was undertaken with the support of the HSE. The tenders have been evaluated and the contracts are now in the implementation phase.
- In the other 21 cases with a value of €1,252,626, local contract arrangements were in place contrary to national procurement guidelines. An Garda Síochána has already put contracted arrangements in place for a number of these supplies and is taking steps to put tenders in place in 2018 for the remainder.

Internal Audit and Audit Committee

I confirm that An Garda Síochána has an internal audit function with appropriately trained personnel. Its work is informed by analysis of the risks to which An Garda Síochána 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Significant Financial Risks

Property and evidence management

The management, recording and storage of property taken into the possession of An Garda Síochána both evidential and non-evidential, was a frequently occurring financial and reputational risk identified by Internal Audit. The Property and Exhibits Management System Part 2 (PEMS2), a new electronic tracking system to manage all property in the custody of the organisation, has been deployed to all regions since November 2017.

Garda payroll and pension overpayments

The overpayment of Garda and civilian salaries arises largely from the late notification of sick/maternity leave, retirements, resignations, dismissals, and family friendly applications to the Payroll Shared Services Centre. To date, 48% of overpaid Garda pensions and for 51% of overpaid Garda and civilian salaries recovery plans have been agreed.

The overpayment of Garda pensions is mainly due to the payment of pensions in advance rather than in arrears in line with public sector norms. An Garda Síochána requested the Department of Justice and Equality to amend the Pensions Order 1925 to facilitate pension payment in arrears following consultation with the Garda Associations.

Audit of the Garda college

An internal audit report (February 2017) concluded that financial irregularities existed in the financial management of the Garda College. A Steering Group was established to commence the implementation of the recommendations.

The report made nineteen recommendations to ensure compliance with Public Financial Procedures. The first recommendation was that all the recommendations should be implemented. Of the eighteen remaining recommendations 14 have been fully implemented, two partially completed and the remaining two concern the wind-up of Sportsfield Company Ltd and the transfer of all land associated with Sportsfield Ltd to the Office of Public Works (OPW). These issues are the subject of on-going discussions with OPW.

In addition to the implementation of the recommendations, An Garda Síochána has made a voluntary disclosure to the Revenue Commissioners and a settlement was presented in respect of VAT and Benefit in Kind.

Internal Audit has provided reasonable assurance in relation to the financial controls now in place in the Garda College.

Fixed charge notice and breath test issues

In March 2017, An Garda Síochána detailed concerns in respect of the administration of fixed charge notices and road side breath tests.

In relation to fixed charge notices, an examination of 830,687 summonses, issued between 1 January 2006 and 27 May 2016, identified that a total of 146,865 cases of persons who had committed offences had been brought before the courts incorrectly. Of these summonses, 14,700 cases resulted in a penalty being imposed by the courts. An Garda Síochána is appealing these outcomes, with the consent of the plaintiff, to the Circuit Court. Subject to the determination of the Court, any fines imposed will be reimbursed and all records involved will be corrected. To date 2,274 cases have been successfully appealed. The appeal process is ongoing.

In relation to breath tests, in March 2017 An Garda Síochána identified that there was a significant discrepancy between the data recorded on the Garda computer system (PULSE) for roadside breath tests versus the number of breath tests recorded on the apparatus used by the Medical Bureau for Road Safety. An examination identified that from June 2009 to April 2017, 3,498,400 breath tests were recorded on PULSE compared to 2,040,179 recorded on the Drager devices used to administer the tests, a discrepancy of 1,458,221 breath tests.

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 Executive, 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 An Garda Síochána has procedures to monitor the effectiveness of its risk management and control procedures. An Garda Síochána'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 An Garda Síochána 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 2017 that resulted in, or may result in, a material loss.

Dónall Ó Cualáin
Accounting Officer
An Garda Síochána

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 20 Garda Síochána

Opinion on the appropriation account

I have audited the appropriation account for Vote 20 Garda Síochána for the year ended 31 December 2017 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 20 Garda Síochána for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of An Garda Síochána and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Reporting on matters arising from audit

Chapter 7 of my report on the accounts of the public services for 2017 refers to certain matters relating to Vote 20 An Garda Síochána.

Seamus McCarthy
Comptroller and Auditor General

26 September 2018

Vote 20 Garda Síochána

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Working with communities to protect and serve				
	Original	1,611,948			
	Deferred surrender	9,344			
	Supplementary	58,100			
			1,679,392	1,668,540	1,570,562
	Gross expenditure		**1,679,392**	**1,668,540**	**1,570,562**
	Deduct				
B	**Appropriations-in-aid**				
	Original	106,002			
	Supplementary	13,900			
			119,902	**123,251**	**123,894**
	Net expenditure				
	Original	1,505,946			
	Deferred surrender	9,344			
	Supplementary	44,200			
			1,559,490	**1,545,289**	**1,446,668**

Surplus for surrender

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.

	2017	2016
	€	€
Surplus	14,201,000	11,524,000
Deferred surrender	(8,907,000)	(9,344,000)
Surplus to be surrendered	**5,294,000**	**2,180,000**

Dónall Ó Cualáin
Accounting Officer
An Garda Síochána

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		449,046	435,992
Pay		1,075,793	979,500
Non pay		143,701	155,070
Gross expenditure		**1,668,540**	**1,570,562**
Deduct			
Appropriations-in-aid		**123,251**	**123,894**
Net expenditure		**1,545,289**	**1,446,668**
Changes in capital assets			
Purchases cash	(19,026)		
Depreciation	19,214		
Disposals cash	32		
Loss on disposals	65		
Capital asset adjustment (note 2.2)	2,676	2,961	(18,296)
Changes in net current assets			
Increase in closing accruals	6,469		
Increase in stock	(675)		
		5,794	3,654
Direct expenditure		**1,554,044**	**1,432,026**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,687	21,432
Net programme cost		**1,575,731**	**1,453,458**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 20 borne elsewhere.

	2017 €000	2016 €000
Vote 11 Department of Public Expenditure Reform	23	—
Vote 13 Office of Public Works	17,569	17,034
Vote 18 National Shared Services Office	3,030	2,688
Vote 24 Justice and Equality - Financial Shared Services Centre	2,108	2,605
Less		
Services provided by An Garda Síochána to other Votes	(1,043)	(895)
	21,687	**21,432**

Other services

An Garda Síochána cooperates with other services in a variety of ways. The costs involved are not reflected in the table above. Key services are:

- Garda transport was made available as escorts to Prison Service personnel conveying prisoners to court.
- Assistance was rendered to An Garda Síochána by the Defence Forces in the disposal of explosive materials, without payment.
- Garda personnel availed of Air Corps aircraft during 2017 without payment. Air Corps support was also provided without charge in relation to the operation of the Garda fixed-wing aircraft and pilot costs of Garda helicopters.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**69,841**	**73,145**
Current assets			
Bank and cash	2.3	30,730	34,041
Stocks	2.4	7,968	7,293
Prepayments	2.5	8,283	11,751
Accrued income		1,796	2,147
Other debit balances	2.6	24,415	21,266
Total current assets		**73,192**	**76,498**
Less current liabilities			
Accrued expenses	2.7	11,891	9,584
Other credit balances	2.8	46,019	45,783
Net Exchequer funding due	2.9	9,126	9,524
Total current liabilities		**67,036**	**64,891**
Net current assets		**6,156**	**11,607**
Net assets		**75,997**	**84,752**
Represented by:			
State funding account	2.1	**75,997**	**84,752**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			84,752	70,110
Estimate provision	Account	1,559,490		
Deferred surrender		(8,907)		
Surplus to be surrendered	Account	(5,294)		
Net vote			1,545,289	1,446,668
Expenditure (cash) borne elsewhere	1.1		21,687	21,432
Net programme cost	1		(1,575,731)	(1,453,458)
Balance at 31 December			**75,997**	**84,752**

2.2 Capital assets

	Aircraft	Motor boats	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000	€000
Gross assets							
Cost or valuation at 1 January 2017	18,637	1,060	73,417	177,692	6,137	16,329	293,272
Additions	—	—	6,778	7,077	468	4,360	18,683
Disposals [a]	—	—	(8,230)	(253)	—	(2,676)	(11,159)
Cost or valuation at 31 December 2017	18,637	1,060	71,965	184,516	6,605	18,013	300,796
Accumulated depreciation							
Opening balance at 1 January 2017	12,639	1,015	47,421	154,646	4,406	—	220,127
Depreciation for the year	712	18	11,198	6,862	424	—	19,214
Depreciation on disposals	—	—	(8,140)	(246)	—	—	(8,386)
Cumulative depreciation at 31 December 2017	13,351	1,033	50,479	161,262	4,830	—	230,955
Net assets at 31 December 2017	**5,286**	**27**	**21,486**	**23,254**	**1,775**	**18,013**	**69,841**
Net assets at 31 December 2016	5,998	45	25,996	23,046	1,731	16,329	73,145

[a] Pre 2016 Schengen project expenditure of €2,760,000 was written off. See Note 2.10.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	23,508	29,442
Commercial bank accounts	7,222	4,599
	30,730	**34,041**

The commercial bank account balance of €7,222,099 is held by An Garda Síochána in 123 imprest accounts (2016: €4,598,811).

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	458	454
Telecommunications stock	1,501	969
Clothing	2,504	2,801
Technical Bureau	154	128
United Nations stock	143	143
Armoury	2,709	2,141
Miscellaneous	499	657
	7,968	**7,293**

2.5 Prepayments

Prepayments of €8.3 million comprise national digital radio payments of €2 million, ICT skilled resources payments of €6 million, and the balance of €283,000 across other subheads.

2.6 Other debit balances

at 31 December	2017	2016
	€000	€000
Advances to OPW	4,631	4,158
Imprests	953	698
Payroll suspense account (Paypath)	15,841	15,576
Cycle to Work scheme	380	420
Other debit suspense items	2,610	414
	24,415	**21,266**

2.7 Accrued expenses

There were accrued expenses of €11.9 million at the year end of which €0.6 million related to capital purchases, €0.5 million being the purchase of ICT equipment and €0.1 million for specialist equipment. The accrued expenses also included €1.9 million for travel and subsistence, €1.6 million for fuel and maintenance of the Garda fleet, €1.3 million for station services, €1.2 million for the outsourced GoSafe contract, €1.2 million for storage and towing of vehicles, €0.9 million for clothing and €0.7 million for communication and other equipment with the balance spread across a number of other subheads.

2.8 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	21,567	22,268
Pay Related Social Insurance	8,856	9,309
Professional Services Withholding Tax	1,310	2,223
Value Added Tax	543	732
Relevant Contracts Tax	—	9
Road Traffic Act fines	748	778
Tax on pension contribution refunds	9	1
Civil Service Pension Scheme	183	67
Garda division account balances	6,022	4,599
	39,238	39,986
Payroll deductions held in suspense	4,942	4,882
Garda Reward Fund (note 5.4)	420	392
Other credit suspense items	1,419	523
	46,019	**45,783**

2.9 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	5,294	2,180
Deferred surrender	8,907	9,344
Exchequer grant undrawn	(5,075)	(2,000)
Net Exchequer funding due	**9,126**	**9,524**
Represented by:		
Debtors		
Bank and cash	30,730	34,041
Debit balances: suspense	24,415	21,266
	55,145	55,307
Creditors		
Due to State	(39,238)	(39,986)
Credit balances: suspense	(6,781)	(5,797)
	(46,019)	(45,783)
	9,126	**9,524**

2.10 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services	69,556	93,434
Capital projects	41,509	83,240
Total of legally enforceable commitments	**111,065**	**176,674**

The commitments in relation to the procurement of goods and services at the end of 2017 amounted to €69.6 million. The Go Safe commitment was €63.2 million which consists of a contract in place until August 2022. Other commitments include the purchase of clothing €2.1 million, furniture €1.3 million, vehicle purchases €1.3 million and ICT €0.8 million and the balance across other subheads.

b) Major capital commitments

Project	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Regional/Divisional headquarters:					
• Galway	7,338	13,008	11,150	31,496	30,954
• Kevin Street	17,105	14,702	2,650	34,457	33,558
• Wexford	13,217	11,821	1,500	26,538	26,217
Software system development:					
• MIMS[a] phases 3a, 3b & 5	9,653	2,278	12,869	24,800	24,800
• Schengen	4,000	4,360	13,340	21,700	21,700
	51,313	**46,169**	**41,509**	**138,991**	**137,229**

Significant variations

Schengen project commenced in 2006, but was suspended in 2008. At that point, costs of €2.76 million had been incurred. Figures shown above reflect the contractual commitment entered into in 2016. The prior expenditure of €2.76 million has been written off in 2017. This write off is reflected in the capital assets.

Galway: Amendments made to the original design required additional structural works. In addition, there were also other design changes to meet Garda requirements which increased total expected costs as well as necessary design changes that were made during construction between the contractor and the OPW.

Kevin Street: Due to poor ground conditions, additional water pumping and concrete basement works were required which gave rise to additional costs and delays. In addition, there were some necessary design changes that were made during construction between the OPW and the contractor.

Wexford: While the final account on this project is awaited from the OPW, the project has been completed and is expected to be under budget.

[a] Major Investigations Management System

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	1,024,630			
	Supplementary	50,489	1,075,119	1,075,793	979,500
ii	Travel and subsistence				
	Original	15,983			
	Supplementary	3,716	19,699	20,025	18,567
iii	Training and development and incidental expenses				
	Original	12,706			
	Supplementary	8,964	21,670	22,945	19,830
iv	Postal and telecommunications services				
	Original	39,647			
	Supplementary	(5,097)	34,550	35,770	40,630
v	Office equipment and external IT services				
	Original	36,812			
	Supplementary	5,973	42,785	39,637	51,525
vi	Maintenance of Garda premises				
	Original	721			
	Supplementary	3,479	4,200	4,301	3,818
vii	Consultancy services and value for money and policy reviews		261	366	327
viii	Station services				
	Original	18,700			
	Supplementary	2,800	21,500	20,452	20,032
ix	Garda Reserve				
	Original	1,395			
	Supplementary	(1,095)	300	205	341
			1,220,084	**1,219,494**	**1,134,570**

Significant variations

i Salaries, wages and allowances

Estimate provision: €1.02 billion, outturn: €1.07 billion

The excess of €51.16 million in expenditure on salaries, wages and allowances was due to increase in pay and allowances of €8 million and overtime of €43 million. The increased requirement in overtime is directly related to the measures taken to combat organised crime (€18.2 million) including initiatives such as Operation Thor (€9.4 million) and Port Security (€3.4 million). The costs associated with the implementation of the Labour Court Agreement in relation to Garda Pay are also a contributory factor.

ii Travel and subsistence

Estimate provision: €15.98 million, outturn: €20.02 million

The excess of €4.04 million on travel and subsistence was due to special operations in relation to organised crime and international security operations. The main expenditure occurred in the Dublin Metropolitan Region €4.4 million, Security and Intelligence €2.8 million, Western Region €2 million, Eastern Region €2 million, Northern Region €1.6 million, Special Operations €1.6 million, and Southern Region €1.4 million.

iii Training and development and incidental expenses

Estimate provision: €12.71 million, outturn: €22.95 million

The excess of €10.24 million on training and development and incidental expenses was due to costs associated with road traffic activities, in particular vehicle towing and storage €5 million, training €1.9 million, and hire of premises €0.8 million with the balance across other subheads.

vi Maintenance of Garda premises

Estimate provision: €0.72 million, outturn: €4.30 million

The excess of €3.58 million on maintenance of Garda premises was due to ongoing maintenance of the Garda estate. There was elective works carried out by the OPW of €2.21 million, maintenance of stations €1 million, garden maintenance €420,000, fire safety €130,000 and firearm range maintenance €130,000.

vii Consultancy services and value for money and policy reviews

Estimate provision: €0.26 million, outturn: €0.37 million

The excess of €0.11 million on consultancy was due to costs associated with the Garda College regarding tax compliance.

ix Garda Reserve

Estimate provision: €1.40 million, outturn: €0.21million

The saving of €1.19 million on the Garda Reserve was due to a decrease in number of reserves (93) and the recruitment not reaching expectation. Garda reservist members are entitled to an annual allowance of €1,000 per annum. However, in order to claim this allowance, reservists must perform a minimum of 208 hours over a 12 month period.

Programme A Working with communities to protect and serve

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	1,024,630			
	Supplementary	50,489	1,075,119	1,075,793	979,500
A.2	Administration - non pay				
	Original	126,225			
	Supplementary	18,740	144,965	143,701	155,070
A.3	Clothing and accessories				
	Original	3,764			
	Supplementary	(464)	3,300	3,116	4,704
A.4	St. Paul's Garda Medical Aid Society		124	124	124
A.5	Transport				
	Original	26,566			
	Supplementary	(2,166)	24,400	24,826	29,116
A.6	Communications and other equipment				
	Original	26,992			
	Supplementary	2,658	29,650	30,414	31,745
A.7	Aircraft				
	Original	1,050			
	Supplementary	650	1,700	1,437	1,607
A.8	Superannuation, etc.				
	Original	333,392			
	Supplementary	(3,500)	329,892	326,749	319,272
A.9	Witnesses' expenses				
	Original	1,805			
	Supplementary	200	2,005	1,963	1,675
A.10	Compensation				
	Original	16,622			
	Supplementary	(222)	16,400	16,215	17,332
A.11	Witness security programme				
	Original	1,198			
	Supplementary	(200)	998	800	1,320
A.12	Capital building programme				
	Original	49,580			
	Deferred surrender	9,344			
	Supplementary	(8,085)	50,839	43,402	29,097
			1,679,392	**1,668,540**	**1,570,562**

Significant variations

Overall, the expenditure in relation to Programme A was €47.25 million higher than originally provided. €68.64 million of this related to administration expenditure and has already been explained and the balance of €21.39 million was mainly due to the following:

A.3 Clothing and accessories

Estimate provision: €3.76 million, outturn: €3.11million

The saving of €0.65 million relative to the estimate provision was due to timing issues. The online ordering system has led to a reduction in clothing stock €0.3 million which contributed to the savings.

A.5 Transport

Estimate provision: €26.57 million, outturn: €24.83 million

The saving of €1.74 million relative to the estimate provision was due to maintenance and running costs being lower due to the improved age profile. This age profile has led to reduced fuel costs of €0.7 million and maintenance of €0.6 million. The total investment in the Transport Fleet in 2017 was €5.65 million.

A.6 Communications and other equipment

Estimate provision: €26.99 million, outturn: €30.41million

The excess of €3.42 million relative to the estimate provision was due to increased expenditure in respect of specialist areas such as Firearms Stores €1.0 million, Specialist Units €0.9 million, Telecommunications €0.6 million, Technical Bureau €0.2 million and the balance across other subheads.

A.7 Aircraft

Estimate provision: €1.05 million, outturn: €1.44 million

The excess of €0.39 million relative to the estimate provision was due to the maintenance and repair of the Garda Helicopter of €0.25 million also includes additional investment of €0.14 million in the upgrade of surveillance and other systems with regard to the helicopter.

A.8 Superannuation, etc

Estimate provision: €333.39 million, outturn: €326.75 million

The saving of €6.64 million relative to the estimate provision was in the main due to this being a difficult area to accurately forecast.

A.9 Witnesses' expenses

Estimate provision: €1.8 million, outturn: €1.96 million

The excess of €0.16 million relative to the estimate provision was due to an increase in operational demand. The demand led nature of the subhead means that expenditure is difficult to predict with accuracy.

A.10 Compensation

Estimate provision: €16.62 million, outturn: €16.22 million

The saving of €0.4 million relative to the estimate provision was due to less expenditure than expected in relation to cases under the Garda Compensation Act.

A.12 Capital building programme

Estimate provision: €58.92 million, outturn: €43.4 million

The saving of €15.52 million relative to the estimate provision was due to delays on capital project works in relation to two of the three projects to which the spend relates. The delays occurred on the Kevin Street and Galway projects. The delays are due to additional structural works which arose during the course of the build. The delayed projects are expected to be completed in 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

			2017		2016
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Contributions to the Garda Síochána spouses' and children's pension schemes		12,278	11,797	11,962
2	Contributions to the Garda Síochána pensions scheme		21,528	22,296	21,669
3	Miscellaneous receipts (note 4.2)				
	Original	10,000			
	Supplementary	4,000	14,000	15,010	12,149
4	Receipts from banks in respect of cash escort services		—	—	1,273
5	Firearm fees		3,600	3,923	10,578
6	Safety cameras - certain receipts from fixed charges		14,200	14,203	13,991
7	Receipts from pension-related deduction on public service remuneration				
	Original	44,396			
	Supplementary	9,900	54,296	56,022	52,272
			119,902	**123,251**	**123,894**

Significant variations

Overall, appropriations-in-aid were €17.25 million more than the forecast.
Explanations for variances are set out below:

3 Miscellaneous receipts

Estimate provision: €10 million, outturn: €15.01 million

The excess receipts of €5.01 million are due to receipts being higher than anticipated. This is due to receipts being a difficult area to forecast accurately. In the main, the reasons for the excess are due to an increase in forfeitures due to the state of €1.9 million, payments from the Office of Public Works of €1 million for the use of Garda masts by third parties and additional non public duty receipts of €4.9 million.

5 Firearm fees

Estimate provision: €3.6 million, outturn: €3.92 million

The excess of €0.32 million was due greater than estimated number of firearms licences and the timing of receipts.

7 Receipts from pension-related deduction on public service remuneration

Estimate provision: €44.39 million, outturn: €56.02 million

The excess of €11.63 million was due to an increase in number of serving gardai and due to the increase in overtime to target specific criminal activities resulting in additional pension related deductions.

4.2 Analysis of miscellaneous receipts

	2017	2016
	€000	€000
Payment for non-public duty services rendered by Gardaí	4,998	5,218
Recovery in respect of damage to official vehicles and other Garda property	174	202
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	2,871	931
Fees for accident and malicious damage reports	710	740
Contribution for living quarters	52	54
Recoupment of witnesses' expenses	7	7
Percentage charge to insurance companies for collection of insurance premiums	83	86
Taxi licence fees	244	208
Road Traffic Act - fees charged for motoring offences	2,375	2,337
Fingerprint fees for employment and visa purposes	58	50
Garda masts	1,530	523
Carrier liability	666	716
Age cards	249	252
Unclassified items	993	825
	15,010	**12,149**

4.3 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	778	1,015
Receipts from Road Traffic Act fines	3,073	3,650
Transferred to Exchequer	(3,103)	(3,887)
Balance at 31 December	**748**	**778**

4.4 Fixed charge notice receipts

Total receipts from fixed charge notices in 2017 was €17.27 million (2016: €17.64 million). Of this, €14.2 million (2016: €13.99 million) was retained as appropriations-in-aid of the Vote. The balance of receipts of €3.07 million (2016: €3.65 million) was paid over to the Exchequer.

The reduction in the receipts in 2017 is due to a reduction in the number of fixed charge notices issued in respect of non-intercept speeding detections.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	` 2016
Number of staff at year end (full time equivalents)		
Garda members	13,551	12,943
Student Gardaí	420	507
Civilians	2,192	1,999
Garda reservists [a]	589	682
	16,752	**16,131**

[a] Garda reservists are recruited by an online application process which is managed by the Public Appointments Service. Garda reservist members are entitled to an annual allowance of €1,000 per annum. However, in order to claim this allowance, reservists must perform a minimum of 208 hours over a 12 month period.

5.2 Pay

	2017 €000	2016 €000
Pay	698,565	625,808
Higher, special or additional duties allowance	315	344
Other allowances	167,122	193,455
Overtime	132,131	91,076
Employer's PRSI	77,660	68,817
Total Pay	**1,075,793**	**979,500**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	183	2	11,953	11,056
Overtime and extra attendance	13,755	4,486	79,475	67,947
Shift and roster allowances	13,383	8,353	36,489	36,894
Miscellaneous	14,161	351	70,463	74,021
Extra remuneration in more than one category	13,352	11,621	106,745	102,651

5.4 An Garda Síochána Reward Fund

The purpose of the Fund is to pay awards for Garda bravery and an annual contribution for Garda chaplaincy services from moneys received in relation to Garda disciplinary fines.

The following statement shows the total receipts proper to the Fund in the year, the amount of payments in the period and the balance of the Fund at year end.

	2017 €000	2016 €000
Balance brought forward on 1 January	441	407
Receipts	60	86
Payments	(33)	(52)
Balance on 31 December	**468**	**441**

5.5 Payroll overpayments

Garda and civilian payroll overpayments at the year end were €1,421,466 (804 cases) (2016: €1,313,072 (857 cases). Of this, €725,506 (389 cases) had recovery plans in place.

Garda pension overpayments at the year end were €691,540 (301 cases) (2016: €498,684 (195 cases). Of this, €335,330 (91 cases) had recovery plans in place.

In 2017, 5 Garda overpayments were written off with a value of €13,057. One was in respect of a maternity benefit of €11,274 not received from the Department of Social Protection. The balance relates to the period 2009-2013.

5.6 Other remuneration arrangements

Twenty three retired civil servants in receipt of civil service pensions were re-engaged on various duties in 2017 at a total cost of €109,367. Appropriate procedures are in place with regard to payments to retired personnel in accordance with Section 52 of the Public Service Pension (Single Scheme and Other Provisions) Act 2012.

Note 6 Miscellaneous

6.1 Support for representative associations

Included in subhead A.1 is a total of €309,967 in respect of the remuneration of members of An Garda Síochána on special leave with pay to staff representative bodies or assigned to welfare organisations.

Grants of €58,000 each were made to both the Association of Garda Superintendents and the Association of Chief Superintendents.

Sums of €31,484 and €149,703 were charged in respect of postal and telecommunications services and accommodation availed of by staff representative bodies and welfare organisations.

6.2 Commissions and special inquiries

	Year of appointment	Cumulative expenditure to 31 December 2017	2017 Outturn	2016 Outturn
		€000	€000	€000
Ronan McLochlainn Commission of Investigation[a]	2014	288	—	81
O'Higgins Commission of Investigation	2015	288	50	81
Farrelly Commission of Investigation	2017	27	27	—
Disclosures Tribunal[b]	2017	790	790	—

[a] The Ronan McLochlainn Commission of Investigation is now complete.

[b] The Disclosures Tribunal costs are those incurred for legal representation for serving and retired Garda members. The Tribunal's own costs are incurred by the vote for Justice and Equality.

6.3 Statement of losses (Garda vehicles, etc.)

A total of 667 accidents involving Garda vehicles were reported in 2017 (2016: 602). Damage to official vehicles and other costs amounted to €1,288,618. Compensation totalling €119,883 was recovered.

6.4 Fraud and suspected fraud

	2017	2016
	€000	€000
Alleged misappropriation of moneys	22	7

There were 38 detected/alleged fraud instances in 2017 which are currently under Garda investigation (2016: 27).

6.5 Compensation and legal costs

The account includes expenditure in relation to legal costs and compensation awards taken by members and employees of An Garda Síochána and by members of the public.

	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded[a]	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by members and employees of An Garda Síochána[b]						
Under Garda Síochána Compensation Acts 1941-1945	137	5,941	2,020	—	7,961	6,353
Through the State Claims Agency for injuries received while on duty [c]	49	501	387	29	917	984
Legal actions taken by Garda members	9	25	245	8	278	400
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	196	1,877	2,662	24	4,563	6,663
Claims (including by Garda members) resulting from accidents involving Garda vehicles	193	1,551	698	105	2,354	2,814
		9,895	**6,012**	**166**	**16,073**	**17,214**

At 31 December 2017

- 1,523 claims outstanding under the Garda Síochána Compensation Acts (2016: 1,432)
- 198 civil claims outstanding relating to accidents involving Garda vehicles (2016: 178)
- 788 civil claims other than those involving Garda vehicles outstanding (2016: 1,423)

[a] Other costs awarded relate to agency fees, investigator fees, medical fees etc.

[b] Compensation payments amounting to €141,509 (2016: €112,969) were paid on foot of the Occupational Injuries Benefit Scheme which is administered through the Department of Social Protection. These payments are not included in the table above.

[c] These may include part payments over a number of years for individual cases.

6.6 Carryover to 2018

Under section 91 of the Finance Act 2004, €8,907 million in unspent allocation in respect of capital elements for subhead A.12 capital building programme was carried forward to 2018.

6.7 EU Projects

There were three EU funded projects in 2017. The funds received in the year are as follows:

	2017	2016
	€000	€000
Siena for Counter-Terrorism (CT)	1,037	—
Internal Security Fund	578	1,109
Broadmap	—	93
Pericles	47	—
Slándáil	—	11
Total	**1,662**	**1,213**

The objective of the Siena for Counter Terrorism programme is to establish a secure connection between member states counter terrorism agencies. The connection will allow for the exchange of classified data. An Garda Síochána is the coordinator of the project in the Republic of Ireland.

The Internal Security Fund is to promote the implementation of an internal security strategy, law enforcement cooperation and the management of the Union's external borders. The fund will focus on two specific objectives from 2014 to 2020:

- **Fight against crime**: combating cross-border, serious and organised crime including terrorism, and reinforcing coordination and cooperation between law enforcement authorities and other national authorities of EU states, including with EUROPOL and other relevant EU bodies, and with relevant non-EU and international organisations.
- **Managing risk and crisis**: enhancing the capacity of EU states and the Union for managing effectively security-related risk and crisis, and preparing for protection people and critical infrastructure against terrorist attacks and other security related incidents.

Pericles is a European project within the Horizon 2020 programme. Pericles objective is to counter and prevent violent radicalisation and extremism, with a special focus on the support for law enforcement agencies. The consortium is formed by fourteen European partners, including five national police agencies. An Garda Síochána is one of the five European Law Enforcement agencies which are participating in the project.

Also in the year, funding is received from CEPOL. CEPOL is an agency of the European Union dedicated to develop, implement and coordinate training for law enforcement officials. In 2017, one training programme entitled Language Development Instruments and Systems of European Police Cooperation was delivered to law enforcement officials in Ireland. CEPOL provided funding of €66,135 to An Garda Síochána to provide this course.

6.8 Contingent liability

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

An Garda Síochána has engaged tax advisors to conduct a review to ascertain if any liabilities arise from certain benefits and has made a submission to the Revenue Commissioners.

Appropriation Account 2017

Vote 21

Prisons

Introduction

As Accounting Officer for Vote 21, 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 2017 for the salaries and expenses of the Prison Service, and other expenses in connection with prisons, including places of detention and for payment of certain grants.

The expenditure outturn is compared with the sums

a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year
b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €1.55 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 have been applied in the preparation of the account except for the following:

Land and buildings

The Minister for Justice and Equality owns 13[a] prisons and places of detention, as well as property at Irish Prison Service College, Portlaoise and property adjacent to the Headquarters building in Longford, and three sites in Dublin: one adjacent to Cloverhill Prison and others in Kilmainham and Thornton.

Land was valued at existing use value or market value (if not in use) by the Valuation Office during 2014. Land at Thornton continues to be valued at historic cost, including investment in infrastructure and services, on the basis that it is a strategic State asset with potential future use value. This position will be kept under review on an annual basis.

The basis for valuing prison buildings – average replacement cost per cell – remains unchanged.

Prisons land and buildings will be revalued every 5 years – the next planned revaluation is 2019. Buildings are not depreciated in the years between revaluations, on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition. With the exception of land and buildings, all other capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

[a] The corresponding figure in the 2016 Account was 14. The former St. Patricks Institution is now classified as part of the overall Mountjoy Campus and is not a separate stand-alone prison.

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 Irish Prison Service.

This responsibility is exercised in the context of the resources available to me and my other obligations as Acting 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

The National Shared Services Office provides payroll processing services to the Prison Service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Irish Prison Service.

Financial Control Environment

I confirm that a control environment containing the following elements is in place

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Prison Service.
- there are systems aimed at ensuring the security of the ICT systems.
- there are appropriate capital investment control guidelines and formal project management disciplines.
- the Prison Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

- In total, 49 supply arrangements were reported under Circular 40/02 in 2017 with a total value of €8,864,024. These are broken down as follows:

    (a) five urgent requirements (etc) with a total value of €498,664
    (b) fourteen proprietary purchases accounted for a total of €2,206,040
    (c) ten existing supply contracts were extended/rolled over with a value of €834,319
    (d) two local arrangements/tenders were entered in to with a value of €77,432
    (e) eighteen other procurement scenarios are reflected in the 40/02 return with a value of €5,247,569. These situations have mainly arisen while the finalisation of centralised tender arrangements with the Office of Government Procurement and Office of the Government Chief Information Officer are awaited.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of 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 the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

The Irish Prison Service 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 for each Prison, Directorate and for the Irish Prison Service at a corporate level which identify the key risks at prison, directorate and organisation level and these have been identified, evaluated and graded according to their significance. The Corporate Risk Register is reviewed and updated by the IPS Risk Management Committee (Executive Management Team) on a quarterly basis and quarterly reviews also take place at prison/directorate 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 Risk Management Committee, 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 Irish Prison Service'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 Irish Prison Service responsible for the development and maintenance of the internal financial control framework. A Chief Risk Officer post has been identified and is expected to be filled during 2018.

A review of certain administrative processes is currently being undertaken in the Prison Service.

Internal Financial Control Issues

Arising from recent audit reports, a review of administrative, financial and operational controls is currently being carried out in the Irish Prison Service with a view to strengthening controls and updating documentation in relation to processes and procedures. The areas which form part of the review include procedures in relation to cash handling, imprest account management and processes in relation to non-voted financial operations such as Prison Shops, the Prisoner Assist Programme Fund, prisoner cash accounts and the operation of the Voluntary Mess Committees.

Oonagh McPhillips
Accounting Officer
Prisons

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 21 Prisons

Opinion on the appropriation account

I have audited the appropriation account for Vote 21 Prisons for the year ended 31 December 2017 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 21 Prisons for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Irish Prison Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 21 Prisons
Appropriation Account 2017

		Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison				
	Current year provision	327,374			
	Deferred surrender	2,833			
			330,207	326,892	325,041
	Gross expenditure		**330,207**	**326,892**	**325,041**
	Deduct				
B	**Appropriations-in-aid**				
			12,584	**13,056**	**13,440**
	Net expenditure				
	Current year provision	314,790			
	Deferred surrender	2,833			
			317,623	**313,836**	**311,601**

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.

	2017 €	2016 €
Surplus	3,786,856	7,049,978
Deferred surrender	(2,233,000)	(2,833,000)
Surplus to be surrendered	**1,553,856**	**4,216,978**

Oonagh McPhillips
Accounting Officer
Prisons

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		79,656	80,314
Pay		232,551	230,781
Non pay		14,685	13,946
Gross expenditure		**326,892**	**325,041**
Deduct			
Appropriations-in-aid		**13,056**	**13,440**
Net expenditure		**313,836**	**311,601**
Changes in capital assets			
Purchases cash	(24,673)		
Depreciation	2,401		
Loss on disposals	12	(22,260)	(19,524)
Changes in net current assets			
Increase in closing accruals	3,142		
Increase in stock	(616)	2,526	(1,614)
Direct expenditure		**294,102**	**290,463**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		54,031	45,197
Net programme cost		**348,133**	**335,660**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 21 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	270	270
Vote 12 Superannuation and Retired Allowances	e	52,580	43,771
Vote 13 Office of Public Works	e	153	148
Vote 18 National Shared Services Office	e	472	453
Vote 24 Justice and Equality - Financial Shared Services Centre	e	556	555
		54,031	**45,197**

"e" indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**948,734**	**926,157**
Current assets			
Bank and cash	2.3	10,607	11,111
Stocks	2.4	1,785	1,169
Prepayments		1,027	929
Accrued income		170	111
Other debit balances	2.5	406	275
Total current assets		**13,995**	**13,595**
Less current liabilities			
Net Exchequer funding due	2.7	2,316	2,911
Accrued expenses		6,558	3,259
Other credit balances	2.6	8,697	8,475
Total current liabilities		**17,571**	**14,645**
Net current liabilities		**(3,576)**	**(1,050)**
Net assets		**945,158**	**925,107**
Represented by:			
State funding account	2.1	**945,158**	**925,107**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			925,107	942,373
Disbursements from the Vote				
Estimate provision	Account	317,623		
Surplus to be surrendered	Account	(1,554)		
Deferred surrender	Account	(2,233)		
Net vote			313,836	311,601
Expenditure (cash) borne elsewhere	1		54,031	45,197
Non cash expenditure – revaluation	2.2		317	(38,404)
Net programme cost	1		(348,133)	(335,660)
Balance at 31 December			**945,158**	**925,107**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2017	915,113	72,190	813	9,719	5,438	1,003,273
Additions	246	2,610	57	2,770	18,990	24,673
Brought into use	11,830	—	—	—	(11,830)	—
Disposals	—	(3,728)	(27)	(956)	—	(4,711)
Revaluation [a]	317	—	—	—	—	317
Cost or valuation at 31 December 2017	927,506	71,072	843	11,533	12,598	1,023,552
Accumulated depreciation						
Opening balance at 1 January 2017	—	67,944	738	8,434	—	77,116
Depreciation for the year	—	1,848	37	516	—	2,401
Depreciation on disposals	—	(3,721)	(26)	(952)	—	(4,699)
Cumulative depreciation at 31 December 2017	—	66,071	749	7,998	—	74,818
Net assets at 31 December 2017	**927,506**	**5,001**	**94**	**3,535**	**12,598**	**948,734**
Net assets at 31 December 2016	915,113	4,246	75	1,285	5,438	926,157

[a] The Cork Prison site was revalued from €1.68 million to €2 million based on a review carried out by the Valuation Office during 2017.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	10,469	10,805
Commercial bank accounts	138	306
	10,607	**11,111**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Uniforms and clothing	1,729	914
Furniture and maintenance material	—	92
Miscellaneous	56	163
	1,785	**1,169**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Imprests	235	67
Payroll suspense account (Paypath)	—	1
Other debit suspense items	171	207
	406	**275**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	4,185	4,188
Pay Related Social Insurance	1,957	1,878
Retention Tax	72	211
Value Added Tax	1,826	1,486
	8,040	7,763
Payroll deductions held in suspense	642	666
Other credit suspense items	15	46
	8,697	**8,475**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,554	4,217
Deferred surrender	2,233	2,833
Exchequer grant undrawn	(1,471)	(4,139)
Net Exchequer funding due	**2,316**	**2,911**
Represented by:		
Debtors		
Bank and cash	10,607	11,111
Debit balances: suspense	406	275
	11,013	11,386
Creditors		
Due to State	(8,040)	(7,763)
Credit balances: suspense	(657)	(712)
	(8,697)	(8,475)
	2,316	**2,911**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Capital projects	11,930	4,627
Total of legally enforceable commitments	**11,930**	**4,627**

2.9 Matured liabilities

There were no matured liabilities undischarged at year end (2016: Nil).

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	237,986	232,551	230,781
ii	Travel and subsistence	1,816	2,156	1,770
iii	Training and development and incidental expenses	3,860	3,582	2,397
iv	Postal and telecommunications services	2,900	1,933	2,956
v	Office equipment and external IT services	4,480	7,013	6,801
vi	Consultancy services and value for money and policy reviews	100	1	22
		251,142	**247,236**	**244,727**

Significant variations

iv *Postal and telecommunications services*

Estimate provision: €2.9 million, outturn: €1.933 million

The saving of €967,000 on expenditure on postal and telecommunications services was mainly due to less physical infrastructure and equipment upgrades required compared with previous years and a new contract arrangement, which resulted in reduced telephone costs.

v *Office equipment and external IT services*

Estimate provision: €4.480 million, outturn: €7.013 million

The excess of €2.533 million on expenditure on office equipment and external IT services was mainly due to increased ICT expenditure in relation to projects such as the renewal of the web security deployment, purchase of additional storage relating to the move to high-definition CCTV and the purchase of additional servers.

Programme A Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
A.1	Administration – pay		237,986	232,551	230,781
A.2	Administration – non pay		13,156	14,685	13,946
A.3	Buildings and equipment				
	Original	39,188			
	Deferred surrender	2,833	42,021	39,828	38,861
A.4	Prisoner services		28,976	27,913	27,649
A.5	Operational services		3,730	6,482	6,650
A.6	Educational services		1,265	1,083	1,065
A.7	Compensation		2,873	4,150	5,901
A.8	Social disadvantage measures (Dormant accounts funded)		200	200	188
			330,207	**326,892**	**325,041**

Significant variations

Overall, the expenditure in relation to Programme A was €3.32 million lower than originally provided. There was an underspend of €3.91 million in relation to administration expenditure (see above). The balance of the variance of €0.59 million (excess) was mainly due to the impact of the following:

A.3 Buildings and equipment

Estimate provision: €42.021million, outturn: €39.828 million

The saving of €2.193 million arose due to an underspend in capital of €4.7 million, which was offset in part by an overrun in current expenditure of €2.5 million. The saving in capital expenditure mainly arose due to the deferral of the enhancement programme for CCTV throughout the Prisons estate pending a review of the procurement approach. An amount of €2.233 million was carried forward to 2018 under the capital carryover provisions. The excess in current expenditure mainly arose due to a programme of planned preventative maintenance works which the Prison service has commenced.

A.4 Prisoner services

Estimate provision: €28.976 million, outturn: €27.913 million

The saving of €1.063 million arose due to economies, efficiencies and reduced costs in a number of areas within this subhead.

A.5 Operational services

Estimate provision: €3.730 million, outturn: €6.482 million

The excess in expenditure of €2.752 million was due to increased purchases for the prison transport fleet of €1.8 million. An extensive review of the age of the existing fleet was undertaken in 2016 with a decision made to replace a number of the vehicles registered prior to 2008, commencing in 2016. This replacement programme continued in 2017 in order to modernise the fleet, reduce health and safety risks associated with older vehicles and to benefit from the reduced running costs of the new models. The balance of the excess expenditure in the subhead relates for the most part to additional security-related costs and new equipment for control/restraint and search facilities.

A.6 Educational services

Estimate provision: €1.265 million, outturn: €1.083 million

The saving in expenditure of €0.182 million arose due to the delayed reintroduction of professional library services in five prison sites and a lower than expected uptake of some educational courses.

A.7 Compensation

Estimate provision: €2.873 million, outturn: €4.150 million

The excess in expenditure of €1.277 million arose due to the higher than expected number and quantum of compensation cases falling due for payment in 2017. The vast majority of the cases in question were managed by the State Claims Agency and the Criminal Injuries Compensation Tribunal (Prison Officer Scheme) on behalf of the Irish Prison Service.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	405	439	237
2.	Dormant account receipts	200	200	188
3.	Receipts from pension–related deductions on public service remuneration	11,979	12,417	13,015
	Total	**12,584**	**13,056**	**13,440**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**3,186**	**3,215**

5.2 Pay

	2017 €000	2016 €000
Pay	136,736	137,047
Higher, special or additional duties allowance	354	273
Other allowances	45,101	46,283
Extra attendance and overtime	33,874	31,416
Employer's PRSI	16,486	15,762
Total Pay	**232,551**	**230,781**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	64	5	33,944	11,560
Extra attendance and overtime	2,952	1,843	38,773	29,072
Shift and roster allowances	2,744	629	23,716	15,601
Miscellaneous	3,092	217	15,235	15,176
Extra remuneration in more than one category	3,012	2,809	65,602	52,743

5.4 Other remuneration arrangements

A total of €97,326 was paid to 22 retired civil servants in receipt of civil service pensions, ranging from €260 to €47,512, who were employed on various duties during 2017. A total of €49,315 was paid to 12 retired members of An Garda Síochána, who were employed by the Prison Service on specific duties during 2017. Appropriate procedures were in place with regard to payments to retired staff in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.5 Payroll overpayments

Overpayments at the year end were €425,504 (161 cases) (2016: €542,561, 197 cases). Of this, €297,519 (101 cases) had recovery plans in place at 31 December 2017 including 47 preserved pension cases.

Note 6 Miscellaneous

6.1 Prison population

The estimated daily average number of prisoners in 2017 was 3,680 (2016: 3,717).

6.2 Compensation and legal costs

The account includes expenditure in relation to compensation and legal costs made to prisoners, staff and members of the public. The table below shows a breakdown of these costs.

	Number of cases	Legal costs paid by the Prison Service	Compensation awarded	Legal costs awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by prison staff						
Civil claims received for injuries while on duty and other issues involving prison staff	104	—	1,141	369	1,510	2,134
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	38	—	742	—	742	745
Claims by prisoners						
Claims arising out of injuries and other actions involving prisoners	186	—	492	1,000	1,492	2,882
Claims by members of the public	37	—	264	131	395	140
		—	**2,639**	**1,500**	**4,139**	**5,901**

At 31 December 2017, the State Claims Agency recorded 2,250 claims as outstanding (2016: 1,893 cases). Legal costs incurred by the Prison Service in relation to 13 non-compensation cases amounted to €234,702 (2016: €575,000).

6.3 Contingent liability

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

6.4 Prisoner funeral expenses

Ex gratia payments totalling €9,985 were made towards the funeral expenses of five prisoners who died in prison.

6.5 Cash losses

Two cash losses totalling €1,000 were identified in two prisons. Sanction will be sought to write off the losses in question.

6.6 Other financial operations within the Irish Prison Service

Separate to the expenditure reflected in the appropriation account, a number of other financial operations arise within the Prison Service in order to carry out its functions. The operations in question relate to the prison shops, a Prisoner Assist Programme Fund and a bank account for prisoner cash. The details are as follows:

Prison shops — Each prison has an internal shop ('tuck shop') where prisoners can purchase small items such as sweets and soft drinks etc. The items are paid for from individual prisoner funds. All procurement for the shop is done through the cash generated and is funded from sales to prisoners and any 'net profit' generated is transferred to the Prisoner Assist Programme Fund to assist prisoner hardship cases.

The total of the bank account balances for the 13 prisons shops at 31 December 2017 was €671,218 (2016: €976,187). The value of stock on hand was €322,078 (2016: €360,597).

Prisoner Assist Programme Fund (PAPF) — Each prison operates a PAPF account to fund prisoner hardship projects. The funding for the account is not from voted funds but rather from the 'net profit' surplus generated from the prison shop.

The total of the bank account balances at 31 December 2017 was €455,194 (2016: €503,819).

Prisoner Cash Account — a bank account is maintained specifically for prisoner's personal cash and is managed by the Prisons Finance Directorate. As prisoners leave prison, they receive the balance of their personal cash from this account. The balance in the account at 31 December 2017 was €950,435 (2016: €1,058,875). This represents the accumulated prisoner balances at year end but also includes the total Prison Shop sales for December (typically €500,000 approx.) that will be transferred, shortly after month end, to the appropriate prison shop bank accounts to facilitate payment to suppliers for December purchases.

In addition, voluntary mess committees (VMCs) were established in each of the relevant prisons (nine in all) to coordinate the administration of the operation of canteen facilities for prison staff provided through prisoner training kitchens. VMCs operate as separate and independent entities from the Irish Prison Service. Notwithstanding this, the Irish Prison Service has engaged with each VMC to remind them of their governance obligations and to reinforce to the Committees their responsibilities for adherence with policies, procedures, controls and Revenue regulations where appropriate. The operation of the VMCs is also included as part of a review of administrative processes currently being undertaken in the Prison Service.

Appropriation Account 2017

Vote 22

Courts Service

Introduction

As Accounting Officer for Vote 22, 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 2017 for such of the salaries and expenses of the Courts Service and of the Supreme Court, the Court of Appeal, the High Court, the Special Criminal Court, the Circuit Court and the District Court and of certain other minor services as are not charged to the Central Fund.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.23 million is liable for surrender to the Exchequer.

The Service is governed by a Board consisting of a chairperson and 17 other members. In accordance with the Courts Service Act, 1998 the term of office of the Board is three years. The current Board was established on 9 November 2017. The Board is responsible for determining policies for the Service and for overseeing their implementation. It performs these functions directly and through the committees of the Board.

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 have been applied in the preparation of the Account except for the following:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life, starting in the month placed in service.

Buildings are depreciated at a rate of 2% per annum on a straight line basis.

Valuation of land and buildings

In 2016, the policy was adopted of valuing public buildings on the basis of depreciated replacement cost and a programme of valuing buildings on this basis commenced. Depreciated replacement cost is the current cost of replacing the asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. Buildings in use which have not yet been revalued are stated at historic cost. Land and buildings not in use but required for future development are valued at market value/fair value.

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 Courts Service. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive Officer. 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 control is a continuous process and the system and its effectiveness is kept under ongoing review.

Financial Control Environment

I confirm that a control environment including 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
- 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 Courts Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Courts Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In total twenty-six supply arrangements were reported under Circular 40/02 in 2017 with a total value of €5,012,796. These are broken down as follows:

- Eight proprietary purchases accounted for a total value of €1,872,896.
- Twelve contracts with a value of €1,376,652 were extended beyond the original contract date:
    - Procurement process is completed for one item with a value of €747,098.
    - Two instances totaling €258,252 arose due to transitional delays in migrating to new utility providers, which will be resolved in 2018.
    - Two items totaling €63,928 were due to procurement time delays with contracts now in place.
    - The remaining 7 items valued at €307,374 are being addressed.
- Two instances with a value of €948,606 arose due to the finalisation of centralised contracts in the Office of Government Procurement and Office of Government Chief Information Officer. A new contract is now in place for one of these items.

- Four instances with a value of €814,642 relate to extensions to existing contracts. The extensions were required to allow sufficient time for Office of Government Procurement and Office of Government Chief Information Officer to put frameworks in place.

Audit and Risk Committee

I confirm that the Courts Service has an Audit and Risk Committee. The Committee is a sub-committee of the Courts Service Board. The role of the Committee is to oversee, advise and support the Board and the Chief Executive Officer/Accounting Officer by reviewing the comprehensiveness of assurances on a range of matters including the integrity of internal financial controls. The Audit and Risk Committee operates under a written charter and reports annually to the Courts Service Board. It also reviews and approves the Internal Audit annual work programme.

Internal Audit

I confirm that the Courts Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which has been approved by the Audit and Risk Committee and by me. Its work is informed by analysis of the financial and operational risks to which the Service 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. The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Governance

Good governance is fundamental to the effective operation of the Service. In line with the Civil Service Corporate Governance Standard, the existing Corporate Governance Framework was updated. This sets out the statutory basis within which we operate, including the governance arrangements in place, functions and organisational structure, accountability, audit and assurance arrangements. This framework was published in 2016. The Courts Service also has an Oversight Agreement in place with the Department of Justice and Equality.

The Code of Practice for the Governance of State Bodies 2016 came into effect in September 2016. The Courts Service has a robust governance framework and is compliant with the main features of the new code.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Courts Service and the Financial Shared Services Centre Killarney for the provision of financial shared services, and the National Shared Service Office for the provision of human resource services and payroll services.

I rely on a letter of assurance from the relevant Accounting Officers of those services that the appropriate controls are exercised in the provision of shared services to the Courts Service.

Risk and Control Framework

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

A corporate risk register is in place which identifies the key risks facing the Service. These are evaluated and graded according to their significance. The corporate risk register is reviewed quarterly by the Senior Management Team (SMT) and Audit & Risk Committee. Risk Management is a standing item for the Courts Service Board and the Chief Risk Officer reports to the Board on the operations of risk management. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The register details existing controls, planned actions needed to mitigate identified 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 SMT, 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 Service has procedures to monitor the effectiveness of its risk management and control procedures. The service'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 Service 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 2017 that resulted in, or may result in, a material loss.

The Service continually reviews and implements recommendations arising from the Comptroller and Auditor General and Internal Audit to strengthen the control environment, particularly in the areas of ICT Infrastructure, Business System Support applications and Procurement.

Brendan Ryan
Accounting Officer
Courts Service

25 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 22 Courts Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 22 Courts Service for the year ended 31 December 2017 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 22 Courts Service for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Courts Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

25 September 2018

Vote 22 Courts Service

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the courts and support the judiciary	140,080	133,115	112,365
	Gross expenditure	**140,080**	**133,115**	**112,365**
	Deduct			
B	**Appropriations-in-aid**	**47,828**	**49,093**	**47,780**
	Net expenditure	**92,252**	**84,022**	**64,585**

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.

	2017	2016
	€	€
Surplus	8,230,508	1,084,418
Deferred surrender	(6,000,000)	—
Surplus to be surrendered	**2,230,508**	**1,084,418**

Brendan Ryan
Accounting Officer
Courts Service

25 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	Note		2017	2016
		€000	€000	€000
Programme cost			44,519	27,308
Pay			50,052	48,998
Non pay			38,544	36,059
Gross expenditure			**133,115**	**112,365**
Deduct				
Appropriations-in-aid			**49,093**	**47,780**
Net expenditure			**84,022**	**64,585**
Changes in capital assets				
Purchases cash		(5,680)		
Depreciation		6,323		
Loss on Disposal		47		
			690	4,913
Changes in net current assets				
Decrease in closing accruals		(48)		
Increase in stock		(25)		
			(73)	(1,619)
Direct expenditure			**84,639**	**67,879**
Expenditure borne elsewhere				
Net allied services expenditure (note 1.1)			43,684	41,139
Notional rents [a]			3,315	3,315
Net programme cost			**131,638**	**112,333**

[a] Notional rent for OPW owned buildings occupied by the Courts Service

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following amounts in relation to Vote 22 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	180	180
Vote 12 Superannuation and Retired Allowances	11,070	8,339
Vote 13 Office of Public Works	113	793
Vote 18 National Shared Services Office	121	107
Vote 20 An Garda Síochána	180	161
Vote 24 Justice and Equality - Financial Shared Services Centre	276	268
Central Fund – Judicial salaries and pensions	31,744	31,291
	43,684	**41,139**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**218,021**	**194,464**
Current assets			
Bank and cash	2.3	26,511	1,631
Stocks	2.4	242	217
Prepayments		2,610	2,493
Accrued income		1,517	1,223
Other debit balances	2.5	1,359	1,134
Total current assets		**32,239**	**6,698**
Less current liabilities			
Accrued expenses		1,791	2,693
Other credit balances	2.6	20,705	2,749
Net Exchequer funding due	2.7	7,166	16
Total current liabilities		**29,662**	**5,458**
Net current assets		**2,577**	**1,240**
Net assets		**220,598**	**195,704**
Represented by:			
State funding account	2.1	**220,598**	**195,704**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			195,704	213,265
Disbursements from the Vote				
Estimate provision		92,252		
Surplus to be surrendered		(2,230)		
Deferred surrender		(6,000)		
Net vote			84,022	64,585
Expenditure (cash) borne elsewhere	1.1		43,684	41,139
Non cash				
– notional rent	1		3,315	3,315
– revaluations	2.2		25,901	(14,149)
– transfer of asset to local authority	2.2		(390)	(118)
Net programme cost	1		(131,638)	(112,333)
Balance at 31 December			**220,598**	**195,704**

2.2 Capital assets

	Land and buildings	IT and office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	234,938	43,273	32,463	1,335	**312,009**
Additions	1,098	2,654	162	502	**4,416**
Revaluations [a]	37,180	—	—	—	**37,180**
Transfer of asset to local authority [b]	(515)	—	—	—	**(515)**
Disposals	(55)	(60)	(1)	—	**(116)**
Cost or valuation at 31 December 2017	272,646	45,867	32,624	1,837	**352,974**
Accumulated depreciation					
Opening balance at 1 January 2017	46,467	39,827	31,251	—	**117,545**
Depreciation for the year	4,537	1,431	355	—	**6,323**
Depreciation for revaluation [a]	11,279	—	—	—	**11,279**
Depreciation for transfer of asset to local authority [b]	(125)	—	—	—	**(125)**
Depreciation on disposals	(8)	(60)	(1)	—	**(69)**
Cumulative depreciation at 31 December 2017	62,150	41,198	31,605	—	**134,953**
Net assets at 31 December 2017	**210,496**	**4,669**	**1,019**	**1,837**	**218,021**
Net assets at 31 December 2016	188,471	3,446	1,212	1,335	194,464

Section 26 of the Courts Service Act 1998 provides for the transfer to the Courts Service of legal title in respect of certain land and buildings.

[a] Commencing in 2016, it is policy to value buildings in use on the basis of depreciated replacement cost and at 31 December 2017, 27 of a total of 52 properties have been revalued on this basis. The impact of the revaluations in 2017 is to increase the net value of land and buildings by €25.9 million.

Three buildings included in the table above with a net book value of €319,000 have been identified for disposal.

[b] Swinford Courthouse with a net book value of €390,000 was transferred to Mayo County Council in 2017.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	25,641	812
Commercial bank accounts [a]	870	819
	26,511	**1,631**

[a] Represents the Exchequer-related balances of the bank accounts held by the Courts Service at 31 December each year.

Not included is the account balance of €6.4 million (€7.4 million in 2016) which principally consists of non Exchequer receipts relating to maintenance lodgements under family law, bail money lodgements and court poor box receipts.

Also, the Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Exchequer. These funds are not included in the above.

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	161	183
Consumables	14	21
Miscellaneous	67	13
	242	**217**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Advances to OPW	1,030	903
Recoupment of salaries	137	43
Other debit suspense items	173	174
Imprests	19	14
	1,359	**1,134**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	749	995
Professional Services Withholding Tax	17	9
Value Added Tax	16,503	60
Pay Related Social Insurance	381	439
Court Fees collected on behalf of other votes	1,487	—
Fines	353	—
Funds for surrender to the Exchequer [a]	870	819
	20,360	2,322
Payroll deductions held in suspense	344	426
Other credit suspense items	1	1
	20,705	**2,749**

[a] This balance represents the Exchequer-related balances of the bank accounts held by the Courts Service at 31 December each year.

2.7 Net Exchequer funding due

At 31 December	2017	2016
	€000	€000
Surplus to be surrendered	2,230	1,084
Deferred surrender	6,000	—
Exchequer grant undrawn	(1,064)	(1,068)
Net Exchequer funding due	**7,166**	**16**
Represented by:		
Debtors		
Bank and cash	26,511	1,631
Debit balances: suspense	1,359	1,134
	27,870	2,765
Creditors		
Due to State	(20,359)	(2,322)
Credit balances: suspense	(345)	(427)
	(20,704)	(2,749)
	7,166	**16**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
a) Global Commitments		
Procurement of goods and services		
ICT	2,453	1,699
Leases	17,154	21,035
Refurbishment loan for Washington Street Courthouse [a]	12,666	14,587
PPP	287,299	278,439
Total of legally enforceable commitments	**319,572**	**315,760**

[a] The principal (capital) element of this loan outstanding at year end, amounting to €10,575,000 (2016: €11,995,000) is disclosed under note 2.8(b) – multi-annual capital commitments. The balance of the commitment relates to interest.

(b) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Refurbishment loan for Washington Street Courthouse	13,045	1,380	10,575	25,000	25,000

(c) Capital cost of Public Private Partnership project

Name of PPP Project	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Legally enforceable commitments to be met in subsequent years	Project total 2017	Project total 2016
	€000	€000	€000	€000	€000
Criminal Courts Complex	48,551	5,638	122,908	177,097	177,097
PPP bundle [a]	—	18,189	164,391	182,580	149,894
Total	**48,551**	**23,827**	**287,299**	**359,677**	**326,991**

[a] In July 2012, the Government announced an investment package which includes seven courthouse projects, as follows: Wexford, Mullingar, Waterford, Limerick, Cork, Letterkenny and Drogheda. The Courts Service entered into a contract with the preferred bidder in December 2015.Three of the PPP projects; Wexford, Letterkenny and Drogheda were completed in 2017 and the remaining 4 PPP projects are on schedule to be completed in full in 2018.

The increase in project total from €149.9 million in 2016 to €182.5 million in 2017 arises due to capitalised; interest, financing costs during construction and upfront costs relating to the consortium and VAT. These capitalised costs are in accordance with the National Development Finance Agency rules and Revenue Commissioners regulations.

The legally enforceable commitments to be met in subsequent years of €287 million include all future unitary charges.

2.9 Matured liabilities

There were matured liabilities undischarged at year end amounting to €12,100, (2016 - nil). These were paid in January 2018.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	51,814	50,052	48,998
ii	Travel and subsistence	3,013	3,072	2,768
iii	Training and development and incidental expenses	6,356	6,376	6,122
iv	Postal and telecommunications services	2,003	2,852	2,053
v	Office equipment and external IT services	10,855	10,900	9,749
vi	Office premises expenses	15,576	15,251	15,283
vii	Consultancy services and value for money and policy reviews	100	93	84
		89,717	**88,596**	**85,057**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €51.814 million, outturn: €50.052 million

The saving of €1.762 million on expenditure on salaries, wages and allowances relates to delays in the filling of posts primarily from outside panels particularly at clerical and executive officer level, in addition to savings associated with the replacement of staff at lower points on the pay scale. The original estimate of €51.814 million was reduced by a virement of €1 million to €50.814 million, to meet the cost of anticipated additional demands in non-pay expenditure.

ii *Travel and subsistence*

Estimate provision: €3.013 million, outturn: €3.072 million

The excess of €0.059 million on expenditure on travel and subsistence was due to the timing of claims made. The original estimate of €3.013 million was increased by a virement to €3.189 million. The decrease in expenditure relative to the revised amount of €3.189 million of €0.117 million is due to the difficulty in forecasting the timing of claims being submitted. The final outturn of €3.072 million is 2% higher than the estimate provision.

iv *Postal and telecommunications services*

Estimate provision: €2.003 million, outturn: €2.852 million

The excess of €0.849 million on expenditure on postal and telecommunications services was due to the delay in the transfer of the Courts Service telephone network from Wide Area Network (WAN) to the Government Cloud Network, which was anticipated to generate savings. The original estimate of €2.003 million was increased by virement to €2.730 million. The increase in expenditure relative to the revised amount of €2.73 million of €0.122 million is due to an upgrade of the Cisco Unified Communications Manager (CUCM) telephony solution, which was essential as the existing software and servers had reached the end of the contract support period. The final outturn of €2.852 million is 42% higher than the estimate provision.

vi *Office premises expenses*

Estimate provision: €15.576 million, outturn: €15.251 million

The saving of €0.325 million on expenditure on office premises expenses was due to the delay in the completion of a number of courthouse maintenance projects planned for 2017, in addition to the timing of payments in relation to light, heat and fuel. The original estimate of €15.576 million was decreased by virement to €15.109 million. The increase on expenditure relative to the revised amount of €15.109 million of €0.142 million was due to additional payments made in relation to security in Dublin and leases at year end. The final outturn of €15.251 million is 2% less than the estimate provision.

Programme A Manage the Courts and Support the Judiciary

		2017		2016
		Estimated	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	51,814	50,052	48,998
A.2	Administration - non pay	37,903	38,544	36,059
A.3	Courthouse (capital works)	4,880	3,992	4,223
A.4	PPP costs	45,483	40,527	23,085
		140,080	**133,115**	**112,365**

Significant variations

Overall, the gross expenditure in relation to the programme was €6.965 million less than provided (€6 million of this underspend is due to the capital carryover from 2017 to 2018).

€1.121 million of this related to administration expenditure and has already been explained and the balance of the variance of €5.844 million was mainly due to the following:

A.3 Courthouse (capital works)

Estimate provision: €4.880 million, outturn: €3.992 million

The shortfall in expenditure of €0.888 million relative to the estimate provision was due to the delay in the purchase of sites in 2017. An amount of €0.892 million was carried forward to 2018 under the capital carryover provisions. The final outturn of €3.992 million was 18.2% less than the Estimate Provision.

A.4 PPP costs

Estimate provision: €45.483 million, outturn: €40.527 million

The shortfall in expenditure of €4.956 million relative to the estimate provision is made up of an underspend on the PPP Regional Unitary Payments of €2.160 million and the PPP VAT Payments of €2.680 million due to the delay in the completion of a number of regional PPP courthouses, in addition to an underspend of €0.116 million, on the CCJ Unitary Payment due to an insurance rebate. €2.091 million and €2.617 million were carried over into 2018 in relation to the PPP Regional Unitary payments and PPP VAT Payments respectively under the capital carryover provisions.

The final outturn of €40.527 million was 10.9% less than the Estimate Provision.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Fees	44,693	45,838	44,336
2	Miscellaneous	1,442	1,478	1,497
3	Receipts from pension-related deduction on public service remuneration	1,693	1,777	1,947
	Total	**47,828**	**49,093**	**47,780**

4.2 Extra receipts payable to the Exchequer

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
Balance at 1 January	—	—	—
Road Traffic Act fines [a]	5,500	4,831	5,606
Other fines [a]	4,000	4,573	3,308
Other receipts [b]	—	68	425
Total transferred to Exchequer	(9,500)	(9,472)	(9,339)
Balance at 31 December	—	—	—

[a] The value of fines receipts increased in 2017. This is owing to an increase in the 'Other' (Exchequer) fines of €1.265 million primarily due to the receipt of €1 million fine from a Court of Appeal case. In the absence of this one-off receipt of €1 million, extra receipts payable to the Exchequer would have decreased overall due to the transition to the Fines (Payment and Recovery) Act 2014, which commenced on 11 January 2016. The decrease in the Road Traffic Act fines is an ongoing consequence of the introduction of the Fines Act and the delay in enforcement proceedings in place for non-payment of fines. The decrease in Road Traffic Act Fines in 2017 was €0.775 million.

[b] The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Exchequer. The 2017 receipts relate to funds lodged in 2010. The balance of these funds as at the 31 December 2017 is €2.663 million.

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following government departments / agencies in respect of fines and fees collected by the Court Service on their behalf in 2017.

	2017 €000	2016 €000
Balance at 1 January	—	—
Revenue Commissioners		
— Revenue fines [a]	956	1,421
— Excise Duty [b]	4,933	4,935
Department of Communications, Climate Action and Environment	10	19
Department of Agriculture, Food and the Marine	87	187
Total transferred	(5,986)	(6,562)
Balance at 31 December	—	—

[a] Moneys collected relate to court fines imposed where the prosecutor is the Revenue Commissioners.

[b] Moneys collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are received by the Court Service on behalf of the Revenue Commissioners.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**1,026**	**976**

5.2 Pay

	2017	2016
	€000	€000
Pay	45,718	44,865
Higher, special or additional duties allowance	101	59
Other allowances	953	974
Overtime	282	283
Employer's PRSI	2,998	2,819
Total pay	**50,052**	**49,000**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	€
Higher, special or additional duties	37	1	13,975	8,658
Other allowances	244	13	19,585	19,961
Overtime	138	7	22,550	22,323
Extra remuneration in more than one category	57	11	24,405	24,476

5.4 Other remuneration arrangements

A total of €51,830 was paid in 2017 to three retired civil servants in receipt of civil service pensions who were engaged for short periods during 2017. This amount is made up of €26,145 payroll and €25,684 travel and subsistence. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.5 Recouped costs

Salary costs of €197,472 were recouped from tribunals and government departments in respect of staff on secondment.

5.6 Salary overpayments

Overpayments at the year-end were €149,281 in respect of 121 individuals (2016: €92,818, with 76 cases). Outstanding overpayments with recovery plans in place at end of year is €76,316.

Note 6 Miscellaneous

6.1 Compensation and legal costs

					2017	2016
	Number of cases	Compensation awarded	Legal costs awarded and paid	Legal costs paid by the Courts Service	Total	Total
		€000	€000	€000	€000	€000
Claims by members of the public	30	100	406	141	647	602

Total payments in respect of third-party legal costs and compensation costs amounted to €505,716. These included costs associated with judicial review proceedings where the Courts Service was a party to such proceedings, and payments in respect of actions dealt with by the State Claims Agency amounting to €408,495.

6.2 Arbitration and conciliation costs

There was no expenditure in relation to Arbitration and Conciliation Costs in 2017. There was one case in 2016 with a total cost of €15,188.

6.3 Write-offs and provisions

During 2017, Vote 22 wrote off €3,390 in relation to administrative errors (2016: €1,871).

6.4 Carryover to 2018

Under the provisions of section 91 of the Finance Act 2004, unspent allocations in respect of the capital elements of €0.400 million , €0.892 million and €4.708 million of subheads A.2, A.3 and A.4, respectively, was carried forward to 2018.

Appendix A State-owned lands and buildings controlled or managed by the Courts Service which do not have valuations

The Courts Service currently manages the following:

1 Cork District Court, Anglesea Street, Cork City
2 Limerick Courthouse, Mulgrave Street, Co. Limerick
3 Drogheda Courthouse, Linenhall Street, Co. Louth
4 Mullingar Courthouse, Mount Street, Mullingar, Co. Westmeath

These lands are vested in the Courts Service. The lands were transferred to the Courts Service at no cost.

Appropriation Account 2017

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, 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 2017 for the salaries and expenses of the Property Registration Authority.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.36 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 have been applied in the preparation of the account except for the following:

Statement of capital assets – depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

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 Authority.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive of the Authority. 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.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets

Compensation Claims

In the normal course of its business, the Authority receives compensation claims under Section 120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

In my 2016 Statement of Internal Financial Control, I highlighted a small number of registration cases that had the potential to give rise to claims under section 120 of the 1964 Act. I confirm that no further cases of a similar nature were identified in 2017.

I continue to oversee the enhancement of controls in the processing of applications for registration. The Authority's risk management framework underpins our counter fraud strategy to ensure the risk of further compensation claims is mitigated. The specific measures that have been implemented include:

- A Compliance Officer has been assigned to act independently in the performance of her functions and reports directly to me as Accounting Officer.
- A dedicated unit has been established to process all cases of a similar nature to those which gave rise to these claims. This change in process ensures consistency of practice and enhanced controls in relation to service of notice.
- The Authority's counter fraud framework has been further developed and guides the implementation of our strategy in maintaining the integrity of the registers, safeguarding registered property rights and protecting public resources.

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 Authority
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Authority 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 Authority complied with the guidelines. 5 contracts to the value of €378,000 were listed in my annual return in respect of Circular 40/2002. These are broken down as follows:
    (a) 3 contracts to the value of €309,000 relate to services available from one source only and
    (b) 2 contracts to the value of €69,000 are in respect of extensions of existing contracts.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice and Equality for the provision of financial shared services. I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office.

I also rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of payroll and human resources shared services to the Department.

Internal Audit and Audit Committee

I confirm that the Authority has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Authority 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.

Risk and Control Framework

The PRA 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 quarterly 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 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 PRA has procedures to monitor the effectiveness of its risk management and control procedures. The PRA'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 management within the PRA 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 2017 that resulted in, or may result in, a material loss.

Elizabeth Pope
Accounting Officer
Property Registration Authority

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 23 Property Registration Authority for the year ended 31 December 2017 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 23 Property Registration Authority for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Property Registration Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 23 Property Registration Authority
Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the Land Registry and the Registry of Deeds	28,291	27,112	28,799
	Gross expenditure	**28,291**	**27,112**	**28,799**
	Deduct			
B	**Appropriations-in-aid**	**506**	**688**	**750**
	Net expenditure	**27,785**	**26,424**	**28,049**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**1,361,298**	**2,385,273**

Elizabeth Pope

Accounting Officer
Property Registration Authority
29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		22,959	21,953
Non pay		4,153	6,846
Gross expenditure		**27,112**	**28,799**
Deduct			
Appropriations-in-aid		**688**	**750**
Net expenditure		**26,424**	**28,049**
Changes in capital assets			
Purchases cash	(612)		
Depreciation	401		
Loss on disposals	—		
		(211)	54
Changes in net current assets			
Increase in closing accruals	2		
Decrease in stock	37		
		39	105
Direct expenditure		**26,252**	**28,208**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		6,823	4,994
Notional rents		2,861	2,861
Net programme cost		**35,936**	**36,063**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	5,946	4,340
Vote 13 Office of Public Works	e	708	488
Vote 18 National Shared Services Office	e	62	54
Vote 24 Justice and Equality - Financial Shared Services Centre	e	107	112
		6,823	**4,994**

"e" indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	1,357	1,141
Current assets			
Bank and cash	2.3	2,751	2,315
Stocks	2.4	177	214
Prepayments		504	480
Accrued Income		6	5
Other debit balances	2.5	42	36
Total current assets		**3,480**	**3,050**
Less current liabilities			
Accrued expenses		174	142
Other credit balances	2.6	2,752	2,407
Net Exchequer funding due	2.7	41	(56)
Total current liabilities		**2,967**	**2,493**
Net current assets		**513**	**557**
Net assets		**1,870**	**1,698**
Represented by:			
State funding account	2.1	**1,870**	**1,698**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			1,698	1,857
Disbursements from the Vote				
Estimate provision	Account	27,785		
Surplus to be surrendered	Account	(1,361)		
Net vote			26,424	28,049
Expenditure (cash) borne elsewhere	1		6,823	4,994
Non cash expenditure – notional rent	1		2,861	2,861
Net programme cost	1		(35,936)	(36,063)
Balance at 31 December			**1,870**	**1,698**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost at 1 January 2017	34,671	3,691	38,362
Additions	582	35	617
Disposals	(206)	(2)	(208)
Reclassification	(5)	5	—
Cost at 31 December 2017	35,042	3,729	38,771
Accumulated depreciation			
Opening depreciation as at 1 January 2017	33,707	3,514	37,221
Depreciation for the year	358	43	401
Depreciation on disposals	(206)	(2)	(208)
Reclassification	(5)	5	—
Cumulative depreciation at 31 December 2017	33,854	3,560	37,414
Net assets at 31 December 2017	**1,188**	**169**	**1,357**
Net assets at 31 December 2016	964	177	1,141

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	638	716
Commercial bank accounts	2,113	1,599
	2,751	**2,315**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	125	128
Miscellaneous supplies	10	9
IT consumables	42	77
	177	**214**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Building charges recoupable	42	36
	42	**36**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	324	409
Pay Related Social Insurance	163	206
Extra receipts payable to the Exchequer	2,113	1,599
	2,600	2,214
Payroll deductions held in suspense	127	168
Owed to OPW	25	25
	2,752	**2,407**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,361	2,385
Exchequer grant undrawn	(1,320)	(2,441)
Net Exchequer funding due	**41**	**(56)**
Represented by:		
Debtors		
Bank and cash	2,751	2,315
Debit balances: suspense	42	36
	2,793	2,351
Creditors		
Due to State	(2,600)	(2,214)
Credit balances: suspense	(152)	(193)
	(2,752)	(2,407)
	41	**(56)**

2.8 Commitments

at 31 December	2017 €000	2016 €000
Procurement of goods and services	49	20

2.9 Matured liabilities

There were matured liabilities in the amount of €3,706 undischarged at year-end 2017 (2016: €8,400).

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The Vote has one programme concerning the management of the Land Registry and the Register of Deeds. All expenditure under this programme is administrative in nature. The following note presents an analysis of the expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	23,777	22,959	21,953
ii	Travel and subsistence	110	93	108
iii	Training and development and incidental expenses	1,300	1,012	4,116
iv	Postal and telecommunications services	800	673	681
v	Office equipment and external IT services	1,817	1,941	1,355
vi	Office premises expenses	462	432	571
vii	Consultancy services and value for money and policy reviews	25	2	15
		28,291	**27,112**	**28,799**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €23.78 million, outturn: €22.96 million

The shortfall in expenditure of €0.817 million was due to serving staff level being below the overall projected level for much of the year. This was due to delays in the recruitment process.

iii *Training and developmental and incidental expenses*

Estimate provision: €1.3 million, outturn: €1.012 million

The shortfall in expenditure of €0.288 million was due to the provision for the payment of compensation claims under S120 of the Registration of Deeds and Title Act 1964 not being utilised in full in 2017. Actual amount and timing of such payments is uncertain.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	506	688	750
	Total	**506**	**688**	**750**

Significant variations

Overall, appropriations-in-aid were €182,000 more than the estimate.

Explanations for variances are set out below:

1 *Receipts from pension-related deductions on public service remuneration*

Estimate provision: €0.51 million, outturn: €0.69 million

The variance arose due to greater than estimated intake of pension related deductions. These receipts are difficult to accurately estimate.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Opening balance at 1 January	1,599	1,088
Land Registry fees	60,828	56,782
Registry of Deeds fees	1,371	1,575
Ground rent fees received	71	71
Paid over to Exchequer	(61,756)	(57,917)
Closing balance at 31 December	**2,113**	**1,599**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**500**	**481**

5.2 Pay

	2017 €000	2016 €000
Pay	21,218	20,415
Higher, special or additional duties allowance	18	5
Other allowances	72	59
Overtime	256	209
Employer's PRSI	1,395	1,265
Total Pay	**22,959**	**21,953**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	13	—	3,020	5,138
Other allowances	23	—	7,700	7,518
Overtime	142	1	12,232	8,914
Extra remuneration in more than one category	11	3	12,993	12,364

5.4 Payroll overpayments

Overpayments at the year end were €236,057 (134 cases) (2016: €192,983, 89 cases). Of this, €107,784, (59 cases) had recovery plans in place.

Note 6 Miscellaneous

6.1 Section 120 Compensation

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. Fourteen Section 120 compensation payments (2016: 22) were paid in 2017, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows -

				2017	2016
	Number of cases	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
Claims under S.120 of the Registration of Title Act 1964	14	39	40	79	128

6.2 Contingent liability

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain. This includes the section 120 cases referred to above and the potential cases that are noted in the Statement on Internal Financial Control.

6.3 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. As a result, a new organisation, to be called Tailte Éireann, will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

The establishment of the new entity requires primary legislation. Drafting of the Tailte Eireann Bill to provide for the merger is ongoing.

Responsibility for the establishment of Tailte Eireann has transferred to the Department of Housing Planning and Local Government from 1 January 2018 further to the transfer of the Valuation Officer, Ordnance Survey Ireland and Property Registration Authority to that Department from Department of Justice and Equality.

Appropriation Account 2017

Vote 24

Justice and Equality

Introduction

As Accounting Officer for Vote 24, 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 2017 for the salaries and expenses of the Office of the Minister for Justice and Equality, Probation Service staff and of certain other services, including payments under cash-limited schemes administered by that Office, and payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €21.55 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.

Transfer of Functions

Responsibility for the Charities Regulatory Authority transferred to the Department of Rural and Community Development with effect from 26 July 2017 under the Transfer of Departmental Administration and Ministerial Functions Order 2017 (S.1. No. 348 of 2017). In accordance with government accounting procedures, the expenditure for the entire financial year is reflected in the appropriation account of the receiving Department i.e. Department of Rural and Community Development. The prior year end expenditure is shown in Programme A.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset is placed in service. Buildings are depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life. Vehicles and equipment are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life.

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 Acting 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 services are provided to the Department on a shared service basis by the National Shared Services Office.

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

I have provided a letter of assurance to Accounting Officers in receipt of financial shared services from the Department's Financial Shared Services (FSS) centre in Killarney regarding the controls in place.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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.

Public Procurement

The Department ensures that it is compliant with procurement law and Government policy and procedures. It utilises a central database to manually cross check expenditure reports drawn from the Financial Management system to ensure that expenditure is on foot of appropriate procurement procedures. The vast majority of tender competitions are now being run by, or in conjunction with, the Office of Government Procurement (OGP). In circumstances where tendering is deemed not feasible, as envisaged in circular 40/2002, approval is sought from the Procurement Officer. An annual return is made to the Comptroller and Auditor General and the Office of Government Procurement in compliance with that circular.

A total of thirty nine supply arrangements are being reported under Circular 40/2002 in 2017 with a total value of €6,577,674 (excluding VAT, as required by the circular). 33 of the 39 are either proprietary with no market exercise possible, in the opinion of the relevant professional experts or OGP related (e.g. process taking longer than anticipated, legal challenges etc.).

These are broken down as follows:

- Fifteen instances totaling expenditure of €2,249,874 where there is a sole supplier for Forensic Science Ireland and ICT related expenditure. This category is mostly where long term support arrangements arise or in respect of consumables for proprietary equipment. Annual renewal costs of some proprietorial ICT licenses are also included.
- Twenty two instances totaling expenditure of €4,253,260, where an existing contract is extended, mostly while OGP led arrangements are put in place. Eighteen of these are the subject of OGP either putting a framework in place or running supplementary tenders to meet the Department's requirements in a range of markets mainly ICT, building security, interpretation and translation and ICT network equipment. In support of the OGP policy of "one voice to market", it is generally deemed not to be prudent to go to market for stop-gap, short-term tenders. Seven of these contracts are now concluded.
- Two instances totaling expenditure of €74,540 where the requirement for highly specialist knowledge precluded running a tender. One relates to the location of victims remains and the other is for an international expert to support the Commission on the Future of Policing.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of 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 the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

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 quarterly 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.

Internal Financial Control Issues

Arising from the recommendations in recent audit reports, the Department is continually reviewing and strengthening financial and other controls in processes in areas such as ICT project management, the administration of grants and risk management.

Oonagh McPhillips
Accounting Officer
Department of Justice and Equality

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 24 Justice and Equality

Opinion on the appropriation account

I have audited the appropriation account for Vote 24 Justice and Equality for the year ended 31 December 2017 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 24 Justice and Equality for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Justice and Equality and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 24 Justice and Equality

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Leadership in and oversight of justice and equality policy and delivery	59,956	55,048	48,631
B	A safe, secure Ireland	160,653	162,099	153,075
C	Access to justice for all	51,529	44,281	42,726
D	An equal and inclusive society	22,232	19,435	15,645
E	An efficient responsive and fair immigration asylum and citizenship system	145,192	141,925	129,765
	Gross expenditure	**439,562**	**422,788**	**389,842**
	Deduct			
F	**Appropriations-in-aid**	**60,598**	**66,118**	**64,949**
	Net expenditure	**378,964**	**356,670**	**324,893**

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.

	2017	2016
	€	€
Surplus to be surrendered	22,293,659	25,522,743
Deferred surrender	(741,000)	—
Surplus to be surrendered	**21,552,659**	**25,522,743**

Oonagh McPhillips
Accounting Officer
Department of Justice and Equality

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		378,553	346,537
Pay [a]		24,388	23,526
Non-pay		19,847	19,779
Gross expenditure		**422,788**	**389,842**
Deduct			
Appropriations-in-aid		**66,118**	**64,949**
Net expenditure		**356,670**	**324,893**
Changes in capital assets			
Purchases cash	(7,136)		
Depreciation	4,585		
Loss on disposals	8		
Disposals cash	2		
		(2,541)	2,702
Changes in net current assets			
Increase in closing accruals	2,988		
Decrease in stock	988		
		3,976	3,125
Direct expenditure		**358,105**	**330,720**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		41,224	32,221
Notional rents		4,606	4,493
Net programme cost		**403,935**	**367,434**

[a] The pay figure for 2017 includes salaries for the Financial Shared Services Centre amounting to €3,897,016 (2016: €4,138,719). This cost is charged to programme A – Leadership in and oversight of justice and equality policy and delivery, sub-head A.1 Administration – pay.

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 24 borne elsewhere and apportioned cost of the Departments' shared service centre.

		2017 €000	2016 €000
Vote 9 Office of the Revenue Commissioners	e	194	199
Vote 12 Superannuation and Retired Allowances	e	31,849	23,504
Vote 13 Office of Public Works	e	12,222	12,662
Vote 18 National Shared Services Office	e	326	272
Vote 20 Garda Síochána	e	185	170
Central Fund – ministerial pensions		186	208
		44,962	37,015
Vote 24 Allied services – apportioned cost of Financial Shared Services Centre	e	(3,738)	(4,794)
		41,224	**32,221**

'e' indicates that the number is an estimate value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**20,202**	**18,598**
Current assets			
Bank and cash	2.3	37,462	27,248
Stocks	2.4	640	1,628
Prepayments		4,693	6,723
Accrued income		4,100	4,435
Other debit balances	2.5	1,168	604
Total current assets		**48,063**	**40,638**
Less current liabilities			
Accrued expenses		6,503	5,876
Deferred income		99	103
Other credit balances	2.6	37,242	27,229
Net Exchequer funding due	2.7	1,388	623
Total current liabilities		**45,232**	**33,831**
Net current assets		**2,831**	**6,807**
Net assets		**23,033**	**25,405**
Represented by:			
State funding account	2.1	**23,033**	**25,405**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			25,405	31,512
Disbursements from the Vote				
Estimate provision	Account	378,964		
Deferred surrender		(741)		
Surplus to be surrendered	Account	(21,553)		
Net vote			356,670	324,893
Net expenditure (cash) borne elsewhere	1.1		41,224	32,221
Non cash expenditure – notional rent	1		4,606	4,493
Net programme cost	1		(403,935)	(367,434)
Capital asset transfer out adjustment	2.2		(937)	(280)
Balance at 31 December			**23,033**	**25,405**

2.2 Capital assets

	Land and buildings	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2017	6,901	1,555	98,750	2,857	2,041	112,104
Additions	—	502	2,493	24	4,117	7,136
Transfer out [1]	—	(27)	(777)	(129)	(395)	(1,328)
Brought into use	—	—	2,154	—	(2,154)	—
Disposals [2]	—	(40)	(1,132)	(32)	—	(1,204)
Cost or valuation at 31 December 2017	6,901	1,990	101,488	2,720	3,609	116,708
Accumulated depreciation						
Opening balance at 1 January 2017	1,170	1,035	89,057	2,244	—	93,506
Depreciation for the year	138	176	4,126	145	—	4,585
Depreciation transfer out[1]	—	(27)	(350)	(14)	—	(391)
Depreciation on disposals[2]	—	(40)	(1,123)	(31)	—	(1,194)
Cumulative depreciation at 31 December 2017	1,308	1,144	91,710	2,344	—	96,506
Net assets at 31 December 2017	**5,593**	**846**	**9,778**	**376**	**3,609**	**20,202**
Net assets at 31 December 2016	5,731	520	9,693	613	2,041	18,598

The above analysis includes assets that relate to the Department and its associated State bodies, in Vote 24.

[1] The assets transferred out mainly relate to the transfer of responsibility for the Charities Regulatory Authority to the Department of Rural and Community Development in July 2017. The item in the vehicles and equipment category relates to a vehicle with an original cost of €27,000 transferred from the Criminal Assets Bureau to the Garda Síochána vote.

[2] Arising from a review of fixed assets which is ongoing, a number of assets mainly with a net book value of nil, which were not in place during the inventory were retired from the asset register in 2017. The removal of these assets from the asset register comprises a significant part of the disposals figure in 2017.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	24,315	17,922
Commercial bank accounts	13,147	9,326
	37,462	**27,248**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	149	158
Forensic consumables	383	233
IT consumables	39	36
Immigration registration cards	11	1,128
Miscellaneous	33	26
Publications	—	23
Equipment/clothing	25	24
	640	**1,628**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Advance to the Office of Public Works	868	29
Imprests	53	56
Recoupment of travel pass scheme	160	424
Criminal Assets Bureau receivership	35	35
Other	52	60
	1,168	**604**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	1,935	2,592
Pay Related Social Insurance	1,129	1,349
Value Added Tax	314	216
Construction Tax	—	1
Professional Service Withholding Tax	2,225	2,096
Balances in departmental accounts	13,147	9,326
	18,750	15,580
Payroll deductions held in suspense	752	863
ESF advance social inclusion project funding 2014 – 2020	2,979	1,702
Asylum, Migration and Integration Fund advance payments 2014 – 2020	14,184	8,473
Emergency resettlement and reach projects	53	53
Extra receipts payable to the Exchequer	7	1
Other	517	557
	37,242	**27,229**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	21,553	25,523
Deferred surrender	741	—
Exchequer grant undrawn	(20,906)	(24,900)
Net Exchequer funding due	**1,388**	**623**
Represented by:		
Debtors		
Bank and cash	37,462	27,248
Debit balances: suspense	1,168	604
	38,630	27,852
Creditors		
Due to State	(18,750)	(15,580)
Credit balances: suspense	(18,492)	(11,649)
	(37,242)	(27,229)
	1,388	**623**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	8,108	6,162
Capital projects	1,861	51
Total of legally enforceable commitments	**9,969**	**6,213**

2.9 Matured liabilities

There were no matured liabilities un-discharged at year end 2017 or in the previous year.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,077	20,491	19,387
ii	Travel and subsistence	340	386	274
iii	Training and development and incidental expenses	3,517	6,099	5,139
iv	Postal and telecommunications services	635	1,495	1,213
v	Office equipment and external IT services	5,735	8,771	8,946
vi	Office premises expenses	1,633	1,492	2,024
vii	Consultancy services and value for money and policy reviews	73	30	136
viii	Research	282	80	—
ix	Financial shared services	7,322	5,391	6,186
		39,614	**44,235**	**43,305**

Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €3.517 million, outturn: €6.099 million

The excess of €2.582 million is mainly due to staff training and development costs of circa €0.400 million, legal costs of approximately €0.390 million and other administrative expenses of €1.792 million, including external contracted services and board members fees.

iv *Postal and telecommunications services*

Estimate provision: €0.635 million, outturn: €1.495 million

The excess of €0.860 million is primarily as a result of increased costs in the provision of the wide area network (WAN) and local area network (LAN) for the Department including additional installation costs for some locations during 2017. There was also additional expenditure on replacement and upgrade of minor telecommunications equipment, including items such as new mobile phones.

v *Office equipment and external IT services*

Estimate provision: €5.735 million, outturn: €8.771 million

The excess expenditure of €3.036 million is due in part to costs associated with the continued expansion of the ICT shared service in terms of number of users, organisations and sites together with software licensing costs associated with the strategic move to a Microsoft-based environment for ongoing and future delivery of services. In addition, costs arising from the development of the Criminal Justice Operational Hub and related general improvements in data analysis, quality and sharing in the Department has also given rise to additional expenditure.

viii *Research*

Estimate provision: €0.282 million, outturn: €0.080 million

The saving of €0.202 million arose due to less expenditure than expected, pending the completion of the Department's Data and Research strategy.

ix *Financial shared services*

Estimate provision: €7.322 million, outturn: €5.391 million

The saving of €1.931 million is mainly due to less ICT costs of approximately €1.2 million, including external support costs and a saving on postal and telecommunication and other administrative costs of approximately €0.260 million. There was also a saving on payroll of €0.471 million.

Programme A Leadership in and oversight of justice and equality policy and delivery

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	8,905	8,587	8,576
A.2	Administration – non pay	5,751	5,694	6,106
A.3	Prisons Inspectorate	384	303	481
A.4	Garda Ombudsman Commission	9,577	8,769	8,386
A.5	Office of the Garda Inspectorate	1,262	797	904
A.6	Office of Data Protection Commissioner	7,526	6,174	3,906
A.7	Irish Film Classification Office	683	433	786
A.8	Central Authority	135	80	19
A.9	Legal Services Regulatory Authority	1,001	1,023	1,001
A.10	National Property Services Regulatory Authority	1,880	1,971	1,915
A.11	Insolvency Service of Ireland	7,259	5,624	6,528
A.12	Ordnance Survey Ireland	15,593	15,593	7,315
	Charities Regulatory Authority	—	—	2,708
		59,956	**55,048**	**48,631**

Significant variations

Overall, the expenditure in relation to Programme A was €4.908 million lower than originally provided. €0.375 million of this saving related to administration expenditure and has already been explained and the balance of the variance of €4.533 million was mainly due to the following:

A.4 Garda Ombudsman Commission

Estimate provision: €9.577 million, outturn: €8.769 million

The saving of €0.808 million is mainly due to a decision not to proceed with an investigation into allegations of wrongful cancellation of Fixed Charge Notices. This decision was taken due to the major reform which the Fixed Charge Processing System had undergone since the referral was originally made to the Commission. This saving of €1 million was partially offset by a number of additional costs including essential building enhancement work, annual rental increase and other costs associated with setting up specialist teams, which reduced the overall underspend to €0.808 million.

A.5 Office of the Garda Inspectorate

Estimate provision: €1.262 million, outturn: €0.797 million

The saving of €0.465 million arose due to savings on both pay and non pay expenditure. A saving on payroll of €0.203 million was mainly due to a recruitment time-lag in replacing members of the Inspectorate team. The balance of the saving of €0.262 million arose from reduced office related expenditure in a number of areas including transport purchases, external service provision, travel and subsistence and office maintenance work.

A.6 Office of Data Protection Commissioner

Estimate provision: €7.526 million, outturn: €6.174 million

The saving of €1.352 million is primarily related to payroll expenditure. The Data Protection Commissioner (DPC) obtained sanction to increase the staffing levels to 96 staff in 2017. However, the assignment of staff to the DPC in 2017 occurred on a phased basis during the year and approximately only 80 staff had been recruited by the end of 2017 resulting in the saving in the subhead.

A.7 Irish Film Classification Office

Estimate provision: €0.683 million, outturn: €0.433 million

The saving of €0.250 million comprises a saving of €52,000 on payroll which is due to the Office not having a full complement of staff for the entire year. There is an underspend of €198,000 on non-payroll costs which includes a saving on screen rental (€90,000 approximately) and savings on contract staff (€108,000 approximately) due to the downturn in video submissions.

A.11 Insolvency Service of Ireland

Estimate provision: €7.259 million, outturn: €5.624 million

The saving of €1.635 million relates to savings in both pay and non pay expenditure. A payroll saving of €0.672 million has arisen due to the Insolvency Service of Ireland not having its full complement of staff particularly in the first half of the year. The non-payroll saving is mainly due to the development of a case management system, which was originally planned for 2017, being deferred until 2018 and the costs associated with the existing system being less than expected.

Programme B A safe and secure Ireland

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	7,224	7,345	6,949
B.2	Administration – non pay	4,379	6,579	6,355
B.3	Criminal Assets Bureau	7,585	8,259	6,687
B.4	Probation Service – salaries, wages and allowances	23,241	20,370	19,643
B.5	Probation Service – operating expenses	3,375	2,699	3,372
B.6	Probation Service – services to offenders	16,732	16,637	12,365
B.7	Community Service Order Scheme	2,897	2,008	1,953
B.8	Irish Youth Justice Service	12,652	12,479	17,551
B.9	Funding for services to victims of crime	1,712	1,704	1,446
B.10	Mental Health (Criminal Law) Review Board	397	366	400
B.11	Compensation for personal injuries criminally inflicted	4,233	4,223	3,963
B.12	Legal aid (criminal)	49,302	58,140	52,998
B.13	Legal aid – custody issues	3,000	3,203	2,981
B.14	Parole Board	366	317	348
B.15	Crime prevention measures	1,097	253	397
B.16	Private Security Authority	2,870	2,769	2,640
B.17	COSC – domestic, sexual and gender based violence	2,671	2,487	2,210
B.18	Forensic Science Ireland	15,971	11,372	9,741
B.19	State Pathology	949	889	1,076
		160,653	**162,099**	**153,075**

Significant variations

Overall, the expenditure in relation to Programme B was €1.446 million higher than originally provided. €2.321 million of this overrun related to administration expenditure which has already been explained. It has been offset by a saving of €0.875 million in the remaining subheads mainly due to the following:

B.3 Criminal Assets Bureau

Estimate provision: €7.585 million, outturn: €8.259 million

The excess of €0.674 million arose due to the secondment of additional members of An Garda Síochána to the Criminal Assets Bureau (CAB) and the establishment of the Special Crime Task Force in Dublin, resulting in additional pay and non-pay related costs in 2017. Additional non-pay expenditure also arose due to outstanding legal costs being billed to CAB for payment in late 2017.

B.4 Probation Service – salaries, wages and allowances

Estimate provision: €23.241 million, outturn: €20.370 million

The saving of €2.871 million arose due to a number of vacancies which exist within the Probation Service and delays in filling other posts.

B.5 Probation Service – operating expenses

Estimate provision: €3.375 million, outturn: €2.699 million

The saving of €0.676 million arose mainly as a result of a reduced charge for ICT managed support in 2017 due to having availed of discounted prepayment terms in late 2016.

B.7 Community Service Order Scheme

Estimate provision: €2.897 million, outturn: €2.008 million

The saving of €0.889 million arose due to a number of Community Service Supervisor vacancies which exist within the Probation Service and the phased recruitment of other additional staff in 2017.

B.12 Legal aid (criminal)

Estimate provision: €49.302 million, outturn: €58.140 million

The excess of €8.838 million arose due to the number and category of criminal matters coming before the Courts in which legal aid certificates were issued. Under the Criminal Justice (Legal Aid) Act 1962, the Judiciary are responsible for the granting of legal aid. This is a demand led scheme and the fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme.

B.13 Legal aid – custody issues

Estimate provision: €3.000 million, outturn: €3.203 million

The excess of €0.203 million is due to a larger number of cases than expected falling due for payment in respect of legal representation under the Custody Issues Scheme. The scheme is an administrative non-statutory arrangement, which provides payment for legal representation in the High Court and the Supreme Court for certain types of cases not covered by Civil Legal Aid or the Criminal Legal Aid Scheme.

B.15 Crime prevention measures

Estimate provision: €1.097 million, outturn: €0.253 million

The saving of €0.844 million is primarily due to a funding allocation of €0.600 million being unspent in 2017, pending identification of suitable crime prevention projects related to the implementation of the Mulvey Report on Dublin's North Inner City. The remaining underspend mainly relates to additional funding under the Text Alert Rebate Scheme which was not drawn down in 2017, as the closing date for applications was extended until the end of January 2018.

B.17 COSC – domestic, sexual and gender based violence

Estimate provision: €2.671 million, outturn: €2.487 million

The saving of €0.184 million is primarily attributable to a saving in payroll (€132,000) due to staff vacancies and some adjustments in staff work patterns during the year. The balance of the saving of €52,000 is due to a number of new domestic violence intervention programmes with male perpetrators of domestic abuse starting later than anticipated in 2017.

B.18 Forensic Science Ireland

Estimate provision: €15.971 million, outturn: €11.372 million

The saving of €4.599 million is mainly as a result of the delay in commencing enabling works for construction of the new Forensic Science Ireland laboratory at Backweston, Co. Kildare. The site enabling works commenced towards the end of 2017 and it is expected that construction of the laboratory will get under way during 2018.

Programme C Access to justice for all

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	175	178	169
C.2	Administration – non pay	106	159	154
C.3	Magdalen Fund	4,552	950	2,400
C.4	Commissions and Special Inquiries	6,824	2,181	3,545
C.5	Legal Aid Board	38,988	39,708	36,188
C.6	Free Legal Advice Centres	98	98	98
C.7	Coroner Service	786	1,007	172
		51,529	**44,281**	**42,726**

Significant variations

Overall, the expenditure in relation to Programme C was €7.248 million lower than originally provided. There is a small overrun of €0.056 million in relation to administration expenditure which has already been explained. This has been offset by a saving of €7.304 million in the remaining subheads mainly due to the following:

C.3 Magdalen Fund

Estimate provision: €4.552 million, outturn: €0.950 million

The saving of €3.602 million arose mainly due to the ongoing delay in commencing the Assisted Decision Making (Capacity) Act 2015 and thus payments could not be made in approximately 17 cases. Probate is awaited for a number of applicants so that payment can be made to their respective estates and a small number of applicants are still considering the offer made to them.

C.4 Commissions and Special Inquiries

Estimate provision: €6.824 million, outturn: €2.181 million

The saving of €4.643 million arose mainly due to certain costs, including third party legal costs, not falling due for payment in 2017.

C.7 Coroner Service

Estimate provision: €0.786 million, outturn: €1.007 million

The excess of €0.221 million mainly arose due to additional non-payroll costs of approximately €0.342 million including contracted coroner services, legal costs and other administrative expenses. The excess has been offset in part by a saving in payroll of €0.121 million.

Programme D An equal and inclusive society

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	558	567	536
D.2	Administration – non pay	337	508	491
D.3	National Disability Authority	4,028	3,958	3,743
D.4	Office for the Promotion of Migrant Integration	4,957	3,740	3,660
D.5	Social disadvantage measures (dormant accounts funded)	6,000	4,180	2,951
D.6	Grants to national women's organisations	480	480	400
D.7	Traveller initiatives	3,230	2,752	2,080
D.8	Positive Action for Gender Equality	2,385	3,067	1,511
D.9	Disability awareness initiatives	257	183	273
		22,232	**19,435**	**15,645**

Significant variations

Overall, the expenditure in relation to Programme D was €2.797 million lower than originally provided. There was an overrun of €0.180 million in relation to administration expenditure which has already been explained. This has been offset by a saving of €2.977 million in the remaining subheads mainly due to the following:

D.4 Office for the Promotion of Migrant Integration

Estimate provision: €4.957 million, outturn: €3.740 million

The saving of €1.217 million is mainly due to the deferred arrival of approximately half the expected number of refugees under the Irish Refugee Protection Programme. This was mainly due to the lack of available accommodation and the refugees in question are expected to arrive in 2018.

D.5 Social disadvantage measures (dormant accounts funded)

Estimate provision: €6.000 million, outturn: €4.180 million

The saving of €1.820 million is mainly due to expenditure for capital and mentoring initiatives within the Garda Youth Diversion Programme being spread over the years 2016 to 2018, rather than being undertaken in 2017 in its entirety. In addition, grant funding approved for anti-human trafficking projects was less than originally envisaged following a review of applications received.

D.7 Traveller initiatives

Estimate provision: €3.230 million, outturn: €2.752 million

The saving of €0.478 million arose due to the later than expected publication of the National Traveller and Roma Inclusion Strategy during 2017 and hence all funding was not expended.

D.8 Positive Action for Gender Equality

Estimate provision: €2.385 million, outturn: €3.067 million

The excess of €0.682 million is mainly accounted for by expenditure in relation to projects under the European Social Fund in order to maximise the approved funding available from the European Union in relation to this programme. The budget allocation for this subhead has been increased by €0.800 million in 2018.

Programme E An efficient, responsive and fair immigration, asylum and citizenship system

		2017 Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000
E.1	Administration – pay	7,583	7,711	7,296
E.2	Administration – non pay	4,596	6,907	6,673
E.3	Asylum Migration and Integration Fund	1,500	1,353	18
E.4	Irish Naturalisation and Immigration Service	64,893	58,595	51,641
E.5	Asylum seekers accommodation	66,620	67,359	64,137
		145,192	**141,925**	**129,765**

Significant variations

Overall, the expenditure in relation to Programme E was €3.267 million lower than originally provided despite an overrun of €2.439 million in administration expenditure which has already been explained. This has been offset by a saving of €5.706 million in the remaining subheads mainly due to the following:

E.3 Asylum Migration and Integration Fund

Estimate provision: €1.500 million, outturn: €1.353 million

The saving of €0.147 million arose as 10% of the grant funding awarded was withheld pending successful completion of the projects. The overall objective of the EU Asylum Migration and Integration Fund 2014-2020 is to promote the efficient management of migration flows and the implementation, strengthening and development of a common EU approach to asylum and immigration.

E.4 Irish Naturalisation and Immigration Service

Estimate provision: €64.893 million, outturn: €58.595 million

The saving of €6.298 million refers to savings in both pay and non pay expenditure. A saving of approximately €2.9 million arose in pay as the staff assigned to border controls at Dublin Airport, for case processing in INIS and the implementation of the International Protection Act did not come on stream as quickly as anticipated and the increase in additional staff was partially offset by departures and mobility through transfers and promotions. The underspend in non-pay of approximately €3.4 million is mainly due to factors such as reduced legal costs, lower than anticipated ICT spending on projects which are now expected to be delivered in 2018, and reduced translation costs during the initial period of implementing the International Protection Act.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Film censorship fees	1,703	1,537	1,641
2	Data protection fees	550	746	747
3	EU receipts	500	206	184
4	Miscellaneous receipts	583	1,047	416
5	Immigration registration fees	24,000	29,827	26,339
6	Visa fees	4,000	8,300	8,741
7	Dormant accounts receipts	6,000	4,269	2,940
8	Private Security Authority fees	2,564	3,156	3,241
9	Nationality and citizenship certificates fees	12,500	8,441	11,799
10	Legal Services Regulatory Authority – levy on professional bodies	1	—	—
11	Property Services Regulatory Authority fees	2,300	2,250	2,260
12	Insolvency Service of Ireland fees	680	672	682
13	Pension contribution from OSI staff	390	382	375
14	Receipts from pension–related deduction on public service remuneration	4,827	5,285	5,584
		60,598	**66,118**	**64,949**

Significant variations

Overall, appropriations-in-aid were €5.520 million more than the estimate.

Explanations for variances are set out below:

1 Film censorship fees

Estimate provision: €1.703 million, outturn: €1.537 million

The shortfall in receipts of €0.166 million is due to the continued decrease in video submissions for classification. The budget allocation for 2018 has been reduced accordingly.

2 Data protection fees

Estimate provision: €0.550 million, outturn: €0.746 million

The surplus of €0.196 million mainly arises from ongoing engagement by the Office of the Data Protection Commissioner with data controllers and data processors who had not renewed their registration in line with Section 16 of the Data Protection Acts. This, together with a much greater awareness of the requirement of data processors to register, contributed to the increase in fees received in the year.

3 EU receipts

Estimate provision: €0.5 million, outturn: €0.206 million

The shortfall in receipts of €0.294 million is as a result of the timing of receipts under this heading being difficult to predict. The allocation for 2018 has been significantly increased in anticipation of increased levels of receipts from the European Social Fund and the Asylum Migration and Integration Fund.

4 Miscellaneous receipts

Estimate provision: €0.583 million, outturn: €1.047 million

The increase in receipts of €0.464 million is due to the difficulty in predicting the precise amount of receipts under this category which can vary from year to year.

5 *Immigration registration fees*

Estimate provision: €24 million, outturn: €29.827 million

The surplus fees of €5.827 million is as a result of an increase in the number of non-European Economic Area (EEA) nationals registered over the course of the year. The volume of registrations and consequential income is determined by many factors, including in particular the prevailing economic environment.

6 *Visa fees*

Estimate provision: €4 million, outturn: €8.300 million

The surplus of €4.3 million in visa fees is as a result of an increased demand for both entry and re-entry visa applications. The continued improving economic conditions was a key contributory factor to the increased demand and the growth of tourist visitors from visa required countries also led to an increase in the income received.

7 *Dormant accounts receipts*

Estimate provision: €6 million, outturn: €4.269 million

The shortfall of €1.731 million is mainly due to expenditure for capital and mentoring initiatives within the Garda Youth Diversion Programme being spread over the years 2016 to 2018, rather than being undertaken in 2017 in its entirety. In addition, grant funding approved for anti-human trafficking projects was less than originally envisaged following a review of applications received.

8 *Private Security Authority fees*

Estimate provision: €2.564 million, outturn: €3.156 million

The surplus fees of €0.592 million is due to a higher than anticipated volume of first time contractor applications. Most of the increase is in respect of the electronic security sector and can be attributed to the improving economy and increased compliance action over the past 18 months.

9 *Nationality and citizenship certificates fees*

Estimate provision: €12.5 million, outturn: €8.441 million

The shortfall of €4.059 million is due to the number of citizenship applications and resulting certificates of naturalisation being less than expected.

14 *Receipts from pension–related deduction on public service remuneration*

Estimate provision: €4.827 million, outturn: €5.285 million

The excess receipts of €0.458 million from this source are directly related to payroll costs and were greater than expected.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	1	—
Receipts from voluntary surrender of salary	7	1
Transferred to Exchequer	(1)	—
Balance at 31 December	**7**	**1**

Note 5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies, in Vote 24.

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**2,633**	**2,378**

5.2 Pay

	2017 €000	2016 €000
Pay	122,774	116,163
Higher, special or additional duties allowance	284	296
Other allowances	3,272	2,837
Overtime and extra attendance	2,465	2,340
Redundancy and severance	—	58
Employer's PRSI	7,928	7,035
Total pay	**136,723**	**128,729**

Pay costs are disbursed amongst a number of subheads.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	38	9	52,906	52,906
Overtime and extra attendance	542	30	29,736	47,606
Shift and roster allowances	154	8	12,009	11,578
Miscellaneous	239	29	24,644	19,112
Extra remuneration in more than one category	163	56	31,655	32,459

5.4 Other remuneration arrangements

A total amount of €50,600 was paid to nine retired civil servants who were in receipt of civil service pensions in 2017. In addition, an amount of €283,230 was paid to 21 former public servants and €173,044 to seven former judiciary members who were engaged in various roles in 2017. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and other provisions) Act 2012.

A total amount of €1,521,745 was paid through payroll to 137 individuals in respect of duties performed in relation to various boards, committees and commissions, etc.

5.5 Payroll overpayments

Based on the reports provided by the National Shared Services Office, overpayments at the end of 2017 were €613,887 (153 employees) (2016: €550,003, 150 employees). Of this, €405,053 (84 employees) have recovery plans in place.

5.6 Redundancy and severance

No severance payments were made from the Justice and Equality Vote in 2017.

Note 6 Miscellaneous

6.1 EU Funding

The outturn shown in headings D.8, E.4, E.3/D.4 and F.3 includes the following payments in respect of activities which are co-financed by the EU.

In addition, funding for an EU funded programme called the Safety Internet Plus Programme is administered through a suspense account by the Office for Internet Safety. Due to technical difficulties encountered in submitting an application for EU funding, it was necessary to make payments of €339,100 in 2016 from the vote to ensure continuity of service. Arising from a further request for EU funding later in 2016, an amount of €385,425 was received in 2017, a proportion of which related to the voted funding provided in 2016.

The Department also received funding from the EU in 2017 for a number of projects that are administered through suspense accounts. This includes a number of projects in the Probation Service and the Asylum Migration and Integration Fund.

		2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
Subhead	**Description**			
D.8	Positive Action for Gender Equality	—	—	3
E.4	EU receipts (European Returns Fund)	50	—	—
E.3/D.4	European Refugee Fund/European Integration Fund	180	—	—
E.3/D.4	Asylum Migration and Integration Fund	—	—	181
F.3	Other EU Receipts	270	206	—
		500	**206**	**184**

6.2 Commissions and inquiries

	Year of appointment	2016	2017	Cumulative expenditure to 31 December 2017
		€000	€000	€000
Permanent Commissions				
Criminal Injuries Compensation Tribunal	1974	36	112	—
Fixed Purpose Commissions				
Morris Tribunal	2002	1,343	78	68,773
Smithwick Tribunal	2005	56	—	19,485
Location of Victims Remains	2007	529	259	6,997
Ronan MacLochlainn Commission of Investigation	2014	557	16	1,169
Independent Review Mechanism and five inquiries established during 2017 under Section 42 of the Garda Síochána Act 2005	2014	23	131	525
Inquiry under section 109 of the Garda Síochána Act 2005 into the conduct of a GSOC investigation	2015	113	—	176
Commission of Investigation Cavan/Monaghan Garda Division (O'Higgins)	2015	840	—	1,792
Murray Review - (review of the law in respect of providing for access to the retained telecommunications records of journalists)	2016	48	49	97
Independent Stardust Assessment	2017	—	105	105
Disclosures Tribunal	2017	—	1,039	1,039
Commission on the Future of Policing	2017	—	392	392
		3,545	**2,181**	**100,550**

6.3 Contingent liability

The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

There will be further payments associated with the Morris Tribunal, Smithwick Tribunal, Independent Commission for the Location of Victims Remains, Ronan MacLochlainn Commission of Investigation, the inquiries emanating from the Independent Review Mechanism into Garda Allegations, the Inquiry under Section 109 of the Garda Síochána Act 2005 into the conduct of a GSOC investigation, the Commission of Investigation Cavan/Monaghan Garda Division, the Disclosures Tribunal and the Commission on the Future of Policing.

The Morris Tribunal was established in 2002 and it published its final report in 2008. The cost of the Tribunal to end December 2017 is €68.8 million. The Department considers that the final payment was made in December 2017. However, correspondence has been received from solicitors who represented one party at the Tribunal indicating that further fee notes may be submitted.

The Smithwick Tribunal concluded at the end of 2013. There are remaining costs to be discharged with regard to two third party costs that have yet to be settled. It is anticipated that, overall, these costs will be in the region of €1.2 million and it is intended that they should be discharged before the end of 2018.

The work of the Independent Commission for the Location of Victims Remains is ongoing. The main costs arise with regard to excavations for remains where sites can be identified. The Commission's activity and associated costs are largely dependent on the information made available to it with regard to the victims whose remains it is seeking to locate. The expenditure in 2017 was in the region of €259,000 bringing the total spend to-date to almost €7 million.

The MacLochlainn Commission of Investigation was established in August 2014. Its terms of reference were to inquire into the circumstances of the fatal shooting of Ronan MacLochlainn on 1 May 1998 by members of An Garda Síochána. In a report of 24 May 2016, the Sole Member of the Commission, Ms Mary Rose Gearty SC, advised that on 16 May 2016 one person who is identified in the Commission's final report brought an application to the High Court seeking a direction pursuant to Section 35(1)(b) of the Commission of Investigation Act that the report be amended before it is submitted to the Minister for Justice and Equality. The submission of the Commission's final report to the Minister had to await the determination of this court application. The High Court delivered its decision in February 2018 and found in favour of the Commission. It is expected that any remaining costs will be discharged during 2018.

Following the work of the Independent Review Mechanism, the Minister for Justice and Equality set up five inquiries under section 42 of the Garda Síochána Act 2005 on 15 May 2017 to inquire into five separate Garda investigations. The five inquiries are sharing accommodation and administrative support. Expenditure of €131,000 was incurred in 2017. The estimate for the cost of these inquiries is approximately €895,000. The remaining €764,000, to include all third party legal costs is expected to be discharged in 2018.

An inquiry was established under Section 109 of the Garda Siochana Act in June 2015 in relation to the conduct of an investigation by the Garda Síochána Ombudsman Commission (GSOC). The report in this case was received in the Department in May 2016. There was no associated expenditure for this Inquiry in 2017. It has yet to be determined if any third party legal costs will arise in this case.

The Commission of Investigation in relation to the Cavan/Monaghan Garda Division commenced its work in February 2015 and reported in May 2016. A legal challenge has been initiated in relation to certain aspects of legal costs in this case. The outcome of these proceedings are awaited. Some expenditure is likely to arise in this context and it is not possible at this stage to estimate the amount.

The former Chief Justice, Mr John Murray, was appointed to carry out a review of the law in respect of providing for access to retained communications data. His report was submitted in April 2017. The total expenditure on the Murray Review to date is €97,000. It is not envisaged that there will be further expenditure arising.

The Independent Stardust Assessment was carried out in 2017 by Judge Pat McCartan. Judge McCartan was appointed by the Government to evaluate the claim of new and updated evidence presented by the Stardust Victims' Committee relating to the Stardust tragedy. The assessment report was accepted by Government in November 2017 and furnished to the Committee immediately afterwards, prior to publication. There are no further costs anticipated.

The Disclosures Tribunal was established in February 2017 with Mr Justice Peter Charleton, a judge of the Supreme Court, as the sole member. The Tribunal was established following a review by Mr Justice Iarfhliath O'Neill of two protected disclosures made to the then Tánaiste alleging a campaign at the highest level in the Garda Síochána to discredit the whistleblower, Sgt Maurice McCabe, who made allegations of wrongdoing in the Gardaí. It is not possible to accurately estimate the final costs of the Tribunal as it will depend on a number of factors including the quantum of any third party legal costs which are payable.

The Government established the Commission on the Future of Policing in Ireland in May 2017, under the Chairmanship of Ms Kathleen O'Toole, to carry out a comprehensive examination of policing and develop a blueprint for the future of policing in Ireland. Under its terms of reference the Commission is required to carry out a fundamental review of the role, structures, leadership and management, ethos and culture of policing and existing oversight and consultative arrangements. The Commission is to submit its report to Government by September 2018. It is anticipated that the total expenditure of the Commission will be in the region of €1.5 million.

6.4 Ex-gratia payments

Ex-gratia payments amounting to €100,817 (2016: €85,231) were made in respect of the non-statutory Legal Aid Scheme for Criminal Assets Bureau type actions. This scheme is applicable to persons who are respondents and/or defendants in any court proceedings brought by, or in the name of, the Criminal Assets Bureau, including court proceedings under the Proceeds of Crime Act 1996, the Revenue Acts and the Social Welfare Acts and applications made by the Director of Public Prosecutions under Section 39 of the Criminal Justice Act 1994.

Ex-gratia payments amounting to €1,864,426 (2016: €1,771,092) were made in respect of the non-statutory Garda Station Legal Aid Advice Scheme. This scheme provides that where a person is detained in a Garda station for the purpose of the investigation of an offence and s/he has a legal entitlement to consult with a solicitor and the person's means are insufficient to enable him/her to pay for such consultation, that consultations with solicitors will be paid for by the State.

Ex-gratia payments totalling €15,759 (2016: €22,182) were made in a number of cases in relation to the Coroners' service. The payments in question relate to the cost of legal representation at inquests into the deaths of persons in State custody.

Ex-gratia payments amounting to €19,552 (2016: €3,144) were made in respect of 14 other cases related to the provision of legal aid in criminal proceedings.

6.5 Drugs Initiative Fund

An amount of €350,183 (2016: €347,349) was received from the Drugs Initiative Fund and is accounted for through a suspense account. The funding is provided under the National Drugs Strategy 2009 – 2016 and relates to a number of Local Drug Task Force owned projects which are Probation Service supported initiatives.

6.6 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by members of the public	275	1,929	6,825	5	8,759	6,966
Claims by employees	4	47	175	15	237	—
Total		**1,976**	**7,000**	**20**	**8,996**	**6,966**

Of the total of €8,996,000 in legal costs, €4,802,000 (53%) relates to the Irish Naturalisation and Immigration Service (INIS). The remaining legal costs were incurred across a number of areas of the Department including the Department's Courts Division, the Office of the Data Protection Commissioner, the Garda Síochána Ombudsman Commission, the Private Security Authority and the Property Services Regulatory Authority.

6.7 Prompt payment of account interest

The amount of prompt payment interest incurred by the Department in 2017 was €2,087 (2016: €3,836).

Appendix A Accounts of bodies and funds under the aegis of the Department of Justice and Equality

The following table lists the bodies under the aegis of the Department. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when 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
Criminal Assets Bureau	2016	20 Dec 2017	21 Dec 2017	15 Jan 2018
Garda Síochána Ombudsman Commission	2016	22 Dec 2017	8 Jan 2018	28 Feb 2018
Insolvency Service of Ireland	2016	28 Apr 2017	10 May 2017	30 May 2017
Legal Aid Board	2016	6 Dec 2017	12 Dec 2017	7 Mar 2018
National Disability Authority	2016	28 Jun 2017	18 Jul 2017	25 Jul 2017
Office of Data Protection Commissioner	2016	14 Dec 2017	21 Dec 2017	5 Feb 2018
Private Security Authority	2016	2 Aug 2017	29 Aug 2017	20 Sep 2017
Property Services Regulatory Authority	2016	16 Jun 2017	24 Jul 2017	20 Sep 2017

Appropriation Account 2017

Vote 25

Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission, I am the Accounting Officer for Vote 25. I am required 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 2017 for the salaries and expenses of the Irish Human Rights and Equality Commission and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.286 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 have been applied in the preparation of the account except for the following:

Depreciation

Leasehold premises improvements are depreciated at a rate of 5% per annum on a straight line basis.

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 IHREC.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the IHREC. 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared Services

Payroll and human resources services are provided to the IHREC on a shared services basis by the National Shared Services Office. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of payroll and human resources shared services.

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

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit and Risk Committee to advise me in discharging my responsibilities for the internal financial control system
- there is a Finance Committee which assists the Commission in fulfilling its responsibilities by providing oversight of the financial implications of the activities of the IHREC
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets

Administrative Controls and Management

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 budgets
- a risk management system operates within the IHREC
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines

Public Procurement

The IHREC 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 IHREC complied with the guidelines with the exception of three supply arrangements to the value of €163,284 which were listed on my annual return in respect of Circular 40/2002.

- one instance totalling expenditure of €56,519, where the contractor for the fit out of the new premises of the IHREC procured equipment on behalf of the IHREC by means of competitive quotations without going to tender
- one instance with expenditure of €62,657, where a pre-existing contract for ICT support and maintenance was continued pending the completion of an ICT strategy that in turn will involve the procurement of ICT support services
- one instance totaling € 44,108 where a new financial management system was implemented on the recommendation of an external accountancy provider.

Internal Audit, and Audit and Risk Committee

I confirm that the IHREC has an internal audit function (currently outsourced) with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the IHREC 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 & Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

The IHREC 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 IHREC and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by senior management periodically. 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 Commission, 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 IHREC has procedures to monitor the effectiveness of its risk management and control procedures. The IHREC'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 IHREC 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 2017 that resulted in, or may result in, a material loss.

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

4 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2017 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 25 Irish Human Rights and Equality Commission for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Irish Human Rights and Equality Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 25 Irish Human Rights and Equality Commission Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Irish Human Rights and Equality Commission Function	6,631	5,319	6,208
	Gross expenditure	**6,631**	**5,319**	**6,208**
	Deduct			
B	**Appropriations-in-aid**	**109**	**83**	**153**
	Net expenditure	**6,522**	**5,236**	**6,055**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**1,285,849**	**134,747**

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

4 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Pay		2,254	2,113
Non pay		3,065	4,095
Gross expenditure		**5,319**	**6,208**
Deduct			
Appropriations-in-aid		**83**	**153**
Net expenditure		**5,236**	**6,055**
Changes in capital assets			
Purchases cash	(573)		
Loss on disposals	23		
Depreciation	179		
		(371)	**(1,388)**
Changes in net current assets			
Decrease in closing accrual		(112)	90
Direct expenditure		**4,753**	**4,757**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		6	4
Net programme cost		**4,759**	**4,761**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 25 borne elsewhere.

	2017	2016
	€000	€000
Vote 18 National Shared Services Office	6	4
	6	**4**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	2,020	1,649
Current assets			
Bank and cash	2.3	356	946
Prepayments		264	155
Other debit balances		15	10
Total current assets		**635**	**1,111**
Less current liabilities			
Accrued expenses		124	126
Deferred income		—	1
Other credit balances	2.4	85	906
Net Exchequer funding due	2.5	286	50
Total current liabilities		**495**	**1,083**
Net current assets		**140**	**28**
Net assets		**2,160**	**1,677**
Represented by:			
State funding account	2.1	**2,160**	**1,677**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Net assets at 1 January			1,677	552
Disbursements from the Vote				
Estimate provision	Account	6,522		
Surplus to be surrendered	Account	(1,286)		
Net vote			5,236	6,055
Expenditure (cash) borne elsewhere	1.1		6	4
Adjustment			—	6
Pre-incorporation grant funding			—	(179)
Net programme cost			(4,759)	(4,761)
Balance at 31 December			**2,160**	**1,677**

2.2 Capital assets

	Leasehold improvements	Furniture and fittings	IT and office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	1,302	323	190	1,815
Additions	459	14	100	573
Disposals	(25)	—	(1)	(26)
Cost or valuation at 31 December 2017	1,736	337	289	2,362
Accumulated Depreciation				
Opening balance at 1 January 2017	76	32	58	166
Disposals	(3)	—	—	(3)
Depreciation for the year	87	34	58	179
Cumulative depreciation at 31 December 2017	160	66	116	342
Net assets at 31 December 2017	**1,576**	**271**	**173**	**2,020**
Net assets at 31 December 2016	1,226	291	132	1,649

2.3 Bank and cash

	2017	2016
	€000	€000
PMG balances and cash	108	77
Commercial bank accounts	248	869
	356	**946**

2.4 Other credit balances

At 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	33	39
Pay Related Social Insurance	23	30
Professional Services Withholding Tax	21	24
Pension contributions	—	9
Universal Social Charge	7	10
Value Added Tax	1	—
	85	112
Payroll deductions held in suspense	—	3
Project balances	—	612
Pre-incorporation funding repayable to the Exchequer	—	179
	85	**906**

2.5 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Exchequer grant undrawn	(1,000)	(85)
Surplus to be surrendered	1,286	135
Net Exchequer funding due	**286**	**50**
Represented by:		
Debtors		
Bank and cash	356	946
Debit balances	15	10
	371	956
Creditors		
Due to State	(85)	(112)
Credit balances	—	(615)
Pre-incorporation grant funding	—	(179)
	(85)	(906)
	286	**50**

2.6 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services*	1,833	2,095
Grant programmes	222	80
Legal and other projects	159	605
Total of legally enforceable commitments	**2,214**	**2,780**

*Lease of premises commitment is €261,818 per year up to 2024.

2.7 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	**—**	**3**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,538	2,254	2,113
ii	Travel and subsistence	80	50	69
iii	Training and development and incidental expenses	1,927	1,370	1,308
iv	Postal and telecommunications services	122	41	47
v	Office equipment and external IT services	165	330	346
vi	Office premises expenses	500	1,071	2,042
vii	Consultancy services and value for money and policy review	299	203	283
		6,631	**5,319**	**6,208**

Significant variations

i. Salaries, wages and allowances

Estimate provision: €3.538 million, Outturn: €2.254 million

The variation of €1.284 million on expenditure on salaries, wages and allowances was due to IHREC not reaching its full employment control framework of 56 within 2017. At start of the year IHREC had 41 staff members (FTE). As at 31 December 2017 the IHREC had 45 staff members (FTE). Recruitment campaigns are planned for 2018.

ii. Travel and subsistence

Estimate provision: €0.080 million, Outturn: €0.050 million

The variation of €0.030 million on expenditure on travel and subsistence was due to less staff travel undertaken than had been anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

iii Training and development and incidental expenses

Estimate provision: €1.927 million, Outturn: €1.370 million

The variation of €0.557 million on expenditure on training and development and incidental expenses was due to programmatic activity levels being less than had been than anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

iv. Postal and telecommunications services

Estimate provision: €0.122 million, Outturn: €0.041 million

The variation of €0.081 million on expenditure on postal and telecommunications services was due to programmatic activity levels being less than had been than anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

v. *Office equipment and external IT services*

Estimate provision: €0.165 million, Outturn: €0.330 million

The variation of €0.165 million on expenditure on office equipment and external IT services was partially due to a capital overspend. While the work was substantially completed in 2016 capital payments in relation to the fit out of the IHREC premises at Green St continued into 2017. Current outturn was also in excess of the allocation, largely due to IT contracted services and IT consultancy totalling € 110,000 or 110% of the current allocation.

vi. *Office premises expenses*

Estimate provision: €0.5 million, Outturn: €1.071 million

The variation of €0.571 million on expenditure on office premises expenses partially due to a capital overspend. While the work was substantially completed in 2016 capital payments in relation to the fit out of the IHREC premises at Green St continued into 2017. Current outturn was also in excess of the allocation, largely due to rent and service charges accounting for €451,211 or 97% of the current allocation.

vii. *Consultancy services and value for money and policy review*

Estimate provision: €0.299 million, Outturn: €0.203 million

The variation of €0.096 million on expenditure on consultancy services and policy review was due to programmatic activity levels being less than had been than anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017 Estimated €000	2017 Realised €000	2016 Realised €000
1.	Receipts from pension-related deduction on public service remuneration	109	75	96
2.	External funding	—	—	51
3.	European travel refunds	—	6	6
4.	Other	—	2	—
		109	**83**	**153**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**45**	**41**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	2,023	1,907
Allowances	22	11
Overtime	—	—
Employer's PRSI	209	195
Total pay	**2,254**	**2,113**

5.3 Allowance payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Allowances	3	1	10,914	10,914

Note 6 Miscellaneous

6.1 Compensation and legal costs

During 2017, two Section 40[a] clients of IHREC were granted additional legal assistance, to provide them with legal representation to make submissions (oral and written) before the Court of Justice of the European Union in Luxembourg in preliminary ruling proceedings.

IHREC agreed to provide an indemnity as to any potential adverse costs liability up to a maximum level of €40,000 plus VAT. Any potential costs exposure is unlikely to arise for a considerable period (likely 2020).

[a] IHREC is empowered under Section 40 of the Irish Human Rights and Equality Commission Act 2014 to provide assistance to persons where they are pursuing proceedings under equality and/or human rights law.

Appropriation Account 2017

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote 26, 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 2017 for the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by the Office, and for the payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €24.54 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.

Appropriation account structure

Expenditure on education services in 2017 is accounted for under Vote 26 across four main programme headings and covers both current and capital expenditure. Administration costs are also identified under individual headings as well as being apportioned across the four expenditure headings, in conformance with the performance budgeting approach introduced for all government departments. The four programmes are as follows:

- Programme A – which provides for first, second and early years education
- Programme B – which provides for skills development
- Programme C – which provides for higher education
- Programme D – which provides for capital services.

The Department's gross expenditure is offset by appropriations-in-aid which are brought to account in subheads E.1 to E.5.

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 (DPER) in Circular 25 of 2017, have been applied in the preparation of the account.

Statement on Internal Financial Control

Along with the account, I have submitted a statement in the standard format on the system of internal financial control (SIFC) that operates in the Department of Education and Skills.

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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

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

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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
- 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.

Public Procurement

The Department seeks to ensure that there is an appropriate focus on good practice in purchasing and that procedures are in place for compliance with all relevant guidelines. The Department is compliant with all relevant guidelines regarding procurement, with the exception of procurement totalling €1.76 million.

The exceptions occurred for several reasons as set out below:

- Three contracts in the value range €25,000 to €60,000, totaling €122,528, were undertaken without a competitive process – two with a total value of €71,897 related to sole/limited supplier availability reasons and the other with a value of €50,631 related to urgency/business continuity reasons.
- Four contracts in the value range €100,000 to €200,000 per annum, totaling €555,899, were undertaken without a competitive process – three contracts with a total value of €412,772 related to sole/limited supplier availability reasons and the other with a value of €143,127 to urgency/business continuity reasons.
- Two contracts over €500,000 per annum, with a total value of €1,085,660, were undertaken without a competitive process. One with a total value of €520,024 related to business continuity reasons and the other with a value of €565,636 related to urgency/expediency reasons.

Also, a further 22 services and purchases with a total contract value of €74,816 were undertaken or contracts extended in 2017 without recourse to an appropriate procurement process. Four of these contracts were placed with a sole provider with a total value of €24,071. A further 17 contracts for fixed line telephony were extended beyond their contract term without review and for a combined value of €43,537. A once-off contract for €7,208 was awarded to a supplier in relation to the mapping of information between databases.

Details of cases of more than €25,000 value were provided to the Comptroller and Auditor General and the Department of Public Expenditure and Reform in the Circular 40/2002 return.

All cases are being kept under active review and action is being taken where feasible. Additionally, the Department is proactively engaged with the procurement reform programme and is taking the opportunity to use centralised contracts and frameworks where appropriate.

Internal Audit, European Social Fund 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. 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.

Annual audit programmes are prepared under the auspices of the Department's Audit Committee and both the Internal Audit Section and the European Social Fund (ESF) Audit Authority (which ensures compliance with the regulatory requirements of the European Union in relation to the management, control and audit of such functions in Ireland) report to the Committee on the conduct of these programmes and the finalisation of audit reports.

During 2017, the Internal Audit Section and the ESF Audit Authority were amalgamated into the Internal and EU Audit Unit which finalised a total of ten audit reports. Progress on the implementation of recommendations arising from the audit reports is tracked on a quarterly basis. At year end, all ESF audit report recommendations had been fully implemented.

The Audit Committee and the Internal and EU Audit Unit operate under separate written charters.

Risk and Control Framework

The Department's risk management system identifies and reports key risks and the management actions being taken to address and, to the extent possible, 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 details the controls and actions needed to mitigate risks and the register is used, along with other processes such as workforce planning, business continuity etc., to allocate appropriate resources to ensure that risks are managed or mitigated.

The internal arrangements in place provide that the divisional risk register is a standing item on the agendas of divisional meetings chaired by Assistant Secretaries. The Risk Committee, established 2016, is a sub-committee of the Management Board. Its role is to advise the Management Board on risk management strategies and on the development of an appropriate framework of policies, procedures and systems to support the management of risk in the Department. The Risk Committee assists the Management Board in fulfilling its risk management responsibilities by overseeing the development and implementation of the Department's risk management policy and appetite statement.

During 2017, the Department's Risk Committee oversaw the development of a Risk Management Policy and Risk Appetite Statement which was approved by the Management Board. Further work has been progressed to develop a strategic risk assessment document which will identify a number of strategic risks at corporate level which have the potential to significantly impact the Department's capacity to implement its work programme as outlined in its Strategy Statement and Action Plan 2016-2019. The identification of high level strategic risks will also provide a basis for business units to categorise risks appropriately to ensure greater consistency in risk assessment across the Department.

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, 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 2017 that require disclosure in the appropriation account.

Education Sector Corporate Governance

In 2017, the Department continued to progress work on strengthening its approach to oversight of governance and accountability arrangements across the education sector. This work is led by a Management Board sub-committee on Sectoral Governance and Accountability, chaired by me as Secretary General, which agrees the work programme to improve the Department's oversight role in regard to bodies and the wider education sector. The Management Board is supported by a Principal Officer-level Sectoral Governance and Accountability network. With effect from Quarter 4 2017 a supplementary Assistant Principal Officer subgroup on Governance Compliance was established to share development and learning in governance across the various areas that encompass the education sector and to further inform the work of the Management Board sub-committee.

Corporate Governance Compliance Reviews

Having commenced a pilot corporate governance compliance review process in December 2015 the Department delivered reports to eleven in-scope aegis bodies in July 2017. Work is ongoing in 2018 to roll out a further targeted programme of compliance reviews to aegis bodies.

2016 Code of Practice for the Governance of State Bodies and Programme of Derogations

The revised Code of Practice for the Governance of State Bodies was published in 2016 and the Department has worked with its aegis bodies to ensure that the enhanced oversight conditions as laid out in the 2016 Code can be satisfied, where appropriate, by the Department and its agencies. In addition, time limited or full derogations from aspects of the code have been agreed and documented so as to satisfy the code's 'comply or explain' requirements. Within the wider education sector, sectoral codes of practice aligned to the specific regulatory frameworks of universities, institutes of technology and education and training boards (ETB) have been progressing during 2017 and to date in 2018. Work has now been completed in regard to the institutes of technology code with the university code anticipated to be completed shortly and the ETB code by end of Quarter 4 2018.

Performance Delivery Agreements

Arising from the augmented terms of the 2016 Code of Practice for Governance of State Bodies that required the Department to replace existing service level agreements/memorandums of understanding with performance delivery agreements (PDAs), the Department has devoted significant staff resources to work with respective aegis bodies to advance the development of PDAs/oversight agreements. The Department continues to work on advancing the development of reporting arrangements with its bodies and agencies in order to manage their governance and performance. This work encompasses an approach that focuses on outputs and outcomes and includes meaningful performance indicators so as to ensure that resources are used both in an effective and cost effective manner to deliver quality services to the public.

Training for Staff Dealing with Governance and Accountability Oversight

In line with the evolving governance architecture in place in regard to bodies under the remit of the Department, the Department procured and rolled out a training programme to develop staff's skills in corporate governance. To date in Quarter 2 2018, the Department has rolled out training concerning an overview of corporate governance, training in understanding the stipulations of Department of Public Expenditure and Reform's 2016 Code of Practice for the Governance of State Bodies, guidance in the development of performance delivery agreements and training in the reading of financial statements. Further governance courses to enhance departmental staff's skills in the development of performance delivery agreements and in the reading of financial statements are in the process of being procured for roll out by end of Quarter 2 2018. The Department, in conjunction with the Revenue Commissioners, held a seminar to enhance understanding of tax compliance issues in the education sector.

The governance framework of the Department of Education and Skills implements the Corporate Governance Standard for the Civil Service. The Department's governance framework was reviewed and updated in May 2017 and May 2018 to reflect corporate governance developments since it was first published in May 2016. It is kept under ongoing review.

The Department continues to avail of membership of a Governance Forum for Civil and Public Servants, the forum which is run by the Institute of Public Administration, promotes good governance in the public interest and aids the Department with the supply of timely advice, information and supports to enhance good governance.

Public Sector Reform

In 2017, the Department published the Shared Services Plan for 2017-2020 and the Education Action Plan further developing the initiatives commenced under the 2011 and 2014 mandate. The Shared Services plan proposes that the Department actively participates in the roll out of traditional shared services for the Civil Service and commits to also investigate all possible opportunities for shared services initiatives across the entire education and training sector. The key projects which have been progressed during 2017 were:

- Payroll Shared Services for the Education and Training Board (ETB) sector. During 2017 the project advanced with the publication of a Request For Tender for a payroll system to be delivered as a managed service.
- Financial Shared Services for the ETB sector. Procurement approach and implementation strategies were developed in 2017 and the detailed design, functional requirements and technical specifications for an integrated financial solution were developed.
- HR/Payroll Shared Services for the higher education sector. In 2017 the first stage of system stabilisation was completed and a dedicated project team was appointed in Quarter 4 2017.
- A Schools Employees Data Records and Payroll Shared Services Project team was appointed and work commenced on the development of a business case for the optimal solution.
- The development of procurement initiatives to support the operation of the Office of Government Procurement model continued in 2016 and 2017. In the 2017-2020 Shared Service Plan, the Department has committed to explore how these initiatives can be further developed to provide a single procurement service to the education sector.

Reform of Education and Training Boards/SOLAS

The ongoing reconfiguration of the ETBs continued throughout 2017 with a number of key targets met during 2017 including initiation of the implementation of the next phase of a new organisational structure for the ETBs, completion of the rollout of a government network connection to all of the ETB head offices and training centres and the set-up of a Shared Services Centre of Excellence providing legal services to the ETB sector.

The annual accounts of the ETBs and SOLAS are audited by the Comptroller and Auditor General.

Data Management

During 2017, the Department made significant progress on a number of key actions outlined in its data strategy, which focuses on using data in the most effective manner to support and inform the development and implementation of education policy, in particular to respond to the changing needs of learners, society, and the economy in an open and accountable way, to anticipate and predict future challenges and to accurately direct resources and, as a consequence, contribute to the achievement of better education outcomes.

The strategy's four key objectives are:

- build (staff and organisational) data capacity and capability
- strengthen data management
- strengthen data related collaboration
- maximise the use and value of data.

General Data Protection Regulation (GDPR)

In 2017, the Department established a General Data Protection Regulation (GDPR) Readiness Project to ensure that it will be compliant with the GDPR effective from 25 May 2018.

As part of this project, the Department compiled an inventory of its processing activities which involve personal data. The work undertaken will also involve the updating of the Department's application forms and privacy notices to ensure these are compliant with the GDPR. The GDPR readiness tasks will also entail revisions to the Department's data protection policies and protocols and ensuring adequate processes are in place to support the exercise of data protection rights where data subjects choose to do so.

In June 2017, the Department assigned an interim Data Protection Officer (DPO) whose role is to inform and advise staff of the Department who carry out processing of personal data of their obligations pursuant to the GDPR and to other data protection provisions. In the second half of 2017 a number of information events on the GDPR were held for the staff of the Department.

The Department also organised advanced training in data protection, for example on Data Projection Impact Assessments (DPIA), for a number of its staff. The Department is currently considering how best to provide training in data protection for all of its staff.

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills

12 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 26 Education and Skills

Opinion on the appropriation account

I have audited the appropriation account for Vote 26 Education and Skills for the year ended 31 December 2017 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 26 Education and Skills for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Education and Skills and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 26 Education and Skills
Appropriation Account 2017

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A	First, second and early years education				
	Original	6,598,571			
	Supplementary	90,000	6,688,571	6,661,168	6,258,807
B	Skills development				
	Original	342,866			
	Supplementary	(12,000)	330,866	328,746	336,212
C	Higher education				
	Original	1,584,834			
	Supplementary	5,000	1,589,834	1,590,038	1,535,860
D	Capital services				
	Original	644,824			
	Supplementary	4,000	648,824	661,395	682,575
Gross expenditure					
	Original	9,171,095			
	Supplementary	87,000	**9,258,095**	**9,241,347**	**8,813,454**
	Deduct				
E	**Appropriations-in-aid**				
	Original	495,796			
	Supplementary	(37,000)			
			458,796	**466,588**	**487,448**
Net expenditure					
	Original	8,675,299			
	Supplementary	124,000			
			8,799,299	**8,774,759**	**8,326,006**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**24,540,261**	**14,646,701**

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills
12 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Expenditure on administration		90,766	85,006
Expenditure on services and programmes		9,150,581	8,728,448
Gross expenditure		**9,241,347**	**8,813,454**
Deduct			
Appropriations-in-aid		**466,588**	**487,448**
Net expenditure		**8,774,759**	**8,326,006**
Changes in capital assets			
Purchases cash	(150,792)		
Depreciation	855		
Loss on disposals	–	(149,937)	(139,434)
Changes in net current assets			
Increase in closing accruals	15,455		
Decrease in stock	53		
		15,508	(22,630)
Direct expenditure		**8,640,330**	**8,163,942**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		31,056	27,162
Notional rents		4,260	4,073
Net programme cost		**8,675,646**	**8,195,177**

1.1 Net Allied Services Expenditure

The net allied services expenditure is made up of the following amounts in relation to Vote 26 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners [a]	278	249
Vote 12 Superannuation and Retired Allowances	23,940	19,531
Vote 13 Office of Public Works	5,199	5,743
Vote 18 National Shared Services Office	1,363	1,358
Central Fund – Ministerial pensions	276	281
	31,056	27,162
Apportioned cost of accounting support for other Votes	–	–
	31,056	**27,162**

[a] Includes €90,000 in respect of other agencies under Vote 26 receiving services for IT hosting. Agencies are City of Dublin Education and Training Board, HEAnet, National Council for Special Education and the Teaching Council.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**157,242**	**238,619**
Current assets			
Stocks[a]		94	147
Prepayments	2.4	19,025	23,842
Overpayments for recoupment	5.8	6,352	6,051
Recoupment of secondment costs		106	151
Amounts due from the EU		40	23
Other debit balances	2.5	2,018	2,205
Bank and cash	2.3	16,845	22,707
Total current assets		**44,480**	**55,126**
Less current liabilities			
Accrued expenses		21,208	17,048
Deferred income		—	—
Salary recoupment to other departments and agencies		73	48
EU moneys for distribution		6,198	13,767
Other credit balances	2.6	435	788
Net Exchequer funding due	2.7	12,270	10,380
Total current liabilities		**40,184**	**42,031**
Net current assets/(liabilities)		4,296	13,095
Net assets		**161,538**	**251,714**
Represented by:			
State funding account	2.1	**161,538**	**251,714**

[a] Stocks consist of stationery €64,000 (2016: €87,000) and IT consumables €30,000 (2016: €60,000).

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			251,714	150,885
Disbursements from the Vote				
Estimate provision	Account	8,799,299		
Surplus to be surrendered	Account	(24,540)		
Net vote			8,774,759	8,326,006
Expenditure (cash) borne elsewhere	1		31,056	27,162
Non-cash expenditure – notional rent	1		4,260	4,073
Other non-cash items[a]	2.2		(224,605)	(61,235)
Net programme cost	1		(8,675,646)	(8,195,177)
Balance at 31 December			**161,538**	**251,714**

[a] The non-cash items relate to the accounting treatment for the transfer of the Department's construction assets of €224.6 million.

2.2 Capital assets

	Land and buildings	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	94,910	7,486	20,287	140,121	262,804
Additions[a]	2,922	64	747	140,350	144,083
Assets brought into use	197,988	—	217	(198,205)	—
Disposals[b]	(224,605)	—	(368)	—	(224,973)
Cost or valuation at 31 December 2017	71,215	7,550	20,883	82,266	181,914
Accumulated depreciation					
Opening balance at 1 January 2017	—	7,249	16,936	—	24,185
Depreciation for the year		62	793	—	855
Depreciation on disposals	—	—	(368)	—	(368)
Cumulative depreciation at 31 December 2017	—	7,311	17,361	—	24,672
Net assets at 31 December 2017	**71,215**	**239**	**3,522**	**82,266**	**157,242**
Net assets at 31 December 2016	94,910	237	3,351	140,121	238,619

[a] The additions figure for capital assets under development costs include related professional fees of €27.7 million that were not included between 2013 and 2016.

[b] The Department treats the transfer of the control of an asset to a school authority as a disposal for accounting purposes in this account. Ownership is not transferred. The school properties, or parts thereof, which transferred during 2014-2017 were as follows:

Name of School	Valuation €000
Bunscoil Nic Amhlaidh and Bunscoil Rís, New Ross, Co. Wexford	11,900
Cloonakill National School, Cloonakill, Athlone, Roscommon	5,640
Coláiste Glor na Mara, Naul Road, Balbriggan	20,411
DeLacy College, Ashbourne, Co. Meath - See FLE - 1/3 primary 2/3 post primary	11,573
Edmund Rice College, Carrigaline	900
Gaelscoil na Mhí, Ashbourne ETNS, Ashbourne, Co. Meath	9,549
GS an Bhradáin Feasa, Co. Na Mí	6,840
GS Bharra, Cabra	4,794
GS de hÍde, Fermoy	9,262
GS Iarflatha, Tuam	5,019
GS Riabhach, Loughrea	4,869
GS an Raithín and Mungret ETNS, Mungret, Limerick	13,090
GS Mhic Amhlaigh, Knocknacarra, Galway	8,259
Hansfield Educate Together National School (shared campus)	9,699
Hansfield Educate Together Secondary School (shared campus)	20,210
Le Chéile Secondary School, Tyrrellstown, Dublin	21,721
Letterkenny ETNS, Donegal	8,356
Lucan Community National School	6,854
Midleton ETNS, Cork	9,094
Powerstown ETNS, Powerstown, Dublin	9,258
SN Cathair Geal, Tuam, Co. Galway	2,422
Scoil Aoife Community National School, Jobstown, Dublin	7,043
Scoil Cara Junior School, Banduff Road, Mayfield, Co. Cork	6,199
Scoil Chormaic, Balbriggan, Co. Dublin	8,294
Scoil Náisúnta na bhForbacha, Spideal, Co. Galway	3,349
Total	**224,605**

General Information Note

There are no State-owned lands or buildings controlled by the Department of Education and Skills without a valuation.

Land and buildings owned by the Department are controlled and managed as follows:

1. First Level

1.1 Sites for thirty-three (33) first-level schools are owned and controlled/managed by the Minister for Education and Skills.

1.2(i) Seventy-five (75) gaelscoileanna and forty-four (44) multi-denominational schools are operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation and are controlled/managed by boards of management. Five (5) Community National Schools are operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation.

1.2(ii) Four (4) multi-denominational and one (1) Catholic school sites and/or buildings are held by the Minister for Education and Skills under long term lease agreements but are controlled/managed by boards of management.

1.2(iii) Nine (9) model schools, owned/leased by the State, are controlled/managed by boards of management.

1.3 The total number of national schools in operation on 31 December 2017 was three thousand two hundred and forty-six (3,246). With the exception of 1.2(i) to 1.2(iii) above, the majority of these schools are denominational and are owned by the relevant diocesan authority.

1.4 Following the enactment of the Children's Act 2001, the only outstanding matter relating to one children detention centre is the notification to the Property Registration Authority by the Chief State Solicitor's Office (CSSO) of the change of ownership of the school property from the Minister for Education to Tusla (the Child and Family Agency). The CSSO have recently been instructed by the Department to notify the Property Registration Authority of the change of ownership.

1.5 The Minister is one of two guarantors of the Middletown Centre for Autism (Holdings) Limited, a company limited by guarantee, which owns and holds a property in Co. Armagh, which is used for the Middletown Centre for Autism.

2. Second Level

2.1 Sites for fourteen (14) second-level schools are owned and controlled/managed by the Minister for Education and Skills.

2.2(i) Fourteen (14) comprehensive schools, seventy-eight (78) community schools and sixteen (16) secondary schools owned by the Minister for Education and Skills are controlled/managed by boards of management.

2.2(ii) Two hundred and forty-four (244) post primary schools are vested in Education and Training Boards under the Education and Training Board Act, 2013.

2.2(iii) Three hundred and sixty-two (362) secondary schools are privately owned.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	16,442	22,255
Commercial banks	400	449
Petty cash	3	3
	16,845	**22,707**

2.4 Prepayments

at 31 December	2017	2016
	€000	€000
Advance to Waterford Institute of Technology	9,031	9,934
Advance to Bus Éireann – school transport[a]	7,493	8,206
Rental of Temporary School Accommodation	1,424	2,729
Site Purchases	—	2,135
Other	1,077	838
	19,025	**23,842**

[a] The 2016 figure for advances to Bus Éireann has been restated to include reserves of €6.9 million held by Bus Éireann on behalf of the Department.

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Agency payments to OPW	5	57
Superannuation related payovers	3	—
Recoupable salaries	168	193
Schools Broadband Programme	1,440	1,440
Travel passes	50	258
Due from the State	—	4
Shared offices' costs recoupment	119	102
Cycle to work scheme	53	59
Payroll suspense	3	—
Travel and subsistence advances	31	49
Due from the Redress Special Account	146	43
	2,018	**2,205**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Due to the State	21	12
Pension refund	16	114
Energy building programme	311	319
Payroll suspense	4	—
Cycle to work	2	4
Superannuation related payovers	23	219
Travel passes	1	—
Other	—	120
Agency payments OPW	57	—
	435	**788**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	24,540	14,647
Exchequer grant undrawn	(12,270)	(4,267)
Net Exchequer funding due	**12,270**	**10,380**
Represented by:		
Debtors		
Bank and cash	16,845	22,707
Other debit balances	2,018	2,201
Due from the State	—	4
Amounts due from the EU	40	23
	18,903	24,935
Creditors		
Due to the State	(21)	(12)
EU moneys for distribution	(6,198)	(13,767)
Other credit balances	(414)	(776)
	(6,633)	(14,555)
	12,270	**10,380**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services [a]	4,336	2,182
Grant programmes [b]	3,241,069	3,117,816
Capital grant programmes [c]	80,720	78,320
Capital projects [d]	321,697	439,073
Public Private Partnerships	1,531,951	1,619,222
Total legally enforceable commitments	**5,179,773**	**5,256,613**

[a] 2016 amount restated following a review of the categorisations of transactions under the above headings.

[b] Grant programme commitments represent the voted amount of non-capital grants for 2018 (2016: amount voted for 2017). 2016 amount restated following a review of the categorisations of transactions under the above headings.

[c] Capital grant programmes relate to grants that will be made to aegis bodies for all capital projects, including such as in universities, institutes of technology and education and training boards. 2016 amount restated following a review of the categorisations of transactions under the above headings.

[d] Capital projects are those managed and overseen by the Department itself.

b) Major capital commitments

Capital projects involving total expenditure of €6,350,000 or more

	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Major capital commitments of:					
Primary and post primary schools (subhead D3)[a]	394,530	213,395	199,983	807,908	566,203 [b]
Universities, institutes of technology and other designated institutions of higher education (subhead D4) [a]	60,369	375	29,997	90,741	32,286
Total major capital commitments	**454,899**	**213,770**	**229,980**	**898,649**	**598,489**

[a] A schedule of all major capital commitments projects and explanation of variations is set out in Appendix B.

[b] The capital commitments at 31st December 2016 of €190.2 million per the 2016 published accounts has been increased to €566.2 million to reflect the inclusion of capital projects over €6.35 million in the 2017 accounts. Prior to 2017, the Department only reported capital commitments over €12.6 million.

c) Costs of public private partnership projects

The Department has to date entered into eight separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model. PPPs are structured arrangements between public sector bodies and private sector investors for the purpose of providing infrastructure projects that would otherwise be delivered through traditional procurement mechanisms with all related construction expenditure being made up front. The costs are paid by the Department in the form of monthly unitary charges spread over 25 years, with the first unitary charge being paid once construction has been completed.

	Expenditure to end 2016	Expenditure in 2017 [a]	Legally enforceable commitments to be met in subsequent years	Project total 2017	Project total 2016
	€000	€000	€000	€000	€000
1. National Maritime College of Ireland PPP	112,341	7,419	68,101	187,861	187,825
2. Five Pilot Schools Bundle	161,332	10,768	116,603	288,703	290,471
3. Cork School of Music	85,377	8,278	127,163	220,818	222,423
4. 1st Bundle PPP Schools	63,699	9,083	171,873	244,655	245,636
5. 2nd Bundle PPP Schools	75,695	12,264	250,598	338,557	342,423
6. 3rd Bundle PPP Schools	55,367	14,948	341,495	411,810	410,403
7. 4th Bundle PPP Schools	13,967	7,572	191,637	213,176	219,315
8. 5th Bundle PPP Schools	—	—	264,481	264,481	268,504
	567,778	**70,332**	**1,531,951**	**2,170,061**	**2,187,000**

[a] The expenditure reflected at the end of 2017 relates specifically to unitary charge payments. The expenditure in the table above is included in the overall outturn of subhead D.5 of €71.57 million – the D.5 subhead also includes certain grants to PPP classified schools.

Significant variations on PPPs

An explanation is provided below where projected total expenditure increased/decreased by more than €500,000 from 2016 to 2017.

Five Pilot Schools Bundles

The decrease in costs from 2016 to 2017 of €1.768 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review. In the case of the Pilot Bundle, a higher percentage of the unitary charge is subject to indexation than is the case with other bundles. In that context, there is a greater degree of year-to-year fluctuation in projections for this bundle.

Cork School of Music

The decrease in costs from 2016 to 2017 of €1.605 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.

Schools Bundle 1

The decrease in costs from 2016 to 2017 of €0.981 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.

Schools Bundle 2

The decrease in costs from 2016 to 2017 of €3.866 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.

Schools Bundle 3

The increase in costs from 2016 to 2017 of €1.407 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.

Schools Bundle 4

The decrease in costs from 2016 to 2017 of €6.139 million arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.

Schools Bundle 5

The decrease in costs from 2016 to 2017 of €4.023 million arises as initial projections were based on all schools becoming operational in January 2018. Current projections are based on three schools becoming operational in May 2018 and the remaining three becoming operational in July 2018.

Note on PPPs

National Maritime College

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Five Pilot Schools PPP

The five post primary schools in the Pilots School PPP bundle are located in Dunmanway and Ballincollig, Co. Cork; Tubbercurry, Co. Sligo; Clones, Co. Monaghan and Shannon, Co. Clare. The contract for the Five Pilot Schools PPP was signed with Jarvis Projects Ltd in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools); Banagher and Ferbane (both in Co. Offaly) was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post primary schools and one primary school in Wicklow, Co. Wicklow; Athboy, Co. Meath; Kildare, Co. Kildare; Abbeyfeale, Co. Limerick and Bantry, Co. Cork (two schools) was signed with Maquarie Partnerships for Ireland in June 2010. All six schools became operational in late 2011.

3rd Bundle PPP Schools

There are seven post primary schools and one primary school in the 3rd Bundle PPP Project. They are located in Ballinamore, Co. Leitrim; Letterkenny, Co. Donegal; Gorey, Co. Wexford; Doughiska, Co. Galway (2 schools); Doon, Co. Limerick; Tramore, Co. Waterford and Athlone, Co. Westmeath. The contract for the design, build, financing, operation and maintenance of the schools was signed with BAM PPP in November 2012. All eight schools became operational between November 2013 and May 2014.

4th Bundle PPP Schools

There are four post primary schools in the 4th Bundle PPP Project. They are located in Tulla, Co. Clare; Skibbereen, Co. Cork; Dundalk, Co. Louth and Carrick-on-Suir, Co. Tipperary. The contract for the design, build, financing, operation and maintenance of four post primary schools was signed with BAM PPP in December 2014. These schools became operational between March and May 2016.

5th Bundle PPP Schools

There are four post primary schools, one primary school and one further education college in the 5th Bundle PPP Project. They are located in Carlow (1 school and 1 further education college); Kells, Co. Meath; Bray, Co. Wicklow (two schools) and Wexford.

The contract for the design, build, financing and maintenance of the schools was signed in July 2016 with Inspiredspaces. Inspiredspaces is a Special Purpose Vehicle (SPV) in which the joint shareholders on a 50/50 basis are the Dutch Infrastructure Fund (DIF) and Carillion Private Finance Ltd.

Inspiredspaces appointed Carillion Construction Ltd as the main construction contractor, which further sub-contracted the work to Sammon Contracting Ireland Ltd. Carillion AMBS Ltd was appointed as the facilities management contractor.

The schools were expected to be completed and ready for handover between Quarter 4 2017 and Quarter 1 2018. However, the liquidation of both Carillion Construction Ltd and Carillion AMBS Ltd resulted in the termination of the works and facilities management contracts, and delayed service commencement.

In June 2018, arrangements were put in place for the appointment of a replacement construction contractor to facilitate the completion of three schools by Quarter 3 2018 and to undertake survey and preliminary work at the other three buildings in the programme. This was a key milestone in a phased restructuring package in relation to the arrangements for completion of all six buildings. It is expected that the remaining three schools will be completed by the end of Quarter 4 2018.

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	212	268

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	59,570	59,517	56,649
ii	Travel and subsistence	1,761	1,766	1,443
iii	Training and development and incidental expenses	1,617	1,596	1,072
iv	Postal and telecommunications services	2,200	2,376	2,150
v	Office equipment and external IT services	5,893	5,677	5,116
vi	Office premises expenses	1,950	1,931	1,603
vii	Consultancy and other services	130	50	125
viii	National Educational Psychological Service	18,385	17,853	16,848
		91,506	**90,766**	**85,006**

Programme A First, Second and Early Years Education

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		58,585	58,140	55,194
A.2	Administration – non pay		11,600	11,592	9,850
A.3	Salaries, wages and allowances (including incidental payments) of primary school teachers				
	Original	2,286,735			
	Supplementary	7,000	2,293,735	2,288,684	2,132,039
A.4	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers				
	Original	1,192,511			
	Supplementary	(7,000)	1,185,511	1,183,387	1,111,028
A.5	Grants to Education and Training Boards in respect of ETB teachers' salaries				
	Original	638,618			
	Supplementary	3,000	641,618	640,978	596,327
A.6	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools				
	Original	464,177			
	Supplementary	8,000	472,177	476,069	428,290
A.7	Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)				
	Original	108,414			
	Supplementary	(2,000)	106,414	102,597	99,879
A.8	Superannuation etc. in respect of teaching and non-teaching staff				
	Original	1,043,151			
	Supplementary	71,000	1,114,151	1,112,350	1,069,993
A.9	School transport services				
	Original	182,000			
	Supplementary	8,000	190,000	188,535	182,188
A.10	Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions		432,543	434,321	432,468
A.11	Grants to education bodies working in the primary and post primary sectors				
	Original	78,147			
	Supplementary	2,000	80,147	80,148	73,101
A.12	Teacher education		27,900	27,886	22,606
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission		2,225	2,022	4,403
A.14	Miscellaneous grants and services		71,965	54,459	41,441
			6,688,571	**6,661,168**	**6,258,807**

Significant variations

Overall, the expenditure in relation to Programme A was €62.6 million higher than originally estimated.

The main variances were:

A.3 Salaries, wages and allowances (including incidental payments) of primary school teachers

Original estimate provision: €2,287 million, outturn: €2,289 million

The net expenditure increase of €2 million relative to the original estimate arose due to a combination of overspends and underspends.

An increasing supplementary estimate of €7 million was sought, primarily to cover the additional costs associated with the Government decision to bring forward a payment of €1,000 per person under the Haddington Road Agreement (HRA) from 31 August 2017 to 1 April 2017 which resulted in an upward cost pressure, estimated as costing €15 million. There was also an additional upward cost pressure of about €1.4 million as the number and cost of home tuition claims were higher than forecast.

In the event, net payroll savings totalling around €14 million manifested in the subhead which substantially offset the additional costs of the HRA increase. This reflects the complexity of forecasting payroll costs given the number of variables including teacher substitution and related costs, which can vary from month to month, and the fact that the supplementary estimate had to be conservatively calculated as it was secured before the full picture regarding savings was known.

The final outturn of €2,288,683,850 was 0.2% lower than the final post-supplementary allocation.

A.4 Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers

Original estimate provision: €1,192 million, outturn: €1,183 million

Net savings of €9 million arose from a combination of overspends and underspends relative to the original estimate:

- the non-application of the pay provisions of the Public Service Stability Agreement 2013-2016 (Haddington Road Agreement/ Lansdowne Road Agreement) to ASTI members during their industrial action which ceased in June 2017 resulted in a saving of approximately €12 million;
- net payroll savings of approximately €2 million, which included lower than anticipated substitution costs and greater than estimated levels of retirement;
- increased costs arising from the Government decision to bring forward a payment of €1,000 per person under the Haddington Road Agreement from 31st August 2017 to 1st April 2017, which was estimated at €5 million.

A decreasing supplementary estimate of €7 million was applied.

The final outturn of €1,183,387,477 was 0.2% lower than the final post-supplementary allocation.

A.5 Grants to Education and Training Boards in respect of ETB teachers' salaries

Original estimate provision: €639 million, outturn: €641 million

There was a net excess of €2 million relative to the original estimate which arose from a combination of overspends and underspends.

- an overspend of €5 million arose from the Government decision to bring forward a payment of €1,000 per person under the Haddington Road Agreement from 31 August 2017 to 1 April 2017;
- underspends of €3 million were due to general payroll savings arising across the 16 different ETBs.

The anticipated net increase in expenditure was funded by a supplementary estimate of €3 million.

The final outturn of €640,977,667 was 0.1% lower than the final post-supplementary allocation.

A.6 Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools

Original estimate provision: €464 million, outturn: €476 million

The net increase in expenditure of €12 million relative to the original estimate provision was due to a combination of overspends and underspends in relation to special needs assistants (SNA) costs.

Overspends for SNAs in the education sector (apart from ETBs) of €13 million were due to:

- increase in payroll costs of €7 million as a result of the Government decision to sanction 975 new posts from September 2017;
- the Government decision to bring forward a payment of €1,000 per person under the Haddington Road Agreement from 31 August 2017 to 1 April 2017, which was estimated as costing €5 million;
- other payroll cost increases of €1 million.

Underspends of €1 million arose from lower than expected SNA pay costs in the ETB sector.

The Department received a supplementary allocation of €8 million.

The final outturn of €476,069,205 was 0.8% higher than the final allocation and is funded by savings on other subheads.

A.7 Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)

Original estimate provision: €108.4 million, outturn: €102.6 million

The saving of €5.8 million relative to the estimate provision was due to:

- €4 million savings due to later than expected filling of certain posts in the ETB sector, along with factors which cannot be precisely forecast such as application of incremental pay-scales, levels of sick leave, maternity leave, resignations and retirements in the ETB sector.
- €1.4 million savings due to over-estimation of costs required for non-teaching staff of Community and Comprehensive schools.
- €0.4 million savings from reduced numbers of caretaker and clerical officer posts in primary schools and clerical officers in Voluntary Secondary, Community and Comprehensive Schools being paid from the subhead. The scheme is subject to a phasing out policy and as posts fall vacant they are not filled.

A decreasing supplementary estimate of €2 million was applied.

The final outturn of €102,597,465 was 3.6% lower than the final allocation.

A.8 Superannuation etc. in respect of teaching and non-teaching staff

Original estimate provision: €1,043 million, outturn: €1,112 million

Additional expenditure of €69 million was incurred because the original estimate – which was formulated in the context of a limited financial allocation – was not sufficient to meet ongoing pension costs and the forecast level of expected retirements. There were 1,739 retirements in 2017, 916 higher than the 823 which were provided for in the original estimate.

A supplementary allocation of €71 million was sought to fund the costs of additional retirements that had not been included in the original allocation.

The final outturn of €1,112,349,868 was 0.16% lower than the final allocation.

A.9 School transport services

Original estimate provision: €182 million, outturn: €188.5 million

The increase in expenditure of €6.5 million relative to the original estimate provision was due to:

- demand-led increases in transport services;
- additional costs related to provision of transport for children with special educational needs, including costs relating to additional escorts and taxis required to accompany children with special educational needs while on transport;
- costs associated with reorganising transport services to accommodate schools catering for Junior Cycle reform.

The Department received a supplementary provision of €8 million.

The final outturn of €188,534,597 was 0.8% lower than the final allocation.

A.11 Grants to education bodies working in the primary and post primary sectors

Original estimate provision: €78 million, outturn: €80 million

The increase in expenditure of €2 million relative to the original estimate provision was due to additional funding made to:

- the State Exams Commission (SEC) of €2.5 million to assist in addressing the accumulated deficit that had arisen over a number of years due to increases in candidature and increases in the number and scale of accommodations sought by candidates with special educational needs;
- additional costs of €2 million being incurred by the National Council of Special Education (NCSE) to provide for the transfer of the Special Education Support Services, the National Behaviour Support Service and the Visiting Teacher Service for Deaf/Visually Impaired functions to NCSE in March 2017.

The NCSE also had payroll savings of €1 million due to non-filling of posts and other payroll savings. The Education Research Centre also had savings of €0.7 million and €0.8 million savings arose in the implementation of the Policy on Gaeltacht Education.

The Department received a supplementary estimate of €2 million in relation to the NCSE.

The final outturn of €80,148,057 was in line with the final allocation.

A.13 Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission

Original Estimate provision: €2.2 million, outturn: €2 million

The shortfall in expenditure of €0.2 million relative to the estimate provision was due to a combination of overspends and underspends in the schemes under this subhead.

- Savings of €500,000 arose as planned expenditure in relation to a memorial to victims of abuse did not materialise in 2017.
- Overspends of €322,000 in respect of the Residential Institutions Redress Scheme where costs were higher than anticipated due to the fact that the scheme did not cease operations in 2017 as originally expected.

The final outturn of €2,021,615 was 9% lower than the allocation.

A.14 Miscellaneous grants and services

Estimate provision: €72 million, outturn: €54.5 million

The savings of €17.5 million primarily arose as a result of:

- the decision to make certain payments totaling €8.3 million to schools in respect of the 2016/2017 ICT Infrastructure Grant Scheme earlier in the academic year. These payments took place in 2016 following the publication of the 2017 estimates;
- shared services projects being progressed in the ETB and higher education sectors later than anticipated (€5.9 million);
- a range of smaller savings across a number of areas.

The final outturn of €54,459,166 was 24% lower than the final allocation.

Programme B Skills Development

			2017	2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	3,073	3,040	3,141
B.2	Administration – non pay	700	681	684
B.3	Grants to SOLAS in respect of administration and general expenses	23,763	23,363	23,588
B.4	European Social Fund (ESF) and European Globalisation Fund (EGF) supports	1,350	475	84
B.5	Grants to SOLAS in respect of further education and training activities			
	Original 275,855			
	Supplementary (12,000)	263,855	263,855	272,147
B.6	Grant to Quality and Qualifications Ireland (QQI)	4,000	4,344	3,414
B.7	Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)	33,000	32,064	32,500
B.8	Miscellaneous grants and services	25	—	30
B.9	Regional Skills FORA Services	1,100	924	624
		330,866	**328,746**	**336,212**

Significant variations

Overall, the expenditure in relation to Programme B was €14.1 million lower than originally provided.

The main variances were:

B.4 European Social Fund (ESF) and European Globalisation Fund (EGF) supports

Estimate provision: €1.4 million, outturn: €0.5 million

The expenditure savings of €0.9 million relative to the estimate provision were primarily due to the re-tendering of the new national IT system to meet the 2014-2020 requirements for a number of European Structural and Investment funds (ESI), including the European Social Fund (ESF). The successful re-tendering for the system, and subsequent negotiations with the contractors, resulted in a less than expected overall cost of the new system. In addition, some costs which were initially expected to fall due in 2017 will now fall due in 2018.

The final outturn of €474,950 was 65% lower than the final allocation.

B.5 Grants to SOLAS in respect of further education and training activities

Original estimate provision: €276 million, outturn: €264 million

The savings in expenditure of €12 million relative to the original estimate provision were due to the transfer of certain planned expenditure under this subhead relating to further education and training for unemployed people from the Vote to the National Training Fund. This was sanctioned in line with the provisions of the National Training Fund Act 2000 and reduced the scale of the overall supplementary estimate required by the Department.

There was a decreasing supplementary of €12 million applied to this subhead.

The final outturn of €263,855,000 was in line with the final post-supplementary allocation.

B.6 Grant to Quality and Qualifications Ireland (QQI)

Estimate provision: €4 million, outturn: €4.3 million

QQI required additional funding of €0.3 million because, despite achieving expenditure savings in 2017, its net operational costs exceeded anticipated levels due to an unexpected reduction in fee income in 2017.

The final outturn of €4,344,000 was 8.6 % higher than the final allocation and is funded by savings on other subheads.

B.9 Regional Skills FORA Services

Estimate provision: €1.1 million, outturn: €0.9 million

The expenditure saving of €0.2 million was due to lower than expected administrative costs and initiatives not progressing as originally planned in late 2017.

The final outturn of €924,390 was 16% lower than the final allocation.

Programme C Higher Education

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay		4,134	4,091	4,207
C.2	Administration – non pay		940	917	900
C.3	Grant for general expenses of Higher Education Authority		6,251	6,251	5,729
C.4	General current grants to universities, institutes of technology and other designated institutions of higher education				
	Original	978,533			
	Supplementary	3,000	981,533	988,655	938,833
C.5	Training colleges for primary teachers – excluding those funded through the Higher Education Authority		6,257	5,752	7,465
C.6	Dublin Dental Hospital (grant)		10,969	11,067	10,471
C.7	Dublin Institute for Advanced Studies (grant)		6,566	6,566	6,256
C.8	Royal Irish Academy of Music (grant)		3,001	3,001	2,955
C.9	Grants to certain third level institutions		7,844	7,425	7,691
C.10	Superannuation etc payable to former staff of universities and institutes of technology				
	Original	91,996			
	Supplementary	10,000	101,996	102,639	95,779
C.11	Student support and related expenses				
	Original	417,780			
	Supplementary	(8,000)	409,780	404,614	410,660
C.12	Research activities		40,600	40,600	37,600
C.13	EU, international and north south activities		6,789	5,621	4,212
C.14	Grangegorman Development Agency		3,074	2,771	3,030
C.15	Miscellaneous grants and services		100	68	72
			1,589,834	**1,590,038**	**1,535,860**

Significant variations

Overall, the expenditure in relation to Programme C was €5.2 million higher than originally provided. The main variances were:

C.4 General current grants to universities, institutes of technology and other designated institutions of higher education

Original estimate provision: €978.5 million, outturn: €988.6 million

The net excess of €10 million relative to the original estimate provision was due to a combination of overspends and underspends.

Overspends of €18 million arose due to:

- €9 million in pay restoration measures, including the Government decision to bring forward a payment of €1,000 per person under the Haddington Road Agreement from 31 August 2017 to 1 April 2017
- €9 million additional costs arising out of a range of ongoing pressures across the higher education sector

€8 million savings also arose as a result of the decision to transfer certain higher education programmes, which are relevant to employer needs, to be funded by the National Training Fund (NTF). It was decided as part of Budget 2018 that these programmes would be funded from the NTF from 2018 but following sanction under the National Training Fund Act 2000, the decision was taken to fund €8 million of these programmes from the NTF during 2017.

A supplementary estimate of €3 million was provided and the remaining €7 million overspend was funded through savings on other subheads.

The final outturn of €988,655,299 was 0.7% higher than the final post-supplementary allocation and is funded by savings on other subheads.

C.5 Training colleges for primary teachers – excluding those funded through the Higher Education Authority

Estimate provision: €6.3 million, outturn: €5.8 million

The savings in expenditure of €0.5 million relative to the estimate provision was due to later than expected implementation of certain strategies and a range of other smaller savings.

The final outturn of €5,751,531 was 8% lower than the final allocation.

C.9 Grants to certain third level institutions

Estimate provision: €7.8 million, outturn: €7.4 million

The savings in expenditure of €0.4 million relative to the estimate provision was due to lower than anticipated claims from institutions in respect of the Free Fees scheme.

The final outturn of €7.4 million was 5.34% lower than the final allocation.

C.10 Superannuation etc. payable to former staff of universities and institutes of technology

Original estimate provision: €92 million, outturn: €103 million

The additional expenditure of €11 million relative to the original estimate provision was due to an additional 123 retirees in receipt of pensions and lump sums, along with higher average gratuity costs than had been allocated in the original estimate.

An increasing supplementary estimate of €10 million was provided.

The final outturn of €102,639,322 was 0.6% higher than the final allocation and was funded through saving on other subheads.

C.11 Student support and related expenses

Original estimate provision: €418 million, outturn: €405 million

The savings in expenditure of €13 million relative to the estimate provision was due primarily to a year-on-year decrease in the number of students in receipt of student grants. The decrease in the number of grants payable is primarily due to increased economic growth.

- 1,758 decrease in the number of grant holders, compared to the previous academic year;
- 1,119 decrease in the number qualifying for the 100% grant rate compared to the previous academic year;
- 1,206 decrease in the number qualifying for the 100% fee only grant in 2016/17 compared to the previous academic year.

A decreasing supplementary estimate of €8 million was applied to the subhead.

The final outturn of €404,614,296 was 1.3% lower than the final allocation.

C.13 EU, international and north south activities

Estimate provision: €6.8 million, outturn: €5.6 million

The savings in expenditure of €1.2 million relative to the estimate provision were due to

- lower than estimated drawdown of matching funding for the George Mitchell Scholarship fund,
- lower than expected national contribution to UNESCO as a result of changes in foreign exchange rates, and
- lower than expected costs in a range of other initiatives funded from the subhead.

The final outturn of €5,620,795 was 17% lower than the final allocation.

C.14 Grangegorman Development Agency

Estimate provision: €3.1 million, outturn: €2.8 million

The savings in expenditure of €0.3 million relative to the estimate provision was due to delays in construction projects which resulted in underspends in the following areas:

- savings on day-to-day administration and legal and professional costs;
- an underspend on security costs relating to construction projects;
- a decision to complete an IT infrastructure project in 2018 rather than 2017.

The final outturn of €2,770,890 was 10% lower than the final allocation.

Programme D Capital Services

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
D.1	Administration – pay		10,163	10,052	9,086
D.2	Administration – non pay		2,311	2,253	1,945
D.3	Building equipment and furnishings of primary and post primary schools				
	Original	515,000			
	Supplementary	4,000	519,000	555,520	554,976
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education		22,000	22,000	31,500
D.5	Public private partnership costs		95,350	71,570	85,068
			648,824	**661,395**	**682,575**

Significant variations

Overall, the expenditure in relation to Programme D was €16.6 million higher than originally provided. The main variances were:

D.3 Building equipment and furnishings of primary and post primary schools

Original estimate provision: €515 million, outturn: €555.5 million

The overspend of €40.5 million was due to:

- €34.8 million funding requirements in respect of minor works grants (€29 million) to primary schools and urgent emergency works scheme funding during 2017 that were not anticipated in the original allocation
- €4.4 million additional funding for rental of temporary accommodation to meet immediate school accommodation needs
- €1.3 million payment to OPW.

A supplementary of €4 million was applied to the subhead to fund the additional accommodation needs.

The final outturn of €555,520,424 was 7% higher than the final allocation and was funded through savings arising on other subheads.

D.5 Public private partnership costs

Estimate provision: €95.4 million, outturn: €71.6 million

The underspend of €23.8 million relative to the estimate provision was due to:

- Savings in expenditure of €15 million arising from delays in service delivery of the Schools Bundle 5 programme. This resulted in a number of anticipated payments not falling due in 2017.
- There were also delays in the provision of temporary accommodation and a permanent extension in respect of a specific school resulting in reduced disbursements of €5.5 million.
- Further savings of approximately €3.3 million arose from other Exchequer capital costs associated with PPP projects. These include: design teams and other related services; enabling works; costs associated with operational schools.

The final outturn of €71,569,449 was 25% lower than the final allocation.

Note 4 Receipts

4.1 Programme E Appropriations-in-aid

			2017		2016
			Estimated	Realised	Realised
		€000	€000	€000	€000
E.1	Superannuation contributions				
	Original	203,370			
	Supplementary	(20,000)	183,370	170,205	166,357
E.2	Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts				
	Original	35,025			
	Supplementary	(17,000)	18,025	23,173	40,388
E.3	Receipts from pension-related deductions on public service remuneration		248,196	265,614	269,599
E.4	Secondments/ overpayments		3,561	4,271	4,426
E.5	Miscellaneous		5,644	3,325	6,678
			458,796	**466,588**	**487,448**

Significant variations

Overall, appropriations-in-aid were €29 million less than were originally forecast.

Explanations for variances are set out below:

E.1 Superannuation contributions

Original estimate provision: €203 million, outturn: €170 million

Superannuation receipts were €33 million less than the original estimate provision due to:

- Single Pension Scheme (SPS) contributions of €22 million were paid to Vote 12, Superannuation and Retired Allowances. The original estimate did not take into account the changes introduced as part of the Single Pension Scheme – whereby such receipts in respect of new entrants to the public service are not retained by the Department.
- An over-estimate of the level of expected superannuation receipts (€9 million).
- There were also fewer than anticipated one-off purchases of additional voluntary contributions than profiled – resulting in €2 million fewer receipts than anticipated.

A reducing supplementary estimate of €20 million was applied to account for the non-retention of the SPS contributions.

The final outturn was €170,205,000; a 7.2% shortfall compared to the final post-supplementary allocation, which was funded though savings and surpluses on other subheads.

E.2 Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts

Original estimate provision: €35 million, outturn: €23 million

The shortfall in the outturn EU receipts of €12 million largely reflects the absence of a payment application being made to the Commission in respect of the ESF Programme for Employability, Inclusion and Learning (PEIL) 2014-2020.

The timing of European Social Fund (ESF) receipt claims is at the discretion of individual Member States provided the minimum drawdown requirements under the ESF regulations are met and therefore it is difficult to predict the level of receipts that the Department will receive each year.

European Globalisation Adjustment Funds (EGF) were also €1 million less than had been anticipated as the receipts due to the Department of €1.2 million had already been taken account of in 2016 appropriations-in-aid.

However, EU receipts in respect of the the Human Capital Investment Operational Programme (HCIOP) were €1.1 million more than had been originally anticipated.

A reducing supplementary estimate of €17 million was provided:

- €12 million in respect of the absent PEIL payment and
- A reducing supplementary estimate of €5 million was taken to provide for the possibility that the EU may not make a payment in respect of the HCIOP before the end of 2017 (€12 million had been originally estimated). In the event, the Department received a payment of EU funds of €13 million on 29 December 2017.

The final outturn was €23 million, a 28.5% surplus compared to the final post-supplementary allocation.

E.3 Receipts from pension-related deductions on public service remuneration

Estimate provision: €248 million, outturn: €266 million

The increase in receipts of €18 million relative to the estimate provision was primarily due to the impact of early payment of the HRA (€1,000 per person) on 1 April 2017 instead of 31 August 2017 – the amount of Pension Related Deduction (PRD) is directly related to the cost of payrolls.

The final outturn of receipts of €265,613,812 represents a 7% surplus compared to the final allocation.

E.4 Secondments/ overpayments

Estimate provision: €3.6 million, outturn: €4.3 million

The increase in receipts of €0.7 million relative to the estimate provision was primarily due to €655,000 additional secondment receipts greater than had been anticipated. Recoupment of overpayments was also €55,000 more than expected.

It is difficult to accurately predict the level of these receipts as recoupment of salary in respect of secondments may straddle the financial year and recoupment of overpayments may be on a once-off or on a phased basis.

The final outturn of €4.3 million represents a surplus of 19% compared to the final allocation.

E.5 Miscellaneous

Estimate provision: €5.6 million, outturn: €3.3 million

The shortfall in miscellaneous receipts of €2.3 million relates mainly to:

- €1.5 million less than anticipated in local authority funding of additional capacity in school amenities and in bond settlements;
- €0.8 million due to less other receipts – such as Social Welfare refunds for maternity, disability and paternity costs recoupable, Dormant Accounts receipts and other miscellaneous receipts.

The final outturn of €3.3 million was 41% less than the allocation and is funded by savings and surpluses on other subheads.

4.2 Extra receipts payable to the Exchequer

	2017 €000	2016 €000
Balance at 1 January	—	—
Recoupment of unspent funding disbursed in prior years to the HEA/Irish Research Council[a]	2,590	1,347
Receipts from sale of assets by SOLAS	—	20
Receipts from conscience money	1	34
Transferred to Exchequer	(2,591)	(1,401)
Balance at 31 December	—	—

[a] During 2017, €2,589,625 of the Exchequer extra receipts that were surrendered to the Exchequer arose from the recoupment of funds from the HEA in respect of grants made by the Irish Research Council in prior years which remained unspent, and which were returned.

Note 5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**106,062**	**101,728**

The numbers reported include only core-funded posts at third level, as only these posts are included in the overall count of public sector numbers.

5.2 Staffing numbers and associated pay related expenditure from Vote 26

Category of staff remunerated	Subhead from which funds disbursed		Public sector numbers as at 31 December 2017	Pay related expenditure 2017
				€000
First level	A.3	Primary teachers	36,904	2,288,684
	A.6.1	Special needs assistants	11,213	384,642
	A.7.1	Non-teaching staff	254	10,356
Second level	A.4	Secondary teachers	19,312	1,183,387
	A.5	ETB teachers	12,404	640,978
	A.6 (2-3)	Special needs assistants	2,819	91,427
	A.7(2-4)	Non-teaching staff	2,129	92,241
First and second level subtotal			**85,035**	**4,691,715**
Third level	C.3	HEA	60	3,911
	C.4	University/IOT/RIA/ colleges of education	17,904	707,177
	C.6	Dublin Dental Hospital	122	9,479
	C.7	Dublin Institute for Advanced Studies (DIAS)	52	3,837
	C.11	Student grant administration	68	3,417
	C.14	Grangegorman Development Agency	16	1,678
Third level subtotal			**18,222**	**729,499**

Category of staff remunerated	Subhead from which funds disbursed		Public sector numbers as at 31 December 2017	Pay related expenditure 2017 €000
Department staff	(i)	Administration	1,073	59,517
	(viii)	National Educational Psychological Services	210	15,806
Department subtotal			**1,283**	**75,323**
Other	A.11.1	National Council for Curriculum and Assessment (NCCA)	40	3,122
	A.11.4	State Exams Commission (SEC)	152	10,492
	A.11.5	National Council for Special Education	100	6,354
	A.11.7	Educational Research Centre	28	1,247
	A.13.1	Redress Board	5	509
	A.13.2	Commission on Child Abuse	2	306
	A.14	PDST Technology in Education (NCTE)	10	718
	B.3.1	SOLAS administration	179	10,705
	B.6	Quality and Qualifications Ireland (QQI)	70	1,955
	B.5	Further education – SOLAS (Education and Training Boards)	840	97,707
	C.8	Royal Irish Academy of Music (RIAM)	62	2,874
Other subtotal			**1,488**	**135,989**
Total			**106,028**	**5,632,526**

This table outlines pay related expenditure from the Vote for Departmental teaching and non-teaching staff, and staff of bodies funded from Vote 26 during 2017 along with their associated whole time equivalent (WTE) numbers as at 31 December 2017.

A further 34 WTE staff in QQI (B.6), HEA (C.3), DIAS (C.7) and RIAM (C.8), are paid from private, research or other exchequer funding and not from DES core funding. These staff are not included in public sector numbers above.

5.3 Department staff [a]

	2017 €000	2016 €000
Pay	70,041	66,833
Higher, special or additional duties allowance	234	248
Other allowances	55	51
Overtime	412	319
Employer's PRSI	4,581	4,177
Total pay	**75,323**	**71,628**

[a] The financial details in this table relate solely to salaries and allowances paid to administrative staff in the Department and staff in the National Educational Psychological Service.

5.4 Allowances and overtime payments

	Number of Recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	86	3	18,213	15,471
Other allowances [a]	26	—	5,338	5,191
Overtime	196	3	22,859	18,728
Extra remuneration in more than one category [a]	31	2	22,275	19,831

The details of allowances and overtime payments in this table relate solely to Departmental administrative and National Educational Psychological Service staff.

[a] 2016 amount re-stated to take account of change in categorisation from maximum individual payment to total individual payments over €10,000 from 2016 to 2017 accounts.

5.5 Performance and merit pay

22 staff in receipt of special service payments under the AHCPS 1% Programme for Competitiveness and Work (PCW) restructuring agreement received in total €34,331 in 2017.

5.6 Other remuneration arrangements

During 2017, 30 retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €161,186 which included travel and subsistence costs of €28,932. In line with advice from the Department of Public Expenditure and Reform (DPER), the Department applied rates as sanctioned by DPER and is satisfied that fees are abated appropriately.

5.7 Severance/redundancy

During 2017, one staff member was paid severance and redundancy payments totalling €53,111 from the Department's staff payroll.

During 2017, a total of 215 individuals were paid redundancy via the Department's teacher payrolls, in the Department's capacity as paymaster for certain schools. The total amount paid was €2,304,753 and included payment for both statutory and non-statutory redundancy sums as appropriate. 79 payments of redundancy exceeded €10,000. The highest value sum paid in 2017 was €76,678.

5.8 Overpayments

Administrative staff salary overpayments

Overpayments at the year-end were in the region of €353,763 in respect of 137 individuals (2016: €324,496, 132 individuals). Of this, 57 have recovery plans in place, 60 have overpayment values identified but repayment plans were not in place due to timing issues at the year-end. For a further 20 individuals, an overpayment value was not known at the year-end.

Teacher/non-teacher and retired personnel overpayments

Overpayments at the year-end were €4,597,451 in respect of 4,122 individuals (2016: €4,138,712, 4,295 individuals). This does not include the supplementary pension overpayments referenced separately below. At the year-end 448 new individuals were identified who do not have repayment plans in place. 157 of these related to overpayments on the retired payroll.

The Department acts as paymaster on behalf of the managerial authorities of over 3,700 schools and is therefore reliant on school authorities submitting the data required for the appointment, payment and cessation of staff payments on a timely basis. Overpayments may also occur if insufficient time is allocated for the implementation of new Budget decisions and new industrial relations agreements.

Supplementary pension overpayments

Supplementary pension overpayments at the year-end were €1,400,341 (2016: €1,579,481). Of the original 320 cases identified, 149 (46.5%) have completed repayment. A further 160 (50%) are in ongoing payment arrangements. The Department is continuing to monitor and manage those cases where repayment is not yet complete. The remaining cases, which are complex, are being progressed.

Note 6 Miscellaneous

6.1 EU funding

Receipts in relation to EU funding received during 2017 and lodged to appropriations-in-aid is detailed in the table below:

EU funding category	2017	2016
	€000	€000
E.2.1 ESF pay	15,733	26,652
E.2.1 ESF non pay	6,743	11,422
E.2.2 EGF programmes	370	1,970
E.2.3 EC education projects	327	344
	23,173	**40,388**

2017 ESF receipts

The amount of €22,475,656 (€15,732,959 pay and €6,742,697 non pay) received in 2017 and shown as appropriations-in-aid was included in the recorded expenditure from subheads of the Office of the Minister for Education and Skills B.3, B.4, B.5, C.4 and C.11 for the years 2007 to 2016. Receipts came from two ESF co-funded programmes:

- HCIOP 2007-2013 - €13,182,723 (€9,227,906 pay and €3,954,817 non pay);
- PEIL 2014-2020 - €9,292,933 (€6,505,053 pay and €2,787,880 non pay).

2017 European Globalisation Adjustment Fund (EGF) receipts

EU co-funding of €370,099 in relation to provision of services under the PWA International EGF programme was disbursed to the Department of Education and Skills' appropriations-in-aid for 2017. The costs incurred by the Department mainly comprised grants provided in the normal course of business to bodies that provided services under the programme, including SOLAS, education and training boards, the HEA and third level institutions.

EC education projects

Receipts in 2017 under the EC education projects included compensatory payments for administrative expenses incurred in providing for the Centre for European Schooling, Dunshaughlin, Co. Meath, activities under Ireland's participation in the European Commission's Eurydice information network, and the Eurostudent VI project 2016-2018.

6.2. 2017 Direct EU funding to bodies under the Department's aegis

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2017 was as shown below:

Aegis body	2017 Funding	2016 Funding
	€000	€000
National Council for Guidance in Education	51	71
Quality and Qualifications Ireland	586	988
Léargas	10,604	13,248
	11,241	**14,307**

National Council for Guidance in Education

The National Council for Guidance in Education received EU funding in respect of its Euroguidance, European Guidance Policy Network, European Schools and PLOTEUS project activities in 2017. In total, this funding amounted to €50,900 in 2017.

Quality and Qualifications Ireland (QQI)

QQI received EU funding in respect of its EQAVET, EQF (European Qualifications Framework), EUROPASS and IQAVET (Irish National Reference Point for European Quality Assurance in Vocational Education and Training) activities in 2017. In total, this funding amounted to €585,755 in 2017.

Léargas

The Department of Education and Skills (DES) is the National Authority for the Erasmus+ programme, the EU's flagship programme for Education and Training. DES appointed Léargas as the National Agency with responsibility for the programme's administration in the fields of Schools, Vocational Education and Training and Adult Education sectors. It is also responsible for the Youth field (DCYA). Léargas is a not-for-profit organisation registered in the Companies Office.

Léargas received EU funding in respect of the Erasmus +, Eurodesk, ECVET, E twinning Epale and Euroguidance.

6.3 European Globalisation Adjustment Fund

Irish EGF Programmes

The Department of Education and Skills acts as the Managing Authority for the European Globalisation Adjustment Fund (EGF) in Ireland. Based on an agreed budget, EU co-funding is submitted to the Department at the start of each EGF programme and is lodged to a holding account pending disbursement to organisations based on actual expenditure incurred during the lifetime of the programme. Where expenditure is less than budgeted, unused co-funding is repayable to the EU after the conclusion of the programme.

Ireland has submitted ten successful applications for EGF co-funding totalling €68 million. Eight programmes had concluded by the end of 2016. The final reports on the 9th and 10th programmes in respect of Lufthansa Technik Airmotive Ireland and PWA International were submitted to the European Commission in March and December 2017 respectively. Total expenditure on Ireland's 10 programmes was €65.218 million, representing 62% of their programme allocations – exceeding the average EU co-financing utilisation rate of 55%.

EU co-funding of €41.546 million has been disbursed to organisations that provided/funded services under the 10 programmes. The organisations include the Department itself, the National Training Fund and the Department of Employment Affairs and Social Protection.

Requests for repayment of the unused EU co-financing in respect of the Andersen Ireland and Lufthansa Technik Airmotive Ireland programmes of €411,500 and €700,744, respectively, were received in 2017. The full budget allocation for the PWA International programme was utilised and therefore no EGF co-funding was due to be repaid to the EU. In total, unused EGF co-funding totalling €26.175 million has been reimbursed to the EU in respect of the ten closed programmes.

The table below sets out the EGF programmes that were concluded in 2017, along with a summary of the 8 programmes previously finalised.

Programme	Rate of EU co-funding	Programme allocation	Programme spend	Receipts from EU	Unused EU co-funding repaid to European Commission
		€000	€000	€000	€000
Lufthansa Technik Airmotive Ireland	60%	4,151	2,983	2,491	701
PWA International	60%	737	737	442	—
Programmes previously finalised with the European Commission	50% – 65%	101,109	61,497	64,787	25,474
		105,997	**65,217**	**67,720**	**26,175**

National co-funding of EGF programmes has been provided to date from:

- Department of Education and Skills, Subheads B.3 – training supports and allowances and technical assistance, B.4.1 – enterprise supports, B.5 – further education supports and allowances, C.4 – third level education fees and C.11 – student maintenance grants,
- National Training Fund (guidance, education, training supports and allowances and technical assistance),
- Department of Social Protection – Vote 38 – Back to Education Allowance and employment service supports.

6.4 Commissions and enquiries

	Year of appointment	Cumulative expenditure to 31 December 2017	Expenditure in 2017	Expenditure in 2016
		€000	€000	€000
Commission to Inquire into Child Abuse	1999	81,547	880	730
Residential Institutions Redress Scheme[a,b]	2002	1,240,215	983	2,675
		1,321,762	**1,863**	**3,405**

[a] The overall expenditure of €1.24 billion on the Residential Institutions Redress Scheme at the end of 2017 was funded by €1.2 billion Exchequer contributions and contributions received from the religious congregations under the 2002 Indemnity Agreement.

A further €10 million expenditure was incurred in respect of court settlements pursuant to the 2002 Indemnity Agreement, whereby religious congregations are not liable for any cases settled in court and outside of the redress scheme.

[b] The cumulative Residential Institutions Redress Scheme cost of €1.24 billion at the end of 2017 includes expenditure by the Residential Institutions Redress Board of €61.6 million and the Residential Institutions Review Committee of €9.6 million.

Residential Institutions Redress Special Account under Terms of Indemnity Agreement

Section 23 of the Residential Institutions Redress Act 2002 provided for the establishment of a special account to be funded from "moneys provided by the Oireachtas" and by "a person, with the consent of the Minister (for Education and Science) and the Minister for Finance". In addition to moneys provided by the Oireachtas, funding for the special account comes from moneys contributed under the terms of the indemnity agreement between the State and the contributing congregations. The first schedule of the agreement contains a list of the contributing congregations. Moneys from the special account are used to pay awards made by the Residential Institutions Redress Board and associated legal and settlement costs. The special account is subject to audit by the Comptroller and Auditor General.

Residential Institutions Statutory Fund Investment Account established by the National Treasury Management Agency

In April 2010, the Government announced its intention to utilise €110 million of the offers of contributions from religious congregations to establish and operate a statutory fund to support the needs of survivors of residential institutional child abuse. Pending the establishment of the statutory fund, a special interest bearing account, under the dual control of the Department of Public Expenditure and Reform and the Department of Education and Skills was opened in the Central Bank to receive the cash contributions from congregations.

Following the commencement of the Residential Institutions Statutory Fund Act 2012 and the establishment of the Residential Institutions Statutory Fund (RISF) investment account by the National Treasury Management Agency (NTMA), a total of €41.3 million was transferred to the NTMA account in 2013, in accordance with section 29(1) of the 2012 Act. The designated Central Bank account was subsequently closed in 2013.

Between 2013 and 2017 inclusive, €59.7 million was received from congregations and lodged to the RISF investment account. At 31 December 2017, total lodgements into the NTMA account amounted to €101 million. This represents voluntary contributions received from the religious congregations towards the costs incurred by the State in responding to residential institutional child abuse and intended to provide support for former residents through the Statutory Fund – now Caranua.

The 2012 Act provides that the NTMA may advance to the RISF (which uses the name Caranua) sums requested for the purpose of defraying expenditure incurred by it in the performance of its functions. The 2012 Act also provides that the NTMA shall advance to the Minister for Education and Skills sums requested by the Minister to enable payments to be made to the independent Appeals Officer appointed under Section 21 of the 2012 Act. The financial statements of the RISF are subject to audit by the Comptroller and Auditor General.

6.5 Compensation and legal costs

	Number of cases	Compensation awarded	Legal costs awarded	Legal costs paid by Department	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by members of the public						
Injury claims	10	592	1,519	—	2,111	1,610

The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

In the course of the day-to-day running of the Department, the total legal costs incurred by the Department in 2017 was €2.289 million (2016: €2.02 million) which includes the legal costs and compensation awards listed above.

6.6 Contingent liability

Child abuse inquiry and redress schemes

There will be further payments associated with the Commission to Inquire into Child Abuse and the Residential Institutions Redress Scheme. Expenditure for the Commission to Inquire into Child Abuse from inception to the end of 2017 was €81.55 million (2016: €80.67 million). It is estimated that additional costs of €1 million could arise in meeting the Commission's remaining costs.

Expenditure associated with institutional redress to the end of 2017 was €1,240 million (2016: €1,239 million). It is estimated that additional costs of about €500,000 may arise and includes a provision for any potential awards pending the dissolution of the Residential Institutions Redress Board.

Middleton Centre for Autism

A pension liability in the region of €325,150 may arise in relation to an agreement between Department of Education for Northern Ireland Local Government Pension Scheme and Department of Education and Skills. In the agreement, dated 16 November 2007, the Departments guaranteed payment in full of any pension liabilities of Middletown Centre for Autism Ltd in the event that the Centre ceases to exist or is otherwise unable to discharge its pension liabilities. This liability is not expected to arise in the immediate future.

6.7 Write-offs

The following sums were written off in the year:

	2017	2016
	€000	€000
Overpayments of tuition grants	—	47
Legacy advance payments to model schools & teacher centre	—	24
Payroll overpayments	18	—
	18	**71**

6.8 Fraud, suspected fraud and irregularities

In the period between signature of the 2016 and the final 2017 Appropriation Accounts, the Department was made aware of 21 new cases of suspected fraud/irregularities. Of these, nine have a combined value of €276,822. Eight remain under investigation and no value has yet been identified. Four have been closed as no evidence of fraud was identified following investigations.

The Department will continue to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred.

6.9 Arbitration and conciliation

Expenditure in 2017 includes payments of €0.240 million (2016: €1.554 million) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were seven cases in 2016 (2015: four). Figures include VAT, legal and professional fees.

6.10 Late payment interest

	2017	2016
Total interest paid	€4,054	€3,000
Number of recipients of €10,000 or more	—	—

6.11 Expenditure on temporary school accommodation

During 2017, expenditure under subhead D.3.3 included amounts totalling €23.4 million in respect of temporary premises (2016: €25.2 million).

6.12 Educational trusts

Educational trusts totalling €2.483 million were invested on behalf of the Department in a common investment fund under the stewardship of the Charities Regulator at the close of 2017 (2016: €2.262 million). The Minister for Education and Skills remains the trustee of these educational trusts.

Appendix A Accounts of bodies and funds under the aegis of the Department of Education and Skills

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 when they were presented to the Oireachtas.

Accounts of bodies under the aegis of the Department of Education and Skills

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
SOLAS	2017	25 May 18	30 May 18	5 Jul 18
Grangegorman Development Agency	2016	22 Dec 17	12 Feb 18	5 Mar 18
Higher Education Authority (HEA)	2017	29 Jun 18	31 Jul 18	10 Sep 18
National Council for Curriculum and Assessment (NCCA)	2016	22 Dec 17	12 Jan 18	12 Jan 18
National Council for Special Education (NCSE)	2016	30 Jun 17	26 Jul 17	26 Jul 17
Quality Qualifications Ireland (QQI)	2016	20 Dec 17	8 Feb 18	20 Feb 18
State Examinations Commission (SEC)	2016	28 Nov 17	30 Nov 17	14 Dec 17
The Teaching Council	2016	23 Feb 17	27 Feb 17	15 Mar 17
Educational Research Centre (Note 1)	N/A	N/A	N/A	N/A
Caranua	2016	28 May 18	14 Jun 18	13 Jul 18
Redress Special Account	2016	24 Oct 17	1 Nov 17	14 Dec 17
Residential Institutions Redress Board Annual Report 2016	2016	1 Oct 17	13 Mar 18	8 May 18
Education Training Boards (ETBs)				
Cork	2016	29 Aug 17	31 Aug 17	4 Sep 17
City of Dublin	2016	20 Dec 17	21 Dec 17	12 Jan 18
Galway and Roscommon	2016	18 Dec 17	21 Dec 17	12 Jan 18
Limerick and Clare	2016	18 Apr 18	24 Apr 18	8 Jun 18
Cavan and Monaghan	2016	23 Nov 17	6 Dec 17	7 Dec 17
Donegal	2016	14 Dec 17	15 Dec 17	19 Dec 17
Dublin and Dún Laoghaire	2016	11 Dec 17	15 Dec 17	19 Dec 17
Kerry	2016	14 Dec 17	15 Dec 17	9 Jan 18
Kildare and Wicklow	2014	13 Jul 16	14 Jul 16	25 Jul 16
Kilkenny and Carlow	2016	25 Oct 17	6 Nov 17	8 Nov 17
Laois and Offaly	2016	6 Nov 17	14 Nov 17	17 Nov 17
Longford and Westmeath	2016	14 Dec 17	15 Dec 17	9 Jan 18
Louth and Meath	2016	31 May 18	7 Jun 18	22 Aug 18
Mayo, Sligo and Leitrim	2015	20 Dec 17	22 Dec 17	12 Jan 18
Tipperary	2016	28 Nov 17	6 Dec 17	7 Dec 17
Waterford and Wexford	2016	19 Dec 17	21 Dec 17	12 Jan 18
Other aegis bodies				
Church of Ireland College of Education (CICE) (Note 2)	2016	18 Dec 17	19 Dec 17	27 Feb 18
Dublin Institute for Advanced Studies (DIAS)	2016	30 Jun 17	10 Jul 17	3 Aug 17
Royal Irish Academy of Music (RIAM)	2016	11 Dec 17	21 Dec 17	30 Jan 18
Royal Irish Academy (RIA)	2016	18 Sep 17	5 Oct 17	10 Nov 17

Accounts of bodies under the aegis of the Department of Education and Skills

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Universities / Colleges				
University College Cork (UCC)	2016	20 Dec 17	15 Jan 18	12 Mar 18
University College Dublin (UCD)	2016	4 Oct 17	12 Oct 17	6 Dec 17
National University of Ireland Galway (NUIG)	2016	29 Sep17	19 Oct 17	6 Dec 17
National University of Ireland (NUI)	2016	17 Nov 17	23 Nov 17	15 Jan 18
Trinity College Dublin (TCD)	2017	12 Apr 18	19 Apr 18	14 Jun 18
The University of Limerick (UL)	2016	7 Dec 17	19 Dec 17	12 Feb 18
Dublin City University (DCU)	2016	4 May 18	15 May 18	29 May 18
National University of Ireland Maynooth (NUIM)	2017	4 May 18	21 May 18	3 Jul 18
Mary Immaculate College, Limerick	2016	19 Dec 17	22 Dec 17	29 Jan 18
St Patrick's College, Drumcondra	2016	18 Dec 17	20 Dec 17	12 Feb 18
St Angela's College of Education, Sligo	2016	20 Oct 17	7 Nov 17	21 Dec 17
National College of Art and Design (NCAD)	2016	21 Jun 18	29 Jun 18	29 Aug 18
Institutes of Technology				
Athlone	2016	20 Jul 17	27 Jul 17	08 Aug 17
Cork	2016	23 Aug 17	28 Aug 17	25 Oct 17
Dublin	2016	18 Dec 17	11 Jan 18	20 Feb 18
Dundalk	2016	29 Jun 18	26 Jul 18	In process
Dun Laoghaire Institute of Art, Design and Technology	2016	30 Jun 17	6 Jul 17	3 Aug 17
Galway-Mayo	2016	12 Sep 17	14 Sep 17	25 Oct 17
Blanchardstown	2016	22 Dec 17	17 Jan 18	30 Jan 18
Carlow	2016	13 Sep 17	2 Oct 17	9 Nov 17
Sligo	2016	11 Dec 17	14 Dec 17	12 Jan 18
Tallaght	2016	20 Sep 17	2 Oct 17	27 Nov 17
Tralee	2016	1 Nov 17	20 Nov 17	12 Jan 18
Letterkenny	2016	1 Sep 17	14 Sep 17	25 Oct 17
Limerick	2016	30 Jun 17	31 Jul 17	8 Aug 17
Waterford	2016	4 May 18	10 May 18	7 Jun 18

Note 1 The ERC was established in late 2015. Accounts for the period ending 31 December 2016 have been submitted to the Comptroller and Auditor General and the audit report is currently being finalised.

Note 2 From 1 October 2016 Church of Ireland College of Education (CICE) was incorporated into DCU.

Appendix B Full list of major capital commitment projects involving total expenditure of €6,350,000 or more

		Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
		€000	€000	€000	€000	€000
Subhead D.3						
1.	Hansfield Educate Together Secondary School, Dublin 15	16,595	73	382	17,050	16,864
2.	Carrickphierish Campus, Waterford	14,589	59	126	14,774	14,772
3.	St Colmcille's, Dublin 16	16,238	37	342	16,617	16,827
4.	Ardgillan Community College, Balbriggan, Co. Dublin	13,541	15	31	13,587	13,589
5.	Temple Carrig Secondary School, Wicklow	12,688	116	121	12,925	12,806
6.	St John's Primary School, Rathmullen	7,487	4,637	1,600	13,724	14,481
7.	Coláiste Ghlór na Mara, Balbriggan, Co. Dublin[a]	13,774	885	223	14,882	16,373
8.	Bremore Educate Together Balbriggan, Co. Dublin[a]	11,735	8,129	1,330	21,194	20,577
9.	Le Chéile Secondary School, Mulhuddart, Dublin 15	14,992	4,470	114	19,576	16,282
10.	Portlaoise Parish School, County Laois	9,195	4,261	273	13,729	12,998
11.	Newpark Comprehensive Blackrock, County Dublin	13,687	—	175	13,862	13,856
12.	Carrigaline Post Primary School, County Cork	8,966	5,435	149	14,550	13,247
13.	Dún an Rí College, Kingscourt, Cavan	4,666	10,224	301	15,191	14,773
14.	Limerick Educate Together, Mungret, Limerick	903	11,432	327	12,662	12,451
15.	Hansfield Educate Together National School, Dublin 15	7,974	—	113	8,087	8,043
16.	Edgeworthstown National School, Longford	6,243	93	53	6,389	6,320
17.	St. Finian's National School, Newcastle, Co. Dublin	7,117	—	147	7,264	7,264
18.	Scoil Micheallog, Co. Limerick	5,584	3,765	139	9,488	7,636
19.	St Aidan's Parish School, Enniscorthy, Co.Wexford	8,660	1,038	402	10,100	10,144
20.	Scoil Mhuire, Dublin 4	1,815	776	3,996	6,587	6,406
21.	Michael Street National School, New Ross, Co.Wexford	9,772	523	227	10,522	10,243
22.	Gaelscoil Mainistir na Corann, Co. Cork	6,267	371	104	6,742	6,403
23.	Scoil Bhríde, Portloaise, Co. Laois	3,966	5,519	388	9,873	9,789
24.	St. Columba's Boys National School, Cork	1,483	2,129	6,352	9,964	9,757
25.	Gaelscoil de hÍde, Fermoy, Co. Cork	7,140	1,626	129	8,895	8,832
26.	St. Martin's School, Waterford	2,509	6,352	103	8,964	8,850
27.	Scoil Náisiúnta Lusca, Co. Dublin	1,755	5,128	1,151	8,034	7,941
28.	Letterkenny Educate Together, Donegal	—	7,781	173	7,954	7,971
29.	Midleton Educate Together National School, Cork	—	8,501	145	8,646	8,457
30.	Gaelscoil Mhic Amhlaigh, Co. Galway	—	7,375	627	8,002	7,870
31.	Sancta Maria College, Rathfarnham, Co. Dublin	7,223	680	3,107	11,010	10,745

		Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
		€000	€000	€000	€000	€000
32.	Clonkeen College, Blackrock, Co. Dublin	9,983	2,279	203	12,465	12,281
33.	Kinsale Community College, Co. Cork	5,718	4,190	694	10,602	11,107
34.	St Raphael's College, Loughrea, Co. Galway	5,415	3,334	161	8,910	8,524
35.	Holy Rosary College, Mountbellow, Co. Galway	6,708	1	86	6,795	6,631
36.	Ballyhaunis Community School, Knock Road, Ballyhaunis, Co. Mayo	2,723	4,473	1,995	9,191	9,005
37.	De Lacy College, Ashbourne, Co. Meath	8,275	185	127	8,587	8,141
38.	Tullamore College, Tullamore, Co. Offaly	8,938	917	376	10,231	10,751
39.	Our Lady's Secondary School, Templemore, Co. Tipperary	8,117	—	193	8,310	8,229
40.	Adamstown Vocational School, Co. Wexford	6,679	20	112	6,811	6,707
41.	Christian Brothers Secondary School, Thomas Street, Wexford	5,504	3,989	2,438	11,931	11,406
42.	St. Brendan's College, Bray, Co. Wicklow	6,670	—	101	6,771	6,495
43.	Arklow Vocational School, Co. Wicklow	12,173	—	287	12,460	12,441
44.	Ashton School, Blackrock, Co. Cork	8,878	115	27	9,020	8,655
45.	Senior College Dún Laoghaire, Main Street, Blackrock, Co. Dublin	10,474	—	664	11,138	11,138
46.	Coláiate Bhaile Chláir, Co. Dublin	7,278	763	157	8,198	7,501
47.	Scoil Phobail, Clifden, Co. Galway	2,661	6,905	291	9,857	9,641
48.	St. Mary's Community College, Buttevant, Co. Cork	6,596	—	113	6,709	6,709
49.	Coláiste an Chraoibhinn, Fermoy, Co. Cork	3,301	3,528	634	7,463	7,268
50.	St. Colman's Vocational School, Middleton, Co. Cork	3,998	4,168	1,824	9,990	9,753
51.	St. Conleth's Vocational School, Newbridge, Co. Kildare	2,275	3,522	1,418	7,215	7,178
52.	Beaufort, Navan, Co. Meath	2,205	5,867	738	8,810	8,363
53.	St. Fintina's Longwood, Co. Meath	8,046	2,248	395	10,689	10,033
54.	Cavan Vocational School, Cootehill Road, Co. Cavan	2,092	3,980	2,764	8,836	7,595
55.	Gaelscoil Eadan Doire and Scoil Bhride, Co. Offaly	7,872	244	14	8,130	8,084
56.	Ardee Community School, Co. Louth	171	5,154	4,350	9,675	—
57.	Scoil Naofa Oilbhear Pluincead, Malahide, Co. Dublin[b]	721	1,957	10,587	13,265	—
58.	Stewards School, Palmerstown, Dublin 20[b]	310	3,228	11,614	15,152	—
59.	Kingswood Community College, Tallaght, Dublin 24[b]	1,233	1,583	15,688	18,504	—
60.	Coláiste Mhuire, Knockbeg, Carlow[b]	406	1,808	13,336	15,550	—
61.	Presentation College, Athenry, Co. Galway[b]	43	223	20,001	20,267	—
62.	Pobalcoláiste Chú Chulainn, Dundalk, Co. Louth[b]	372	8,280	8,522	17,174	—
63.	Maynooth Post Primary Schools, Co. Kildare[b]	256	8,456	27,656	36,368	—
64.	Gaelscoil Teach Giuise, Tallaght, Dublin 24[b]	—	8,822	2,874	11,696	—

	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
65. Mercy Convent Primary School, Naas, Co. Kildare[b]	276	2,673	7,403	10,352	—
66. Coosan National School, Co. Westmeath[b]	192	1,393	4,876	6,461	—
67. St. Mochta's National School, Clonsilla, Dublin 15[b]	626	3,094	7,906	11,626	—
68. Sancta Maria College, Louisburgh, Co. Mayo[b]	699	1,990	6,417	9,106	—
69. Coláiste Íosaef, Kilmallock, Co. Limerick[b]	—	1,443	7,223	8,666	—
70. St. Anne's, Killaloe, Co. Clare[b]	—	1,403	5,755	7,158	—
71. St. Finnachta's National School, Co. Clare[b]	82	1,187	6,162	7,431	—
72. Stepaside Educate Together National School, Co. Dublin[b]	—	8,543	951	9,494	—
Subtotal D.3	**394,530**	**213,395**	**199,983**	**807,908**	**566,203**
Subtotal D.4[c]	**60,369**	**375**	**29,997**	**90,741**	**32,286**
Total	**454,899**	**213,770**	**229,980**	**898,649**	**598,489**

[a] Bremore Educate Together Balbriggan, Co Dublin project was inadvertently excluded in the 2016 list of projects exceeding €12,698,380.

[b] Seventeen new schools' projects commenced during 2017.

[c] Cumulative expenditure to 31 December 2016 has been restated to reflect the inclusion of a series of education-related projects some of which are also funded from other sources.

Significant variations

An explanation is provided below where projected total expenditure increased / decreased by more than €500,000 from 2016 to 2017:

6. St John's Primary School, Drogheda, Co. Louth

The decrease in commitments of €0.76 million related to the recalculation of fees including design team (architects, quantity surveyors, engineers) etc. during the various stages of the project.

7. Coláiste Ghlór na Mara, Balbriggan, Co. Dublin

The total expected lifetime spend on the above project in 2017 was €14.9 million. This includes additional works at cost of €430,296 approved during 2017. If the projected expenditure had been reported correctly at the end of 2016 the expected life time cost would have been €14.4 million. The €16.4 million figure given at end of 2016 included costs which were incorrectly attributed to this school.

8. Bremore Educate Together Balbriggan, Co. Dublin

The correct figure for the expected lifetime spend on this project is €21.2 million. This school was originally omitted from the 2016 accounts in error. The correct expected lifetime costs as at 2016 would have been €20.6 million; the revised costs for the 2017 accounts is €21.2 million a difference of just over €0.6 million – this difference includes change orders of some €350,000 and the reclassification of costs from Glór na Mara.

9. Le Chéile Secondary School, Mulhuddart, Dublin 15

The increase in commitments of €3.2 million arose mainly to the additional costs associated with the revised phasing and construction methodology to be used in the construction of the school.

10. Portloaise Parish School, Co. Laois

This project was inadvertently excluded in the 2016 list of projects exceeding €12,698,380 as the contract excluding fee costs was €12.1 million. With change orders and fees included, the total cost is now €13.729 million.

12. Carrigaline Post Primary School, County Cork

The increase in commitments of €1.3 million arose due to the approval of additional works including provision of temporary accommodation.

18. Scoil Micheallog, Co. Limerick

The increase in commitments of €1.85 million arises following confirmation of the final account.

33. Kinsale Community Collee, Co. Cork

The decrease in commitments of €0.5m million relate to the recalculation of fees including design team (architects, quantity surveyors, engineers).

38. Tullamore College, Tullamore, Co. Offaly

The decrease in commitments of €0.52 million relate to the recalculation of fees including design team (architects, quantity surveyors, engineers).

41. Christian Brothers Secondary School, Thomas Street, Wexford

The increase in commitments of €0.52 million relate to the recalculation of fees including design team (architects, quantity surveyors, engineers).

46. Coláiste Bhaile Chláir, Co. Dublin

The increase of €0.697 million arose to change orders for additional works that were approved during 2017.

53. St. Fintina's Longwood, Co. Meath

The increase of €0.66 million arose due to the approval of additional works during 2017 and to the recalculation of fees including Design Team (architects, quantity surveyors, engineers).

54. Cavan Vocational School, Cootehill Road, Co. Cavan

The increase of €1.24 million arose due to the approval of additional works during 2017 and to the recalculation of fees including Design Team (architects, quantity surveyors, engineers).

Appendix C Direct funding from Vote 26 to Education Training Boards (by subhead)

The following table lists the direct funding to Education and Training Boards (ETBs) during 2017 by subhead and the total amount of expenditure in 2017 in those subheads.

Direct funding from Vote 26 to Education Training Boards (by subhead)	2017 Vote outturn	2017 ETB Funding amount
	€000	€000
Programme A - First, Second and Early Years Education		
A.3 Salaries, wages and allowances (including incidental payments) of primary teachers	2,288,684	44
A.5 Grants to Education and Training Boards in respect of ETB teachers' salaries	640,978	640,978
A.6 Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools	476,069	32,703
A.7 Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)	102,597	72,024
A.9 School transport services	188,535	570
A.10 Grants (including capitation) payable to primary and post primary schools, Education Training Boards and other educational organisations and institutions	434,321	71,983
A.11 Grants to education Bodies working in the primary and post primary sectors	80,148	10
A.12 Teacher education	27,886	1,849
A.14 Miscellaneous grants and services	54,459	5,506
Programme A Total paid to ETBs		**825,667**
Programme B - Skills Development		
B.9 Regional Skills FORA	924	105
Programme B Total paid to ETBs		**105**
Programme C - Higher Education		
C.11 Student support and related expenses	404,614	380,119
Programme C Total paid to ETBs		**380,119**
Programme D – Capital Services		
D.3 Building, equipment and furnishing of primary and post primary schools	555,520	98,631
D.5 Public Private Partnership (PPP)	71,570	130
Programme D Total paid to ETBs		**98,761**
Grand total paid to ETBs		**1,304,652**

Note: This table comprehends funding provided to ETBs directly from Vote subheads. It does not include funding provided via SOLAS from either Exchequer resources or the National Training Fund.

Appropriation Account 2017

Vote 27

International Co-operation

Introduction

As Accounting Officer for Vote 27, 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 2017 for certain Official Development Assistance, including certain grants, and for contributions to certain International Organisations involved in development assistance and for salaries and expenses in connection therewith.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.6 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Depreciation

Vehicles have been depreciated on a straight line basis at a rate of 20% per annum.

Buildings are not depreciated.

Foreign exchange transactions

Transactions arising on convertible currencies are translated into Euro at the rate of exchange prevailing at the date of settlement. At programme country mission level, transactions arising on non-convertible currencies are translated into Euro at the market rate of exchange prevailing at the beginning of that month.

Grant refunds

Refunds of grants which were funded out of the bilateral co-operation and humanitarian assistance fund are returned to the fund on receipt.

Capital assets

The carrying value of land and buildings included in capital assets are based on a valuations conducted in 2005 as adjusted by:

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 also reflected at cost.

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, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

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
- an Audit Committee is in place 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.
- 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 two contracts to the value of €157,504 which were listed in my annual return in respect of Circular 40/2002. The contracts were not tendered due to the contracts relating to the provision of propriety ICT services.

Significant Financial Risks

By its nature, development assistance carries inherent risks, which I acknowledge and seek to manage and mitigate. Robust controls are in place at head office, as outlined above, which are supplemented by additional controls in Key Partner Countries as set out below.

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. 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. A formal process is in place to follow up on the implementation of recommendations from the reports of the internal audit function.

Enhancing Internal Control Environment

In addition to the controls in place at head office, the following controls are operated in Key Partner Countries to mitigate the risks inherent in development assistance.

- Each embassy, in addition to the Ambassador, has a Head of Development with responsibility for the management of the aid programme.
- In addition to the Ambassador and Head of Development, the embassy management structure includes appropriately qualified and experienced development specialists and programme managers/advisers.
- There is a rigorous multi-annual planning and approval process for each country programme, which includes the development of a Mission Strategy which covers Ireland's political, trade and development interests in each case. Each Mission Strategy is assessed at the outset through an independent external quality assurance (EQA) process prior to approval; is subject to a mid-term review process to review progress against goals and objectives; and is assessed via a final independent evaluation in advance of the next strategy cycle.
- Robust annual business planning processes are in place at all missions including identification and assessment of risks to business plan implementation and the controls in place to manage these risks. Business plans and risk registers are developed in consultation with head office, and are monitored and updated, as necessary, on a quarterly basis. Significant mission risks are reported upward to the Risk Management Committee and Management Board in line with the Department's Risk Management Policy.
- Each embassy has a locally-based finance function, led by an appropriately qualified head of finance, who reports both to the Ambassador and to the Finance Division at head office.
- A detailed financial procedures manual is in place which sets out the procedures to be followed in respect of all administration and grant-related transactions.
- Internal auditors are in place in each embassy, who report to the Ambassador, and whose internal audit work is undertaken as part of the Department's overall internal audit strategy/work plan which is managed by the Evaluation and Audit Unit. Evaluation and Audit Unit oversees the work and ensures that it is undertaken in accordance with the internationally accepted Internal Audit Standards.

In addition, in respect of head office payments for overseas development assistance (including humanitarian, multilateral and civil society funding),robust business planning mechanisms are in place, including approval of the overall budget by the Interdepartmental Committee for Irish Aid, monitoring of expenditure by the Senior Management Group on a monthly basis, and robust pre and post disbursement grant management procedures.

Particular emphasis has been placed on the strengthening of risk management systems across the aid programme with a focus on the identification of risks and appropriate internal controls for each element of our programmes. The risk management system is designed to alert management to changes in the perceived risk profile of any aspect of the programme so that appropriate action can be taken at the earliest opportunity.

The Standard Approach to Grant Management for the aid programme has been developed and approved by the Senior Management Group in 2017. This standard is being rolled out across DCD HQ and the embassies, and should ensure consistency of approaches to grant management across the programme.

I am committed to ensuring that we continue to strengthen our systems of risk identification and management and to ongoing monitoring and audit to minimise the potential for the misuse of funds in the future.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service 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 Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Capital Assets

Historically, capital funding was provided to the Department through Vote 28 Foreign Affairs and Trade and a separate capital allocation was not provided to Vote 27 International Co-operation until 2002. Consequently a number of assets were included in the Fixed Assets of Vote 28 Foreign Affairs and Trade which are attributable to Vote 27 International Co-operation. A review of these assets was undertaken in 2017, which has resulted in a transfer of assets with a net book value of €3.0 million to Vote 27 International Co-operation. This included properties with a net book value of €2.9 million in respect of Missions Addis Ababa, Dar Es Salaam, Lusaka and Pretoria. This accounting adjustment is reflected in these accounts.

In addition, the review highlighted that valuations had been carried out on certain of the Vote 27 properties in 2005. The Department cannot currently locate these 2005 valuations, but these properties have been restated to the valuation amount, resulting in an adjustment of €0.6 million, as set out in Note 2.2.

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 by the Management Board at least four times a year. These reviews inform planning and allocation of resources to ensure risks are managed to an acceptable residual 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 of Internal Controls

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 - in a timely way. I confirm that key risks and related controls have been identified and processes are in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness of Internal Controls

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 2017 that resulted in, or may result in, a material loss.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

18 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 27 International Co-operation

Opinion on the appropriation account

I have audited the appropriation account for Vote 27 International Co-operation for the year ended 31 December 2017 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 27 International Co-operation for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Foreign Affairs and Trade and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 27 International Co-operation

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Work on poverty and hunger reduction	486,614	484,280	484,822
	Gross expenditure	**486,614**	**484,280**	**484,822**
	Deduct			
B	**Appropriations-in-aid**	**1,120**	**1,340**	**1,518**
	Net expenditure	**485,494**	**482,940**	**483,304**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**2,554,142**	**1,977,290**

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

18 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		458,314	458,315
Pay		13,857	14,437
Non pay		12,109	12,070
Gross expenditure		**484,280**	**484,822**
Deduct			
Appropriations-in-aid		**1,340**	**1,518**
Net expenditure		**482,940**	**483,304**
Changes in capital assets			
Purchases cash	(686)		
Disposals cash	179		
Gain on disposals	(175)		
Depreciation	400		
		(282)	(322)
Changes in net current assets			
Increase in closing accruals and prepayments	1,986		
Decrease in stock	3		
		1,989	(1,093)
Net programme cost		**484,647**	**481,889**

Expenditure borne on other votes and the related notional rents for this programme are disclosed in note 1 of Vote 28 – Department of Foreign Affairs and Trade.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**11,281**	**8,644**
Current assets			
Bank and cash	2.3	5,729	10,778
Stocks of stationery		61	64
Prepayments		1,282	3,212
Other debit balances		120	65
Total current assets		**7,192**	**14,119**
Less current liabilities			
Accrued expenses		202	146
Other credit balances	2.4	244	686
Net Exchequer funding due	2.5	892	587
Bilateral and other co-operation fund (grant) account	7	4,713	9,570
Total current liabilities		**6,051**	**10,989**
Net current assets		**1,141**	**3,130**
Net assets		**12,422**	**11,774**
Represented by:			
State funding account	2.1	**12,422**	**11,774**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			11,774	10,359
Disbursements from the Vote				
Estimate provision	Account	485,494		
Surplus to be surrendered	Account	(2,554)		
Net vote			482,940	483,304
Assets transferred from Vote 28	2.2		2,982	
Fixed asset adjustment	2.2		(627)	
Net programme cost	1		(484,647)	(481,889)
Balance at 31 December			**12,422**	**11,774**

2.2 Capital assets

	Land and buildings	Equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	7,639	1,690	1,083	2,592	13,004
Additions	513	57	50	66	686
Disposals	(4)	(10)	(8)	(357)	(379)
Transfer from Vote 28[1]	2,927	13	12	304	3,256
Adjustment[2]	(629)	(173)	(324)	74	(1,052)
Cost or valuation at 31 December 2017	10,446	1,577	813	2,679	15,515
Accumulated depreciation					
Opening balance at 1 January 2017	—	1,406	1,002	1,952	4,360
Depreciation for the year	—	98	39	263	400
Depreciation on disposals	—	(10)	(8)	(357)	(375)
Transfer from Vote 28	—	13	8	253	274
Adjustments	—	(181)	(318)	74	(425)
Cumulative depreciation at 31 December 2017	—	1,326	723	2,185	4,234
Net assets at 31 December 2017	**10,446**	**251**	**90**	**494**	**11,281**
Net assets at 31 December 2016	7,639	284	81	640	8,644

1 During the year, fixed assets with a cost of €3.26 million and a net book value of €2.98 million were transferred from Vote 28 Foreign Affairs and Trade to Vote 27 International Co-operation. These relate to assets which were historically funded out of Vote 28, or assets held in missions which are now funded by Vote 27.

2 During the year, a review of fixed assets was carried out which identified items with a gross value of €0.46 million and a net book value of NIL which either do not represent assets of the Department (e.g. repairs) or which relate to assets which have been donated/disposed of. In addition, five properties were restated based on valuations which had been carried out in 2005, resulting in a reduction to the carrying value of the properties of €0.59 million.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	5,242	10,393
Commercial bank account balance	487	385
	5,729	**10,778**

2.4 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	54	58
Value Added Tax	1	—
	55	58
Other credit balances	189	628
	244	**686**

2.5 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	2,554	1,977
Exchequer grant undrawn	(1,662)	(1,390)
Net Exchequer funding due	**892**	**587**
Represented by:		
Debtors		
Bank and cash	5,729	10,778
Debit balances: suspense	120	65
	5,849	10,843
Creditors		
Due to State	(55)	(58)
Credit balances: suspense	(189)	(628)
Bilateral and other co-operation fund (grant) account	(4,713)	(9,570)
	(4,957)	(10,256)
	892	**587**

2.6 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2018 and relate to property rental payments abroad and other administrative commitments.

	2017	2016
	€000	€000
Procurement of goods and services, including rental commitments	1,435	1,492

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,099	13,857	14,437
ii	Travel and subsistence	1,800	1,651	1,514
iii	Training and development and incidental expenses	1,800	1,644	1,654
iv	Postal and telecommunications services	1,650	1,148	1,369
v	Office equipment and external IT services	1,420	1,217	1,391
vi	Office premises expenses	4,230	4,423	4,016
vii	Consultancy services and value for money and policy reviews	500	208	246
viii	Promotional support and accommodation	1,800	1,818	1,880
		28,299	**25,966**	**26,507**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €15.1 million, outturn: €13.9 million

The underspend of €1.2 million on expenditure on salaries, wages and allowances was mainly due to staff movements with replacement staff starting at the entry point of the salary scale.

iv *Postal and telecommunications services*

Estimate provision: €1.6 million, outturn: €1.1 million

The underspend of €0.5 million on expenditure on postal and telecommunications services was due to savings achieved on satellite and communications costs

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €0.5 million, outturn: €0.2 million

The underspend of €0.3 million on expenditure on consultancy services and value for money and policy reviews was due to requirements for general consultancy services being lower than anticipated.

Programme A Work on poverty and hunger reduction

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	15,099	13,857	14,437
A.2	Administration - non pay	13,200	12,109	12,070
A.3	Bilateral co-operation and humanitarian assistance	368,854	367,854	381,148
A.4	Contributions to international funds for the benefit of developing countries	52,651	53,200	40,257
A.5	Contributions to United Nations and other development agencies	36,810	37,260	36,910
		486,614	**484,280**	**484,822**

Certain amounts in the comparative figures were reclassified for consistency with current year analysis

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	
		€000	€000	€000
1.	Appropriations-in-aid	450	846	981
2.	Receipts from pension-related deduction on public service remuneration	670	494	537
	Total	**1,120**	**1,340**	**1,518**

Significant variations

Overall, Appropriations-in-aid were €0.2 million more than the estimate.

Explanations for variances are set out below:

1 Appropriations-in-aid

Estimate provision: €0.4 million, outturn: €0.8 million

The additional receipts of €0.4 million arose due to higher than anticipated passport / consular fees, which are demand driven and proceeds on sale of fixed assets following a decision to replace a number of old vehicles during the year.

2 Receipts from pension-related deduction on public service remuneration

Estimate provision: €0.7 million, outturn: €0.5 million

The shortfall of €0.2 million was due to lower than expected pay cost arising from the salary profile of replacement staff.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**229**	**204**

5.2 Pay

	2017 €000	2016 €000
Pay	12,592	13,196
Higher, special or additional duties allowance	28	12
Other allowances	22	19
Overtime	38	52
Employer's PRSI	846	865
Foreign social security and other costs	331	293
Total pay	**13,857**	**14,437**

In addition, security staff costs in the missions are charged to security costs under incidental expenses.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	4	1	10,941	4,143
Other allowances	11	—	5,004	5,627
Overtime	21	1	12,191	10,398
Extra remuneration in more than one category	8	2	17,195	13,986

5.4 Other remuneration

Four retired civil servants in receipt of civil service pensions were re-engaged, on a fee basis, at a total cost of €32,000.

5.5 Payroll overpayments

Overpayments at the year end were €NIL (2016: €25,514 ,10 cases).

Note 6 Miscellaneous Items

6.1 Contributions to United Nations and other development agencies (A.5)

	2017 €000	2016 €000
United Nations Development Programme (UNDP)	7,750	7,750
United Nations Children's Fund (UNICEF)	7,200	7,500
United Nations High Commissioner for Refugees (UNHCR)	7,500	7,000
World Health Organisation (WHO) Programmes	—	300
United Nations Population Fund	3,300	2,800
Office of the United Nations High Commissioner for Human Rights	2,138	2,008
UNAIDS	2,400	2,648
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN Industrial Development Organisation	471	412
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
United Nations Environment Programme Trust Fund (UNEP)	247	169
United Nations Volunteers	500	500
Others - various	254	323
	37,260	**36,910**

Note 7 Bilateral and other co-operation fund (grant) account

Account of receipts and payments during the year ended 31 December 2017

	2017 €000	2016 €000
Balance on 1 January	9,570	5,037
Grant	367,854	315,648
	377,424	320,685
Expenditure for the year	(374,616)	(313,266)
Amounts returned during the year	1,905	2,151
Balance on 31 December	**4,713**	**9,570**

In addition, at 31 December 2017, unspent balances totalling €1.4 million (2016: €1.2 million) were held in bank accounts controlled by Irish embassies and Irish Aid offices in eight countries.

Appropriation Account 2017

Vote 28

Foreign Affairs and Trade

Introduction

As Accounting Officer for Vote 28, 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 2017 for the salaries and expenses of the Office of the Minister for Foreign Affairs and Trade, and for certain services administered by that Office, including grants and contributions to International Organisations.

The expenditure outturn is compared with the sum granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €24.5 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 have been applied in the preparation of the account except for the following:

Foreign currency transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of each month.

Accruals, prepayments, commitments and stocks at diplomatic missions

The accruals, prepayments and commitments figures do not include amounts in respect of the Department's diplomatic missions other than those relating to property rental. The value of stock held by missions at year end is also not included.

Commitments

Commitments include those amounts for which the Department may be legally liable in 2018 and subsequent years under binding enforceable contracts.

Capital assets

The carrying value of land and buildings included in capital assets are based on valuations conducted in 2005 as adjusted by:

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 which are also reflected at cost
- three mission properties that are included on the basis of valuations conducted in 2011.

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.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the 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.
- 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 procurement guidelines. The Department is compliant with these guidelines with the exception of 16 contracts to the value of €3,075,205. These contracts were extended beyond the original contract date without a new competitive process. A further 14 contracts with a value of €3,135,701 were entered into without a competitive process taking place. The contracts were not tendered as 5 related to provision of proprietary ICT services (€2,699,166) and 9 related to situations where there was a single suitable supplier available (€436,534). These contracts will be reviewed by my Department’s procurement team during 2018.

Capital Assets

In 2005, the Department valued the State owned properties it held and incorporated these valuations in Vote 28 appropriation account at that time. Only one of the 2005 property valuations can currently be located. Arising from a recent review of properties held by the Department, a number of issues were identified that require adjustments to be made to Vote 27 and Vote 28 appropriation accounts.

Four properties recorded in Vote 28 appropriation account should have been recorded under Vote 27 appropriation account as these properties are located in missions operated by Vote 27. An adjustment of €2.9 million reflecting the net book value of these properties was made to these accounts and in the Vote 27 2017 appropriation account.

The value of one of the properties which should have been recorded in Vote 27 (see paragraph above) had been overstated by €1.3 million in Vote 28 appropriation account since 2005. A further three properties were recorded in Vote 27 appropriation account and also incorrectly recorded in Vote 28 appropriation account at a value of €4.4 million. An adjustment of €5.7 million was made to these accounts to correct these accounting errors.

All necessary adjustments have been reflected in these accounts, as set out in Note 2.2.

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. 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. A formal process is in place to follow up on the implementation of recommendations from the reports of the internal audit function.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service Office (NSSO) 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 Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

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 by the Management Board at least four times a year. These reviews inform planning and allocation of resources to ensure risks are managed to an acceptable residual 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 of Internal Controls

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, in a timely way. I confirm that key risks and related controls have been identified and processes are 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 2017 that resulted in, or may result in, a material loss.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

18 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

Opinion on the appropriation account

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade for the year ended 31 December 2017 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 28 Foreign Affairs and Trade for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Foreign Affairs and Trade and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 28 Foreign Affairs and Trade

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
	Programme expenditure			
A	To serve our people at home and abroad and to promote reconciliation and co-operation (“Our People”)	79,044	70,568	65,359
B	Protect and advance our values and interests in Europe (“Our Place in Europe”)	23,279	22,657	19,483
C	Work for a more just, secure and sustainable world (“Our Values”)	55,779	48,862	60,385
D	Promote our economic interests internationally (“Our Prosperity”)	31,211	30,934	28,088
E	Strengthen our capacity to deliver our goals (“Our Influence”)	39,260	49,237	42,109
	Gross expenditure	**228,573**	**222,258**	**215,424**
	Deduct			
F	**Appropriations-in-aid**	**45,046**	**63,222**	**56,903**
	Net expenditure	**183,527**	**159,036**	**158,521**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**24,490,495**	**8,713,785**

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

18 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		55,513	62,460
Pay		85,834	78,959
Non pay		80,911	74,005
Gross expenditure		**222,258**	**215,424**
Deduct			
Appropriations-in-aid		**63,222**	**56,903**
Net expenditure		**159,036**	**158,521**
Changes in capital assets			
Purchases cash	(9,298)		
Disposal cash	19		
Loss on disposal	(9)		
Depreciation	3,930		
		(5,358)	(1,591)
Changes in net current assets			
Increase in closing accruals	596		
Increase in stock	(1,038)		
		(442)	(9,204)
Direct expenditure		**153,236**	**147,726**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		20,671	21,595
Notional rents		2,422	2,422
Net programme cost		**176,329**	**171,743**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 28 borne elsewhere.

		2017	2016
		€000	€000
Vote 1 President's Establishment		(667)	(241)
Vote 9 Office of the Revenue Commissioners	e	60	60
Vote 12 Superannuation and Retired Allowances	e	15,400	12,642
Vote 13 Office of Public Works	e	5,299	8,680
Vote 18 National Shared Services Office	e	179	78
Vote 20 Garda Síochána	e	15	—
Central Fund – Ministerial pensions	e	385	376
		20,671	**21,595**

"e" indicates that the number is an estimate value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**163,491**	**166,861**
Current assets			
Stocks	2.4	7,894	7,362
Prepayments		11,544	11,038
Other debit balances	2.5	5,303	4,656
Bank and cash	2.3	3,486	1,486
Total current assets		**28,227**	**24,542**
Less current liabilities			
Accrued expenses		1,270	674
Other credit balances	2.6	3,988	2,748
Net Exchequer funding due	2.7	4,801	3,348
Cultural relations with other countries (grant)	6.2	—	46
Total current liabilities		**10,059**	**6,816**
Net current assets		**18,168**	**17,726**
Net assets		**181,659**	**184,587**
Represented by:			
State funding account	2.1	**181,659**	**184,587**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			184,587	173,792
Disbursements from the Vote				
Estimate provision	Account	183,527		
Surplus to be surrendered	Account	(24,490)		
Net vote			159,037	158,521
Expenditure (cash) borne elsewhere	1		20,671	21,595
Non cash expenditure – notional rent	1		2,422	2,422
Net assets transferred to Vote 27	2.2		(2,982)	—
Net assets adjusted	2.2		(5,747)	—
Net programme cost	1		(176,329)	(171,743)
Balance at 31 December			**181,659**	**184,587**

2.2 Capital assets

	Land and buildings	Motor Vehicles	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 Jan 2017	156,544	3,242	48,872	72,011	280,669
Additions	7,740	196	97	1,265	9,298
Disposals	—	(189)	(1,169)	(22)	(1,380)
Assets transferred to Vote 27[1]	(2,927)	(304)	(12)	(13)	(3,256)
Asset adjustments[2]	(5,747)	(251)	(144)	—	(6,142)
Cost or valuation at 31 December 2017	155,610	2,694	47,644	73,241	279,189
Accumulated depreciation					
Opening balance at 1 Jan 2017	—	2,350	47,394	64,064	113,808
Depreciation for the year	—	354	571	3,005	3,930
Depreciation on disposals	—	(189)	(1,169)	(22)	(1,380)
Depreciation on assets transferred to Vote 27[1]	—	(253)	(8)	(13)	(274)
Depreciation on adjusted assets[2]	—	(251)	(135)	—	(386)
Cumulative depreciation at 31 December 2017	—	2,011	46,653	67,034	115,698
Net assets at 31 December 2017	**155,610**	**683**	**991**	**6,207**	**163,491**
Net assets at 31 December 2016	156,544	892	1,478	7,947	166,861

[1] Property assets with a cost of €2.927 million and a net book value of €2.927 million and other assets with a cost of €0.329 million and a net book value of €0.055 million were transferred to Vote 27 International Co-operation.

[2] The adjustment to property assets of €5.7 million includes the removal of three properties, with a net book value of €4.4 million, from the Vote 28 accounting records as these have already been accounted for in the Vote 27 appropriation account and the correction of an asset value which had been overstated by €1.3 million. These property assets are now reflected in the Vote 27 accounts based on the 2005 valuations.

2.3 Banks and cash

at 31 December	2017	2016
	€000	€000
Mission and headquarters accounts	7,628	9,801
PMG balances and cash	(4,142)	(8,315)
	3,486	**1,486**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Passport books and cards	7,709	6,758
Protocol stocks	67	74
Stationery	52	472
Prepaid postage	3	8
IT consumables	63	50
	7,894	**7,362**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Departmental and agency accounts	3,414	2,860
Imprest and personal suspense accounts	1,060	1,125
Salary advance accounts	77	159
Sundry	752	512
	5,303	**4,656**

Sundry debtors include payroll control accounts €0.629 million; honorary consul debtors €0.113 million; and other balances €0.01 million.

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	1,187	1,378
Pay Related Social Insurance	1,000	647
Value Added Tax	55	36
Professional Services Withholding Tax	59	47
	2,301	2,108
Sundry	1,687	640
	3,988	**2,748**

Sundry creditors include other Government departments €0.986 million; pending accounts of €0.425 million; payroll control accounts €0.117 million and third party creditors of €0.159 million.

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	24,490	8,713
Exchequer grant undrawn	(19,689)	(5,365)
Net Exchequer funding due	**4,801**	**3,348**
Represented by:		
Debtors		
Debit balances: suspense	5,303	4,656
Bank and cash	3,486	1,486
Creditors		
Due to State	(2,301)	(2,108)
Credit balances: suspense	(1,687)	(640)
Credit balances: grant accounts	—	(46)
	(3,988)	(2,794)
	4,801	**3,348**

2.8 Commitments

Commitments include those amounts for which the Department may be legally liable in 2018 and subsequent years under binding enforceable contracts and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December	2017	2016
	€000	€000
The amount is analysed as follows		
Passport Service and other administrative costs	1,590	3,180
Property rental payment abroad		
Within one year	1,447	4,841
Between two and five years	8,840	5,888
Five years and over	3,267	2,355
Total commitments	**15,144**	**16,264**

Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €1.795 million (2016: €1.394 million).

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	83,995	85,834	78,959
ii	Travel and subsistence	5,144	5,988	5,255
iii	Training and development and incidental expenses	4,023	5,792	3,993
iv	Postal and telecommunications services	5,786	5,796	5,899
v	Office equipment and external IT services	28,653	20,833	24,140
vi	Office premises expenses	27,319	32,514	23,310
vii	Consultancy services and value for money and policy reviews	100	3	2
viii	Promotional support and accommodation	7,897	9,985	11,406
		162,917	**166,745**	**152,964**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €84 million, outturn: €85.8 million

The additional €1.8 million on expenditure on salaries, wages and allowances was mainly due to the allocation of additional staffing for Brexit negotiations and to reinforce key EU missions and headquarters units. In addition due to the increase in passport applications additional temporary staff were allocated to the Passport Service.

ii *Travel and subsistence*

Estimate provision: €5.1 million, outturn: €6.0 million

The additional €0.9 million on expenditure was due to a significant increase in travel by departmental staff and ministers arising out of the Brexit negotiations, and increased worldwide engagements.

iii *Training and development and incidental expenses*

Estimate provision: €4 million, outturn: €5.8 million

The additional €1.8 million on expenditure was mainly due to foreign exchange translation losses of €1 million during the year. Additional expenditure was also incurred on advertising, professional fees and state/official entertainment due to a higher level of Presidential and State visits.

v *Office equipment and external IT services*

Estimate provision: €28.6 million, outturn: €20.8 million

The underspend of €7.8 million was due to timing delays in the development and roll out of new ICT systems within the Department. In particular, the passport reform programme was delayed due to a longer and more complex procurement process than originally anticipated.

vi *Office premises expenses*

Estimate provision: €27.3 million, outturn: €32.5 million

The additional €5.2 million capital expenditure mainly arose due to the purchase by the State of a site in Tokyo from the Government of Japan for €7.7 million for the development of a new embassy/Ireland House building. The purchase price was partly offset by underspends elsewhere on capital and refurbishment projects.

viii *Promotional support and accommodation*

Estimate provision: €7.9 million, outturn: €10 million

The additional €2.1 million expenditure was due to increased costs associated with overseas postings including reimbursement of rental accommodation costs, school fees and medical expenses for Departmental staff, including secondees from other departments, posted abroad.

Programme A Our people

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	22,767	23,266	21,319
A.2	Administration - non pay	38,554	31,704	29,316
A.3	Fulbright Commission	254	254	846
A.4	Emergency consular assistance	79	17	15
A.5	Support for Irish emigrant services	11,595	12,039	10,606
A.6	North-South and Anglo-Irish Co-Operation	2,745	2,719	3,257
A.7	International Fund for Ireland	2,650	150	—
A.8	Diaspora affairs	400	419	—
		79,044	**70,568**	**65,359**

Significant variations

Overall, the expenditure in relation to Programme A was €8.5 million lower than provided. €6.4 million of this related to administration expenditure and has already been explained and the balance of the variance of €2.1 million was mainly due to the following:

A.7 International Fund for Ireland

Estimate provision: €2.6 million, outturn: €0.15 million

The underspend of €2.5 million was due to the operating environment of the IFI not requiring the disbursement of the grant for programme expenditure for 2017.

Programme B Our place in Europe

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration - pay	17,242	17,620	14,213
B.2	Administration - non pay	5,294	4,309	4,887
B.3	Actions consequent on Title V of the Treaty of European Union	418	416	383
B.4	EU engagement	325	312	—
		23,279	**22,657**	**19,483**

Programme C Our values

		2017 Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000
C.1	Administration – pay	11,181	11,426	11,054
C.2	Administration – non pay	4,811	4,847	5,587
C.3	Contributions to international organisations	39,787	32,589	43,744
		55,779	**48,862**	**60,385**

Significant variations

Overall, the expenditure in relation to Programme C was €6.9 million lower than provided. €0.3million of this related to an increase in administration expenditure and has already been explained above and the balance of the variance was due to the following:

C.3 Contributions to international organisations

Estimate provision: €39.8 million, outturn: €32.6 million

The shortfall in expenditure of €7.2 million relative to the estimate provision was due to Ireland's contribution to the UN being lower than anticipated. Ireland's UN contributions are difficult to estimate accurately at budget setting time.

Programme D Our prosperity

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	16,773	17,140	16,581
D.2	Administration – non pay	7,537	7,557	8,379
D.3	Promoting Ireland	3,700	3,298	345
D.4	Contributions to national and international organisations	3,201	2,939	2,783
		31,211	**30,934**	**28,088**

Significant variations

Overall, the expenditure in relation to Programme D was €0.3 million lower than originally provided. An increase of €0.4 million in administration expenditure has already been explained. The significant variances on programme expenditure were due to the following:

D.3 Promoting Ireland

Estimate provision: €3.7 million, outturn: €3.3 million

The underspend of €0.4 million relative to the estimate provision was due to lower than anticipated expenditure on promotional events across the mission network.

D.4 Contributions to national and international organisations

Estimate provision: €3.2 million, outturn: €2.9 million

The underspend in expenditure of €0.3 million relative to the estimate provision was due to lower than anticipated contributions to the Organisation for Economic Co-operation and Development, the estimate for which was provided before decisions were taken on the 2017 budget of the organisation.

Programme E Our influence

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration - pay	16,032	16,382	15,792
E.2	Administration - non pay	22,726	32,494	25,836
E.3	Information services	502	361	481
		39,260	**49,237**	**42,109**

Significant variations

Overall, the expenditure in relation to Programme E was €10 million higher than originally provided which related to increased administration expenditure including the purchase of land in Tokyo.

E.3 Information services

Estimate provision: €0.5 million, outturn: €0.4 million

The underspend of €141,000 relative to the estimate provision was due to some planned activities not going ahead due to competing business priorities.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Passport, visa and other consular services	41,020	59,858	53,370
2	Repayment of repatriation and maintenance advances	30	14	2
3	VAT refunds to diplomatic missions	750	842	909
4	Miscellaneous	500	214	271
5	Receipts from pension-related deduction on public service remuneration	2,746	2,294	2,351
	Total	**45,046**	**63,222**	**56,903**

Significant variations

Overall, appropriations-in-aid were €18.2 million more than the estimate.

Explanations for variances are set out below:

1 Passport, visa and other consular services

Estimate provision: €41 million, outturn: €59.9 million

Income was ahead by €18.9 million due a significant increase in the volume of passport applications. As the Passport Service is a demand-led service it is difficult to project with certainty the level of applications that will be received in any given year.

4 Miscellaneous

Estimate provision: €0.5 million, outturn: €0.2 million

The shortfall was due to an overestimation of receipts in this area - combination of one-off and intermittent receipts that are hard to predict.

5 Receipts from pension-related deduction on public service remuneration

Estimate provision €2.7 million: outturn: €2.3 million

The shortfall of €0.4 million arose as receipts were less than anticipated due to the increased pension related deduction exemption threshold introduced from 2017.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**1,403**	**1,287**

5.2 Pay

	2017 €000	2016 €000
Pay	77,804	71,504
Higher, special or additional duties allowance	154	183
Other allowances	172	174
Overtime	881	866
Employer's PRSI	3,936	3,465
Foreign social security/health insurance (missions)	2,887	2,767
Total Pay	**85,834**	**78,959**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	55	3	31,642	19,828
Other allowances	158	7	15,195	9,044
Overtime	342	20	26,492	30,345
Extra remuneration in more than one category	112	35	31,917	35,913

5.4 Other remuneration arrangements

Payments totalling €26,292 (2016: €35,789) were paid to 11 (2016: 9) retired civil servants whose services were retained on specialised tasks.

Severance payments amounting to €50,668 (2016: €26,143) were paid to 2 (2016: 1) locally employed staff at embassies abroad.

Severance payments amounting to €45,436 (2016: €125,223) were paid to 4 (2016: 6) former Ministerial staff.

5.5 Payroll overpayments

Overpayments recorded by the NSSO at the year-end were €168,077 in respect of 127 individuals (2016: €125,402; 80 individuals)

Collection of overpayments

Overpayments at the year-end comprise of the following:

- 28 individuals had outstanding overpayments with recovery plans in place at end of year
- 99 individuals had overpayments with no recovery plan at end of year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

Legal costs paid during the year are categorised as follows:

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department	6	—	—	89	89	—
Claims by members of the public	1	—	12	—	12	38
		—	**12**	**89**	**101**	**38**

6.2 Cultural relations with other countries (Grant)

	2017	2016
	€000	€000
Balance on 1 January	46	75
Grant (Subhead A.3)	254	846
	300	921
Expenditure	(300)	(875)
Balance at 31 December	**—**	**46**

6.3 Fraud and suspected fraud

As mentioned in the 2016 Appropriation Account the Department identified a case of suspected fraud/irregularities in one of its overseas missions. The Department initiated an investigation and have identified that expenditure amounting to €62,000 can't be fully substantiated. The Department's Audit Committee and the Comptroller and Auditor General have been briefed on this case. It is the Department's policy to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred.

Appendix A Accounts of bodies and funds under the aegis of the Department of Foreign Affairs and Trade.

The following table lists bodies where the department has an obligation to lay their financial statements before the Oireachtas. It indicates, as at end March 2018, the period to 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
The Ireland – United States Commission for Educational Exchange ("Fulbright Commission")	2016	27 Apr 2017	20 Jun 2017	15 Nov 2017

The Department provides an annual grant to the Ireland-United States Commission for Educational Exchange (known as the Fulbright Commission), which is financed jointly by the Irish and US Governments and supports study, research, teaching and other educational activities between Ireland and the United States. The Commission receives annual funding from the Department and further funding from other sources.

Appropriation Account 2017

Vote 29

Communications, Climate Action and Environment

Introduction

As Accounting Officer for Vote 29, 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 2017 for the salaries and expenses of the Office of the Minister for Communications, Climate Action and Environment, including certain services administered by that Office and for payment of certain grants.

The expenditure outturn is compared with the sums:

- granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

- provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €26.26 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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 Circular 25 of 2017, have been applied in the preparation of the account, except for the following:

Depreciation

Motor vehicles are depreciated over 5 years at 20% per annum. Certain bespoke IT systems and specialist seabed survey equipment assets are depreciated over 10 years at 10% per annum, while all other Office/IT equipment is depreciated over 5 years at 20% per annum.

Capital assets

Details of land and buildings owned by the State and controlled or managed by the Department are listed in Appendix A. A number of fisheries which are managed by Inland Fisheries Ireland are not included in the statement of capital assets, as valuations for the fisheries are not available.

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.

Payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Services Centres.

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 Shared Services that the appropriate controls are exercised in the provision of shared services to the 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
- procedures for key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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.
- 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. In 2017, the Department complied with the guidelines with the exception of thirteen contracts to the value of €2.283 million. Details of these contracts are included in my annual return in respect of Circular 40/02 and comprise of: four contracts (€902,194) relating to software licences for existing systems, four contracts (€696,000) in respect of specialised research and analysis, three contracts (€265,450) relating to specialist technical expertise required for urgent business needs and two contracts (€418,973) in respect of computer hardware and software for the National Cyber Security Centre. Of the €2.283 million commited in respect of the foregoing non-competitive procurements, an amount of €1.635 million was paid in 2017, with the balance of €0.648 million being carried into 2018.

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. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, jointly approved by me and the Audit Committee, 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 am satisfied that procedures are in place to ensure that the reports of the internal audit function are followed up.

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 bi-annual basis, while risks relating to key projects are subject to ongoing review. 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.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that require disclosure in the Appropriation Account.

Mark Griffin
Accounting Officer
Department of Communications, Climate Action and Environment

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 29 Communications, Climate Action and Environment

Opinion on the appropriation account

I have audited the appropriation account for Vote 29 Communications, Climate Action and Environment for the year ended 31 December 2017 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 29 Communications, Climate Action and Environment for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Communications, Climate Action and Environment and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapters 8 and 9 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 29 Communications, Climate Action and Environment.

Seamus McCarthy
Comptroller and Auditor General

24 September 2018

Vote 29 Communications, Climate Action and Environment

Appropriation Account 2017

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Communications		39,910	31,483	19,050
B	Broadcasting		261,209	254,289	241,091
C	Energy				
	Current year provision	115,383			
	Deferred surrender	7,551			
			122,934	111,402	85,511
D	Natural resources		26,196	24,785	19,680
E	Inland fisheries		30,601	30,318	30,392
F	Environment and waste management				
	Current year provision	54,936			
	Deferred surrender	4,577			
			59,513	50,639	43,171
	Gross expenditure				
	Current year provision	528,235			
	Deferred surrender	12,128			
			540,363	**502,916**	**438,895**
	Deduct				
G	**Appropriations-in-aid**		**237,599**	**232,412**	**228,535**
	Net expenditure				
	Current year provision	290,636			
	Deferred surrender	12,128			
			302,764	**270,504**	**210,360**

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.

	2017	2016
	€	€
Surplus	32,259,657	32,453,667
Deferred surrender	(6,000,000)	(12,128,000)
Surplus to be surrendered	**26,259,657**	**20,325,667**

Mark Griffin
Accounting Officer
Department of Communications, Climate Action and Environment
29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		475,795	412,768
Pay		20,510	18,807
Non pay		6,611	7,320
Gross expenditure		**502,916**	**438,895**
Deduct			
Appropriations-in-aid		**232,412**	**228,535**
Net expenditure		**270,504**	**210,360**
Changes in capital assets			
Purchases cash	(1,439)		
Depreciation	1,022		
		(417)	(493)
Changes in net current assets			
Decrease in closing accruals	(476)		
Increase in stock	(22)		
		(498)	543
Direct expenditure		**269,589**	**210,410**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		15,584	13,917
Notional rents		1,466	1,830
Net programme cost		**286,639**	**226,157**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 29 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	45	45
Vote 12 Superannuation and Retired Allowances	e	10,791	9,719
Vote 13 Office of Public Works	e	4,648	4,060
Vote 18 National Shared Services Office	e	41	35
Central Fund - Ministerial pensions	e	59	58
		15,584	**13,917**

“e” indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**2,532**	**3,077**
Current assets			
Bank and cash	2.3	10,939	9,881
Stocks	2.4	334	312
Prepayments		424	209
Accrued income		799	708
Other debit balances	2.5	356	146
Total current assets		**12,852**	**11,256**
Less current liabilities			
Accrued expenses		1,213	1,383
Other credit balances	2.6	4,005	3,153
Net Exchequer funding due	2.7	7,290	6,874
Deferred income		101	101
Total current liabilities		**12,609**	**11,511**
Net current assets / (liabilities)		**243**	**(255)**
Net assets		**2,775**	**2,822**
Represented by:			
State funding account	2.1	**2,775**	**2,822**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			2,822	2,850
Disbursements from the Vote				
Estimate provision	Account	302,764		
Deferred surrender	Account	(6,000)		
Surplus to be surrendered	Account	(26,260)		
Net vote			270,504	210,360
Expenditure (cash) borne elsewhere	1		15,584	13,917
Non cash expenditure – notional rent	1		1,466	1,830
Adjustment – net transfer of assets	2.2		—	22
Adjustment – historic depreciation	2.2		(103)	—
Adjustment – restatement of land & buildings	2.2		(859)	—
Net programme cost	1		(286,639)	(226,157)
Balance at 31 December			**2,775**	**2,822**

2.2 Capital assets

	Land and buildings	Office furniture	Office and IT equipment	Specialist equipment and motor vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	859	1,288	21,356	4,653	28,156
Additions	—	8	271	1,160	1,439
Disposals	—	(8)	—	(14)	(22)
Adjustments [a]	(859)	(2)	(10)	(104)	(975)
Cost or valuation at 31 December 2017	—	1,286	21,617	5,695	28,598
Accumulated depreciation					
Opening balance at 1 January 2017	—	1,232	19,911	3,936	25,079
Depreciation for the year	—	14	497	511	1,022
Depreciation on disposals	—	(8)	—	(14)	(22)
Adjustment [b]	—	—	—	(13)	(13)
Cumulative depreciation at 31 December 2017	—	1,238	20,408	4,420	26,066
Net assets at 31 December 2017	**—**	**48**	**1,209**	**1,275**	**2,532**
Net assets at 31 December 2016	859	56	1,445	717	3,077

[a] Adjustment for land and buildings refers to the removal of the General Post Office (GPO) properties from the Department's capital assets, since these State-owned assets are managed by an outside body. Other adjustments relate to historic depreciation.

[b] Adjustments relate to historic depreciation.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	10,939	9,881

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Geological Survey Ireland	323	302
Stationery	11	10
	334	**312**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Imprests for academic fees	94	87
Salaries of seconded staff	79	—
Gratuities	57	—
Other suspense	126	59
	356	**146**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Withholding Tax	481	234
Value Added Tax	511	528
Extra Exchequer receipts (note 4.3)	—	100
PAYE/PRSI	752	632
	1,744	1,494
Suspense (emergency call answering service/payroll deduction)	2,261	1,659
	4,005	**3,153**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	26,260	20,326
Deferred surrender	6,000	12,128
Exchequer grant undrawn	(24,970)	(25,580)
Net Exchequer funding due	**7,290**	**6,874**
Represented by:		
Debtors		
Bank and cash	10,939	9,881
Debit balances: suspense	356	146
	11,295	10,027
Creditors		
Due to the State	(1,744)	(1,494)
Credit balances: suspense	(2,261)	(1,659)
	(4,005)	(3,153)
	7,290	**6,874**

2.8 Commitments

a) Global commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services*	1,413	1,293
Grant programmes	4,614	1,716
Capital grant programmes	66,405	68,004
Total of legally enforceable commitments	**72,432**	**71,013**

* 2016 commitment amount was not published in the 2016 account

(b) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments end 2017 €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
ICT programmes	306,362	15,024	7,989	329,375	318,635
Multimedia developments	45,239	4,530	1,880	51,649	51,052
Sustainable energy programmes	380,090	83,542	23,769	487,401	401,242
Energy research programmes	42,085	5,510	4,231	51,826	49,048
Mining services	13,729	1,251	232	15,212	14,354
GSI services	69,094	14,218	27,816	111,128	90,272
Climate initiatives (including technical research and modelling)	335	613	488	1,436	335
	856,934	**124,688**	**66,405**	**1,048,027**	**924,938**

Significant variations

Programme	Amount of increase/decrease €000	Explanation
ICT programmes	10,740	The increase is mainly due to increased expenditure on next generation broadband and post codes.
Multimedia developments	597	The increase reflects, in the main, commitments relating to the National Digital Research Centre.
Sustainable energy programmes	86,159	The increase reflects the expansion of the Better Energy programmes and other energy efficiency measures.
Energy research programmes	2,778	The increase reflects increased commitments relating to energy research projects.
Mining services	858	The increase is mainly due to ongoing remediation works at the Avoca mine.
GSI services	20,856	The increase reflects the costs and commitments relating to the ongoing INFOMAR and Tellus mapping projects and geoscience initiatives programme.
Climate Initiatives	1,101	The increase is due to new commitments.

2.9 Land remediation

Avoca Mine Site

A multi-disciplinary team was appointed in December 2013 for three years to provide specialist design, procurement and project management services to oversee a project to address the priority public health and safety works. During 2016, the capping and regrading of the spoil heaps at Tigroney West was undertaken together with capping and making safe a number of shafts at other locations. The cost in 2016 was €1.28 million. During 2017, the remainder of the capital work of the first phase of the project was completed. Health and safety measures were implemented across the site. The drainage network across the capped area was also completed. The spend for 2017 amounted to €1.057 million and total spend on the project to date was €3.52 million. It is now proposed to build on the original feasibility study and develop an overall remediation project plan for the site during 2018.

Silvermines

A provision of €0.4 million was made available in 2017 in respect of land acquisition and contingencies that may have arisen from ongoing environmental monitoring designed to detect any changes at the Slivermines site. No expenditure was incurred in 2017 and a similar provision has been made available for 2018. Future funding will be provided to cover any additional costs that may arise.

Environmental Monitoring at Avoca and Silvermines

Essential specialist monitoring cost €0.15 million in 2015, €0.14 million in 2016 and €0.98 million in 2017. It is estimated that an additional amount of €0.6 million will be required for each year from 2018 to 2020 in respect of continued monitoring of the Avoca and Silvermines sites. This monitoring is to ensure that no significant change in conditions occurs at either of the sites without detection.

2.10 Contingent liabilities

There is potential for financial liabilities to arise in 2018 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	22,632	20,510	18,807
ii	Travel and subsistence	942	841	696
iii	Training and development and incidental expenses	1,590	952	957
iv	Postal and telecommunications services	784	431	509
v	Office equipment and external IT services	4,116	2,297	3,429
vi	Office premises expenses	962	763	727
vii	Consultancy services and value for money and policy reviews	1,917	1,083	808
viii	Equipment, stores and maintenance	296	244	194
		33,239	**27,121**	**26,127**

Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €1.590 million, outturn: €0.952 million

The saving of €0.638 million on expenditure was due to lower than anticipated conference, training and legal costs.

iv *Postal and telecommunications services*

Estimate provision : €0.784 million, outturn: €0.431million

The saving of €0.353 million was due to ongoing efforts to reduce operating costs.

v *Office equipment and external IT services*

Estimate provision : €4.116 million, outturn: €2.297 million

The saving of €1.819 million was due to reduced licensing costs and savings on IT hardware equipment and maintenance costs.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €1.917 million, outturn: €1.083 million

The saving of €0.834 million was due to lower than anticipated spend on consultancy services.

Programme A Communications

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	4,934	4,471	4,030
A.2	Administration – non pay	1,846	1,141	1,310
A.3	Information and communications technology programme	20,490	15,024	5,392
A.4	Multimedia developments	5,176	5,604	4,654
A.5	Information society	6,964	5,243	3,664
A.6	Other capital (incl. capital contingency)	500	—	—
		39,910	**31,483**	**19,050**

Significant variations

Overall, the expenditure in relation to Programme A was €8.427 million lower than provided. €1.168 million of this related to administration expenditure and has already been explained, and the balance of the variance of €7.259 million was mainly due to the following:

A.3 Information and communications technology programme

Estimate provision: €20.490 million, outturn: €15.024 million

The saving of €5.466 million relative to the estimate provision was due, in the main, to lower than anticipated programme expenditure in respect of the ongoing complex procurement process for the State-led intervention under the National Broadband Plan.

A.4 Multimedia developments

Estimate provision: €5.176 million, outturn: €5.604 million

The excess of €0.428 million relates to the payment in 2017 of a deferred contractual payment provided in the concession agreement with the National Digital Research Centre.

A.5 Information society

Estimate provision: €6.964 million, outturn: €5.243 million

The saving of €1.721 million relates, in the main, to lower than anticipated expenditure in respect of the demand-led Trading Online Voucher Scheme, which is impacted by the time lag between the establishment of a trading online presence and the drawdown of the grant payment by successful businesses.

A.6 Other capital (incl. capital contingency)

Estimate provision:€0.5 million, outturn: €Nil

The saving of €0.5 million arose as the capital contingency funds were not required.

Programme B Broadcasting

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	995	902	855
B.2	Administration – non pay	619	381	440
B.3	Grant to Raidió Telefís Éireann in respect of broadcasting licence fees	190,724	184,801	179,285
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	11,916	11,494
B.5	Deontas i leith Theilifís na Gaeilge	33,710	34,240	35,360
B.6	Broadcasting Fund	14,704	14,073	13,657
B.7	RTÉ spectrum	8,000	7,976	—
		261,209	**254,289**	**241,091**

Significant variations

Overall, the expenditure in relation to Programme B was €6.920 million lower than provided. €0.331million of this related to administration expenditure and has already been explained, and the balance of the variance of €6.589 million was mainly due to the following:

B.3 Grant to Raidió Telefís Éireann

Estimate provision: €190.724 million, outturn: €184.801 million

The saving of €5.923 million relative to the estimate provision arose because grant payments to RTÉ which are vote neutral are based on television licence sales, the proceeds of which were lower than anticipated.

Programme C Energy

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay		5,070	4,594	3,942
C.2	Administration -– non pay		2,164	1,336	1,544
C.3	Sustainable Energy Authority of Ireland - administration and general expenses		9,430	8,579	7,165
C.4	Sustainable energy programmes				
	Current year provision	90,790			
	Deferred surrender	7,551	98,341	90,118	66,262
C.5	Energy research programmes		7,607	6,505	6,321
C.6	Gas services		32	23	23
C.7	Subscriptions to international organisations		290	247	254
			122,934	**111,402**	**85,511**

Significant variations

Overall, the expenditure in relation to Programme C was €11.532 million lower than provided. €1.304 million of this related to administration expenditure and has already been explained, and the balance of the variance of €10.228 million was mainly due to the following:

C.3 Sustainable Energy Authority of Ireland

Estimate provision: €9.430 million, outturn: €8.579 million

The saving of €0.851million relative to the estimate provision was due to lower than expected payroll costs in the Sustainable Energy Authority of Ireland.

C.4 Sustainable energy programmes

Estimate provision:€98.341 million, outturn: €90.118 million

The saving of €8.223 million relative to the estimate provision arose due to the delayed launch of the Support Scheme for Renewable Heat and lower than expected demand in respect of the pilot Deep Retrofit and Warmth and Wellbeing Schemes.

C.5 Energy research programmes

Estimate provision:€7.607 million, outturn: €6.505 million

The saving of €1.102 million relative to the estimate provision was due to the timing of expenditure on demand led research programmes.

Programme D Natural Resources

		2017 Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000
D.1	Administration – pay	6,383	5,784	5,578
D.2	Administration – non pay	3,453	2,199	2,414
D.3	Petroleum services	441	405	191
D.4	Mining services	3,700	1,488	1,560
D.5	GSI services	12,084	14,789	9,817
D.6	Subscriptions to international organisations	135	120	120
		26,196	**24,785**	**19,680**

Significant variations

Overall, the expenditure in relation to Programme D was €1.411 million lower than provided. This was due, in the main, to reduced administrative expenditure of €1.853 million and a combination of the following:

D.4 Mining services

Estimate provision: €3.700 million, outturn: €1.488 million

The saving of €2.212 million relative to the estimate provision was due to (1) lower than expected extraction rates of private minerals by the mining companies and legal delays in settling outstanding claims and (2) delays in acquiring a site as part of the rehabilitation of Silvermines.

D.5 GSI services

Estimate provision: €12.084 million, outturn: €14.789 million

The excess of €2.705 million relative to the estimate provision was due to additional expenditure on specialised equipment to support the Tellus mapping programme which gathers the geochemical and geophysical data and for the development of a digital database of core drilled by mineral companies.

Programme E Inland Fisheries

		2017 Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000
E.1	Administration - pay	905	820	774
E.2	Administration - non pay	413	255	296
E.3	Inland fisheries	29,283	29,243	29,322
		30,601	**30,318**	**30,392**

Programme F Environment and Waste Management

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
F.1	Administration – pay		4,345	3,938	3,629
F.2	Administration – non pay		2,112	1,298	1,315
F.3	Environmental Protection Agency				
	Current year provision	26,932			
	Deferred surrender	4,577	31,509	32,002	24,932
F.4	Carbon Fund		800	431	423
F.5	International climate change commitments		2,500	2,500	2,000
F.6	Landfill remediation		11,000	5,721	7,816
F.7	Technical research and modelling		1,750	613	335
F.8	Subscriptions to international organisations		3,000	2,778	2,721
F.9	National dialogue		350	—	—
F.10	Waste campaign		1,600	1,358	—
F.11	Other services		547	—	—
			59,513	**50,639**	**43,171**

Significant variations

Overall, the expenditure in relation to Programme F was €8.874 million lower than provided. €1.221million of this related to administration expenditure and has already been explained, and the balance of the variance of €7.653 million was mainly due to the following:

F.4 Carbon Fund

Estimate provision: €0.800 million, outturn: €0.431million

The saving of €0.369 million relative to the estimate provision was due to a smaller contribution required under the Bio-Carbon Fund. The Bio-Carbon Fund is one of three multilateral funds under the Carbon Fund which invests in projects aimed at achieving greenhouse gas emissions reductions.

F.6 Landfill remediation

Estimate provision: €11million, outturn: €5.721million

The saving of €5.279 million relative to the estimate provision arose because a number of larger landfill remediation projects, which are often complex and vulnerable to delay, did not progress as anticipated because of delays encountered in project planning, licensing and securing site access.

F.7 Technical research and modelling

Estimate provision: €1.750 million, outturn: €0.613 million

The saving of €1.137 million relative to the estimate provision was due to the commencement of some research projects later than anticipated.

F.8 Subscriptions to international organisations

Estimate provision: €3.000 million, outturn: €2.778million

The saving of €0.222 million relative to the estimate provision was due to currency fluctuations and lower requests for funding than anticipated.

F.9 National dialogue

Estimate provision: €0.350 million, outturn: €Nil

The saving of €0.350 million relative to the estimate provision occurred as new initiatives under the National Dialogue on Climate Action requiring funding were still in development during the course of 2017.

F.10 Waste campaign

Estimate provision: €1.600 million, outturn: €1.358 million

The saving of €0.242 million relative to the estimate provision was due to the delay in the rollout of the recycling ambassador programme.

F.11 Other services

Estimate provision: €0.547 million, outturn: €Nil

The saving of €0.547 million relative to the estimate provision was due to the pilot radon testing scheme not proceeding as planned in 2017.

4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimate provision	Realised	Realised
		€000	€000	€000
1	Proceeds of fines in respect of inland fishery offences	50	10	19
2	Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960	8,795	11,333	8,056
3	Petroleum Infrastructure Support Group	437	349	192
4	Broadcasting licence fees	222,130	215,035	213,681
5	Geological Survey Ireland income	300	293	185
6	Rent on properties in GPO	223	215	204
7	Miscellaneous receipts (note 4.2)	1,070	1,153	1,879
8	Pension contribution from agencies	694	368	641
9	Receipts from pension-related deduction on public service remuneration	3,900	3,656	3,678
	Total	**237,599**	**232,412**	**228,535**

Significant variations

Overall, appropriations-in-aid were €5.187 million less than the estimate.

Explanations for variances are set out below:

2 Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960

Estimate provision: €8.795 million, outturn: €11.333 million

The increase in income of €2.538 million was due to greater than expected royalties as a result of increased production by a lease/licence holder.

8 Pension contribution from agencies

Estimate Provision: €0.694 million, outturn €0.368 million

The lower income of €0.326 million was due to the late receipt of a payment in respect of 2017.

9 Receipt from pension-related deduction on public service remuneration

Estimate Provision: €3.900 million, outturn: €3.656 million

The lower income of €0.244 million mainly reflects lower than anticipated payroll costs in 2017.

4.2 Miscellaneous receipts

	2017	2016
	€000	€000
Costs recovered from other bodies	100	827
Corrib verification process	—	139
Royalties in respect of metropolitan area networks	878	876
Other	175	37
Total	**1,153**	**1,879**

4.3 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance on 1 January	100	—
Refunds from the Loughs Agency	—	100
Receipts from emissions trading scheme[a]	52,298	38,966
Galway Mayo telecommunications duct	114	(38,966)
Transferred to the Exchequer	(52,512)	—
Balance at 31 December	**—**	**100**

[a] €53.56 million represents Ireland's gross share of receipts arising from auctioning of allowances in EU Emissions Trading Systems (ETS) in 2017. €1.262 million is deducted for the Environmental Protection Agency's administration expenses, resulting in a net receipt of €52.298 million being returned to the Exchequer.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

Number of staff at year end (full time equivalents)	**2017**	**2016**
Department	374	320
Agencies	1,045	1,022
	1,419	**1,342**

5.2 Pay

Remuneration of all staff (Department and agencies)	**2017**	**2016**
	€000	**€000**
Pay	61,967	57,540
Higher, special or additional duties allowance	276	367
Other allowances	1,389	1,387
Overtime	53	29
Employer's PRSI	5,533	5,001
Total pay	**69,218**	**64,324**

The remuneration arrangements refer to the pay element of subheads A.1, A.4, B.1, C.1, C.3, D.1, E.1, E.3, F.1 and F.3. The figures include non voted moneys.

5.3 Department staff

	2017	**2016**
	€000	**€000**
Pay	18,997	17,439
Higher, special or additional duties allowance	57	146
Other allowances	63	54
Overtime	30	15
Employer's PRSI	1,363	1,153
Total pay	**20,510**	**18,807**

Allowances and overtime payments

	Number of recipients	**Recipients of €10,000 or more**	**Highest individual payment 2017**	**Highest individual payment 2016**
			€	**€**
Higher, special or additional duties[a]	20	1	16,597	7,732
Other allowances[a]	15	2	20,614	20,613
Overtime	24	—	8,091	7,302
Extra remuneration in more than one category	5	1	10,913	11,850

[a] Prior to 2017, the allowance paid to the Minister's Private Secretary was assigned to Higher, special or additional duties. From 2017, it is classified as an other allowance.

5.4 Agency staff

	2017 €000	2016 €000
Pay	42,970	40,154
Higher, special or additional duties allowance	219	233
Other allowances	1,326	1,268
Overtime	23	14
Employer's PRSI	4,170	3,848
Total pay	**48,708**	**45,517**

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	47	1	10,971	10,971
Other allowances	303	1	10,000	8,000
Overtime	14	—	4,000	3,000
Extra remuneration in more than one category	34	—	9,589	9,373

The agencies included above are Inland Fisheries Ireland, Sustainable Energy Authority of Ireland, the Environmental Protection Agency, the Digital Hub Development Agency and the Loughs Agency.

The figures in Note 5.2 include non-voted moneys to ensure compliance with Department of Public Expenditure and Reform guidelines (Circular 17/2013).

5.5 Other remuneration arrangements

Four public sector workers in receipt of public sector pensions were re-engaged on a contract basis at a total cost of €91,490. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €581,793 in respect of eight officers who were serving outside the Department for all or part of 2017 and whose salaries were paid by the Department.

5.6 Payroll overpayments

Overpayments at year end were €103,990 (29 cases) of which, €69,386 (12 cases) have recovery plans in place. (2016: €101,306 (28 cases).

Note 6 Miscellaneous

6.1 Carryover to 2018

Under the provisions of Section 91 of the Finance Act 2004, €6 million of the unspent allocation in respect of the capital element of subhead C4 was carried forward to 2018.

6.2 Compensation and legal costs

There were no compensation or legal costs in 2017 (2016: €143,000).

6.3 EU funding

The outturn shown in subheads below includes payments in respect of activities which are co-financed from the EU. Estimates of expenditure and actual outturns were as follows:

				2017	2016
			Estimate	Outturn	Outturn
		€000	€000	€000	€000
C.4	Sustainable energy programmes				
	Current year provision	90,790			
	Deferred surrender	7,551	98,341	90,118	66,262
D.4	Mining services		3,700	1,488	1,560
D.5	GSI services		12,084	14,789	9,817
E.3	Inland Fisheries		29,283	29,243	29,322
			143,408	**135,638**	**106,961**

EU funding of €244,972 was received in 2017 as appropriations-in-aid is respect of activities funded through subheads C.4, D.4 and D.5. EU funding in respect of E.3 is accounted for by Inland Fisheries Ireland and the Loughs Agency in their accounts.

Note 7 Miscellaneous Accounts

7.1 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2017.

	2017	2016
	€000	€000
Balance at 1 January	6,358	7,541
Receipts	482	356
Payments	(629)	(1,539)
Balance at 31 December	**6,211**	**6,358**

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by Petroleum Affairs Division. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and 'land based' research in Irish offshore areas. Receipts in relation to the PIP Fund are recorded as appropriations-in-aid and paid into the fund via subhead D.3.

The Fund is administered by the Petroleum Affairs Division of the Department.

7.2 Energy Efficiency National Fund

Statement of receipts and payments of the Energy Efficiency National Fund for the year ended 31 December 2017.

	2017	2016
	€000	€000
Balance at 1 January	31,810	31,810
Receipts	—	—
Investments	—	—
Balance at 31 December	**31,810**	**31,810**

The Energy Efficiency National Fund (EENF) was established in 2014 under the provisions of the European Union (Energy Efficiency Obligation Scheme) Regulations 2014 (SI 131 of 2014). The objectives of the Fund are to (i) support the delivery of energy efficiency improvement programmes and other energy efficiency measures, and (ii) promote the development of a market for energy efficiency improvement measures. The Government provided €35 million from the Carbon Revenue Levy Fund to the EENF. Funding is invested in a qualifying investor fund (QIF) authorised and regulated by the Central Bank of Ireland. The State funding is matched by private sector funding. The Minister, along with other investors, is represented on an investment advisory committee and all shareholders receive annual reports and interim financial statements on the QIF’s performance.

The total investment and set up costs met by the State to 31 December 2017 is €3.19 million, leaving a balance remaining in the Fund at that date of €31.81 million. At 31 December 2017, the State's investment in the QIF was valued at €1.45 million.

Appendix A Schedule of land and buildings

The Minister owns the following General Post Office (GPO) properties:

1 GPO Building

2 GPO Arcade

3 1-6 Post Office Buildings

4 24-30 Henry Street

These properties are managed under leases and / or licences granted by the State.

The Minister owns Fisheries in Galway and Owenea/Owentocker, County Donegal which are managed by Inland Fisheries Ireland.

The Minister also has a beneficial interest in the metropolitan area networks (MANS), the construction of which was funded jointly with certain local authorities and the European Regional Development Fund.

Appendix B Accounts of bodies and funds under the aegis of the Department of Communications, Climate Action and Environment

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 end March 2018, the period to which the last audited financial statements relate and when 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
An Post	2016	27 Apr 17	27 Apr 17	31 May17
Commission for Communications Regulation	2016	23 Dec 16	7 Jul 17	3 Aug 17
Digital Hub Development Agency	2015	30 Sept 16	29 Nov 16	14 Dec 16
Broadcasting Authority of Ireland	2016	30 Jun17	26 Jul17	10 Nov 17
RTÉ	2016	20 Apr 17	28 Apr 17	18 Jul 17
TG4	2016	26 May 17	22 Jun 17	13 Jul 17
Bord na Móna	2017	22 Jun17	29 Jun 17	17 Jul 17
Commission for the Regulation of Utilities	2016	22 Nov 17	18 Jan 18	—[1]
Eirgrid	2016	22 Dec 16	16 Jan 17	08 Jun 17
ESB	2017	1 Mar 18	8 Mar 18	9 Mar 18
Irish National Petroleum Corporation	2016	7 Feb 17	28 Mar 17	16 May 17
National Oil Reserves Agency	2016	14 Jun 17	27Jun17	13 Jul 17
Sustainable Energy Authority of Ireland	2016	29 Jun 17	30 Jun 17	1 Jul 17
Inland Fisheries Ireland	2016	22 Dec 17	12 Jan 18	12 Mar 18
Loughs Agency	2016	10 Aug 17	20 Dec 17	—[2]
Environmental Protection Agency	2016	30 Jun 17	21 Aug 17	24 Nov 17
Environmental Fund	2016	22 Dec 17	22 Dec 17	6 Mar 18

[1] Approved by Government and awaiting presentation
[2] Awaiting submission to Government

Appropriation Account 2017

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, 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 2017 for the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office, and of the Irish Land Commission and for payment of certain grants and subsidies and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums
(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
(b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

Restructuring of programmes

The account has been prepared in accordance with the 2017 Revised Estimate for the Office of the Minister for Agriculture, Food and the Marine. The 2017 appropriation account records gross expenditure of €1.39 billion, on four programme areas. The 2016 outturn figures have been reallocated across the four programmes to reflect the new structure of the Department.

A surplus of €207,303 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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 Circular 25 of 2017, have been applied in the preparation of the account with the exception of the following:

Capital assets

A schedule of all land and buildings administered by the Department is appended to the account, at Appendix A. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

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, including the requirements in relation to Exchequer funded grants set out in the Department of Public Expenditure and Reform Circular 13/2014. 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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.

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 national guidelines and EU regulations with the exception of one hundred and sixteen (116) contracts, with a spend of €18.87 million, of these thirty eight (38) contracts with a spend of €5,697,117 were non-compliant. These contracts have been included in the Circular 40/2002 return as they are above the reporting threshold of €25,000 and were awarded without a competitive process as follows:

- Fifty-two (52) contracts with a spend of €6,794,332 relate to single suitable/proprietary suppliers (mainly IT software and support systems, laboratory supplies, servicing and equipment and other specialist needs). Of these, thirteen (13) contracts, with a spend of €825,996, where the aggregate total to a single vendor exceeds €25,000 are under review with a view to achieving compliance. Where possible the Department will endeavour to purchase from the Education Procurement Service (EPS) frameworks.
- Thirty-two (32) contracts with a spend of €6,053,437 relate to services necessary to adhere to the Departments policy on food safety and animal welfare. It was not possible or feasible to undertake a competitive process in respect of nine (9) of these contracts. Seven (7) contracts, with a spend of €354,967, are being reviewed with a view to achieving compliance.
- Seventeen (17) contracts with a spend of €1,688,562 relate mainly to corporate services in the Department (cleaning, canteen, storage, postage and printing etc.). Three (3) contracts, with a spend of €182,981, are being reviewed with a view to achieving compliance.
- The remaining fifteen (15) contracts with a spend of €4,333,173 are currently being reviewed with a view to achieving compliance.

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 / Education Procurement Service in relation to more specific requirements. Controls will remain in place to ensure compliance with this strategy. To ensure this process is achieved with urgency, a new group will be established in the Department to oversee this process.

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. 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.

The Department has a number of mechanisms to review and evaluate its financial management and control systems on an ongoing basis. These include its Accreditation Review Group, its Audit Committee and its Risk Management System.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the Internal Audit Unit, the EU Court of Auditors, the EU Commission and by an independent certifying body - a professional accountancy firm - which certifies the annual EAGF and EAFRD accounts. In 2017 the Department was subject to approximately 2,262 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts as required by Council Regulation 1360/2013.

Risk and Control Framework

In August 2017 an internal audit report of the Department's risk management system identified one high and two medium findings. The audit found that over time weaknesses had developed in the governance structure surrounding risk management, that the risk database had some technical issues which lead to a potential deficiency in control and that the level of activity engaged in risk management and the monitoring of risk management in the Department was below optimum levels. The risk management system was audited against the Department of Public Expenditure and Reform's 2016 Guidance in Risk Management and a number of divergences between the Department's system and best practice in risk management was identified.

Significant action has been taken in implementing the internal audit report recommendations. Governance structures have been resourced and re-established in terms of regular meetings and reporting to the Management Board. A programme of monitoring of risk management activity has commenced, regular engagement by users with the system is encouraged and support and advice is provided to staff on an on-going basis.

To address technical issues, a new risk register is being rolled out to Department's staff. The eRisk database, which is a SharePoint system to be provided by Department of Public Expenditure and Reform to all government departments, currently has an implementation date of quarter 1 2019. In the interim, technical issues with the current system have been resolved.

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 MB, 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.

Significant Financial Risks

i) Brexit

The UK's decision to leave the EU creates potentially very significant challenges for the agri-food sector, and for the Department. The sector's exposure to the UK market, and the highly integrated nature of Irish/UK supply chains, leaves it particularly vulnerable to the effects of Brexit, given the potential for tariffs on the trade of agri-food products as well as the additional costs and delays that would arise from the imposition of import controls and export certification requirements. Brexit will also likely require significant investment by the Department in the physical infrastructure, staffing and IT resources necessary to carry out such import controls and export certification.

The Department's response has been comprised of short- and longer-term elements. In the short-term, a number of measures aimed at improving competitiveness and increasing support for market diversification have been introduced. In terms of dealing with longer-term implications, the Department's contingency planning is being informed by detailed assessment of the likely impacts on the sector and on the organisation itself, in close consultation with stakeholders.

ii) Weaknesses in Control over Fixed Assets

A dedicated Asset Management Unit was formed in January 2017 and its work to date has identified a number of weaknesses in control over fixed assets. The extent of the over or under valuation of the Department's Asset Register cannot be determined at this juncture, but as categories of assets are verified by the Unit, adjustments will be made in the future to the Asset Register for assets which cannot be physically located.

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 2017 that resulted in, or may result in, a material loss.

ICT Security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. Documented backup/recovery procedures are in place for all critical data, including the use of secure offsite storage services and disaster recovery facilities. The Department has dedicated IT Security Co-ordination and Cyber-security units and is proactive in the development and promotion of information security. ICT security arrangements are subject to review by the IT Audit section of the Internal Audit Unit. In addition, the Department, in its role as a paying agency on behalf of the European Union, is subject to an annual accreditation audit. In 2016 the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT Security. As part of this certification process, the Department is subject to bi-annual audits to ensure continued compliance with ISO27001:2013 Information Security standard.

Assurance on Shared Services

Payroll and human resources functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by firms of accountants in accordance with the International Standard on assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls are operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting officer for Shared Services.

Dr Kevin Smyth
Accounting Officer
Department of Agriculture, Food and the Marine

17 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

Opinion on the appropriation account

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2017 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 30 Agriculture, Food and the Marine for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Agriculture, Food and the Marine and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Food Safety, Animal and Plant Health and Animal Welfare				
	Current year provision	218,205			
	Supplementary	(6,633)	211,572	204,314	199,764
B	Farm/Sector Supports and Controls				
	Current year provision	783,358			
	Supplementary	907			
	Deferred surrender	21,700	805,965	726,326	622,960
C	Policy and Strategy				
	Current year provision	324,828			
	Supplementary	13,302	338,130	338,396	339,811
D	Seafood Sector				
	Current year provision	141,854			
	Supplementary	(7,575)	134,279	118,720	94,477
Gross expenditure					
	Current year provision	1,468,245			
	Deferred surrender	21,700			
	Supplementary	1	**1,489,946**	**1,387,756**	**1,257,012**
Deduct					
E	**Appropriations-in-aid**		**337,088**	**258,905**	**453,147**
Net expenditure					
	Current year provision	1,131,157			
	Deferred surrender	21,700			
	Supplementary	1			
			1,152,858	**1,128,851**	**803,865**

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.

	2017	2016
	€	€
Surplus	24,007,303	252,795,648
Deferred surrender	(23,800,000)	(21,700,000)
Surplus to be surrendered	**207,303**	**231,095,648**

Dr Kevin Smyth
Accounting Officer
Department of Agriculture, Food and the Marine

17 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		1,164,295	1,040,820
Pay		162,511	159,158
Non pay		60,950	57,034
Gross expenditure		**1,387,756**	**1,257,012**
Deduct			
Appropriations-in-aid		258,905	453,147
Net expenditure		**1,128,851**	**803,865**
Changes in capital assets			
Purchases cash	(5,528)		
Depreciation	4,909		
Gain on disposals	(81)		
		(700)	1,592
Changes in net current assets			
Decrease in closing accruals	(102,391)		
Increase in stock	(502)		
		(102,893)	11,138
Direct expenditure		**1,025,258**	**816,595**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		73,956	64,371
Notional rents		7,373	7,400
Net programme cost		**1,106,587**	**888,366**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following actual amounts in relation to Vote 30 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	5	1
Vote 12 Superannuation and Retired Allowances	69,900	60,368
Vote 13 Office of Public Works	3,385	3,648
Vote 18 National Shared Services Office	379	54
Central Fund - ministerial pensions	287	300
	73,956	**64,371**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	12,305	11,605
Current assets			
Stocks	2.4	2,235	1,733
Prepayments		12,547	21,783
Accrued income:			
EAFRD funding due from the EU		217,802	103,690
Other amounts due from the EU		440	550
Scheme overpayments	6.2	1,087	2,556
Due for services		6,717	7,544
Other debit balances	2.5	761	847
Net Exchequer funding due	2.7	49,288	(21,365)
Total current assets		**290,877**	**117,338**
Less current liabilities			
Bank and cash	2.3	26,846	(60,413)
Accrued expenses		6,074	5,995
Other credit balances	2.6	23,203	39,895
Total current liabilities		**56,123**	**(14,523)**
Net current assets		**234,754**	**131,861**
Net assets		**247,059**	**143,466**
Represented by:			
State funding account	2.1	**247,059**	**143,466**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			143,466	156,196
Disbursements from the Vote				
Estimate provision	Account	1,152,858		
Deferred surrender	Account	(23,800)		
Surplus to be surrendered	Account	(207)		
Net vote			1,128,851	803,865
Expenditure (cash) borne elsewhere	1		73,956	64,371
Non cash expenditure – notional rent	1		7,373	7,400
Net programme cost	1		(1,106,587)	(888,366)
Balance at 31 December			**247,059**	**143,466**

2.2 Capital assets

	Office equipment/ other machinery	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	232,459	14,289	171	246,919
Additions	5,477	133	—	5,610
Disposals	(344)	—	—	(344)
Cost or valuation at 31 December 2017	237,592	14,422	171	252,185
Accumulated depreciation				
Opening balance at 1 January 2017	221,624	13,690	—	235,314
Depreciation for the year	4,699	210	—	4,909
Depreciation on disposals	(343)	—	—	(343)
Cumulative depreciation at 31 December 2017	225,980	13,900	—	239,880
Net assets at 31 December 2017	**11,612**	**522**	**171**	**12,305**
Net assets at 31 December 2016	10,835	599	171	11,605

State-owned lands and buildings controlled or managed by the Department which do not have valuations are set out in Appendix A.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances	(29,330)	58,697
Commercial bank balances	2,484	1,788
Orders outstanding	—	(72)
	(26,846)	**60,413**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Laboratory supplies and chemicals	452	434
Stationery supplies	157	129
Computer supplies	47	47
Veterinary supplies	1,168	683
Livestock	289	313
Agricultural stock	80	85
Cleaning supplies	6	14
Oil stocks	36	28
	2,235	**1,733**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Imprests and recoupable travel costs	155	152
Department of Finance recoupable gratuities and retirement lump sums	52	5
Advance payments to OPW	486	594
Due from local authorities in respect of harbour development	—	66
Beef data and genomics scheme	68	30
	761	**847**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income tax	2,337	2,878
Pay related social insurance	1,353	1,548
Withholding Tax	1,193	1,104
Value Added Tax	1,483	346
Relevant Contracts Tax	1	—
Superannuation	476	13
VAT on Sales	(62)	282
Local Property Tax	25	27
Universal social charge	542	774
	7,348	6,972
Securities	233	156
Milk quota sales and levies	539	550
Pesticides licensing fees	562	715
EU advances	8,498	13,548
Department of Rural and Community Development	—	13,759
Reimbursement due to EU	2,205	1,185
Miscellaneous	1,763	3,488
Other	2,055	(478)
	23,203	**39,895**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	207	231,096
Deferred surrender	23,800	21,700
Exchequer grant undrawn	(73,295)	(231,431)
Net Exchequer funding due	**(49,288)**	**21,365**
Represented by:		
Debtors		
Debit balances: suspense	761	847
	761	847
Creditors		
Bank and cash	(26,846)	60,413
Due to State	(7,348)	(6,972)
Credit balances: suspense	(15,855)	(32,923)
	(50,049)	20,518
	(49,288)	**21,365**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services	93,251	32,401
Grant programmes	1,201,821	1,444,303
Capital grant programmes	732,301	732,188
Total of legally enforceable commitments	**2,027,373**	**2,208,892**

b) Non capital grants

	Due 2018	Subsequent years	2017 Total	2016 Total
	€000	€000	€000	€000
Food research	12,103	43,389	55,492	64,691
Grants to the organic sector	12,574	32,489	45,063	53,566
Early Retirement Scheme	1,057	182	1,239	3,670
Rural Environment Protection Scheme	205	—	205	390
Agri Environment Options Scheme	9,066	812	9,878	27,274
Beef Data Genomics Programme	47,300	111,839	159,139	190,640
Animal Health Ireland	—	—	—	750
Green Low – Carbon Ag – Environment Scheme	216,671	567,585	784,256	1,028,322
Knowledge transfer	32,200	23,000	55,200	75,000
Locally led schemes – current	6,580	17,833	24,413	—
European Maritime and Fisheries Fund – current	1,366	2,570	3,936	—
Sheep welfare	20,000	43,000	63,000	—
Total of legally enforceable commitments	**359,122**	**842,699**	**1,201,821**	**1,444,303**

c) Capital grants

	2017	2016
	€000	€000
Opening balance	732,188	706,528
Grants paid in year	(137,997)	(113,873)
New commitments	175,042	160,011
Grant decommitments	(36,932)	(20,478)
Closing balance	**732,301**	**732,188**

d) Capital programmes

			2017	2016
	Due 2018	Subsequent years	Total	Total
	€000	€000	€000	€000
Capital investment grants	—	—	—	4,121
Afforestation	94,081	516,821	610,902	641,082
Targeted agricultural modernisation schemes	70,000	25,303	95,303	81,621
Horticulture Scheme	1,577	—	1,577	894
Johnstown Castle redevelopment programme	1,000	2,520	3,520	4,470
Locally led schemes – capital	99	—	99	—
European Maritime and Fisheries Fund – capital	300	300	600	—
Haulbowline remediation project	10,000	1,000	11,000	—
Fisheries	9,300	—	9,300	—
Total of legally enforceable commitments	**186,357**	**545,944**	**732,301**	**732,188**

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2016 to 2017.

Description	Amount of increase/(decrease)	Explanation
	€000	
Procurement of goods and services	60,850	Contracts that ended in 2017 were retendered resulting in new contracts, lasting 3-4 years, being put in place.
Food research	(9,199)	Research Division makes awards on a periodic basis and there are currently over 200 project awards active. The duration of these awards are normally 1 to 5 years. Generally a project receives a number of payments over the lifetime of the award, including an initial payment and number of stage payments and a final amount when a project is complete. All active projects are reviewed annually and some will be due a payment thereby reducing the amount remaining (and the outstanding commitments). The movement in 2017 reflects the payments made in 2017.
Grants to the organic sector	(8,503)	The scheme is closed to new applicants and payments are progressing as profiled.
Early Retirement Scheme	(2,431)	The scheme is closed to new applicants and payments are progressing as profiled.
Agri Environment Options Scheme	(17,396)	AEOS I and AEOS II are completed and AEOS III is due for completion in 2018 resulting in the paying down of the commitment figure.
Beef Data Genomics Programme	(31,501)	Payments progressing as profiled. A new tranche of the BDGP (BDGP II 2017-2022) was launched during 2017. Approximately 1,500 farmers are participating in this new scheme giving rise to multi annual commitments of the order of €16.2 million.

Description	Amount of increase/(decrease)	Explanation
	€000	
Animal Health Ireland	(750)	The memorandum of understanding between the Department and Animal Health Ireland of 2016 (to cover 2016 and 2017) provided for payment of €750,000 (maximum).
Green Low – Carbon Ag – Environment Scheme	(244,066)	In addition to the scheduled payments, there were further decreases due to a combination of the withdrawal of participants from the scheme, the transfer of participants to a later tranche, and the rejection of participants after their initial approval for not meeting scheme conditions.
Knowledge transfer	(19,800)	The knowledge transfer programme was launched in 2016 to run for three years to 31 July, 2019. Payments are now underway and the commitment is reducing accordingly.
Locally led schemes – current	24,413	New contracts were entered into in 2017 under the Burren Programme, the Burren Technical Assistance, the Hen Harrier and the European Innovation Partnerships Initiative – Open Call schemes.
European Maritime and Fisheries Fund – current	3,936	New multi-annual programmes; the European Maritime and Fisheries Fund Control & Enforcement scheme, European Maritime and Fisheries Fund Marine Spatial Planning scheme and the European Maritime and Fisheries Fund Technical Assistance Funding scheme, commenced in 2017.
Sheep welfare	63,000	A new four year sheep welfare scheme commenced in 2017.
Capital investment grants	(4,121)	Multi-annual commitments have now ceased.
Afforestation	(30,180)	The scheduled annual payment of €100 million was partially offset by new applications, resulting in €69 million of additional commitments.
Targeted agricultural modernisation schemes	13,682	The commitment figure has increased as applicants were approved under the 2017 tranches.
Horticulture Scheme	683	The increase is mostly in relation to 2017 grant offers, whereby the nature of the work involved for certain investments merited an approval for completion of works over a period to 28/09/2018 and the carry-over also includes other 2016/2017 approved investments granted extension into 2018 as works could not be completed by 31/12/2017.
Johnstown Castle redevelopment programme	(950)	Project commenced in 2017, with a scheduled completion date of 2019, and paying down of commitments has progressed as profiled.
European Maritime and Fisheries Fund – capital	600	A new multi-annual capital programme, the European Maritime and Fisheries Fund Control & Enforcement Scheme, commenced in 2017.
Haulbowline remediation project	11,000	On foot of a Government decision in 2011, the Minister took charge of the remediation work on the site of Haulbowline. The East Tip remediation contract has been the focus for expenditure in 2017 and 2018 with works underway.
Fisheries	9,300	The commitment reflects the recognition of Vote funded capital projects in the Fishery Harbour Centres.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
I	Salaries, wages and allowances				
	Original	174,719			
	Supplementary	(12,000)	162,719	162,511	159,158
ii	Travel and subsistence		6,910	7,762	6,889
iii	Training and development and incidental expenses		5,720	5,010	4,521
iv	Postal and telecommunications services		4,555	4,023	4,195
v	Office equipment and external IT services		32,830	30,681	24,642
vi	Office premises expenses		6,411	5,862	5,529
vii	Consultancy services and value for money and policy reviews		188	365	196
viii	Supplementary measures to protect the financial interests of the EU		852	759	634
ix	Laboratory services		6,504	6,488	10,428
			226,689	**223,461**	**216,192**

Significant variations

i. *Salaries, wages and allowances*

Estimate provision: €175 million, outturn: €163 million

The underspend of €12 million on salaries, wages and allowances was due to a lower than estimated pay bill due to recruitment of additional and replacement staff not proceeding as quickly as planned.

vii. *Consultancy services and value for money and policy reviews*

Estimate provision: €0.2 million, outturn: €0.4 million

The overspend of €0.2 million on consultancy services and value for money and policy reviews was due to a review of the capacity/competence of the infrastructure of the Animal Health Computer System and Integrated Fisheries Information System computer systems which had not been anticipated prior to the Estimates process.

Programme A Food Safety, Animal and Plant Health and Animal Welfare

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	96,555			
	Supplementary	(6,633)	89,922	89,808	87,955
A.2	Administration – non pay		36,021	34,329	34,165
A.3	Food safety, animal & plant health & animal welfare		85,629	80,177	77,644
			211,572	**204,314**	**199,764**

Significant variations

Overall, the expenditure in relation to Programme A was €14 million lower than (originally) provided. €8.5 million of this related to administration expenditure and has already been explained and the balance of the variance of €5.5 million was mainly due to the following:

A.3 *Food safety, animal & plant health & animal welfare*

Estimate provision: €85.5 million, outturn: €80 million

The shortfall in expenditure of €5.5 million relative to the estimate provision was due to a combination of factors. Lower levels of testing than anticipated resulted in fewer payments to temporary veterinary inspectors, lower ancillary costs and the need to purchase less equipment saving €2.1 million. The combination of a decrease in the average price paid for reactors and an increase in the factory salvage prices gave savings of €1.7 million. Greater compliance by horse owners and increased horse exports leading to a significant reduction in the numbers straying, which resulted in savings of €1.7 million.

Programme B Farm/Sector Support and Controls

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	Original	53,793			
	Supplementary	(3,694)	50,099	50,035	49,002
B.2	Administration – non pay		18,063	17,253	14,661
B.3	Agri-environmental schemes				
	Original	244,750			
	Supplementary	14,500	259,250	224,469	148,326
B.4	Areas of natural constraint scheme				
	Original	202,000			
	Supplementary	4,500	206,500	205,298	206,467
B.5	Development of agriculture & food (farm)		57,055	37,109	12,729
B.6	Beef data & genomics programme				
	Original	52,000			
	Supplementary	(3,000)	49,000	47,137	61,896
B.7	Knowledge transfer				
	Original	25,621			
	Supplementary	(2,800)	22,821	13,784	—
B.8	Animal welfare scheme for sheep				
	Original	25,000			
	Supplementary	(8,000)	17,000	15,851	—
B.9	Early retirement scheme				
	Original	3,210			
	Supplementary	(599)	2,611	2,504	4,406
B.10	Forestry & bio energy				
	Current year provision	89,890			
	Deferred surrender	21,700	111,590	101,574	103,802
B.11	Control & other support scheme costs		11,887	10,594	7,694
B.12	Other schemes		89	718	13,977
			805,965	**726,326**	**622,960**

Significant variations

Overall, the expenditure in relation to Programme B was €79 million lower than (originally) provided. €5 million of this related to administration expenditure and has already been explained and the balance of the variance of €74 million was mainly due to the following:

B.3 Agri-environmental schemes

Estimate provision: €245 million, outturn: €225 million

The shortfall in expenditure of €20 million relative to the estimate provision was due to a combination of factors. Underspend of €18 million occurred under Green, Low – Carbon, Agri – Environment Scheme (GLAS), as training commenced later than anticipated due to IT systems not being in place; less payments issued as only 76 percent of applicants passed the pre-payments checks against the 85 percent target, and the estimated number of contracts with an entitlement to GLAS+ were reduced and the average payment decreased.

There was also an underspend of €4 million as multiple locally-led environmental schemes commenced later than planned and another underspend of €2 million as a number of organic farming scheme payments due for 2017 were not issued. This was balanced by an overspend of €5 million in expenditure under Agri – Environment Options Scheme (AEOS) as the unpaid cases from 2016 were paid in 2017.

B.4 Areas of natural constraint scheme

Estimate provision: €202 million, outturn: €205 million

The increase in expenditure of €3 million relative to the estimate provision was due to more scheme payment applications progressing to payment stage than was anticipated.

B.5 Development of agriculture & food (farm)

Estimate provision: €57 million, outturn: €37 million

The shortfall in expenditure of €20 million relative to the estimate provision was due to the low level of claims for payment received in respect of Targeted Agricultural Modernisation Schemes II applications. At the end of 2017 only one-quarter of applicants with approvals had translated into actual claims and of these three-quarters had been paid by the end of 2017.

B.6 Beef data & genomics programme

Estimate provision: €52 million, outturn: €47 million

The shortfall in expenditure of €5 million relative to the estimate provision was due to the withdrawal of a number of applicants from the programme since it opened in 2015. In excess of 1,700 applications were received in 2017 for a new tranche of the scheme of which 1,500 continued to participate but not all had achieved compliance by the end of the year.

B.7 Knowledge transfer

Estimate provision: €26 million, outturn: €14 million

The shortfall in expenditure of €12 million relative to the estimate provision was due to the extension to the deadline for submission of data on the programme by two months to 31 July. This delayed the commencement of payments. In addition, fewer than anticipated cases were cleared for payment in the initial payment runs for this new scheme.

B.8 Animal welfare scheme for sheep

Estimate provision: €25 million, outturn: €16 million

The shortfall in expenditure of €9 million relative to the estimate provision was due to the fact that lower numbers of farmers applied to participate in the scheme than was anticipated. In addition, the scheme facilitates an advance payment at a rate of 85 percent to be made, with the balance payable following completion of the inspection programme. Balancing payment of the remaining 15 percent is expected to issue early Q2 2018. As a result of these factors, expenditure amounted to €16 million in 2017.

B.9 Early retirement scheme

Estimate provision: €3.2 million, outturn: €2.5 million

The shortfall in expenditure of €0.7 million relative to the estimate provision was due to a reduction in the number of participants as the scheme winds down.

B.10 Forestry & bio energy

Estimate provision: €112 million, outturn: €102 million

The shortfall in expenditure of €10 million relative to the estimate provision was due to €5 million underspends in each of the afforestation scheme and the forestry support schemes. The afforestation scheme is demand led and the shortfall is due primarily to unpaid premiums caused by; applicants who don't apply for, or fail to claim their premium, or have their premiums stopped by the Department; inertia by individuals regarding their tax clearance certificates and possible poor standard of forest establishment; and where individuals choose to allow their premiums build-up to bulk claim at a future date.

The underspend for the support schemes is due to a reduction in applications for the Road Scheme due to ongoing issues relating to the planning permission for forest road entrances onto a public road, and also due to expected payments for the Windblown Scheme not materialising which are now expected to be paid in 2018.

B.11 Control & other support scheme costs

Estimate provision: €12 million, outturn: €11 million

The shortfall in expenditure of €1 million relative to the estimate provision was due to the fact that not all of the expected invoices relating to Integrated Administration and Control System / Land Parcel Identification System development were received by year end.

B.12 Other schemes

Estimate provision: €0.1 million, outturn: €0.7 million

The increase in expenditure of €0.6 million relative to the estimate provision was due to the mid-year introduction of two new schemes, the Weather Related Crop Loss Measure and the Flood Damage Relief Measure, to address hardship experienced by some farmers arising from extreme and unprecedented adverse weather conditions.

Programme C Policy and Strategy

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	Original	15,992			
	Supplementary	(1,098)	14,894	14,874	14,567
C.2	Administration – non pay		6,082	5,752	5,138
C.3	Research, quality & certification				
	Original	28,757			
	Supplementary	(7,000)	21,757	21,870	27,931
C.4	Development and promotion of agriculture and food (non farm)				
	Original	15,214			
	Supplementary	(8,200)	7,014	7,815	7,262
C.5	Teagasc grant		128,130	128,130	126,780
C.6	An Bord Bia grant				
	Original	34,492			
	Supplementary	6,600	41,092	40,775	32,569
C.7	Horse and Greyhound Racing Fund		80,000	80,000	74,000
C.8	Cedra Rural Innovation & Development Fund		1,500	1,394	1,480
C.9	Food and donations – World Food Programme				
	Original	—			
	Supplementary	14,000	14,000	14,000	40,000
C.10	Other services				
	Original	14,661			
	Supplementary	9,000	23,661	23,786	10,084
			338,130	**338,396**	**339,811**

Significant variations

Overall, the expenditure in relation to Programme C was €13.5 million higher than (originally) provided. An underspend of €1.5 million of this related to administration expenditure and has already been explained and the balance of the variance of €15 million was mainly due to the following:

C.3 Research, quality & certification

Estimate provision: €29 million, outturn: €22 million

The shortfall in expenditure of €7 million relative to the estimate provision was due to the launch of the 2017 Call for Research Proposals being delayed until June 2017. The Department, therefore, was not in a position to make initial payments under this Call within the calendar year.

C.4 Development and promotion of agriculture and food (non farm)

Estimate provision: €15 million, outturn: €8 million

The shortfall in expenditure of €7 million relative to the estimate provision was due to a scheme for speciality food producers not being finalised until 2018, giving rise to a shortfall of €2 million. There was an additional shortfall of €5 million as funds originally provided to the Department to directly promote international market development were transferred to An Bord Bia who were assigned responsibility for this activity.

C.6 An Bord Bia grant

Estimate provision: €34 million, outturn: €40 million

The increase in expenditure of €6 million relative to the estimate provision was due to the Department giving An Bord Bia approval for additional spending on programmes to promote international market development in the context of Brexit.

C.8 Cedra Rural Innovation & Development Fund

Estimate provision: €1.5 million, outturn: €1.4 million

The shortfall in expenditure of €0.1 million relative to the estimate provision was due to fewer agri-food tourism projects meeting the required standards for approval.

C.9 Food and donations - World Food Programme

Estimate provision: €0 million, outturn: €14 million

The increase in expenditure of €14 million relative to the estimate provision was due to an early disimbursement of €10 million of the 2018 payment being made in December 2017. An additional €4million was provided to World Food Programme (WFP), €2.5 million of which was un-earmarked funding to WFP, in line with commitments made by Ireland at the World Humanitarian Summit in 2016, and €1.5 million to the WFP's response towards the emergency in the Democratic Republic of Congo.

C.10 Other services

Estimate provision: €15 million, outturn: €24 million

The expenditure of €9 million related to the Department's contribution to the funding of the Brexit Loan Scheme. The Brexit Loan Scheme was announced during the Budget 2017 process, involves total exchequer funding of €23 million. The Department's contribution is €9 million which was paid to the Strategic Banking Corporation of Ireland. The other exchequer funding of €14 million was being made by the Department of Business, Enterprise and Innovation.

This exchequer funding in turn, through a combination of a Strategic Banking Corporation of Ireland guarantee, supported by the state and partially guaranteed by the European Commission and the European Investment Bank, is expected to leverage €300 million of lending to SMEs and small mid-sized companies to meet the challenge of Brexit.

Programme D Seafood Sector

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	Original	8,379			
	Supplementary	(575)	7,804	7,794	7,633
D.2	Administration – non pay		3,804	3,616	3,071
D.3	Fisheries				
	Original	33,220			
	Supplementary	(2,500)	30,720	27,686	18,997
D.4	Marine Institute grant		31,563	31,332	29,094
D.5	Bord Iascaigh Mhara grant				
	Original	44,088			
	Supplementary	(4,500)	39,588	33,462	23,104
D.6	Sea Fisheries Protection Authority		12,800	10,731	10,016
D.7	Haulbowline remediation project		8,000	4,099	2,262
D.8	Other		—	—	300
			134,279	**118,720**	**94,477**

Significant variations

Overall, the expenditure in relation to Programme D was €23 million lower than (originally) provided. €1 million of this related to administration expenditure and has already been explained and the balance of the variance of €22 million was mainly due to the following:

D.3 Fisheries

Estimate provision: €33 million, outturn: €28 million

The shortfall in expenditure of €5 million relative to the estimate provision was due to a combination of factors. A €0.5 million underspend occurred due to a delayed start of the Marine Biodiversity initiatives by the Marine Institute. An additional €3 million underspend was due to several seafood development projects that were not undertaken, a procurement lag for a number of projects resulting in most contracts commencing in Q2 rather than Q1, and some project costs that were lower than originally anticipated. A further €1.5 million underspend occurred due to delays in the commencement of European Maritime and Fisheries Fund projects.

D.5 Bord Iascaigh Mhara grant

Estimate provision: €44 million, outturn: €33 million

The shortfall in expenditure of €11 million relative to the estimate provision was due to a low demand for a number of the schemes, mainly the Sustainable Aquaculture Scheme and Seafood Scaling & New Market Development scheme. Under the Sustainable Aquaculture scheme, the exclusion from the scheme of sites in Natura 2000 areas unless they have undergone Habitats Directive Appropriate Assessment, had a negative impact on applications.

D.6 Sea Fisheries Protection Authority

Estimate provision: €13 million, outturn: €11 million

The shortfall in expenditure of €2 million relative to the estimate provision was due to a number of factors. An underspend of €1 million in pay and pensions was the result of a number of posts approved under the delegated sanction structure being recruited later than planned which resulted in reduced expenditure in basic pay costs. There were additional underspend in roster allowances and in employers PRSI. Pension savings arose as pension lump sum payments for 2017 were lower than anticipated. Non-pay underspends of €0.5 million were due to a number of projects which did not get underway and underspends in travel & subsistence and training and development costs. Capital underspend of €0.5 million arose following a change to the funding model for Castletownbere accommodation.

D.7 Haulbowline remediation project

Estimate provision: €8 million, outturn: €4 million

The shortfall in expenditure of €4 million relative to the estimate provision was due to the estimate being based on the anticipated commencement of the most resource intensive phase of the project (remediation of the East Tip) during the first quarter of 2017. The contract for the East Tip works was ultimately signed in July 2017 and therefore, the construction phase of the project commenced later than expected, resulting in a lower spend by year end.

Note 4 Receipts

4.1 Appropriations-in-aid

			2017		2016
		Subhead	Estimated	Realised	Realised
			€000	€000	€000
1	Recoupment of salaries, etc. of officers on loan to outside bodies		600	378	715
2	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements		1	179	117
3	Refunds from veterinary fees for inspection at poultry and other meat plants	A.3	15,007	18,665	18,382
4	Receipts from veterinary inspection fees for live exports	A.3	952	633	883
5	Receipts from fees for dairy premises inspection services	A.3	5,250	7,263	6,800
6	Receipts from the sale of vaccines, livestock, farm produce, etc.at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	A.3	665	693	709
7	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	C.3	1,903	3,117	2,610
8	Receipts from farmer contributions towards the cost of eradicating bovine disease	A.3	5,000	6,945	6,492
9	Land Commission receipts		345	360	595
10	Other receipts		1,752	2,204	2,600
11	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	B.11	1,020	1,050	867
12	Intervention stock losses, etc	B.11	1	1,038	725
13	EAFRD (European Agricultural Fund for Rural Development)	B.4, B.3, B.5 & B.9	253,000	169,091	383,009
14	Veterinary Fund	A.3	11,403	10,959	11,320
15	Other Guarantee receipts from EU (Agriculture)	B.11	3,660	1,187	1,500
16	Proceeds of fines and forfeitures in respect of sea fisheries	D.3	100	87	187
17	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	D.3	100	166	64
18	EU recoupment in respect of expenditure on the conservation and management of fisheries	D.3	1	—	—
19	Aquaculture licence fees	D.3	412	876	204
20	EU receipts for EMFF	D.3	20,700	16,725	—
21	EFF (Fisheries) 2007-2013	D.3	2,700	5,917	3,148
22	Receipts from Sustainable Food Systems Ireland		160	26	85
23	Receipts from pension-related deduction on public service remuneration		12,356	11,346	12,135
	Total		**337,088**	**258,905**	**453,147**

Significant variations

Overall, Appropriations-in-Aid were €78 million less than the estimate as forecast.

Explanations for variances are set out below:

1 *Recoupment of salaries, etc. of officers on loan to outside bodies*

Estimate provision: €0.6 million, outturn: €0.4 million

The shortfall of €0.2 million was due to the amount due for Q4 2017 not being received before the year end and a number of officers returning from secondment or retiring.

2 *Forfeited deposits and securities under EU intervention, export refund, etc. arrangements*

Estimate provision: €0 million, outturn: €0.18 million

The increase of €0.18 million was due to the fact that this is a forfeiture receipt. It is not possible to estimate if there will be any receipts in a year and if there are, the amount of forfeits to be paid. Therefore, the estimate is set at zero.

3 *Refunds from veterinary fees for inspection services at poultry and other meat plants*

Estimate provision: €15 million, outturn: €18.5 million

The increase of €3.5 million was due to an increase in slaughter figures again in 2017 together with an increased emphasis by the Division on the collection of outstanding fees and the timely payments of all invoices.

4 *Receipts from veterinary inspection fees for live exports*

Estimate provision: €0.9 million, outturn: €0.6 million

The shortfall of €0.3 million was due to a lower number of sheep exports combined with a reduction in the export fee levy for calves.

5 *Receipts from fees for dairy premises inspection services*

Estimate provision: €5 million, outturn: €7 million

The increase of €2 million was due to a higher yield than anticipated due to increase in milk volumes produced/processed.

7 *Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm*

Estimate provision: €2 million, outturn: €3 million

The increase of €1 million was due to a combination of factors, mainly an increase in the amount of cereal seed certified in 2017 and an increase in pesticides registration fees.

8 *Receipts from farmer contributions towards the cost of eradicating bovine disease*

Estimate provision: €5 million , outturn: €7 million

The increase of €2 million was due to an increase in volumes at meat plants, creameries, abattoirs and exporters. The main increase was from the dairy sector.

10 *Other receipts*

Estimate provision: €1.8 million, outturn: €2.2 million

The increase of €0.4 million was mainly due to an increase in pension deductions received from State Bodies for staff that joined the Bodies' mid-year.

12 *Intervention stock losses, etc.*

Estimate provision: €0 million, outturn: €1 million

The increase of €1 million was due to the fact that this is based on a percentage retention figure calculated on penalties imposed and collected by the paying agency in relation to certain European Agriculture Guarantee Fund (EAGF) payments. The reimbursement is approved in the Annual EAGF Account clearance process and the final figure is confirmed in April and repaid in June. Therefore, estimates of reimbursement are difficult to predict.

13 *EAFRD (European Agricultural Fund for Rural Development)*

Estimate provision: €253 million, outturn: €169 million

The shortfall of €84 million was due to an EAFRD receipt expected in December 2017 but which was not received by the Department until January 2018.

15 *Other Guarantee receipts from EU (Agriculture)*

Estimate provision: €3.5 million, outturn: €1 million

The shortfall of €2.5 million was due to a combination of factors. A shortfall of €1 million was due to the School Milk and the School Fruit schemes changing from being Vote/EU co-funded to 100 percent EU funded from 01/08/17. There was no further recoupment from the EU from that date. Also, the Artisan Food Programme was not launched in 2017 as it was decided to expand the remit of the scheme and approval for this needed to be sought from the EU Commission, which was received in January 2018, resulting in a shortfall of €1.5 million.

19 *Aquaculture licence fees*

Estimate provision: €0.4 million, outturn: €0.9 million

The increase of €0.5 million was due to progress made in reducing arrears as a result of a more proactive approach to debt management and cross compliance with other agencies, particularly Bord Iascaigh Mhara.

20 *EU receipts for EMFF*

Estimate provision: €21 million, outturn: €17 million

The shortfall of €4 million was due to lower receipts received from the EU Commission. A claim for €21 million had been submitted, however, a sum of €2.6 million was temporarily withheld by the Commission in connection with non-compliance with certain ex-ante conditionalities included in the Operational Programme. A further €1.8 million was withheld by the Commission as per EU Regulations as a performance reserve. This can only be processed by the Commission and will not be paid until a mid-term review of the Programme is completed by the Commission in 2019.

21 *EFF (Fisheries) 2007-2013*

Estimate provision: €3 million, outturn: €6 million

The increase of €3 million was due to the allocation of funds related to pre-financing received from the EU in the early years of the programme, but held in suspense over a number of years until claims were lodged with the EU.

22 *Receipts from Sustainable Food Systems Ireland*

Estimate provision: €0.16 million, outturn: €0.026 million

The shortfall of €0.134 million was due to a number of receipts not being received until 2018.

23 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €12 million, outturn: €11 million

The shortfall of €1 million was due to the underspend in payroll expenditure leading to fewer receipts from pension related deductions.

4.2 Extra receipts payable to the Exchequer

	2017 €000	2016 €000
Balance at 1 January	—	206
Legal expenses	31	20
Voluntary surrender of ministerial salaries	—	1
Overpayments from EU disallowed schemes	—	2,929
Land Commission capital	—	8,836
Proceeds of land sale	642	—
Surrender of Vote uncashed cheques	72	—
Surrender of sundry receipts	2	—
Transferred to the Exchequer	(747)	(11,992)
Balance at 31 December	**—**	**—**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2017	2016
Number of staff at year end (full time equivalents)	**4,594**	**4,421**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	210,291	204,687
Higher, special or additional duties allowances	1,326	1,249
Other allowances	2,034	1,930
Overtime	3,606	3,302
Shift Allowances	543	510
Employer's PRSI	11,860	11,072
Total Pay	**229,660**	**222,750**

The allowances, overtime and other remuneration details in notes 5.3 through to 5.6 below relate to only the Department's staff, paid directly from the Vote under programmes A to D. Detailed information in relation to the remuneration arrangements of the Department's associated State bodies is available from the relevant annual reports or directly from the State Bodies concerned.

The Department's salaries function migrated to Payroll Shared Services in November 2016. For the purposes of Note 5, the Department has adopted PSSC's extra remuneration classification method.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties allowances	100	1	24,308	10,982
Shift allowances	72	19	20,392	19,146
Other allowances	606	4	18,041	18,696
Overtime	771	102	38,926	31,806
Extra remuneration in more than one category	304	157	41,846	35,113

5.4 Other remuneration arrangements

€1,617,115 in total was paid to 62 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

5.5 Payroll overpayments

Overpayments at the year end were €467,101 (327 individuals) (2016: €508,254; 349 individuals). Of this, €269,011 (87 individuals) had recovery plans in place.

5.6 Severance awards

There were no severance payments in 2017 (2016: €239,480).

Note 6 Miscellaneous

6.1 EU funding

Council regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes.

The Department's activities include measures fully funded by the EAGF and activities co-financed by the EAFRD and from the Vote.

Programme B includes expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programmes C & D includes expenditure in respect of activities co-financed by the EU through European Maritime Fisheries Fund, 2014-2020 (EMFF). Programme B includes a charge to the Vote of €3.267 million for EU Funding which has been disallowed due to late payments on certain schemes.

The account includes interest of €178,000 paid on short-term borrowings of €770 million borrowed in 2016 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2017 along with interest.

A total of €740 million in short-term funds were borrowed in 2017 to fund EAGF Guarantee expenditure pending EU recoupment in 2018. These loans are reflected in the financial statements of the European Agricultural Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), Irish operations.

The Agriculture Cashflow Support Loan Scheme was a new scheme in 2016 and developed in co-operation with the Strategic Banking Corporation of Ireland (SBCI), making €150 million available to farmers at interest rates of 2.95%. The scheme mitigates the impact of the change in sterling exchange rate and lower commodity prices in some agriculture sectors, providing farmers with a low cost, flexible source of working capital, which will allow them to pay down more expensive forms of short – term debt, ensuring the ongoing financial sustainability of viable farming enterprises. SBCI uses the €25 million of funding, comprising of €14 million in Department of Agriculture, Food and the Marine's (DAFM) contribution and €11 million from the EAGF to leverage the total fund with the participating banks, to ensure a favourable interest rate for participant farmers availing of the scheme and to mitigate against potential future bad debts (unpaid loans) for participating banks.

EU-funded income and expenditure managed by the Department of Agriculture, Food and the Marine

	2017	2016
	€m	€m
Direct Payment/Basic Payment Scheme	1,190	1,300
Intervention/Aid to Private Storage	2	3
Other market supports	26	7
Other	(4)	(61)

Co-funded receipts (measures co-funded by EU) [a]

	2017	2016
	€m	€m
EAFRD Rural Development Programme	169	383
Veterinary Fund	11	11
Other co-financing receipts	2	4
Fisheries		
EFF - European Fisheries Fund 2007-2013 & EMFF - European Maritime and Fisheries Fund 2014-2018	23	3
	1,419	**1,650**

[a] Only the EU co-funding on these programmes is shown in this table.

European Maritime Fisheries Fund (EMFF) receipts of €8.5 million are held in a suspense account (EU advances) in accordance with public financial procedures pending the Department meeting the conditions of the EMFF performance reserve review to be undertaken in 2019.

6.2 Overpayments

	2017	2016
	€000	€000
Scheme overpayments at 1 January	2,556	3,254
Adjustment for Early Retirement Scheme	(35)	(26)
Overpayments raised in the year	8,985	9,438
Corrections	(1,065)	(1,269)
Recoveries	(8,680)	(8,593)
Write-offs (note 6.3)	(674)	(248)
Scheme overpayments at 31 December	**1,087**	**2,556**

6.3 Write-offs

The following sums were written off in the year:

	2017	2016
	€	€
Schemes:		
Early retirement from farming	30,521	41,246
Afforestation schemes	82,295	29,946
Rural Environment Protection scheme	406,658	—
Miscellaneous EU premia and area based schemes	18,536	177,178
Miscellaneous Vote premia	136,055	—
	674,065	248,370
Other:		
Veterinary inspection fees unpaid by companies no longer in business	502	10,572
Late interest written-off	—	7,914
Aquaculture licences expired/surrendered & not renewed	20,167	—
Salary overpayments	—	27,731
Other reasons	5,048	8,669
	25,717	54,886

6.4 Compensation and legal costs

Legal cost paid during the year are categorised as follows:

					2017	2016
	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by: employees of the Department	3	—	95	143	238	33
members of the public	22	10	200	2,002	2,212	958
		10	**295**	**2,145**	**2,450**	**991**

6.5 Contingent liability

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 potential liabilities is uncertain.

On foot of a Government decision dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28th May 2015 approved a total scheme budget of €61 million for the project. The amount of expenditure incurred by the Department for the project up to the end of 2017 is €13 million. The most recent projections for completion of the Haulbowline remediation project is 2022.

The Department is aware of a potential disallowance in relation to the implementation of processes and controls on area based schemes. As the Department is engaged in an ongoing formal Clearance of Accounts process with the Commission, the actual amount or timing of any potential liabilities is uncertain.

6.6 Food aid donations

The World Food Programme is the food aid organisation of the UN and operates on the basis of voluntary contributions pledged at irregular intervals. The programme provides food aid to needy countries, assists in implementing economic and social development projects and provides relief to the victims of natural and other disasters. The programme operates in approximately 80 countries. Ireland's contribution to the World Food Programme in 2017 was €14 million (2016: €38.436 million). In view of the ongoing refugee crisis, the Department acceded to an urgent request from the WFP for early disbursement in 2017 for €10 million of the contribution due in 2018. An additional €4 million was provided in 2017, €2.5 million of which was un-earmarked funding to WFP, in line with commitments made by Ireland at the World Humanitarian Summit in 2016, and €1.5 million to the WFP's response towards the emergency in the Democratic Republic of Congo.

The Food Aid Convention is the main international agreement on food aid provision and serves as both a best practice code of conduct and an annual food aid commitment. Aid donated under the Convention is held by the World Food Programme and used to provide aid in emergency situations. Ireland's contribution to the Food Aid Convention in 2017 was €4.587 million (2016: €1.564 million).

6.7 Ex-Gratia payments

Ex-gratia payments totalling €2,560,000 were made to 111 animal welfare organisations (2016: €2,487,500).

Ex-gratia payments of €5,000 each were made to 4 employees as compensation following mediation.

Ex-gratia payments of €8,000 were made to the Chairman of the Farm Welfare Advisory Council.

An ex-gratia payment of €250,000 was made to the Irish Equine Centre as support towards the costs associated with achieving and maintaining reference laboratory status.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2017	**2016**
	€	€
Macra na Feirme	84,000	34,000
Irish Shows Association Ltd	82,500	80,000
Irish Country Women's Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
Bunclody Sheep Dog National Trials	4,000	—
Cape Clear Consulting Ltd	—	3,000
Agricultural Science Association	2,000	2,000
Milestone Management	—	1,000

6.8 Deferred surrender

Deferred surrender comprises savings of €23.8 million in capital expenditures in the following subheads.

B.5	Development of agriculture and food (farm)	€12.8 million
B.10	Forestry & bio energy	€7 million
D.5	Bord Iascaigh Mhara	€4 million

Note 7 Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2017

	2017 €000	2016 €000
Balance at 1 January	—	—
Receipts (subhead C.7)	80,000	74,000
Payments		
Horse Racing Ireland	64,000	59,200
Bord na gCon	16,000	14,800
Balance at 31 December	—	—

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

Property	Area (Hectares)
Cork	
Land Commission non-agricultural land, Annagannihy	56.5
Haulbowline Island (including bridge and access road)	45.7
Lands, Model Farm Road	2.1
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Ballynoe	29.7
Forest plot, Bandon	1.4
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Lands, Teagasc College, Athenry	14.0
Forest plot, Ballinaninch	60.7
Forest plot, Oughterard	7.0
Kerry	
Land Commission non-agricultural land, Glanlea	4.0
Forest plot, Kenmare	0.2
Forest plot, Killorglin	28.6
Kildare	
Stacumny Cottage, Backweston	—
Lands, Backweston	145.8

Property	Area (Hectares)
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Dowra	0.4
Limerick	
Forest plots, Adare	3.0
Mayo	
Land Commission non-agricultural land, Ballymacrah	12.1
Offaly	
Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5
Roscommon	
Land Commission non-agricultural lands	
Cloonakillig	0.7
Cloonshanvill	33.0
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	21.6
Cleaheen	0.6
Mallynahouna	5.0
Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plots, Lough Key	32.0
Sligo	
Forest plots, Collooney	1.3
Tipperary	
Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	2.5
Forest plots, Kilsheelan	1.9
Westmeath	
Forest plots, Castlepollard	0.2
Forest plot, Lough Ennel	14.5

Property	Area (Hectares)
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Shelton	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plot, Glen of Imaal	3.0

Property at Fishery Harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.

Appendix B Accounts of Bodies and funds under the aegis of the Department of Agriculture, Food and the Marine

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when 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
Aquaculture Licences Appeals Board	2016	11 Dec 2017	29 Jan 2018	27 Feb 2018
Bord Bia	2016	7 Jul 2017	18 Jul 2017	25 Oct 2017
Bord na gCon	2016	27 Oct 2017	3 Nov 2017	22 Dec 2017
Bord Iascaigh Mhara	2016	30 Jun 2017	30 June 2017	3 Oct 2017
Coillte Teoranta [a]	2016	6 Apr 2017	10 Apr 2017	11 May 2017
European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund – Irish Operations	2016	22 Dec 2017	22 Dec 2017	3 Mar 2018
Fishery Harbour Centres Fund [b]	2016	22 Dec 2017	22 Dec 2017	
Horse Racing Ireland	2016	20 Oct 2017	1 Nov 2017	22 Dec 2017
Irish National Stud Company Ltd [c]	2016	24 Mar 2017	11 May 2017	19 Jul 2017
Marine Institute	2016	29 Jun 2017	30 Jun 2017	25 Sept 2017
National Milk Agency [d]	2016	28 Mar 2017	3 Jul 2017	17 Oct 2017
Sea-Fisheries Protection Authority	2016	22 Dec 2017	22 Jan 2018	27 Feb 2018
Teagasc	2016	27 Jun 2017	18 Jul 2017	29 Sep 2017
The Public Trustee of Ireland	2016	23 Jun 2017	27 Jun 2017	12 Jul 2017

[a] Coillte, as a self-financing commercial state body, is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 31 of the Forestry Act 1988 under which it was established.

[b] Fishery Harbour Centres Fund account 2016 was laid before the Houses of the Oireachtas on 11 April 2018

[c] Irish National Stud Company Ltd is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 25 of the National Stud Act, 1945 under which it was established.

[d] National Milk Agency is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 18 of the Milk (Regulation of Supply) Act 1994.

Appropriation Account 2017

Vote 31

Transport, Tourism and Sport

Introduction

As Accounting Officer for Vote 31, 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 2017 for the salaries and expenses of the Office of the Minister for Transport, Tourism and Sport, including certain services administered by that Office, for payment of certain grants and certain other services.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2017 out of unspent 2016 appropriation, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €2.26 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 have been applied in the preparation of the account.

Depreciation

The Department's policy is to depreciate assets from the date of purchase with no depreciation provided in the year of disposal. Depreciation is charged at the following rates:

Land and buildings - no depreciation

Furniture and fittings - 10%

Office equipment - 20%

Motor vehicles - 20%

Specialist equipment - 20%

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.

Assurance on Shared Services

The Accounting Officer for shared services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

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

I have fulfilled my responsibilities in relation to the requirements of the Employee Services Management Agreement (ESMA) between this Department and the National Shared Service Office for the provision of payroll and human resource shared services.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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
- 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. In 2017 the Department incurred no expenditure which was not procured in accordance with National and EU tender requirements
- in addition, the Finance Division of the Department has been certified as compliant with ISO: 9001:2008 standard and has had certification extended for a further 3 years up to February 2020, with respect to its management procedures.

Enhancing Controls Over Local and Regional Roads Grant Payments

Expenditure under Subhead B3 includes grants of €325 million for the improvement and maintenance of local and regional roads. The Department is responsible for the grant programme but between 2009 and 2013 the National Roads Authority (NRA, now Transport Infrastructure Ireland - TII) assumed responsibility for administering the grants on behalf of the Department. TII's control procedures included the monitoring of progress on road improvement works by the TII's engineers and inspectors.

In 2013 TII indicated that it was no longer in a position to undertake this work and the Department resumed responsibility for these grants in 2014 but for administrative efficiency it uses the Authority, as agent, to issue the payments to the local authorities. The Department's Road Division conducts administrative checks on expenditure but up to 2017, project inspections were not undertaken. The first Engineering Inspector took up duty on the 11th October 2017. In addition a Senior Adviser Engineer has also been assigned to inspection and monitoring work. A second Engineering Inspector took up duty on the 8th January 2018. There is now a team of 3 engineers reporting to the Principal Adviser and overseeing the regional and local road investment programme under the Principal Adviser's direction. This will allow inspections to be undertaken on a risk based approach.

Enhancing Oversight Arrangements

Total funding provided to bodies under the aegis of the Department was €1,648 million in 2017. In 2017, the Department's Internal Audit made a number of recommendations in relation to the overarching arrangements in place with regards to the corporate governance of State Agencies under the aegis of the Department.

Following this, the Department initiated a review of its oversight arrangements with its agencies and that review concluded with the approval by the Management Board in May 2018 of a new "Framework Oversight Plan". Among the key enhancements introduced under the "Framework Oversight Plan" are –

- clarification of Departmental roles and responsibilities in relation to agency oversight
- introduction of formal reporting structures to the Management Board giving a "whole of Department" perspective on compliance of the Department's agencies with their reporting responsibilities under the Code of Practice for the Governance of State Bodies
- improved access to financial expertise in assisting with monitoring and oversight arrangements
- dissemination of a standard template to assist Line Divisions in developing Performance Delivery Agreements (PDAs) with agencies

The development and implementation of the new "Framework Oversight Plan" has satisfactorily addressed the issues identified in 2017 and both the Management Board and the Internal Audit Unit are assured in respect of the measures now put 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 which I have approved. 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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

The register is reviewed and updated by the Management Board three times a year, with the other quarter dedicated to system maintenance and improvement. The outcome of these assessments is 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 2017 that resulted in, or may result in, a material loss.

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

11 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 31 Transport, Tourism and Sport

Opinion on the appropriation account

I have audited the appropriation account for Vote 31 Transport, Tourism and Sport for the year ended 31 December 2017 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 31 Transport, Tourism and Sport for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Transport, Tourism and Sport and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

14 September 2018

Vote 31 Transport, Tourism and Sport
Appropriation Account 2017

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Civil aviation		27,255	25,285	25,783
B	Land transport				
	Original	1,456,930			
	Supplementary	12,500			
	Deferred surrender	4,647	1,474,077	1,475,083	1,466,928
C	Maritime transport and safety		95,791	87,286	91,300
D	Sports and Recreation Services				
	Original	108,107			
	Deferred surrender	6,322	114,429	107,762	128,771
E	Tourism services		121,971	123,692	123,325
	Gross expenditure				
	Original	1,810,054			
	Supplementary	12,500			
	Deferred surrender	10,969	**1,833,523**	**1,819,108**	**1,836,107**
	Deduct				
F	**Appropriations-in-aid**				
	Original	367,947			
	Supplementary	12,499	**380,446**	**379,243**	**383,627**
	Net expenditure				
	Original	1,442,107			
	Supplementary	1			
	Deferred surrender	10,969			
			1,453,077	**1,439,865**	**1,452,480**

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.

	2017	2016
	€	€
Surplus	13,212,200	13,878,891
Deferred surrender	(10,950,000)	(10,969,000)
Surplus to be surrendered	**2,262,200**	**2,909,891**

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

11 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		1,784,530	1,803,442
Pay		28,133	26,625
Non pay		6,445	6,040
Gross expenditure		**1,819,108**	**1,836,107**
Deduct			
Appropriations-in-aid		**379,243**	**383,627**
Net expenditure		**1,439,865**	**1,452,480**
Changes in capital assets			
Purchases cash	(4,413)		
Disposals cash	27		
(Profit)/loss on disposals	(27)		
Depreciation	3,684		
		(729)	(1,529)
Changes in net current assets			
Increase in closing accruals and prepayments	172		
Decrease in stock	233		
		405	(118)
Direct expenditure		**1,439,541**	**1,450,833**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		16,766	14,585
Notional rents		3,785	4,045
Net programme cost		**1,460,092**	**1,469,463**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 31 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	120	135
Vote 12 Superannuation and Retired Allowances	e	12,289	9,973
Vote 13 Office of Public Works	e	3,901	4,188
Vote 18 National Shared Services Office	e	58	51
Central Fund - Ministerial pensions	e	398	238
		16,766	**14,585**

“e” indicates that the number is an estimate value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**14,423**	**13,694**
		14,423	**13,694**
Current assets			
Bank and cash	2.3	8,381	11,386
Stocks	2.4	1,202	1,435
Prepayments		888	1,057
Other debit balances	2.5	1,131	240
Total current assets		**11,602**	**14,118**
Less current liabilities			
Accrued expenses		2,592	2,589
Other credit balances	2.6	1,643	555
Net Exchequer funding due	2.7	7,869	11,071
Total current liabilities		**12,104**	**14,215**
Net current assets/(liabilities)		**(502)**	**(97)**
Net assets		**13,921**	**13,597**
Represented by:			
State funding account	2.1	**13,921**	**13,597**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			13,597	11,950
Disbursements from the Vote				
Estimate provision	Account	1,453,077		
Deferred surrender	Account	(10,950)		
Surplus to be surrendered	Account	(2,262)		
Net vote			1,439,865	1,452,480
Expenditure (cash) borne elsewhere	1		16,766	14,585
Non cash expenditure – notional rent	1		3,785	4,045
Net programme cost	1		(1,460,092)	(1,469,463)
Balance at 31 December			**13,921**	**13,597**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Specialist equipment	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2017	2,396	21,431	1,932	14,208	21,719	61,686
Additions	74	1,000	33	1,386	1,920	4,413
Reclassification	—	1,467	(1,467)	—	—	—
Disposals	—	(508)	(53)	(185)	—	(746)
Cost or valuation at 31 December 2017	2,470	23,390	445	15,409	23,639	65,353
Accumulated depreciation						
Opening balance at 1 January 2017	—	18,123	1,609	9,950	18,310	47,992
Depreciation for the year	—	1,391	7	1,238	1,048	3,684
Reclassification	—	1,196	(1,196)	—	—	—
Disposals	—	(508)	(53)	(185)	—	(746)
Cumulative depreciation at 31 December 2017	—	20,202	367	11,003	19,358	50,930
Net assets at 31 December 2017	**2,470**	**3,188**	**78**	**4,406**	**4,281**	**14,423**
Net assets at 31 December 2016	2,396	3,308	323	4,258	3,409	13,694

The Department is in on-going discussions with OPW in relation to the majority of the Land and Buildings of €2.47 million above with regard to the ownership of certain Coastguard buildings. No depreciation has been charged pending the outcome of such discussions.

Certain assets were reclassified from fixtures and fittings to office equipment during 2017.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	8,213	11,269
Commercial bank accounts	168	117
	8,381	**11,386**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery and office supplies	23	23
IT consumables	73	51
Specialised consumables (Irish Coast Guard)	1,106	1,361
	1,202	**1,435**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
OPW agency services	323	211
Pensions Recoverable	790	—
Other	18	29
	1,131	**240**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax & Universal Social Charge	659	—
Pay Related Social Insurance	297	3
Professional Services Withholding Tax	64	13
Value Added Tax	203	278
Relevant Contract Tax	55	227
Pension charges	62	31
Extra Exchequer receipts	166	—
	1,506	552
Other	137	3
	1,643	**555**

2.7 Net Exchequer funding due

at 31 December	2017 €000	2016 €000
Surplus to be surrendered	2,262	2,910
Deferred surrender	10,950	10,969
Exchequer grant undrawn	(5,343)	(2,808)
Net Exchequer funding due	**7,869**	**11,071**
Represented by:		
Debtors		
Bank	8,381	11,386
Debit balances: suspense	1,131	240
	9,512	11,626
Creditors		
Due to State	(1,506)	(552)
Credit balances: suspense	(137)	(3)
	(1,643)	(555)
	7,869	**11,071**

2.8 Commitments

a) Global Commitments

at 31 December	2017 €000	2016 €000
Procurement of goods and services	297,280	350,172
Capital grant programmes	148,621	119,493
Total of legally enforceable commitments	**445,901**	**469,665**

b) Commitments under Procurement Subheads

	2017 €000	2016 €000
Search and rescue helicopter services	273,358	329,864
Airports	6,798	8,357
Vehicle/driving licencing	13,601	7,737
Sustainable travel	—	400
Air Accident Investigation Unit	263	257
Information technology	148	273
Strategic Research	35	—
Coast Guard services	3,077	3,284
	297,280	**350,172**

c) Capital Grant Commitments

	2017	2016
	€000	€000
Opening balance	119,493	142,866
Grants paid in year	(45,641)	(53,088)
New grant commitments	75,011	40,065
Grant decommitments	(242)	(10,350)
Closing balance	**148,621**	**119,493**

d) Major Capital Commitments

	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Smarter Travel Areas	22,050	700	500	23,250	23,250
Sports Capital Programme	13,087	12,039	4,874	30,000	30,000

The Sports Capital Programme of €30million is specifically related to the Pairc Uí Chaoimh Investment.

2.9 Matured liabilities

	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	**920**	**57**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	29,645	28,133	26,625
ii	Travel and subsistence	1,030	1,271	1,081
iii	Training and development and incidental expenses	1,964	1,993	1,597
iv	Postal and telecommunications services	400	378	702
v	Office equipment and external IT services	1,658	1,666	1,611
vi	Office premises expenses	600	497	767
vii	Consultancy services and value for money and policy reviews	599	640	282
		35,896	**34,578**	**32,665**

Programme A Civil aviation

		2017 Estimate provision €000	2017 Outturn €000	2016 Outturn €000
A.1	Administration - pay	2,968	2,813	2,661
A.2	Administration - non pay	739	644	605
A.3	Regional airports	13,350	13,213	13,300
A.4	Miscellaneous aviation services	10,198	8,615	9,217
		27,255	**25,285**	**25,783**

Significant variations

Overall, the expenditure in relation to Programme A was €1.9 million lower than estimated (representing a variance of 7%). This was mainly due to the following:

A.4 *Miscellaneous aviation services*

Estimate provision: €10.2 million, outturn: €8.6 million

Overall the expenditure for miscellaneous aviation services was €1.6 million less than provided.

Miscellaneous aviation services relate to subscriptions to various international organisations e.g. Eurocontrol and payments in respect of operating Irish airspace. The Department covers these costs which were €1.1 million lower than anticipated in 2017. These costs are dependent on traffic during a given year. Traffic levels are not accurately predictable. Provisions are made on a robust basis but in 2017 our estimate was prudently over the required amount. In addition there was a €0.4 million saving on exempt services. Exempt services relate to the reimbursement to the Irish Aviation Authority for the cost of aeronautical communication services and air navigation services provided by the Authority to certain specified classes of airspace users (e.g. military aircraft, state aircraft) which the Minister has directed the Authority to exempt from payment of such costs (Per Irish Aviation Act, 1993, Section 45). Finally, insurance costs were also €105,000 less than anticipated.

Programme B Land transport

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
B.1	Administration - pay		10,400	10,691	10,118
B.2	Administration - non pay		1,946	2,449	2,295
B.3	Road improvement/maintenance				
	Original	781,334			
	Deferred surrender	3,000	784,334	787,534	811,798
B.4	Road safety agencies and expenses				
	Original	5,116			
	Deferred surrender	347	5,463	5,236	4,819
B.5	Vehicle and driver licencing expenses		15,200	15,727	15,712
B.6	Carbon reduction		2,500	—	12,116
B.7	Public service provision payments		279,354	278,648	249,804
B.8	Public & sustainable transport				
	Original	355,208			
	Deferred surrender	1,300			
	Supplementary	12,500	369,008	368,908	354,738
B.9	Public transport agencies and expenses		5,794	5,836	5,438
B.10	Miscellaneous services		78	54	90
			1,474,077	**1,475,083**	**1,466,928**

Significant variations

Overall, the expenditure in relation to Programme B was €1 million higher than provided. The variance was mainly due to the following:

B.2 Administration - non pay

Estimate provision: €1.9 million, outturn: €2.5 million

The increase in expenditure was due to higher than anticipated spend on IT investment including cost inflation on certain projects within the National Driver Licence Service.

B.6 Carbon reduction

Estimate provision: €2.5 million, outturn: €Nil

2017 was the inaugural year for carbon reduction programmes and despite substantial policy development no programme progressed to the funding requirement stage. The progammes were established to support the uptake of low carbon, energy efficient technologies within the public transport sector. Subsequent to 2017 the programme has commenced. The €2.5 million underspend was vired to other programmes in 2017, including programmes that encourage more environmentally benign travel modes.

B.8 *Public & sustainable transport*

Supplementary €12.5 million

Under the agreed budgetary profile for the funding of the Luas Cross City project, an element of the costs arising in 2017 were borne through the release of Section 49 Levies held by Transport Infrastructure Ireland (TII). These levies in the amount of €12.5 million were collected by TII under Section 49 of the Planning & Development Act 2000 in respect of the Luas extensions to Cherrywood and the Docklands. The levies were surrendered by TII to the Department of Transport, Tourism and Sport for reallocation to the National Transport Authority for Luas Cross City related costs. The Technical Supplementary Estimate facilitated arrangements to reallocate the funds.

Programme C Maritime transport and safety

			2017	2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	13,609	12,097	11,449
C.2	Administration - non pay	2,891	2,772	2,597
C.3	Maritime administration and Irish Coast Guard	79,205	72,332	77,174
C.4	Miscellaneous services	86	85	80
		95,791	**87,286**	**91,300**

Significant variations

Overall, the expenditure in relation to Programme C was €8.5 million lower than originally provided, representing a variance of 9%. The variance was mainly due to the following:

C.1 Administration pay

Estimate provision €13.6 million, outturn €12.1 million

In 2017 a total of 17 additional posts were sanctioned with 13 posts for the Irish Coast Guard and four posts for Marine Survey Office. The underspend was due to a longer than expected timeframe in the recruitment of these specialised posts.

C.3 Maritime administration and Irish Coast Guard

Estimate provision: €79.2 million, outturn: €72.3 million

€3 million of savings relate to the Commissioners of Irish Lights (CIL) who were in a position to fund more of their operating costs from their own resources than originally estimated.

An underspend of €3.5 million arose primarily in relation to the costs to the Irish Coast Guard of operating search and rescue helicopters. A restricted service was operated for a period of time following the loss of a helicopter and crew in an air accident off the Mayo coast in March 2017.

Programme D Sports and recreation services

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
D.1	Administration - pay		1,769	1,688	1,598
D.2	Administration - non pay		428	387	362
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)				
	Original	43,975			
	Deferred surrender	3,500	47,475	33,775	39,624
D.4	Grants for provision and renovation of swimming pools				
	Original	4,200			
	Deferred surrender	1,322	5,522	5,522	4,278
D.5	Sport Ireland (part funded by National Lottery)				
	Original	52,735			
	Deferred surrender	1,500	54,235	61,840	78,416
D. 6	Dormant accounts funding for sports measures		5,000	4,550	4,493
			114,429	**107,762**	**128,771**

Significant variations

Changes in timing of investments in two large scale projects have resulted in the investment in Programme D being €6.6 million lower than originally provided.

D.3 Grants for sporting bodies and provision of sports and recreational facilities

Estimate €47.4 million, outturn €33.7 million

€7.5 million of the underspend is directly related to delays in the Kerry Academy Project. This funding has been carried over into 2018 and will be fully spent in completing the project.

The balance of the underspend is due to timing of expenditures in Sport Capital as drawdowns depend on the grantee's ability to meet the terms and conditions of the grant prior to draw down.

D.5 Sport Ireland

Estimate €54.2 million, outturn €61.8 million

Sport Ireland had sought to postpone the commencement of Phase 2 of the National Indoor Arena project. Following a conciliation process between Sport Ireland and the contractor Phase 2 of the National Indoor Arena, commenced in 2017. The Department provided an additional €7.5 million to fund this phase of the project.

D.6 Dormant accounts funding for sports measures

Estimate €5 million outturn €4.5 million

The applications process to Sport Ireland for dormant accounts funding was delayed pending approval of the Dormant Accounts Action Plan 2017, which governs overall disbursement of the funding.

Programme E Tourism services

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration - pay	899	844	799
E.2	Administration - non pay	247	193	181
E.3	Fáilte Ireland	57,921	59,201	57,347
E.4	Tourism Ireland Limited - grant for administration and general expenses	14,601	14,601	14,430
E.5	Tourism Marketing Fund	35,853	36,403	35,053
E.6	Tourism Product Development	12,450	12,450	15,515
		121,971	**123,692**	**123,325**

Note 4 Receipts

4.1 Appropriations-in-aid

			2017	2016
		Estimated provision	Realised	Realised
		€000	€000	€000
Administration				
1	Receipts from pension-related deduction on public service remuneration	3,364	3,548	3,478
Civil aviation				
2	Irish Aviation Authority refund of subscriptions to international organisations	7,095	5,911	6,238
3	Irish Aviation Authority recoupment of rents, etc.	394	394	394
4	Irish Aviation Authority payment for associated costs	2,391	2,036	2,655
Land transport				
5	Road transport licence fees	700	1,140	1,287
6	Receipts from Local Government Fund	345,500	345,500	361,243
7	Miscellaneous land transport receipts			
	Original 2,488			
	Supplementary 12,499			
		14,987	14,970	2,460
Maritime transport and safety				
8	Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919	450	537	491
Tourism services				
9	Tourism Ireland pension receipts	175	257	311
Sports services				
10	Sport Ireland pension receipts	90	91	133
11	Dormant accounts	5,000	4,551	4,493
Miscellaneous receipts				
12	Miscellaneous receipts	300	308	444
	Total	**380,446**	**379,243**	**383,627**

Significant variations

Overall, Appropriations-in-Aid were €1.2 million less than the estimate.

Explanations for variances are set out below:

1 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €3.3 million, outturn: €3.5 million

The increase of €0.2 million was due to increased recruitment within the Department which resulted in increased pension related deductions.

2 *Irish Aviation Authority refund of subscriptions to international organisations*

Estimate provision: €7 million, outturn: €5.9 million

The Department pays annual subscription fees to International Organisations e.g, Eurocontrol and recoups the costs from the Irish Aviation Authority (IAA). Such costs were less than anticipated in the year, as reflected in subhead A4, and the amounts recouped were commensurately lower, in line with our agreement with IAA.

4 *Irish Aviation Authority payment for associated costs*

Estimate provision: €2.4 million, outturn: €2 million

The Department recoup certain costs from the Irish Aviation Authority for insurance, salaries, travel and subsistence costs etc. where these relate to policy areas such as air navigation policy and air safety policy. In 2017, these costs were less than originally estimated.

5 *Road Transport Licence fees*

Estimate provision €0.7 million, outturn: €1.1 million

Due to the upturn in the economy, applications and associated fees for licences and renewals were greater than anticipated.

7 *Miscellaneous land transport receipts*

Supplementary Income €12.5 million

Under the agreed budgetary profile for the funding of the Luas Cross City project, an element of the costs arising in 2017 were borne through the release of Section 49 Levies held by Transport Infrastructure Ireland (TII). These levies in the amount of €12.5 million were collected by TII under Section 49 of the Planning & Development Act 2000 in respect of the Luas extensions to Cherrywood and the Docklands. The levies have been surrendered by TII for reallocation to the National Transport Authority for Luas Cross City related costs. The Supplementary Estimate facilitates arrangements to reallocate the funds in question to fund Luas Cross City project expenditure in 2017.

8 *Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919*

Estimate provision €0.45 million, outturn: €0.54 million

Increased receipts were due to increased numbers of seafarers applying for certification as well as continued survey activity.

11 *Dormant accounts*

Estimate provision €5 million, outturn: €4.6 million

Dormant account receipts is an estimated figure. In 2017 the receipts were €0.4 million less than the estimate. (This receipt is linked to dormant accounts spend on D.6 which is less than estimated also).

4.2 Extra Exchequer receipts

	2017 €000	2016 €000
Balance at 1 January	—	—
Shannon Development rents [a]	11	11
Sports capital grant refunds [b]	31	31
Medical Bureau of Road Safety refund of unspent grant	—	292
Receipt from Bus Éireann for school transport [c]	166	247
EU receipt for CCRP (City Centre Re-signalling Project) [d]	2,565	—
Capital sale of assets	—	10
Road Safety Authority pension contributions and notional service [e]	467	483
Refund of bank balance	—	38
Dividend by Dublin Airport Authority [f]	29,100	—
Transferred to the Exchequer	(32,174)	(1,112)
Balance at 31 December	**166**	**—**

[a] Rents collected by the Shannon Airport Authority (SAA) on behalf of the Minister.

[b] Grant funding returned to the Vote because, following an examination by the Department, it concluded that the funding has been drawn down in 2006 in contravention of the terms and conditions of the Sports Capital Programme.

[c] Receipt from Bus Éireann for school transport relates to a depreciation charge paid for the use of Bus Éireann vehicles for various routes.

[d] Moneys received from Innovation & Networks Executive Agency of the European Commission in relation to the City Centre Re-signalling Project (CCRP). The CCRP is a central element of the upgrading of rail services to allow for further capacity enhancement within the Greater Dublin Area and the delivery of the overall DART Expansion Programme. This work will accommodate an additional five train paths per direction per hour (up from 12 at present to 17) in the critical City Centre Area.

[e] The Department acts as the intermediary in making the annual pay-over of the pension contributions deducted from RSA staff. These pay-overs are made to the Department of Public Expenditure and Reform.

[f] Dividend received in respect of shareholding in Dublin Airport Authority for the 2016 financial year.

5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department	486	459
Agencies		
Commission for Aviation Regulation	18	20
Fáilte Ireland	339	324
Medical Bureau of Road Safety	34	35
National Transport Authority	83	82
Commission for Railway Regulation	15	14
Road Safety Authority	326	322
Tourism Ireland	146	142
Transport Infrastructure Ireland	255	256
Sport Ireland	36	34
	1,738	**1,688**

5.2 Pay

Department staff only	**2017**	**2016**
	€000	**€000**
Pay	24,782	23,577
Higher, special or additional duties allowance	476	416
Other allowances	551	445
Overtime	554	589
Employer's PRSI	1,770	1,598
Total pay[a]	**28,133**	**26,625**

[a] The total pay figure is distributed across subheads A.1, B.1, C.1, D.1, E.1

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	108	44	26,374	20,374
Other allowances	96	2	25,083	17,228
Overtime	79	17	21,378	36,510
Extra remuneration in more than one category	57	44	41,505	43,624

5.4 Other remuneration arrangements

Three retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €41,505. Pension abatement rules were applied as appropriate.

5.5 Payroll overpayments

There were 78 individual overpayments at the year-end totalling €56,982 compared with 33 individual overpayments in 2016 (totalling €64,841). Recovery plans are in place for all of the €56,982 overpayments.

6. Miscellaneous

6.1 Carryover to 2018

Under the provision of Section 91 of the Finance Act 2004, €10.95 million in underspend allocation in respect of capital elements for subheads B.7, B.8, C.3, D.3 and E.7 was carried forward to 2018.

6.2 Contingent liabilities

The Department is involved in a number of legal cases. The Department cannot predict the outcome of such cases.

6.3 Commissions and special inquiries

In September 2016, a non-statutory inquiry commenced into the circumstances and facts concerning the reselling of tickets for the Rio Olympic Games. As of 31 December 2017, payments of €312,765 had been made in respect of the costs of the inquiry. As at 31 December 2017, the inquiry has concluded and no further expenditure will be incurred.

6.4 Compensation and legal costs

					2017	2016
	Number of cases	Legal costs of the Department	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by members of the public						
State Claims Agency managed	8	17	375	—	392	96
Other	3	6	—	—	6	312
		23	**375**	**—**	**398**	**408**

6.5 National Lottery Funding

Total expenditure of €95.6 million (€118.04 million in 2016) under subheads D.3 and D.5 was part funded by the National Lottery.

A full list of payments to grantees under subhead D.3 is available on the Department's website, www.dttas.ie

6.6 EU Funding

The outturn shown in Subhead B.8 Public & sustainable transport includes payment in respect of activities which are co-financed from the European Regional Development Fund. Estimates of expenditure and actual outturns are as follows:

	2017 Estimate €000	2017 Outturn €000	2016 Outturn €000
Subhead Description			
B.8 Public & sustainable transport	744	—	14

Appendix A Accounts of bodies and funds under the aegis of the Department of Transport, Tourism and Sport

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, at 31 March 2018, the period to which the last audited financial statements relate and when 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
Bus Eireann	2015	6 Apr 2016	30 May 2016	8 Jul 2016
Bus Atha Cliath	2015	6 Apr 2016	18 Jun 2016	8 Jul 2016
C.I.E. Tours International	2015	6 Apr 2016	8 Nov 2016	9 Nov 2016
Commission for Aviation Regulation	2016	19 Jun 2017	26 Jul 2017	10 Oct 2017
Coras Iompair Eireann (CIE)	2016	30 Jun 2017	7 Jul 2017	1 Sept 2017
Dublin Airport Authority	2016	21 Mar 2017	30 Mar 2017	23 May 2017
Drogheda Port Company	2016	4 Apr 2017	6 Apr 2017	10 Jul 2017
Dublin Port Company	2016	31 Mar 2017	5 Apr 2017	10 Jul 2017
Dun Laoghaire Harbour Company	2016	2 May 2017	4 May 2017	10 Jul 2017
Galway Harbour Company	2016	5 Apr 2017	6 Apr 2017	10 Jul 2017
Iarnrod Eireann	2015	6 Apr 2016	12 May 2016	8 Jul 2016
Irish Aviation Authority	2016	24 Mar 2017	27 Mar 2017	21 Apr 2017
Marine Casualty Investigation Board	2016	16 Jun 2017	12 Jan 2018	25 Jan 2018
Medical Bureau of Road Safety	2016	14 Dec 2017	21 Dec 2017	16 Jan 2018
National Tourism Development Authority – Failte Ireland	2016	29 Jun 2017	30 Jun 2017	8 Nov 2017
National Transport Authority	2016	22 Jun 2017	29 Jun 2017	26 Sep 2017
New Ross Port Company	2016	Not applicable	25 Mar 2017	10 Jul 2017
Port of Cork	2016	7 Apr 2017	7 Apr 2017	10 Jul 2017
Port of Waterford Company	2016	5 Apr 2017	11 Apr 2017	10 Jul 2017
Road Safety Authority	2016	31 May 2017	8 Jun 2017	15 Aug 2017
Shannon Foynes Port Company	2016	31 Mar 2017	21 Apr 2017	10 Jul 2017
Shannon Group	2016	29 Mar 2017	10 Apr 2017	25 Apr 2017
Sport Ireland	2015	13 Dec 2016	8 Feb 2017	30 May 2017
The Commission for Railway Regulation	2016	11 Dec 2017	22 Dec 2017	30 Jan 2018
Tourism Ireland	2016	30 Jun 2017	25 Aug 2017	9 Nov 2017
Transport Infrastructure Ireland	2016	30 Jun 2017	13 Jul 2017	28 Jul 2017

Appropriation Account 2017

Vote 32

Business, Enterprise and Innovation

Introduction

As Accounting Officer for Vote 32, 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 2017 for the salaries and expenses of the Office of the Minister for Business, Enterprise and Innovation, including certain services administered by that Office, for the payment of certain subsidies and grants, and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €8.3 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.

Transfer of Functions

The account has been prepared in accordance with the Further Revised Estimates for Public Services 2017 which took account of the alteration of the title of the Department of Jobs, Enterprise and Innovation to the Department of Business, Enterprise and Innovation with effect from 2 September 2017 (SI 364 of 2017) and the transfer of certain administration and ministerial functions (SI 361 of 2017) under Programme C Regulation, from the Department of Business, Enterprise and Innovation to the Department of Employment Affairs and Social Protection.

The transfer of functions comprised:

- the employment rights policy
- certain functions relating to the EU Employment, Social Policy, Health and Consumer Affairs Council
- responsibility for the Low Pay Commission (including its Secretariat).

14 staff working in these respective areas in the Department transferred with the functions to the Department of Employment Affairs and Social Protection (DEASP).

In line with the accounting arrangements set out by the Government Accounting section of the Department of Public Expenditure and Reform, the Further Revised Estimates for 2017 reflect the transfer of the Department functions on a full year basis. The appropriation account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis. The full year estimate of gross pay and non-pay allocations associated with the transfer of functions is €1.5 million.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

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.

Assurance on Shared Services

Payroll and human resource services are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of payroll and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of Vote 18 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 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.

Procurement Compliance

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 seven contracts entered into to the value of €383,387, which were listed in my annual return in respect of Circular 40/2002. Five of these contracts were rolled-over pending the finalisation by the Office of Government Procurement of centralised framework agreements. One contract was rolled over pending seamless transfer of operation to a new operator, while the remaining contract related to the provision of ICT services within Lansdowne House for the WRC/Labour Court for which a tender process is being conducted in 2018. Of the six contracts rolled forward four have now been tendered for.

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 work of internal audit 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 Advisory Committee (MAC) 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.

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 MAC, 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 2017 that resulted in, or may result in, a material loss.

Dr Orlaigh Quinn
Accounting Officer
Department of Business, Enterprise and Innovation

26 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Business, Enterprise and Innovation

Opinion on the appropriation account

I have audited the appropriation account for Vote 32 Business, Enterprise and Innovation for the year ended 31 December 2017 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 32 Business, Enterprise and Innovation for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Business, Enterprise and Innovation and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

13 September 2018

Vote 32 Business, Enterprise and Innovation

Appropriation Account 2017

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Jobs and Enterprise Development				
	Original	426,638			
	Supplementary	(21,839)	404,799	403,932	389,680
B	Innovation				
	Original	348,181			
	Supplementary	25,810	373,991	375,101	381,126
C	Regulation				
	Original	82,055			
	Supplementary	(3,970)	78,085	71,799	72,153
	Gross expenditure				
	Original	856,874			
	Supplementary	1			
			856,875	**850,832**	**842,959**
	Deduct				
D	**Appropriations-in-aid**		**50,333**	**52,542**	**52,680**
	Net expenditure				
	Original	806,541			
	Supplementary	1			
			806,542	**798,290**	**790,279**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**8,251,873**	**8,045,508**

Dr Orlaigh Quinn
Accounting Officer
Department of Business, Enterprise and Innovation

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		819,570	812,538
Pay		23,410	22,949
Non pay		7,852	7,472
Gross expenditure		**850,832**	**842,959**
Deduct			
Appropriations-in-aid		**52,542**	**52,680**
Net expenditure		**798,290**	**790,279**
Changes in capital assets			
Purchases cash	(1,855)		
Depreciation	1,912		
Loss on disposals	50		
		107	258
Changes in net current assets			
Increase in closing accruals	1,825		
Increase in stock	(39)		
		1,786	(1,477)
Direct expenditure		**800,183**	**789,060**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		24,411	23,715
Notional rents (non-cash)		2,580	2,580
Net programme cost		**827,174**	**815,355**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 32 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	[e]	96	91
Vote 12 Superannuation and Retired Allowances	[e]	18,274	16,021
Vote 13 Office of Public Works	[e]	5,549	7,291
Vote 18 National Shared Services	[e]	66	—
Vote 20 Garda Síochána	[e]	78	—
Central Fund - Ministerial pensions	[e]	348	312
		24,411	**23,715**

[e] indicates an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**6,999**	**6,968**
Current assets			
Bank and cash	2.3	8,023	2,985
Stocks	2.4	248	209
Prepayments		1,888	2,932
Accrued income		661	951
Other debit balances	2.5	726	578
Total current assets		**11,546**	**7,655**
Less current liabilities			
Accrued expenses		797	718
Deferred income		2,469	2,057
Other credit balances	2.6	4,930	2,691
Net Exchequer funding due	2.7	3,819	872
Total current liabilities		**12,015**	**6,338**
Net current (liabilities)/assets		**(469)**	**1,317**
Net assets		**6,530**	**8,285**
Represented by:			
State funding account	2.1	**6,530**	**8,285**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			8,285	7,066
Disbursements from the Vote				
Estimate provision	Account	806,542		
Surplus to be surrendered	Account	(8,252)		
Net vote			798,290	790,279
Fit-out costs and furniture provided by OPW			138	—
Expenditure (cash) borne elsewhere	1.1		24,411	23,715
Non cash expenditure – notional rent			2,580	2,580
Net programme cost	1		(827,174)	(815,355)
Balance at 31 December			**6,530**	**8,285**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	37,979	5,609	138	43,726
Additions	810	176	1,007	1,993
Brought into use in year	357	—	(357)	—
Disposals	(4,093)	(1,951)	—	(6,044)
Cost or valuation at 31 December 2017	35,053	3,834	788	39,675
Accumulated depreciation				
Opening balance at 1 January 2017	31,452	5,306	—	36,758
Depreciation for the year	1,844	68	—	1,912
Depreciation on disposals	(4,052)	(1,942)	—	(5,994)
Cumulative depreciation at 31 December 2017	29,244	3,432	—	32,676
Net assets at 31 December 2017	**5,809**	**402**	**788**	**6,999**
Net assets at 31 December 2016	6,527	303	138	6,968

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	8,023	2,985

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	180	151
IT supplies	50	48
Cleaning materials	18	10
	248	**209**

2.5 Other debit balances

at 31 December		2017	2016
	€000	€000	€000
Advances to OPW		159	166
Miscellaneous debit balances		420	307
Recoupable expenditure:			
Travel	83		
Shared services	64		
		147	105
		726	**578**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	1,320	24
Pay Related Social Insurance	582	60
Local Property Tax	11	—
Professional Services Withholding Tax	103	103
Value Added Tax on intra EU acquisitions	127	37
	2,143	224
Share of patent renewal fees payable to the European Patents Office	1,474	1,428
Staff pay-overs	621	29
Extra Exchequer receipts	190	—
Employers pension liability	170	317
Recoupable salaries	190	372
Other miscellaneous balances	142	321
	4,930	**2,691**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	8,252	8,046
Exchequer grant undrawn	(4,433)	(7,174)
Net Exchequer funding due	**3,819**	**872**
Represented by:		
Debtors		
Bank and cash	8,023	2,985
Other debit balances	726	578
	8,749	3,563
Creditors		
Due to State	(2,143)	(224)
Other credit balances	(2,787)	(2,467)
	(4,930)	(2,691)
	3,819	**872**

2.8 Matured liabilities

	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year-end	375	266

2.9 Commitments

at 31 December	2017	2016
	€000	€000
a) Global Commitments		
Procurement of goods and services	3,026	2,001
Grant programmes [a]	1,442,370	1,515,146
Total of legally enforceable commitments	**1,445,396**	**1,517,147**

[a] Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

b) Major Capital Commitments

Capital grants involving total expenditure of €6.5 million or more is shown separately in the major capital commitments table.

	Cumulative expenditure to 31 December 2016*	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016*
Agency Commitments	**€000**	**€000**	**€000**	**€000**	**€000**
IDA Ireland (A5)	47,500	15,030	103,870	166,400	179,400
Enterprise Ireland (A7)	308,494	51,314	157,598	517,406	511,726
Science Foundation Ireland (B4)	223,269	69,809	206,062	499,140	415,668
Enterprise Ireland (B4)	17,610	9,128	24,316	51,054	51,054
Department commitments					
Programme for Research in Third Level Institutions (PRTLI) (B5)	145,307	17,371	8,817	171,495	171,495
INTERREG (A10)	—	1,426	19,574	21,000	21,000
	742,180	**164,078**	**520,237**	**1,426,495**	**1,350,343**

*Excludes projects completed by end 2016.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2016 to 2017, an explanation is provided as follows:

Project	Expected total spend 2017	Expected total spend 2016	Year on year increase/(decrease)
	€000	**€000**	**€000**
IDA Ireland	166,400	179,400	(13,000)
The net decrease relates to four new grant approvals in 2017 totalling €28.6 million and a decrease of €41.6 million in respect of four grant commitments that were cancelled.			
Enterprise Ireland	517,406	511,726	5,680
The net increase relates to an increase in the value of five existing project commitments of €7.4 million and a decrease in the value of commitments on three projects of €1.8 million.			
Science Foundation Ireland	499,140	415,668	83,472
The increase relates to five new projects agreed and commenced in 2017.			

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	24,743			
	Supplementary	(1,360)			
			23,383	23,411	22,949
ii	Travel and subsistence		473	646	771
iii	Learning and development and incidental expenses		973	1,045	968
iv	Postal and telecommunications services				
	Original	425			
	Supplementary	(100)			
			325	273	296
v	Office equipment and external IT services		3,901	4,062	4,000
vi	Office premises expenses				
	Original	1,265			
	Supplementary	(200)			
			1,065	630	800
vii	Consultancy services and value for money and policy reviews		972	1,079	468
viii	Advertising and information resources				
	Original	442			
	Supplementary	(100)			
			342	116	169
			31,434	**31,262**	**30,421**

Significant variations

ii. *Travel and subsistence*

Estimate provision: €0.473 million, outturn: €0.646 million

The increase of €0.173 million on expenditure on travel and subsistence was due to additional travel expenditure arising from the need to service a considerably increased number of EU and international meetings in areas such as Brexit, trade etc. and the increases in travel and subsistence rates sanctioned by the Department of Public Expenditure and Reform in March 2017.

iv *Postal and telecommunication services*

Estimate provision: €0.425 million, outturn: €0.273 million

The decrease of €0.152 million on expenditure on postal and telecommunications services reflects efficiency gains and cost reductions arising from technology advances, including a change to Voice Over Internet Provided telephone services. In addition, there is a reduction in the volume of post.

vi *Office premises expenses*

Estimate provision: €1.265 million, outturn: €0.630 million

The decrease of €0.635 million on expenditure on office premises was due to the fact that the relocation of staff to a number of different new locations, which was expected to happen in 2017, has been delayed and therefore reduced the need for expenditure in this area.

viii *Advertising and information resources*

Estimate provision: €0.442 million, outturn: €0.116 million

The decrease of €0.326 million on expenditure on advertising and information resources was due to a lower than estimated demand for advertising and publicity events.

Programme A Jobs and Enterprise Development

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		8,451	8,184	7,886
A.2	Administration – non pay		2,606	2,339	1,940
A.3	Agency legacy pensions		40,850	39,541	39,783
A.4	Inter Trade Ireland		7,960	7,960	7,560
A.5	IDA Ireland				
	Original	179,264			
	Supplementary	(3,000)			
			176,264	175,731	156,459
A.6	NSAI – grant for administration and general expenses		5,802	5,794	5,094
A.7	Enterprise Ireland				
	Original	143,254			
	Supplementary	(30,000)			
			113,254	115,114	127,954
A.8	Local enterprise development		32,931	32,655	28,921
A.9	Temporary Partial Credit Guarantee Scheme		500	871	377
A.10	Matching funding for INTERREG				
	Original	3,000			
	Supplementary	(1,000)			
			2,000	1,426	—
A.11	Subscriptions to international organisations, etc.				
	Original	1,839			
	Supplementary	(1,839)			
			—	—	3,694
A.12	Commissions, committees and special inquiries		1	—	1
A.13	Legal costs and other services		180	317	11
A.14	Brexit Loan Fund				
	Original	—			
	Supplementary	14,000			
			14,000	14,000	—
—	*Micro Finance Loan Fund*		—	—	*10,000*
			404,799	**403,932**	**389,680**

Significant variations

Overall, the expenditure in relation to Programme A was €22.7 million lower than (originally) provided. €0.5 million of this related to administration expenditure and has already been explained and the balance of the variance of €22.2 million was mainly due to the following:

A.7 Enterprise Ireland

Estimate provision: €143 million, outturn: €115 million

The outturn was €28 million less than provided due to additional contribution by Enterprise Ireland (EI) to its own capital programme (€13 million), a delay in rolling out EI's Regional Enterprise Development Fund (€12 million) and delays in receiving claims in relation to some large projects (€5 million). This underspend was partially offset by increased demand on EI pensions and non-pay costs (€2 million). In 2017, Enterprise Ireland generated €87 million own resource income (ORI) against a plan of €75 million. The additional ORI was used to fund its capital programme thereby reducing the need for Exchequer funding for these programmes. EI had anticipated the rollout of its Regional Enterprise Development Fund programme in the latter half of 2017.

However, while applications for funding were approved in late 2017, actual drawdowns did not occur until 2018. In addition, there was a delay in receipt of grant claims in relation to 23 EI projects which led to lower than budgeted expenditure of €5 million.

A.9 Temporary Partial Credit Guarantee Scheme

Estimate provision: €0.5 million, outturn: €0.87 million

Expenditure was €0.37million higher than budgeted. This was mainly due to a change in the operator of the scheme and the re-design of some aspects of the scheme during 2017 which led to once- off costs that had not been provided for.

A.10 Match funding for INTERREG

Estimate provision: €3 million, outturn: €1.4 million

The underspend of €1.6 million was due to significant delays in the commencement of the current INTERREG Programme. This was partly due to administrative delays in the EU Managing Authority but mainly due to the UK decision in June 2016 to leave the EU which meant that no commitments could be made pending political resolution (involving Ireland, Northern Ireland, the UK and EU) of long term future funding commitments. A resolution was eventually achieved at the end of 2016. This meant that projects could only commence during the course of 2017.

A.11 Subscriptions to international organisations, etc.

Estimate provision: €1.8 million, outturn: Nil

The underspend of €1.8 million was due to the prepayment of the 2017 annual contribution to the World Trade Organisation in December 2016 which was accounted for in the 2016 Appropriation Account.

A.13 Legal costs and other services

Estimate provision: €0.18 million, outturn: €0.317 million

It is prudent Vote management to provide some level of contingency funding in the event of any unforeseen costs arising during the year. The excess in this instance arose as a result of the need to make an unexpected refund to a company who had overpaid its liabilities to the Export Credit Insurance Scheme by €297k.

A.14 Brexit Loan Fund

Estimate provision: Nil, outturn: €14 million

The expenditure under A.14 related to the Department's contribution to the funding of the Brexit Loan Fund. The Fund, which was announced during the Budget 2017 process, involves total exchequer funding of €23 million. DBEI's contribution is €14 million which was paid to the Strategic Banking Corporation of Ireland (SBCI). This funding was secured through the Department's supplementary estimates package agreed by the Oireachtas in late 2017. The other exchequer contribution of €9 million is being made by the Department of Agriculture, Food and the Marine.

This exchequer funding in turn, through a combination of a SBCI guarantee, supported by the State and partially counter-guaranteed by the European Commission and the European Investment Bank, is expected to leverage €300 million of lending to SMEs and small mid-sized companies to meet the challenges of Brexit.

Programme B Innovation

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay		5,633	6,285	5,725
B.2	Administration – non pay		1,737	2,455	2,224
B.3	Patents Office		2,841	2,847	2,632
B.4	Science and Technology Development Programme				
	Original	303,537			
	Supplementary	13,000			
			316,537	316,387	318,998
B.5	Programme for Research in Third Level Institutions (PRTLI)				
	Original	14,400			
	Supplementary	12,000			
			26,400	26,400	30,377
B.6	Subscriptions to international organisations, etc.				
	Original	19,835			
	Supplementary	1,000			
			20,835	20,727	21,169
B.7	Commissions, committees and special inquiries		1	—	1
B.8	Legal costs and other services				
	Original	197			
	Supplementary	(190)			
			7	—	—
			373,991	**375,101**	**381,126**

Significant variations

Overall, the expenditure in relation to Programme B was €26.9 million higher than (originally) provided. €1.4 million of this related to administration expenditure and has already been explained and the balance of the variance of €25.5 million was mainly due to the following:

B.5 Programme for Research in Third Level Institutions (PRTLI)

Estimate provision: €14.4 million, outturn: €26.4 million

The original allocation for this subhead was increased by €12 million by way of a supplementary estimate. This additional funding was used to discharge liabilities under Cycle 5 of the Programme for Research in Third Level Institutions (PRTLI). PRTLI Cycle 5 has provided research infrastructure and supported human capital development across Ireland's higher education institutes (HEI) in key strategic areas including bioscience, medical technologies; energy, social sciences and humanities and ICT. The supplementary estimate allocation was used to pay sums owed to HEIs for Cycle 5 projects including DIT, DCU, NUIM, UL, NUIG, UCD, TCD and UCC. The provision of this additional funding has significantly reduced the amount of outstanding liabilities owed under Cycle 5.

B.6 Subscriptions to international organisations, etc.

Estimate provision: €19.8 million, outturn: €20.7 million

The increase in expenditure of €0.9 million relative to the estimate provision arose by way of a supplementary estimate. This additional funding was used to increase Ireland's contribution to the ARTES (telecommunications) programme which is a programme of the European Space Agency. Increasing Ireland's contribution to this programme allowed for new contracts to be signed with Irish companies for industry co-funded market oriented technology and product development, generating additional R&D activity, employment and exports that would not otherwise take place in Ireland. To date this funding enabled seven companies in Ireland to secure ESA contracts from the ARTES programme and a further 10 companies are at various stages of preparing/submitting bids for contracts from the programme.

B.8 Legal costs and other services

Estimate provision: €0.197 million, outturn: Nil

It is prudent Vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. However, only very modest expenditure was incurred in 2017.

Programme C Regulation

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	Original	10,659			
	Supplementary	(1,360)			
			9,299	8,941	9,338
C.2	Administration – non pay				
	Original	4,108			
	Supplementary	(400)			
			3,708	3,058	3,308
C.3	Workplace Relations Programme				
	Original	18,736			
	Supplementary	(750)			
			17,986	17,372	18,050
C.4	Grants for trade union education and advisory services – cash-limited		900	900	900
C.5	Health and Safety Authority - grant for administration and general expenses		18,112	18,372	17,884
C.6	Trade union amalgamations		80	182	—
C.7	Office of the Director of Corporate Enforcement				
	Original	4,895			
	Supplementary	(750)			
			4,145	3,014	2,728
C.8	Competition and Consumer Protection Commission				
	Original	12,138			
	Supplementary	(500)			
			11,638	9,765	9,181
C.9	Personal Injuries Assessment Board		228	151	83
C.10	Consumer support		47	45	44
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses		7,488	7,106	6,664
C.12	Irish Auditing and Accounting Supervisory Authority		2,105	1,216	1,793
C.13	Subscriptions to international organisations, etc.				
	Original	1,319			
	Supplementary	(40)			
			1,279	1,198	1,536
C.14	Commissions, committees and special inquiries		281	111	92
C.15	Legal costs and other services				
	Original	959			
	Supplementary	(170)			
			789	368	266
—	*Low Pay Commission* [a]		—	—	*286*
			78,085	**71,799**	**72,153**

[a] The Low Pay Commission transferred to the Department of Employment Affairs and Social Protection with effect from September 2017.

Significant variations

Overall, the expenditure in relation to Programme C was €10.3 million lower than (originally) provided. €2.8 million of this related to administration expenditure and has already been explained and the balance of the variance of €7.5 million was mainly due to the following:

C.3 Workplace Relations Programme

Estimate provision: €18.7 million, outturn: €17.4 million

The underspend of €1.3 million was due to: (i) an underspend of €0.5 million in the Labour Court due to vacancies that took considerable time to fill and lower pension costs, (ii) an underspend of €0.7 million arising from reduced levels of activity by the Employment Appeals Tribunal and (iii) a minor underspend of €0.1 million in the WRC.

C.6 Trade union amalgamations

Estimate provision: €0.08 million, outturn: €0.18 million

The excess in expenditure of €0.1million was mainly due to demand being higher than originally estimated. It is difficult to predict the amount required in advance of applications being received and approved. A relatively modest amount is normally provided for this subhead. A large application in the amount of €182,000 was received in February 2017. Sanction was received from D/PER to pay this amount subject to the Department meeting this additional cost from within its Vote.

C.7 Office of the Director of Corporate Enforcement

Estimate provision: €4.9 million, outturn: €3 million

The underspend of €1.9 million arose on both pay and non-pay expenditure. Some €0.9 million related to pay underspends which were primarily due to delays in filling both newly-sanctioned senior posts and further vacancies arising. The estimate was based on a staff complement of 42 but the average number of staff employed by the ODCE during 2017 was 34.

A significant element of the ODCE's non-pay budget relates to projected legal and accounting fees associated with court cases under preparation and before the courts. It is not possible to anticipate with precision the complexity, timing or duration of investigations or court hearings, nor the nature of eventual court decisions. In this regard, the 2017 outturn figure was €1 million less than allocated mainly because potential legal costs did not arise during the year.

C.8 Competition and Consumer Protection Commission

Estimate provision: €12.1 million, outturn: €9.8 million

The underspend of €2.3 million arose on both pay and non-pay expenditure. Some €1.7 million related to pay underspends mainly due to a number of staff departures together with a significant number of vacancies remaining unfilled by year end. At the end of 2017, the CCPC had 90 members of staff and were carrying 16 vacancies.

There was an underspend of €0.6 million on non-pay, for the levy functions in 2017. The CCPC's financial services function is funded by a levy imposed on regulated financial service providers. A significant amount of the estimate for CCPC levy funded functions was not drawn down due to the carryover of €0.5 million from 2016 as permitted in legislation (Central Bank (Reform) Act 2010). This surplus was used to fund the CCPC levy functions in the early months of 2017. In addition, the CCPC had collected a sizable proportion of its 2017 levies later in 2017, and did not need to draw down funds for those functions in November or December 2017.

The reduced funding under subhead C.8 resulted in a lower than anticipated appropriation in aid by the CCPC to the Department (see explanation under note 4.1, item 16).

C.11 Companies Registration Office and Registry of Friendly Societies

Estimate provision: €7.5 million, outturn: €7.1 million

The underspend of €0.4 million arose on both pay and non-pay. There was an underspend in pay of €0.1 million due to delays in filling staff posts. Delays in progressing certain ICT development projects also resulted in underspend of non-pay of €0.15 million. Delays in implementing the Register for the Beneficial Ownership Project due to the required legislation to support this development (which is a matter for the Department of Finance) not being in place resulted in underspend of €0.05 million. It is anticipated that the project will be progressed in 2018 in line with the completion of the legislative process. Some relocation costs in the move to Bloom House were less than anticipated and it was possible to achieve savings of €0.1 million in areas such as printing costs and general office fitting costs.

C.12 Irish Auditing and Accounting Supervisory Authority

Estimate provision: €2.1 million, outturn: €1.2 million

The underspend of €0.9 million was due to the estimate being based upon the Authority having a full staff complement of 43 to carry out its statutory functions. However, ongoing difficulties experienced in attracting and recruiting suitable staff resulted in IAASA having an average of 24 in 2017.

C.13 Subscriptions to international organisations, etc.

Estimate provision: €1.3 million, outturn: €1.2 million

The underspend of €0.1 million was due to a lower contribution being required to the International Labour Organisation and a nil contribution to the European Association of Court Judges as a result of the winding down of the Employment Appeals Tribunal.

C.14 Commissions, committees and special inquiries

Estimate provision: €0.3 million, outturn: €0.1 million

The underspend of €0.2 million arose due to:

(i) €71,000 underspend from reduced activity by Joint Labour Committees; costs were therefore significantly reduced with underspends on the cost of holding meetings and any consequential activity
(ii) underspend of €20,000 for legal advice costs associated with three company investigations which are being undertaken by an authorised office of the Minister under section 19 of the Companies Act 1990 (as amended)
(iii) miscellaneous savings by the Company Law Review Group, Business Regulation and Future of Work initiative.

C.15 Legal costs and other services

Estimate provision: €1 million , outturn: €0.4million

The estimate is a contingency for potential legal costs across a number of areas in the Department and its Offices. The underspend of €0.6 million was due to lower than anticipated costs in the case of the Labour Court, Employment Appeals Tribunal, PIAB and Corporate Enforcement.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1	Receipts from the Social Insurance Fund	425	—	672
2	Employment permit fees	8,000	7,670	6,862
3	Employment agency licences	315	378	343
4	WRC fixed penalty notices	30	7	18
5	WRC court award costs	22	19	13
Insurance and Company Law				
6	Companies Registration Office	17,500	19,560	20,068
7	Registry of Friendly Societies	50	57	43
Trade, Competition and Market Rights				
8	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,300	9,353	9,083
9	Occasional trading licences	1	—	—
10	Competition and Consumer Protection Commission	433	535	474
11	Merger notifications	480	576	560
Other				
12	ODCE legal	50	9	207
13	Local enterprise development	—	—	—
14	Miscellaneous	200	713	313
15	Enterprise policy [a]	3,655	3,189	3,305
16	Competition and Consumer Protection Commission [b]	2,100	1,130	1,091
17	IAASA pay refund	—	—	368
18	PIAB pay and superannuation	1,580	1,207	1,166
19	HSA superannuation	676	481	274
20	Temporary Loan Guarantee Scheme	500	584	495
21	Expert Group on Future Skills Needs	490	343	278
22	Receipts from pension-related deduction on public service remuneration	5,526	6,731	7,047
	Total	**50,333**	**52,542**	**52,680**

[a] Enterprise Policy shows amounts received from the Enterprise agencies in relation to staff pension contributions. The agencies are Intertrade Ireland, IDA, EI and SFI.

[b] Receipts under this line are in part-recoupment of the expenditure under subhead C.8.

Significant variations

Overall, Appropriations-in-Aid were €2.2 million more than the estimate.

Explanations for variances are set out below:

1 Receipts from the Social Insurance Fund

Estimate provision: €0.4 million, outturn: Nil

The shortfall of €0.4 million arises as a refund of monies owed from the Social Insurance Fund (SIF) was not claimed in 2017. The practice has been to seek recoupment from the SIF in the final quarter of the year to cover costs incurred by the relevant bodies of the Department in processing redundancy and insolvency claims in the first three quarters of the year and in the last quarter of the previous year. The Department, therefore, would normally have sought recoupment from the SIF in Q4 of 2017 in respect of the relevant costs incurred by its bodies in Qs 1-3 of 2017 and also in respect of Q4 of 2016.

The Department expects to receive recoupment of Q4 2016 and 2017 costs in early 2018. The Department considers that it would be more efficient if the SIF costs were recouped on an annual basis. To this end and subject to discussions with the Department of Employment Affairs and Social Protection, the Department proposes to seek the recoupment from the SIF of the relevant costs incurred by its bodies in 2018 in the first quarter of 2019.

6 Companies Registration Office

Estimate provision: €17.5 million, outturn: €19.6 million

The Companies Registration Office's (CRO) generates income from a number of sources, including: (a) company annual returns (b) sale of bulk data, which is sold at fixed prices subject to pre-existing contracts (c) late filing penalties (d) provision of information to the public and (e) other company filing documents (e.g. transfers of shares, change of name etc.)

When estimating its annual income, the CRO considers trends from the previous year to assess likely behaviour but as this is a forecast it can result in significant variances between estimated and actual figures. The variance from the estimate can be attributed to an increased demand for services, including a record number of new company registrations, and a substantial increase in documents filed.

8 Receipts under the Trade Marks Act 1963 and Patents Act 1964

Estimate provision: €8.3 million, outturn: €9.4 million

The increase of €1.1 million is primarily due to fee income from the renewal of European Patent applications being greater than anticipated.

10 Competition and Consumer Protection Commission

Estimate provision: €0.4 million, outturn: €0.5 million

The increase of €0.1 million is due to modest increased activity in the areas of

(i) applications for credit intermediary authorisation
(ii) court cost recoveries
(iii) monitoring activity undertaken by the CCPC.

14 Miscellaneous

Estimate provision: €0.2 million, outturn: €0.7 million

Miscellaneous receipts by their nature are difficult to estimate. The outturn is made up of

(i) €0.26 million relating to receipts from third party pensioners paid by Enterprise Ireland under subhead A.3 Agency Legacy Pensions
(ii) €0.3 million in respect of monies relating to the Patent Office's participation in some European Patent Office and European Union Intellectual Property Office co-operation activities and programmes
(iii) €0.1 million in salary recoupments
(iv) various other miscellaneous amounts.

15 Enterprise Policy

Estimate provision: €3.7 million, outturn: €3.2 million

The enterprise policy income is made up of pension's contributions from a number of the Department's current and former enterprise agencies. The shortfall of €0.5 million in receipts in 2017 is due to staff leaving or retiring, with new staff appointed under the single pension contribution scheme, which is paid directly to the Department of Public Expenditure and Reform.

16 Competition and Consumer Protection Commission

Estimate provision: €2.1 million, outturn: €1.1 million

This is a shortfall of €1 million. The CCPC's financial services function is funded by a levy imposed on regulated financial service providers. As the levy is not collected until after mid-year, the Department pre-funds the CCPC on the proviso that it is reimbursed by way of Appropriations in Aid before year end. The levy may only be expended by the CCPC in relation to its financial information and education functions and not for its administration/general expenses. The CCPC applies any surplus in the amount of the levy in a given year to performance of those functions in the following year and reduces the levies prescribed in relation to the latter financial year accordingly. The CCPC carried over a surplus of levies collected in 2016 into 2017 thereby reducing the amount of levy monies that it collected in 2017.

The reduced funding under subhead C.8 resulted in a lower than anticipated reimbursement by the CCPC to the Department (see explanation for C.8).

18 PIAB pay and superannuation

Estimate provision: €1.6 million, outturn: €1.2 million

The shortfall of €0.4 million was mainly due to an overestimation of the expected superannuation contributions. The outturn was in line with the previous year.

19 HSA superannuation

Estimate provision: €0.7 million , outturn: €0.5 million

The Health and Safety Authority did not remit any superannuation contributions to DBEI for the months of January to May 2017 inclusive as it experienced a number of retirements in that period. The HSA, with the agreement of the Department used the superannuation contributions that were due to be submitted to finance retiree's lump sums.

21 Expert Group on Future Skills Needs

Estimate provision: €0.49 million, outturn: €0.34 million

This is a shortfall of €0.15 million. The Department of Business, Enterprise and Innovation, in conjunction with SOLAS, provides the Expert Group on Future Skills Needs (EGFSN) with research and secretariat support. Expenditure incurred by the Department is recouped from the National Training Fund (NTF). The shortfall was due to delays in the initiation of the Group's studies into: 'Addressing the Skills Needs Arising from the Potential Trade Implications of Brexit' and 'Skills for the Digital Economy' project. This resulted in less than anticipated expenditure by the Department and a consequential reduction in recoupment from the NTF.

22 Receipts from pension - related deduction on public service remuneration

Estimate provision: €5.5 million, outturn: €6.7 million

The increase of €1.2 million is mainly due to the difficulty in being precise when estimating the quantum of pension levies that are likely to be received. Estimates are prepared in October/November for the following year at a time when the outturn figure for the current year is not known which essentially does not permit year on year comparisons to be made.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	1	—
Local Enterprise Offices – current	187	413
Local Enterprise Offices – capital	3	2
National Standards Authority of Ireland – current	31	92
IDA Ireland – current	331	—
IAASA – excess payroll recoupment	190	—
Miscellaneous	1	10
Labour Relations Commission – current	—	5
Transferred to the Exchequer	(554)	(521)
Balance at 31 December	**190**	**1**

Local Enterprise Offices - current	This relates to unused pay and non-pay funds drawn down under subhead A.8 in 2016.
IDA Ireland - current	This relates to unused pay and funds drawn down under subhead A.5 in 2016.
IAASA – excess payroll recoupment	This relates to the recoupment of IAASA payroll payments by the Department in excess of the Exchequer's liability to IAASA in 2016.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department and Offices:		
Department	476	488
Patents Office	42	24
WRC	165	154
ODCE	34	33
CRO	110	110
	827	809
Agencies [a]	1,461	1,515
	2,288	**2,324**

[a] Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

5.2 Pay - Department, Offices and Agencies

	2017	2016
	€000	€000
Pay	146,293	144,900
Higher, special or additional duties allowance	1,395	822
Other allowances	445	2,238
Overtime	446	737
Employer's PRSI	9,617	9,659
Total pay	**158,196**	**158,356**

The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, A.8, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11 and C.12.

5.3 Department

	2017 €000	2016 €000
Pay [a]	40,593	40,476
Higher, special or additional duties allowance	632	681
Other allowances	445	446
Overtime	285	570
Employer's PRSI	2,580	2,488
Total pay [b]	**44,535**	**44,661**

[a] Includes pension payments to 19 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).

[b] Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7 and C.11). The amount included for pay in Note 1 refers to administrative subheads only.

5.4 Allowances and overtime payments - Department staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	93	8	43,788	32,546
Other allowances	71	12	151,679	206,984
Overtime	167	7	15,272	17,829
Extra remuneration in more than one category	26	11	21,805	15,559

5.5 Agencies

The agencies included here are the Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

The pay expenditure of the agencies is not a direct financial transaction of the Department and as such the Department does not hold detailed pay and allowance information in respect of agency staff. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2017 €000	2016 €000
Pay	105,700	104,424
Higher, special or additional duties allowance	763	141
Other allowances	—	1,792
Overtime	161	167
Employer's PRSI	7,037	7,171
Total pay	**113,661**	**113,695**

5.6 Allowances and overtime payments - Agency staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	47	4	29,031	13,072
Other allowances	251	29	58,997	37,246
Overtime	67	5	26,027	24,051
Extra remuneration in more than one category	5	2	28,928	26,051

5.7 Other remuneration arrangements

A company car was provided to the CEO of Enterprise Ireland.

A total of €41,608 was paid to three retired civil servants in 2017, who were re-engaged on various specialist services provided in 2016 and 2017. Appropriate procedures were in place with regard to payments to retired staff in accordance with Section 53 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Salary overpayments

Overpayments at year end were estimated at €162,722 (62 cases) (2016: €149,844, 42 cases). 21 cases have recovery plans in place with arrangements being made to commence repayment plans for the remaining cases.

5.9 Severance/redundancy

During 2017, one former Ministerial staff member whose employment was terminated with the change of Government in 2016, was paid a redundancy payment of €9,228 and severance payments totalling €29,119.

Note 6 Miscellaneous

6.1 EU funding

In addition to grants from the Vote, the Patents Office and the following bodies under the aegis of the Department received EU aid directly in 2017 as shown below:

Subhead	Description	2017 Outturn €	2016 Outturn €
A.14	Microfinance Ireland	—	863,633
B.3	Patents Office	154,678	512,169
B.4	Science Foundation Ireland	763,506	247,227
B.4	Enterprise Ireland	824,849	3,480,540
		1,743,033	**5,103,569**

The outturn shown in subheads A.8, B.4 and B.5 under Note 3, includes payments in respect of activities which are co-financed from the ERDF.

6.2 Commissions, committees and special inquiries

	Year of establishment	2017 Outturn €	2016 Outturn €
Permanent/open-ended			
Joint Labour Committees	1946	11,913	5,876
Company Law Review Group	2000	80,990	83,145
The Future of Work Initiative	2017	17,339	—
Sales Law Review Group	2009	356	642
Departmental Audit Committee	2004	—	1,800
Business Regulation Group	2006	—	632
		110,598	**92,095**

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by employees against:						
Department	1	—	—	8	8	—
Claims by members of the public against:						
Workplace Relations Commission	1	156	—	—	156	224
Employment Rights	1	—	—	3	3	17
Employment Appeals Tribunal	1	19	—	—	19	—
Labour Court	3	—	155	—	155	—
Employment permits	1	—	12	—	12	—
		175	**167**	**11**	**353**	**241**

6.4 Employment and training levy

The Employment and Training Levy set at 1% of an individual's total income with some exceptions, was abolished with effect from 6 April 1999. The Department of Business, Enterprise and Innovation continues to receive amounts relating to historical payments of taxes. The Employment and Training Levy is collected by the Office of the Revenue Commissioner and paid over to the Department of Business, Enterprise and Innovation on a monthly basis. The moneys are directly paid over to the Exchequer.

Statement of payments made i**n** accordance with Section 25(1) of the Labour Services Act 1987.

	2017	2016
	€	€
Received from Revenue Commissioners	373,333	180,979
Paid into the Exchequer	373,333	180,979

6.5 Contingent liability credit guarantee scheme

The Credit Guarantee Scheme (CGS) which became operational in 2012, provides a State guarantee through the Department to accredited lenders (Allied Irish Banks, Bank of Ireland and Ulster Bank Ireland) of 75 % on eligible loans or performance bonds to viable micro, small and medium-sized enterprises (SMEs). The guarantee is paid by the State (the "guarantor") to the lender on the unrecovered outstanding principal balance on a scheme facility in the event of a borrower defaulting on the scheme facility repayments.

Capita Asset Services were the operator and manager of the Credit Guarantee Scheme since it was launched in late 2012. In October 2016, following on from a Government decision on the issue, the Strategic Banking Corporation of Ireland became the new operator of the Credit Guarantee Scheme.

SMEs availing of the scheme pay a premium of 2% per annum to the Department (See Note 4.1) and claims against the guarantee are paid to participating lenders and are paid out of subhead A9. The amounts paid to SBCI to operate the scheme are also paid out of this subhead.

A summary of receipts and payments related to this scheme are set out below.

		2017		**2012-2017**
		€000		**€000**
Receipts in relation to premiums paid by SMEs		**584**		**1,596**
Scheme expenditure				
Payments to SBCI and Capita – scheme administration	464		1,700	
Claims paid	407		495	
Total cost of scheme		**(871)**		**(2,195)**
Net cost of scheme		(287)		(599)

At 31 December 2017, a total of €59,245,744 loans outstanding were covered by the Credit Guarantee Scheme. In the event of default by an SME, the accredited lender makes a claim in relation to the unrecovered principal balance. The guarantee extends to 75% of unrecoverable loans. The maximum exposure for the department in relation to loans outstanding at 31 December 2017 is €3.6 million. A Portfolio Claim Limit is set at a value of 10% of the aggregate value of scheme facilities accepted in each year (portfolio) for each lender, thereby capping the State's exposure at a guaranteed 75% of the 10% Portfolio Claim Limit. A lender's Portfolio Claim Limit is capped at: Guarantee rate x Portfolio Accepted Lending x Portfolio Default Limit.

6.6 Late payment penalties

	2017	**2016**
	€	**€**
Interest and compensation	12,209	5,686

6.7 Write-offs

The sums written off during the year were:

	2017	**2016**
	€000	**€000**
Historic suspense account balances	—	307

Appendix A Accounts of bodies and funds under the aegis of the Department of Business, Enterprise and Innovation

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, at end March 2018, the period to which the last audited financial statements relate and when 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
IDA Ireland	2016	22 Jun 2017	29 Jun 2017	27 Jul 2017
National Standards Authority of Ireland	2016	14 Jun 2017	5 Jul 2017	14 Jul 2017
Enterprise Ireland	2016	26 Jun 2017	4 Jul 2017	11 Jul 2017
Science Foundation Ireland	2016	25 May 2017	20 Jun 2017	4 Jul 2017
Health and Safety Authority	2016	30 Jun 2017	11 Jul 2017	9 Aug 2017
Competition and Consumer Protection Commission	2016	12 Dec 2017	21 Dec 2017	9 Jan 2018
Personal Injuries Assessment Board	2016	31 May 2017	23 Jun 2017	17 Jul 2017
Irish Auditing and Accounting Supervisory Authority	2016	8 Jun 2017	21 Aug 2017	5 Sep 2017

Appropriation Account 2017

Vote 33

Culture, Heritage and the Gaeltacht

Introduction

As Accounting Officer for Vote 33, 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 2017 for the salaries and expenses of the Office of the Minister for Culture Heritage and the Gaeltacht, including certain services administered by that Office, and for payment of certain subsidies and grants.

The expenditure outturn is compared with the sums:

a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €3.15 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and Notes 1 to 7 form part of the account.

Transfer of Functions

The transfer of the regional development and rural affairs functions from the former Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs to the newly formed Department of Rural and Community Development came into effect from 27 July 2017. The Department was re-named the Department of Culture, Heritage and the Gaeltacht with effect from 1 August 2017. This account has been prepared in accordance with the 2017 Final Revised Estimate for Culture, Heritage and the Gaeltacht, and in line with guidance from Government Accounting on accounting arrangements to apply in respect of expenditure on functions that transfer between departments by transfer of function orders. Therefore, the full year estimate allocation and full year outturn for 2017 for the Regional Development and Rural Affairs functions are reflected in the appropriation account for Vote 42 Rural and Community Development.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following;

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life commencing in the month the asset is placed in service.

Certain historic properties such as national parks, and heritage assets such as artefacts and manuscripts, have not been valued.

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.

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 and Equality.

I rely on a letter of assurance from the Accounting Officer for the Justice and Equality Vote and the Accounting Officer for Shared Services that the appropriate controls are exercised in the provision of shared services to my Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 and
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability, and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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.

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.

In total, five supply arrangements were reported under Circular 40/02 in 2017 with a total value of €1,044,842. These are broken down as follows:

- four contracts to a value of €980,453 related to contracts where normal tendering procedures were not appropriate as the providers in question were sole suppliers
- one contract to a value of €64,389 was extended beyond the original contract date and steps have been taken to ensure that a new contract was put in place in 2017 for these services.

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. 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.

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 (MB) 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.

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 MB, 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 2017 that resulted in, or may result in, a material loss.

Katherine Licken
Accounting Officer
Department of Culture, Heritage and the Gaeltacht

19 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 33 Culture, Heritage and the Gaeltacht

Opinion on the appropriation account

I have audited the appropriation account for Vote 33 Culture, Heritage and the Gaeltacht for the year ended 31 December 2017 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 33 Culture, Heritage and the Gaeltacht for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Culture, Heritage and the Gaeltacht and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 33 Culture, Heritage and the Gaeltacht

Appropriation Account 2017

				2017	2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000	€000
Programme expenditure						
A	Arts, Culture and Film					
		Current year provision	158,013			
		Deferred surrender	11,548	169,561	158,958	173,499
B	Heritage					
		Current year provision	45,289			
		Deferred surrender	2,000	47,289	51,337	48,049
C	Irish language, Gaeltacht and islands			46,613	47,955	53,346
D	North-South co-operation			38,493	41,356	41,557
—	*Regional development and rural affairs*			—	—	51,699
	Gross expenditure					
		Current year provision	288,408			
		Deferred surrender	13,548	**301,956**	**299,606**	**368,150**
	Deduct					
F	**Appropriations-in-aid**			**3,973**	**5,468**	**8,620**
	Net expenditure					
		Current year provision	284,435			
		Deferred surrender	13,548			
				297,983	**294,138**	**359,530**

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.

	2017	2016
	€	€
Surplus	3,844,590	16,667,853
Deferred surrender	(700,000)	(13,548,000)
Surplus to be surrendered	**3,144,590**	**3,119,853**

Katherine Licken
Accounting Officer
Department of Culture, Heritage and the Gaeltacht
19 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		264,460	331,921
Pay		30,091	31,175
Non pay		5,055	5,054
Gross expenditure		**299,606**	**368,150**
Deduct			
Appropriations-in-aid		**5,468**	**8,620**
Net expenditure		**294,138**	**359,530**
Changes in capital assets			
Purchases cash	(4,438)		
Depreciation	1,562		
Loss on disposals	9		
		(2,867)	(1,430)
Changes in net current assets			
Increase in closing accruals	33,677		
Decrease in stock	5		
		33,682	(37,015)
Direct expenditure		**324,953**	**321,085**
Expenditure borne elsewhere			
Net allied services expenditure (Note 1.1)		16,688	14,980
Notional rents		733	733
Net programme cost		**342,374**	**336,798**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 33 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	30	30
Vote 12 Superannuation and Retired Allowances	e	10,822	8,624
Vote 13 Office of Public Works	e	4,937	5,308
Vote 18 National Shared Service Office	e	121	100
Vote 24 Justice and Equality - Financial Shared Services Centre	e	608	604
Central Fund – Ministerial pensions	e	170	314
		16,688	**14,980**

[e] indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**59,552**	**56,656**
Current assets			
Bank and cash	2.3	6,183	24,668
Stocks	2.4	322	327
Prepayments		3,122	36,837
Accrued income		94	29
Other debit balances	2.5	383	1,082
Total current assets		**10,104**	**62,943**
Less current liabilities			
Accrued expenses		597	570
Other credit balances	2.6	5,027	5,706
Net Exchequer funding due	2.7	1,539	20,044
Total current liabilities		**7,163**	**26,320**
Net current assets/ (liabilities)		2,941	36,623
Net assets		**62,493**	**93,279**
Represented by:			
State funding account	2.1	**62,493**	**93,279**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			93,279	54,774
Disbursements from the Vote				
Estimate provision	Account	297,983		
Deferred surrender	Account	(700)		
Surplus to be surrendered	Account	(3,145)		
Net vote			294,138	359,530
Expenditure (cash) borne elsewhere	1.1		16,688	14,980
Non- cash expenditure – notional rent	1		733	733
– fixed asset adjustment	2.2		29	60
Net programme cost	1		(342,374)	(336,798)
Balance at 31 December			**62,493**	**93,279**

2.2 Capital assets

	Land and buildings	Plant and machinery	Office and IT equipment[a]	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross Assets					
Cost or valuation at 1 January 2017	53,435	7,436	10,028	4,209	75,108
Additions	2,701	965	633	139	4,438
Transferred out[b]	—	—	(558)	—	(558)
Adjustments[c]	—	29	13	47	89
Disposals	—	(270)	(165)	(25)	(460)
Cost or valuation at 31 December 2017	56,136	8,160	9,951	4,370	78,617
Accumulated depreciation					
Opening balance at 1 January 2017	1,128	6,181	8,537	2,606	18,452
Depreciation charge for the year	419	259	782	102	1,562
Depreciation on transfers	—	—	(558)	—	(558)
Adjustments	—	27	5	28	60
Depreciation on disposals	—	(263)	(165)	(23)	(451)
Cumulative depreciation at 31 December 2017	1,547	6,204	8,601	2,713	19,065
Net assets at 31 December 2017	**54,589**	**1,956**	**1,350**	**1,657**	**59,552**
Net assets at 31 December 2016	52,307	1,255	1,491	1,603	56,656

[a] The Department of Housing, Planning, Community and Local Government provide an ICT managed service for Heritage Division ICT assets on behalf of the Department of Culture, Heritage and the Gaeltacht. These are recorded on its asset register. The Department of Housing, Planning, Community and Local Government has prepared a schedule of assets in the event that the terms of the current ICT managed service is altered or ceases in the future and a transfer of assets is required.

[b] Assets transferred to the Department of Rural and Community Development as a result of a transfer of functions.

[c] The adjustments of €89,000 arose from an ongoing maintenance of the Department's fixed asset register.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	5,989	24,532
Commercial bank accounts[a]	194	136
	6,183	**24,668**

[a] The commercial bank account balance includes €172,120 in 2017 (2016: €131,179) in respect of a commercial bank account operated by the Department of Justice and Equality – Financial Shared Services.

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Building material and small plant	90	98
Fuels and fertilisers	23	28
Stationery	32	27
Equipment consumables	3	2
Janitorial supplies and first aid	9	25
IT consumables	37	23
Miscellaneous	62	63
Livestock	66	61
	322	**327**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Environment Fund	256	618
Office of Public Works	69	427
Other debit suspense items	58	37
	383	**1,082**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	483	612
Pay Related Social Insurance	295	334
Professional Services Withholding Tax	283	207
Relevant Contracts Tax	4	—
Value Added Tax	256	262
Pension deductions	13	11
	1,334	1,426
Crowley Bequest Fund (Note 7.2)	321	377
Aran LIFE [a]	506	247
Kerry LIFE [a]	647	852
Raised Bog LIFE project [a]	2,006	2,246
Other	213	558
	5,027	**5,706**

[a] The LIFE programme is the EU's funding instrument supporting environment, nature conservation and climate action projects through the EU. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value.

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	3,144	3,120
Deferred surrender	700	13,548
Exchequer grant undrawn	(2,305)	3,376
Net Exchequer funding due	**1,539**	**20,044**
Represented by:		
Debtors		
Bank and cash	6,183	24,668
Debit balances: suspense	383	1,082
	6,566	25,750
Creditors		
Due to State	(1,334)	(1,426)
Credit balances: suspense	(3,693)	(4,280)
	(5,027)	(5,706)
	1,539	**20,044**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Turf Compensation Scheme	24,247	25,209
Islands	17,825	9,619
Gaeltacht support schemes	3,192	4,157
ACCESS cultural development grants	6,220	7,107
Irish language support schemes	6,250	8,819
Other arts capital projects	13,573	2,301
Decade of Centenaries 1912 – 1922	—	3,083
Cork Event Centre	11,000	11,000
Natural heritage (National Parks and Wildlife Service)	1,198	2,489
Other grants and procured services and goods	1,838	3,569
Total of legally enforceable commitments	**85,343**	**77,353**

Significant Variations

An explanation is provided below where a commitment has increased or decreased by more than €500,000 from 2016 to 2017.

Subhead	Amount of increase/(decrease) €000	Explanation
Turf Compensation Scheme	(962)	As this scheme commenced in 2011, the decrease reflects the drop in remaining number of years for which applicants are to be paid is falling year on year.
Islands	8,206	The increase in the commitments figure reflects the awarding of new contracts for the provision of transport services to the islands.
Gaeltacht support schemes	(965)	The reduction in commitments is a result of payments in 2017 in respect of commitment outstanding at the end of 2016.
ACCESS (cultural development grants)	(887)	The reduction in the commitment relates to payments in respect of ACCESS programme commitments which matured in 2017.
Irish Language Support Schemes	(2,569)	The reduction in commitments is a result of payments in 2017.
Other capital arts projects	11,272	The increase in commitments is due to grant awards made in 2017 under Streams 1, 2 and 3 of the new Arts and Culture Capital Scheme.
Decade of Centenaries 1912 – 1922	(3,083)	The commitments at the end of 2016 were fully expended in 2017 except for the Citizens Chapel in Glasnevin which did not proceed.
Natural Heritage (National Parks and Wildlife Service)	(1,291)	The majority of the reduction in the commitments is due to projects being finalised in 2017.
Other grants and procured services and goods	(1,731)	The reduction in commitments is a result of payments in 2017 in respect of commitment outstanding at the end of 2016.

2.9 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	28	6

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	30,150	30,091	31,175
ii	Travel and subsistence	1,427	1,216	1,196
iii	Training and development and incidental expenses	987	792	845
iv	Postal and telecommunications services	610	491	473
v	Office equipment and external IT services	1,987	1,886	1,811
vi	Office premises expenses	775	670	726
vii	Consultancy services and value for money and policy reviews	100	—	3
		36,036	**35,146**	**36,229**

Significant variations

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €100,000, outturn: €Nil

The saving was due to a policy to keep such expenditure to a minimum in the light of budgetary pressures.

Programme A Arts, Culture and Film

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		6,226	5,990	5,709
A.2	Administration – non -pay		1,368	1,337	1,063
A.3	Payments to match resources generated by the National Archives		40	32	40
A.4	General expenses of the National Archives and National Archives Advisory Council		1,566	1,162	1,274
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery [a]		11,636	11,711	10,876
A.6	Regional museums, galleries, cultural centres and projects		10,300	10,222	2,925
A.7	Cultural infrastructure and development				
	Original	6,100			
	Deferred surrender	6,548	12,648	7,407	15,352
A.8	Culture Ireland		3,500	3,682	5,495
A.9	An Chomhairle Ealaíon (part funded by National Lottery)		65,150	65,150	60,120
A.10	General expenses of the National Museum of Ireland		12,851	12,881	12,120
A.11	General expenses of the National Library of Ireland		7,293	7,293	6,944
A.12	Irish Film Board		16,488	16,987	15,571
A.13	General expenses of the National Gallery of Ireland		9,394	9,394	7,636
A.14	European City of Culture		1	—	—
A.15	Decade of Centenaries 1912 – 1922				
	Original	1,100			
	Deferred surrender	5,000	6,100	5,710	28,374
A.16	Cork Event Centre		5,000	—	—
			169,561	**158,958**	**173,499**

[a] See Note 7.1

Significant variations

Overall, the expenditure in relation to Programme A was €10.603 million lower than originally provided. The variance of €10.603 million was mainly due to the following:

A.4 *General expenses of the National Archives and National Archives Advisory Council*

Estimate provision: €1.566 million, outturn: €1.162 million

The saving of €0.404 million relative to the estimate provision was due to the procurement of ICT infrastructure and other equipment not progressing as originally planned.

A.7 *Cultural infrastructure and development*

Estimate provision: €12.648 million, outturn: €7.407million

The saving of €5.241 million relative to the estimate provision was due to a number of projects not progressing as quickly as originally planned including one project to the value of €2 million.

A.8 *Culture Ireland*

Estimate provision: €3.5 million, outturn: €3.682 million

Additional funding was secured with the sanction of the Department of Public Expenditure and Reform to meet emerging pressures on this subhead in 2017.

A.15 *Decade of Centenaries 1912 – 1922*

Estimate provision: €6.1 million, outturn: €5.71 million

Savings arose due to slower than anticipated progress on a number of projects including the National Archives redevelopment project.

A.16 *Cork Event Centre*

Estimate provision: €5 million, outturn: €Nil

The saving of €5 million relative to the estimate provision was due to the contracting authority not being in a position to finalise the construction contract during 2017. As a result, no capital funding drawdown was required during the year.

Programme B Heritage

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay		19,245	19,748	18,514
B.2	Administration – non pay		2,696	1,839	1,590
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)		6,254	5,904	5,243
B.4	Built heritage		2,538	2,947	2,402
B.5	Natural heritage (National Parks and Wildlife Service)				
	Original	11,182			
	Deferred surrender	2,000	13,182	17,104	17,074
B.6	Irish Heritage Trust		374	400	324
B.7	Built Heritage Jobs Leverage Scheme		2,000	3,281	2,102
B.8	Peatlands restoration and management		1,000	114	800
			47,289	**51,337**	**48,049**

Significant variations

Overall, the expenditure in relation to Programme B was €4.048 million higher than originally provided. The variance was mainly due to the following:

B.2 Administration – non pay

Estimate provision: €2.696 million, outturn: €1.839 million

The saving of €0.857 million arose from lower than anticipated expenditure in the areas of travel and subsistence, training and IT. Expenditure in these areas is actively monitored to ensure that costs are minimised.

B.3 *Grant for An Chomhairle Oidhreachta (Heritage Council, part funded by National Lottery)*

Estimate provision: €6.254 million, outturn: €5.904 million

The saving of €0.350 million relative to the estimate provision was due to later than planned initiation of the Historic Towns programme.

B.4 *Built heritage*

Estimate provision: €2.538 million, outturn: €2.947 million.

The excess of €0.409 million relative to the estimate provision was due to latent demand to address structures at risk, including remedial works to historic structures damaged by severe weather events.

B.5 *Natural heritage (National Parks and Wildlife Service)*

Estimate provision: €13.182 million, outturn: €17.104 million

The excess of €3.922 million relative to the estimate provision was due to costs associated with measures in place to support compliance with the EU Habitats Directive, unanticipated capital works relating to flood and other repairs at national parks and reserves, and the acquisition of a strategically important land bank adjacent to Ballycroy National Park.

B.7 *Built Heritage Jobs Leverage Scheme*

Estimate provision: €2 million, outturn: €3.281 million

The excess of €1.281 million relative to the estimate provision was due to additional demand under this scheme. Sanction was received from Department of Public Expenditure and Reform to increase this provision by up to €1.5 million to meet this increased demand.

B.8 *Peatlands restoration and management*

Estimate provision: €1 million, outturn: €0.114 million

The saving of €0.886 million relative to the estimate provision was due to the fact that while draft restoration plans for 53 raised bog special areas of conservation (SACs) were completed in 2016, further consultation and survey work was required in 2017. As a consequence, the preparatory work required was not achieved until late 2017, leading to an underspend on the allocation.

Programme C Irish language, Gaeltacht and Islands

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	3,731	3,172	2,949
C.2	Administration – non-pay	1,125	1,017	789
C.3	Gaeltacht support schemes	7,812	8,465	8,292
C.4	Irish language support schemes (part funded by National Lottery)	3,795	4,014	3,594
C.5	An Coimisinéir Teanga	730	729	639
C.6	Údarás na Gaeltachta - administration	8,958	8,958	8,823
C.7	Údarás na Gaeltachta - current programme expenditure	3,250	3,250	3,000
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises	6,687	8,957	9,087
C.9	Islands	9,275	7,964	13,274
C.10	20 Year Strategy for the Irish Language 2010 – 2030	1,250	1,429	999
—	*Decade of Centenaries – Teach an Phiarsaigh*	—	—	1,900
		46,613	**47,955**	**53,346**

Significant variations

Overall, the expenditure in relation to Programme C was €1.342 million higher than originally provided. The variance was mainly due to the following:

C.3 Gaeltacht support schemes

Estimate provision: €7.812 million, outturn: €8.465 million

The excess of €0.653 million relative to the estimate provision was due to additional demand under these schemes. Sanction was received from Department of Public Expenditure and Reform to increase this provision to meet this increased demand.

C.4 *Irish language support schemes (part funded by National Lottery)*

Estimates provision: €3.795 million, outturn: €4.014 million

The excess of €0.219 million relative to the estimate provision was due to additional demand under these schemes. Sanction was received from Department of Public Expenditure and Reform to increase this provision to meet this increased demand.

C.8 *Údarás na Gaeltachta - grants for projects and capital expenditure on premises*

Estimates provision: €6.687 million, outturn: €8.957 million

The excess of €2.270 million relative to the estimate provision was due to a number of capital projects coming to fruition earlier than had been anticipated during the year. The additional expenditure was approved in accordance with the sanctions received from the Department of Public Expenditure and Reform.

C.9 *Islands*

Estimates provision: €9.275 million, outturn: €7.964 million

The saving of €1.311 million relative to the estimate provision was due to delays in the development of Inis Oírr Pier. €0.7 million of this underspend was carried forward to 2018.

C.10 *20 Year Strategy for the Irish Language 2010 – 2030*

Estimates provision: €1.250 million, outturn: €1.429 million

The excess of €0.179 million relative to the estimate provision was due to additional demand under these schemes. Sanction was received from Department of Public Expenditure and Reform to increase this provision to meet this increased demand.

Programme D North-South Co-Operation

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	948	1,181	1,058
D.2	Administration – non-pay	697	862	683
D.3	An Foras Teanga	13,989	13,508	13,249
D.4	Waterways Ireland	22,859	25,805	26,567
		38,493	**41,356**	**41,557**

Significant variations

Overall, the expenditure in relation to Programme D was €2.863 million higher than originally provided. The variance was mainly due to the following:

D.4 *Waterways Ireland*

Estimates provision: €22.859 million, outturn: €25.805 million

The excess of €2.946 million was due to provision for critical infrastructure repair including that related to severe weather events.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	National Archives	40	34	46
2	Miscellaneous receipts	872	1,225	1,485
3	Rents (including receipts from lettings of fishing rights etc.)	100	188	121
4	Services and charges at national parks and wildlife sites	445	1,228	1,226
5	Receipts from pension-related deduction on public service remuneration	2,516	2,793	3,026
—	*LEADER- Rural Economy Sub Programme*	—	—	2,284
—	*Dormant accounts programme expenditure*	—	—	432
	Total	**3,973**	**5,468**	**8,620**

Significant variations

Overall, Appropriations-in-Aid were €1.495 million more than the estimate.

Explanations for variances are set out below:

2 Miscellaneous receipts

Estimate provision: €0.872 million, outturn: €1.225 million

The variance of €0.353 million was due to higher than anticipated pension receipts from agencies.

4 Services and charges at national parks and wildlife sites

Estimate provision: €0.445 million, outturn: €1.228 million

The excess of €0.783 million was due to higher than anticipated level of receipts in the national parks, reflecting good visitor numbers at these amenities.

5 Receipts from pension-related deduction on public service remuneration

Estimate provision: €2.516 million, outturn: €2.793 million

The variance of €0.277 million was due to higher than anticipated pension related deduction receipts from agencies.

4.2 Extra Exchequer receipts

	2017	2016
	€000	€000
Balance at 1 January	4	9
Receipts from Gaeltacht loans	2	4
Transferred to Exchequer	(4)	(9)
Balance at 31 December	**2**	**4**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full-time equivalents)		
Department	619	608
Agencies	1,079	1,011
	1,698	**1,619**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	69,037	68,652
Higher, special or additional duties allowance	56	92
Other allowances	1,011	1,115
Overtime	1,305	1,373
Employer's PRSI	5,929	5,944
Total Pay	**77,338**	**77,176**

The Exchequer pay figure as disclosed in the Final Revised Estimates does not represent the totality of pay for the staff numbers disclosed under Note 5. In the case of North/ South implementation bodies, expenditure on pay is funded on an agreed pro-rata basis by the sponsoring departments in the two jurisdictions.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017	Highest individual payment 2016
			€	**€**
Higher, special or additional duties	38	2	12,494	11,559
Other allowances	572	25	19,585	19,585
Overtime	568	24	16,450	24,234
Extra remuneration in more than one category.	378	62	23,437	28,273

The details in relation to allowances and overtime payments relating to staff of bodies/ agencies are based solely on returns submitted by those bodies/ agencies.

5.4 Other remuneration arrangements

One retired civil servant in receipt of a civil service pension was re-engaged in 2017 at a total cost of €1,800. Pension abatement was not deemed applicable in this case.

5.5 Payroll overpayments

Overpayments at the year-end were €44,275 (51 individuals) (2016: €16,583 (15 individuals). Of this, €12,940 had recovery plans in place at 31 December.

Note 6 Miscellaneous

6.1 National Lottery funding

		2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
Sub-head	**Description**			
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	65,150	65,150	60,120
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	6,254	5,904	5,243
C.4	Irish language support schemes (part funded by National Lottery)	3,795	4,014	3,594
		75,199	**75,068**	**68,957**

A full list of grantees under subhead C.4 is available on the Department of Culture, Heritage and the Gaeltacht website **https://www.chg.gov.ie/about/finance-evaluation/national-lottery-funding/**

6.2 Compensation and legal costs

					2017	2016
	Number of cases	Legal costs paid by Department	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by:						
employees of the Department	2	11	—	—	11	17
members of the public	10	161	18	47	226	178
		172	**18**	**47**	**237**	**195**

6.3 Late payment interest

	2017	2016
	€000	€000
Total of interest paid	2	2

6.4 Loss of heritage assets

The investigation commenced in 2012 by An Garda Síochána in relation to the loss of a number of items held in private storage on behalf of the Department of Culture, Heritage and the Gaeltacht is ongoing. No adjustment has been made to the recorded figures in Note 2.2, pending the completion of the Garda investigation.

6.5 Carryover to 2018

Under section 91 of the Finance Act 2004, €700,000 in unspent allocation in respect of the capital element for subhead C9 Islands was carried forward to 2018.

6.6 Cessation of Turf Cutting Compensation Scheme

In 2017, the Department made 2,860 payments (2016: 2,975) totalling €4,604,000 (2016: € 4,646,000) in respect of the Cessation of Turf Cutting Compensation Scheme.

Note 7 Miscellaneous Accounts

7.1 Payments towards general expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (Subhead A.5).

	2017	2016
	€000	€000
Payments		
Irish Museum of Modern Art	5,143	4,813
Chester Beatty Library	2,521	2,404
National Concert Hall	2,709	2,425
Crawford Gallery, Cork	1,338	1,234
	11,711	**10,876**

7.2 The Crowley Bequest Fund

The bequest was accepted by the State in 1997, to be used to undertake a project involving the listing, microfilming and publishing of records of the Chief Secretary's Office for the period 1815 – 1853. The charge on the fund represents conservation and salary costs associated with this project.

Accounts of receipts and payments for year ended 31 December 2017

	2017	2016
	€000	€000
Balance on 1 January	377	408
Receipts	50	50
Payments	(106)	(81)
Balance at 31 December	**321**	**377**

7.3 Statement of loans for Gaeltacht housing

Loans issued towards Gaeltacht housing under the Housing (Gaeltacht) Acts 1929 to 2001 and repayments thereof:

		2017	2016
	€000	€000	€000
Opening balance on 1 January		183	183
Annual penal interest accrued		4	5
Interest written off		—	(1)
Repayments			
Principal	(1)		
Interest	(1)	(2)	(4)
Closing balance on 31 December		**185**	**183**

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently manages six national park locations, namely

- Ballycroy National Park
- The Burren National Park
- Connemara National Park
- Glenveagh National Park
- Killarney National Park
- Wicklow Mountains National Park

In 2013, the Department commenced a long-term project aimed at developing an electronic property information database for land and buildings acquired by the Department. This work continued in 2017.

Appendix B Accounts of bodies and funds under the aegis of the Department of Culture, Heritage and the Gaeltacht

The following table lists the bodies under the aegis of the Department and where the Minister has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and when 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
IMMA	2016	7 Nov 2017	16 Nov 2017	24 Apr 2018
Chester Beatty Library	2016	1 Jun 2017	27 Jun 2017	22 Nov 2017
National Concert Hall	2016	30 Jun 2017	23 Oct 2017	18 Jan 2018
Crawford Art Gallery	2016	29 Sep 2017	9 Oct 2017	27 Dec 2017
Arts Council	2016	30 Jun 2017	21 Jul 2017	6 Dec 2017
National Museum of Ireland	2016	29 Nov 2017	22 Dec 2017	19 Apr 2018
National Library of Ireland	2016	20 Dec 2017	29 Jan 2018	26 Apr 2018
Irish Film Board	2016	20 Dec 2017	13 Mar 2018	2 May 2018
National Gallery of Ireland	2016	20 Jul 2017	6 Nov 2017	18 Jan 2018
The Heritage Council	2016	30 Jun 2017	21 Jul 2017	12 Dec 2017
Údarás na Gaeltachta	2016	30 Nov 2017	8 Dec 2017	18 Jan 2018
Foras Teanga	2016	18 Dec 2017	27 Mar 2018	14 Jun 2018
Waterways Ireland	2016	30 Jun 2017	10 Jul 2017	20 Sep 2017
An Coimisíneir Teanga	2016	14 Dec 2017	27 Dec 2017	12 Feb 2018

Appropriation Account 2017

Vote 34

Housing, Planning and Local Government

Introduction

As Accounting Officer for Vote 34, 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 2017 for the salaries and expenses of the Office of the Minister for Housing, Planning and Local Government, including grants to Local Authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.33 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 8 form part of the account.

Transfer of Functions

The account has been prepared in accordance with the *Further Revised Estimates for Public Services 2017*, which took account of the alteration of the title of the Department of Housing, Planning, Community and Local Government to the Department of Housing, Planning and Local Government with effect from 1 August 2017 (SI 358/ 2017) and the transfer of community development functions from the Department of Housing, Planning, Community and Local Government to the Department of Rural and Community Development (Vote 42) with effect from 27 July 2017 (SI 357/ 2017).

In line with accounting arrangements set out by the Government Accounting Unit of the Department of Public Expenditure and Reform, the *Further Revised Estimates for Public Services 2017* reflect the transfer of the Department functions on a full year basis. The appropriation account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis. Therefore, all the transferred community development functions for 2017 are included in the appropriation account of the Department of Rural and Community Development (Vote 42).

The further revised estimate for Vote 34 Housing, Planning and Local Government provided an additional €292.87 million to reflect additional funding requirements for Subhead B.6 – Irish Water arising from the Water Services Act 2017. The estimate provision presented in this account for 2017 takes account of this funding.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Multi-annual capital commitments

The reporting threshold for legally enforceable capital commitments as set out in the standard accounting policies and principles is €6.35 million. However, the Department reports legally enforceable capital commitments on a threshold of €10 million under sanction from the Department of Public Expenditure and Reform due to the volume of commitments that would be included under the standard threshold of €6.35 million.

Capital Assets

Land is not depreciated. Other assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service on the following basis:

- buildings 5% per annum
- motor vehicles 20% per annum
- plant and machinery 10% per annum
- radar equipment 6.66% per annum

All other assets are depreciated in line with the standard rates set out in Circular 25/2017.

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.

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 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 an approved 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. The internal audit function is reviewed periodically by me and by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

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 quarterly 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

The risk register is reviewed at Divisional meetings and the high-level risks are reviewed on a quarterly basis by the Management Board. 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 by the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Procurement Compliance

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 procurement guidelines. The Department complied with the guidelines with the exception of five contracts (in excess of €25,000) totaling €425,388 (ex VAT), as set out below.

- One contract in relation to catering with a total value of €47,918 (ex VAT) and two cleaning contracts with a total value of €202,302 (ex VAT). These contracts, which were previously awarded without a competitive process, continued pending the implementation of a formal procurement process.
- One security contract with a total value of €145,168 (ex VAT) was entered into as an emergency measure to provide security relating to the erection of hoarding while maintenance / refurbishment works were being undertaken by the OPW at the Custom House.
- One contract amounting to €30,000 (ex VAT) was for renewal of a software licence for a period of two months as a proposed related software upgrade was awaiting completion.

The Department has provided details of these exceptional contracts as part of information on eleven contracts with a total value of €950,206 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal Financial Control Issues

A number of internal financial control issues were raised in internal audit reports during 2017. Issues raised and corrective measures taken include:

Management of accommodation

An internal audit report in April 2017 which examined the management of expenditure on accommodation services identified a number of weaknesses in procurement processes, including the need for retendering for some services in a timely manner and deficiencies in documented procurement procedures. The Department is addressing these issues by developing a procurement register which includes expiry dates for contracts and by completing a revised procedures manual to guide the work of staff engaged in procurement activity. Four of the cases of non-compliance identified by internal audit were in excess of €25,000 (excluding VAT) in value in 2017 and were included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Homelessness funding

An internal audit of the management of homelessness funding in January 2017 noted a number of areas where control relating to the oversight of this expenditure could be strengthened further to ensure it is more closely aligned with the requirements of the Department of Public Expenditure and Reform, while recognising that, by its nature, the provision of homeless services occasionally gives rise to emergency-type situations requiring urgent responses.

On foot of the report's recommendation in this regard, the Department reviewed and amended its protocols and financial reporting arrangements with the local authorities to ensure that a more resolute certification of expenditure is provided to it in relation to homelessness expenditure by the local authorities and that the control requirements are fully adhered to.

Water quality funding

An internal audit of the management of funding by the Water Quality Section in August 2017 noted weaknesses in control over a small number of payments to grantees including, for example, payments being approved without appropriate certification by the relevant official in the grantee body. The audit recommended that the Section's payment processes be brought into line with the Department's general guidelines for processing payments. The Department undertook to review the issues raised and introduce revised procedures in the Section as appropriate.

Shared Services

Payroll and human resource services are provided to the Department on a shared service 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 payroll and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of the National Shared Services Office (Vote 18) that the appropriate controls are exercised in the provision of shared services to this Department.

John McCarthy
Accounting Officer
Department of Housing, Planning and Local Government

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning and Local Government

Opinion on the appropriation account

I have audited the appropriation account for Vote 34 Housing, Planning and Local Government for the year ended 31 December 2017 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 34 Housing, Planning and Local Government for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Housing, Planning and Local Government and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapters 4 and 10 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 34 Housing, Planning and Local Government.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 34 Housing, Planning and Local Government

Appropriation Account 2017

		Estimate provision		2017 Outturn	2016 Outturn
		€000	€000	€000	€000
	Programme expenditure				
A	Housing				
	Original	1,221,231			
	Supplementary	100,000	1,321,231	1,323,164	847,483
B	Water services		341,066	326,037	33,970
C	Local government		386,683	387,689	418,030
D	Planning		26,466	32,266	20,750
E	Met Éireann		19,398	18,002	16,409
—	*Community*		—	—	62,384
	Gross expenditure				
	Original	1,994,844			
	Supplementary	100,000			
			2,094,844	**2,087,158**	**1,399,026**
	Deduct				
F	**Appropriations-in-aid**		**67,489**	**64,129**	**19,863**
	Net expenditure				
	Original	1,927,355			
	Supplementary	100,000			
			2,027,355	**2,023,029**	**1,379,163**

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.

	2017	2016
	€	€
Surplus to be surrendered	**4,325,944**	**10,277,444**

John McCarthy
Accounting Officer
Department of Housing, Planning and Local Government

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		2,037,452	1,349,701
Pay		40,338	39,721
Non pay		9,368	9,604
Gross expenditure		**2,087,158**	**1,399,026**
Deduct			
Appropriations-in-aid		**64,129**	**19,863**
Net expenditure		**2,023,029**	**1,379,163**
Changes in capital assets			
Purchases cash	(1,304)		
Depreciation	970		
Loss on disposals	2		
		(332)	716
Changes in net current assets			
Decrease in closing accruals	(43,943)		
Decrease in stocks	17		
		(43,926)	(1,209)
Direct expenditure		**1,978,771**	**1,378,670**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		23,496	20,497
Notional rents		3,015	2,655
Net programme cost		**2,005,282**	**1,401,822**

1.1 Net Allied Services Expenditure

The Net allied services expenditure amount is made up of the following amounts in relation to Vote 34 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	423	24
Vote 12 Superannuation and Retired Allowances		21,606	19,256
Vote 13 Office of Public Works		1,260	934
Vote 18 National Shared Services Office		81	72
Central Fund – Ministerial pensions		126	211
		23,496	**20,497**

[e] indicates an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**3,732**	**3,391**
Current assets			
Bank and cash	2.3	21,575	33,347
Stocks	2.4	156	173
Housing Agency revolving acquisitions fund	8	71,795	—
Prepayments		1,303	3,429
Accrued income		3,634	6,163
Other debit balances	2.5	648	598
Total current assets		**99,111**	**43,710**
Less current liabilities			
Accrued expenses		21,925	7,291
Deferred income		8,926	347
Other credit balances	2.6	20,834	23,748
Net Exchequer funding due	2.7	1,389	10,197
Total current liabilities		**53,074**	**41,583**
Net current assets		46,037	2,127
Net assets		**49,769**	**5,518**
Represented by:			
State funding account	2.1	**49,769**	**5,518**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			5,518	5,044
Disbursements from the Vote				
Estimate provision	Account	2,027,355		
Surplus to be surrendered	Account	(4,326)		
Net vote			2,023,029	1,379,164
Expenditure (cash) borne elsewhere	1.1		23,496	20,497
Non cash expenditure – notional rent	1		3,015	2,655
Capital asset adjustments	2.2		—	28
Asset transfers to other Departments	2.2		(7)	(48)
Net programme cost	1		(2,005,282)	(1,401,822)
Balance at 31 December			**49,769**	**5,518**

2.2 Capital assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
Gross assets	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Cost or valuation at 1 January 2017	662	361	24,480	3,345	77	28,925
Additions	6	1	386	26	901	1,320
Assets under development capitalised	—	—	191	—	(191)	—
Disposals[1]	—	(23)	(1,504)	(733)	—	(2,260)
Transfers to other departments[2]	—	(41)	—	(7)	—	(48)
Cost or valuation at 31 December 2017	668	298	23,553	2,631	787	27,937
Accumulated depreciation						
Opening balance at 1 January 2017	36	230	22,198	3,070	—	25,534
Depreciation for the year	13	35	844	78	—	970
Depreciation on disposals[1]	—	(23)	(1,504)	(731)	—	(2,258)
Depreciation on transfers[2]	—	(36)	—	(5)	—	(41)
Cumulative depreciation at 31 December 2017	49	206	21,538	2,412	—	24,205
Net assets at 31 December 2017[3]	**619**	**92**	**2,015**	**219**	**787**	**3,732**
Net assets at 31 December 2016	626	131	2,282	275	77	3,391

[1] Disposals in the normal course of business, disposals arising from the completion of major asset inventories in the Department's offices in the Custom House, Dublin and in Ballina and disposals on foot of rolling asset inventories carried out as part of the ongoing management of the Department's assets.

[2] Assets were transferred as a result of a transfer of functions to the Department of Rural and Community Development. A generator asset was also transferred to the Office of Public Works.

[3] Some assets on this Department's asset register are used in the provision of ICT services to the Heritage Division of the Department of Culture, Heritage and the Gaeltacht. A schedule of these assets has been submitted to the Department of Culture, Heritage and the Gaeltacht for its approval, as part of the proposed asset transfer process.

2.3 Bank and cash

at 31 December	2017	2016
	€000	**€000**
PMG balance	20,541	33,167
Commercial bank account balance and cash	1,034	180
	21,575	**33,347**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Meteorological consumables	72	75
IT consumables	29	43
Stationery	47	46
Cleaning materials	2	1
Other	6	8
	156	**173**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable salary costs	118	270
Recoupable travel pass scheme	149	146
Recoupable travel costs	7	17
Imprests	6	4
Other debit suspense items	368	161
	648	**598**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	703	969
Pension contributions	114	172
Pay Related Social Insurance	296	379
Voluntary surrender of pay	10	—
Value Added Tax	207	142
Professional Services Withholding Tax	24	99
	1,354	1,761
Payroll deductions held in suspense	217	291
Urban Development Fund[1]	18,525	21,156
Other credit suspense items	738	540
	20,834	**23,748**

[1]See Note 7

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	4,326	10,277
Exchequer grant undrawn	(2,937)	(80)
Net Exchequer funding due	**1,389**	**10,197**
Represented by:		
Debtors		
Bank and cash	21,575	33,347
Debit balances: suspense	648	598
	22,223	33,945
Creditors		
Due to State	(1,354)	(1,761)
Credit balances: suspense	(19,480)	(21,987)
	(20,834)	(23,748)
	1,389	**10,197**

2.8 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at 31 December	53	35

2.9 Commitments

at 31 December	2017	2016
	€000	€000
a) Global Commitments		
Procurement of goods and services	332	—
Grant programmes	540,458	335,069
Capital grant programmes	882,433	292,700
	1,423,223	**627,769**

b) Major Capital Commitments

(Projects costing €10,000,000 or more)

Housing projects	Cumulative expenditure to 31 December 2016[1] €000	Expenditure in 2017[1] €000	Project commitments in subsequent years[1] €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Construction					
Priory Hall refurbishment, Donaghmede, Dublin 13:					
- *Local Authority*	9,765	523	—	10,288	9,765
- *Department*	10,602	2,887	24,424	37,913	10,602
	20,367	3,410	24,424	48,201	20,367
Tullow Road, Carlow	—	—	11,995	11,995	—
Church Road, Cork City	—	5,807	6,183	11,990	—
Rosemount Court, Dun Laoghaire-Rathdown:					
- *Local Authority*	217	1,411	—	1,628	217
- *Department*	—	3,918	6,377	10,295	11,706
	217	5,329	6,377	11,923	11,923
Fitzgerald Park, Dun Laoghaire-Rathdown:					
- *Local Authority*	—	1,300	—	1,300	—
- *Department*	791	1,014	6,978	8,783	10,083
	791	2,314	6,978	10,083	10,083
Cherry Orchard, Ballyfermot /Woodbank/Rathvilly	—	315	14,940	15,255	—
Racecourse Common, Lusk (Phase 2.1):					
- *Local Authority*	—	253	—	253	—
- *Department*	—	4,650	6,705	11,355	—
	—	4,903	6,705	11,608	—
St Aidan's, Brookfield, Tallaght:					
- *Local Authority*	—	71	—	71	—
- *Department*	—	3,900	17,324	21,224	—
	—	3,971	17,324	21,295	—
Ballyboden, Rathfarnham:					
- *Local Authority*	—	69	—	69	—
- *Department*	—	134	12,628	12,762	—
	—	203	12,628	12,831	—
Total	**21,375**	**26,252**	**107,554**	**155,181**	**42,373**

	Cumulative expenditure to 31 December 2016[1]	Expenditure in 2017[1]	Project commitments in subsequent years[1]	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Regeneration					
Dolphin House, Dublin 8:					
- *Local Authority*	996	494	—	1,490	996
- *Department*	154	11,763	13,590	25,507	24,442
	1,150	12,257	13,590	26,997	25,438
Cork Regeneration Phase 2, Knocknaheeny / Hollyhill, Cork City	—	148	12,240	12,388	—
Lord Edward Street, Limerick	9,881	7,019	2,572	19,472	19,472
Southill Area Centre, Limerick	2,043	8,491	468	11,002	10,772
Total	**13,074**	**27,915**	**28,870**	**69,859**	**55,682**
Infrastructure					
South Docks, Cork City	—	241	11,384	11,625	—
Dodder Bridge, Dublin City	—	117	11,696	11,813	—
Cherrywood, Dun Laoghaire-Rathdown	—	9	11,383	11,392	—
Donabate Distributor Road, Fingal	—	512	11,113	11,625	—
Maynooth, Co Kildare	—	—	10,875	10,875	—
Adamstown	—	—	15,000	15,000	—
Total	**—**	**879**	**71,451**	**72,330**	**—**

[1] Some of the projects included above are funded jointly by the Department and by local authorities own funds from Local Property Tax retentions (80% of LPT receipts in a local authority area are retained locally). There is potential for the Department's commitments in subsequent years to be reduced if local authorities are in a position to use their own funds from Local Property Tax retention.

Significant variations

Priory Hall refurbishment

The expected total spend in relation to the Priory Hall refurbishment project has increased by €27.8 million. The 2016 commitment figure related to phase 1 refurbishment of Blocks 1 to 8 of a 20 block refurbishment programme. The contract for the remainder of the blocks was entered into in 2017, bringing the overall commitment on the scheme to €48.2 million.

Dolphin House

Dolphin House project had a total cost increase of €1.55 million. Expenditure on Dolphin House Regeneration in 2016 (€1.15 million) was separate to the main contract for the provision of 100 units at the location (€25.44 million) and is now being added to the overall total commitment on the project.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	43,524	40,338	39,721
ii	Travel and subsistence	952	1,180	837
iii	Training and development and incidental expenses	1,373	1,717	783
iv	Postal and telecommunications services	1,153	790	430
v	Office equipment and external IT services	8,645	4,916	7,273
vi	Office premises expenses	1,062	763	281
vii	Consultancy services and value for money and policy reviews	49	2	—
		56,758	**49,706**	**49,325**

Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €1.373 million, outturn: €1.717 million

The additional €0.344 million expenditure on training and development and incidental expenses was due to an increase in international meteorological training and unexpected legal costs.

iv *Postal and telecommunications services*

Estimate provision: €1.153 million, outturn: €0.790 million

The saving of €0.363 million on expenditure on postal and telecommunications services occurred as these services are demand led and can be difficult to estimate.

v *Office equipment and external IT services*

Estimate provision: €8.645 million, outturn: €4.916 million

The saving of €3.729 million on expenditure on office equipment and external IT services was due to a number of projects, primarily the Aviation Modernisation and Automation Project (AMAP) which is being implemented by Met Éireann, not progressing as quickly as anticipated.

vi *Office premises expenses*

Estimate provision: €1.062 million, outturn: €0.763 million

The saving of €0.299 million on expenditure on office premises expenses was due to a delay in some office refurbishment works and efficiency savings on heat and light costs.

Programme A Housing

				2017	2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration - pay		12,682	10,919	10,090
A.2	Administration - non pay		2,448	2,004	1,217
A.3	Local authority housing				
	Original	644,985			
	Supplementary	92,000	736,985	776,032	449,037
A.4	Voluntary and co-operative housing		181,250	151,152	100,657
A.5	Housing inclusion supports		112,096	118,305	96,374
A.6	Estate regeneration - social housing improvements				
	Original	77,787			
	Supplementary	8,000	85,787	111,094	112,522
A.7	Private housing grants		34,162	44,537	32,299
A.8	Subsidies and allowances		4,930	3,406	2,424
A.9	Infrastructure Fund		50,000	1,604	—
A.10	Other services		100,891	104,111	42,863
			1,321,231	**1,323,164**	**847,483**

Significant variations

Overall, the expenditure in relation to Programme A was €1.93 million higher than provided. There was an underspend of €2.21 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €4.14 million, was mainly due to the following:

A.3 Local authority housing

Estimate provision: €736.985 million, outturn: €776.032 million

The estimate provision includes a supplementary estimate of €92 million, which was necessary due to significant momentum building up on the local authority housing capital programme. The increase in expenditure of €131.047 million (€39.047 million plus €92 million) relative to the original estimate provision of €644.985 million was due to the following:

As part of delivery on the Housing strategy 'Rebuilding Ireland' there was additional expenditure of €132.5 million by local authorities, primarily on new acquisitions under the Social Housing Investment Programme. Expenditure from the subhead delivered over 2,400 homes in 2017 compared to a target of 1,509 for the year.

Additional expenditure of €8.5 million was incurred under the Rental Accommodation Scheme (RAS) because there was a high number of transfers from Rent Supplement to RAS at the end of 2016, which meant increased claims in early 2017 in addition to increases in market rents during the year.

Savings of €10 million arose because the pilot Affordable Rental Scheme did not proceed in light of the introduction of the new Rental Strategy (December 2016), under which State-owned lands are to be used to provide housing units at affordable rents, without the requirement for an on-going subsidy.

A.4 Voluntary and co-operative housing

Estimate provision: €181.250 million, outturn: €151.152 million

The savings in expenditure of €30.098 million relative to the estimate provision was largely due to projects on the Capital Assistance Scheme not progressing as quickly as anticipated mainly due to capacity constraints within smaller approved housing bodies and issues related to planning, land acquisition and procurement. There were over 50 projects, involving some 480 housing units, that were delayed by over six months on the Capital Assistance Scheme. Savings arising were allocated to other housing programmes.

A.5 Housing inclusion supports

Estimate provision: €112.096 million, outturn: €118.305 million

The increase in expenditure of €6.209 million relative to the estimate provision was due to the following:

Additional expenditure of €11.4 million arose due to the increasing demands for homeless services such as the provision of emergency accommodation. For example, for the month of December 2017 a total of 8,587 individuals occupied the various housing authority funded emergency accommodation arrangements; the equivalent figure recorded in December 2016 was 7,148. A total of 4,729 individuals exited homeless emergency accommodation in 2017.

Savings of €4.2 million arose on traveller accommodation as a number of capital projects did not progress as anticipated.

A.6 Estate regeneration - social housing improvements

Estimate provision: €85.787 million, outturn: €111.094 million

The estimate provision includes a supplementary estimate of €8 million. The increase in expenditure of €33.307 million (€25.307 million plus €8 million) relative to the original estimate provision was due to significant ramping up of programme activity, including on large scale projects such as Dolphin House, Dublin and Lord Edward Street and Southill Area Centre, Limerick.

A.7 Private housing grants

Estimate provision: €34.162 million, outturn: €44.537 million

The increase in expenditure of €10.375 million relative to the estimate provision was due to the private housing grant scheme being demand led and it being difficult to predict the precise level of funding drawdown. Individual grants ranged from €254 to €24,000 and there were over 9,000 grants paid in 2017.

A.8 Subsidies and allowances

Estimate provision: €4.930 million, outturn: €3.406 million

The saving in expenditure of €1.524 million relative to the estimate provision was due to a lower than anticipated number of applications from approved households under the Affordable Housing and Shared Ownership schemes.

A.9 Infrastructure Fund

Estimate provision: €50.000 million, outturn: €1.604 million

The estimate relates to the Local Infrastructure Housing Activation Fund (LIHAF), which is to provide public off-site infrastructure to relieve critical infrastructure blockages and accelerate the delivery of housing in key areas and development sites. The saving in expenditure of €48.396 million relative to the estimate provision was due to expenditure not materialising as quickly as expected. The scheme was launched in August 2016 by issuing calls for proposals to local authorities and in March 2017 34 projects were given preliminary approval. 30 projects with exchequer commitments of €147 million were given final approval in late 2017/early 2018. Savings arising were allocated to other housing programmes.

Programme B Water services

		2017 Estimate provision	2017 Outturn	2016 Outturn
		€000	€000	€000
B.1	Administration - pay	6,329	4,958	4,736
B.2	Administration - non pay	1,223	1,097	962
B.3	Water quality programme	14,810	11,823	11,563
B.4	Rural water programme	17,800	15,351	15,305
B.5	Foreshore	6,000	715	723
B.6	Irish Water	292,870	291,535	673
B.7	Remediation grant national lead strategy	2,000	132	8
B.8	Other services	34	426	—
		341,066	**326,037**	**33,970**

Significant variations

Overall, the expenditure in relation to Programme B was €15.03 million lower than provided. €1.5 million of this related to administration expenditure and has already been explained and the balance of the variance, an underspend of €13.53 million, was mainly due to the following:

B.3 Water quality programme

Estimate provision: €14.810 million, outturn: €11.823 million

The saving in expenditure of €2.987 million relative to the estimate provision was due to the following:

Savings of €1.67 million arose due to the establishment of the new regionalised local authority structures to implement Ireland's River Basin Management Plan 2018-2021. A detailed business case had to be prepared for the new regionalised structures , followed by its submission to and consideration by the Public Sector Reform Oversight Group (PSROG). Once approval for this business case was secured from PSROG, a selection process was held to determine the lead local authority to manage the regionalised structures (ultimately awarded jointly to Kilkenny and Tipperary local authorities).

Additional savings of €1.2 million arose on the EU INTERREG V (Environment Measures) programme because the project selection process did not take place until 2017 and therefore many of the projects were not in a position to draw down funding during the year.

B.4 Rural water programme

Estimate provision: €17.800 million, outturn: €15.351 million

The saving in expenditure of €2.449 million relative to the estimate provision was due to the transition from the annual block grant funding of rural water to the multi-annual programme 2016-2018, which required significant changes to project prioritisation and evaluation systems, not progressing as quickly as expected.

B.5 Foreshore

Estimate provision: €6 million, outturn: €0.715 million

The saving in expenditure of €5.285 million relative to the estimate provision was because initiatives to advance the implementation of the Marine Strategy Framework Directive did not proceed as planned and valuation costs and necessary contingencies were less than anticipated.

B.6 Irish Water

Estimate provision: €292.870 million, outturn: €291.535 million

The Further Revised Estimate approved by the Dáil in November 2017 provided funding of €292.870 million for Irish Water arising from the Water Services Act, 2017 to take account of the revenue shortfall due to the abolition of domestic water charges (€114 million) and the cost of refunding domestic water charges (€178.870 million).

B.7 Remediation grant national lead strategy

Estimate provision: €2 million, outturn: €0.132 million

The shortfall in expenditure of €1.868 million relative to the estimate provision was due to the Domestic Lead Remediation Grant Scheme being a demand led scheme and expenditure is difficult to predict.

B.8 Other services

Estimate provision: €0.034 million, outturn: €0.426 million

The increase in expenditure of €0.392 million relative to the estimate provision was due to additional expenditure for legal costs arising from a court order following a legal challenge to the upgrading of sewerage facilities in Wexford Harbour.

Programme C Local Government

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration - pay	8,842	8,572	7,412
C.2	Administration - non pay	1,754	1,605	1,954
C.3	Local Government Fund	365,300	365,300	396,555
C.4	Fire and emergency services	9,042	11,828	9,502
C.5	Franchise	1,465	81	170
C.6	Other services	280	303	2,437
		386,683	**387,689**	**418,030**

Significant variations

Overall, the expenditure in relation to Programme C was €1.01 million higher than provided. There was an underspend of €0.42 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €1.43 million, was mainly due to the following:

C.4 Fire and emergency services

Estimate provision: €9.042 million, outturn: €11.828 million

The increase in expenditure of €2.786 million relative to the estimate provision was due to a number of new fire stations and training centres advancing quicker than anticipated.

C.5 Franchise

Estimate provision: €1.465 million, outturn: €0.081 million

The Department's franchise function relates to policy and legislation concerning administrative aspects of the electoral system. Savings of €1.384 million relative to the estimate provision arose primarily because the estimate included a provision for legal costs arising from a court order following a challenge to the 2012 Children Referendum that were not finalised.

Programme D Planning

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration - pay	3,673	2,207	1,729
D.2	Administration - non pay	709	538	210
D.3	An Bord Pleanála	16,100	16,960	14,333
D.4	Planning Tribunal	3,745	11,443	3,755
D.5	Office of the Planning Regulator	450	—	—
D.6	Planning policy	505	334	376
D.7	Forward planning	602	544	318
D.8	My Plan	200	142	—
D.9	Urban renewal/regeneration	1	—	—
D.10	Development contribution rebate scheme	371	—	—
D.11	Other services	110	98	29
		26,466	**32,266**	**20,750**

Significant variations

Overall, the expenditure in relation to Programme D was €5.80 million higher than provided. There was an underspend of €1.64 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €7.44 million, was mainly due to the following:

D.3 An Bord Pleanála

Estimate provision: €16.10 million, outturn: €16.96 million

The increase in expenditure of €0.86 million relative to the estimate provision was due to legal costs of €0.58 million arising from a number of judicial review cases in the High Court. Other additional expenditure of €0.28 million arose because a new online planning service project progressed more quickly than anticipated.

D.4 Planning Tribunal

Estimate provision: €3.745 million, outturn: €11.443 million

The increase in expenditure of €7.698 million relative to the estimate provision was because additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal. See Note 6.2 – Committees and Commissions for additional information.

D.5 Office of the Planning Regulator

Estimate provision: €0.450 million, outturn: Nil

The saving in expenditure of €0.450 million relative to the estimate provision was because the Planning and Development (Amendment) Bill 2016 to establish the Office of the Planning Regulator did not proceed to enactment during 2017.

D.6 Planning policy

Estimate provision: €0.505 million, outturn: €0.334 million

The saving in expenditure of €0.171 million relative to the estimate provision was mainly due to the fact that anticipated expenditure to carry out a strategic environmental assessment of the Wind Energy Development Guidelines was not required in 2017. This will take place in 2018.

D.10 Development Contribution Rebate Scheme

Estimate provision: €0.371 million, outturn: Nil

The rebate scheme applies to the Dublin and Cork local authority areas for housing developments which meet certain eligibility criteria. It aims to incentivise the supply of housing units at affordable prices. There can be long lead-in times in the development process and no applications for rebates were received in respect of 2017.

Programme E Met Éireann

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration - pay	11,998	13,682	11,616
E.2	Administration - non pay	7,100	4,123	4,793
E.3	Subs to International Meteorological Organisations	300	197	—
		19,398	**18,002**	**16,409**

Significant variations

Overall, the expenditure in relation to Programme E was €1.4 million lower than provided. €1.3 million of this related to administration expenditure and has already been explained and the balance of the variance, an underspend of €0.1 million, was due to the following:

E.3 Subs to International Meteorological Organisations

Estimate provision: €0.3 million, outturn: €0.197 million

The shortfall in expenditure of €0.103 million relative to the estimate provision was due to the timing of subscriptions to International Meteorological Organisations being different than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Fees payable by local authorities, etc., for audit of their accounts	1,830	2,379	1,421
2	Receipt from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare (Consolidation) Act 2005)	741	741	741
3	Met Éireann receipts	10,800	11,293	10,828
4	Miscellaneous receipts	200	46	380
5	Foreshore receipts	2,100	2,233	1,834
6	Receipts from pension-related deduction on public service remuneration	51,818	47,437	3,172
—	*Programme for Peace and Reconciliation*	—	—	*503*
—	*Dormant accounts - programme expenditure*	—	—	*803*
—	*SICAP – Social inclusion and community activation programme*	—	—-	*181*
		67,489	**64,129**	**19,863**

Significant variations

Overall, Appropriations-in-Aid were €3.36 million less than the estimate.

Explanations for variances are set out below:

1 Fees payable by local authorities, etc., for audit of their accounts

Estimate provision: €1.830 million, outturn: €2.379 million

The increase of €0.549 million was because demands for audit fees are issued on an ongoing basis as audits are completed. Income was higher than expected due to outstanding 2016 audit fees being paid in 2017.

3 Met Éireann receipts

Estimate provision: €10.800 million, outturn: €11.293 million

The increase of €0.493 million was due to EU funding being received earlier than anticipated in relation to a project under the Connecting Europe Facility (CEF) for Transport programme – a joint project between the Irish Aviation Authority (IAA) and Met Éireann to upgrade, modernise and automate the existing meteorological data exchange for the provision of Air Traffic Services at Dublin, Shannon and Cork airports.

4 Miscellaneous receipts

Estimate provision: €0.200 million, outturn: €0.046 million

The shortfall of €0.154 million was because miscellaneous receipts are difficult to estimate and were lower than expected.

5 Foreshore receipts

Estimate provision: €2.100 million, outturn: €2.233 million

The increase of €0.133 million was because foreshore receipts are difficult to predict reliably.

6 Receipts from pension-related deduction on remuneration

Estimate provision: €51.818 million, outturn: €47.437 million

The shortfall of €4.381 million was because in 2017 this subhead included for the first time pension-related deduction receipts from over 27,000 local authority employees. There were difficulties in predicting the amount and timing of these receipts.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	1,390	551
Payment under Pyrite Resolution Act 2013	664	325
Refund of unspent prior year Local and Community Development Programme (LCDP) funding	175	—
PRTB pension contributions	46	37
Refunds under the Local authority housing – second hand purchases scheme from a number of local authorities	—	1,280
Transfer to the Exchequer	(2,275)	(2,193)
Balance at 31 December	**—**	**—**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department	656	647
Agencies	373	324
	1,029	**971**

5.2 Pay

	2017	2016
Department staff	**€000**	**€000**
Pay	35,716	35,134
Severance/redundancy payments	41	122
Higher, special or additional duties allowance	257	294
Other allowances	1,611	1,604
Overtime	504	537
Employer's PRSI	2,364	2,195
Total pay	**40,493**	**39,886**

5.3 Allowances and overtime payments [1]

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	44	8	18,038	15,314
Other allowances	139	68	28,021	26,732
Overtime	117	17	26,012	27,819
Extra remuneration in more than one category	84	72	39,755	41,072

[1] The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to E. 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 Other remuneration arrangements

Two retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €107,342. Pension abatement rules were applied as appropriate. In addition there were 4 retired civil servants re-engaged on a fee basis at a total cost of €27,049.

5.5 Payroll overpayments

The salary overpayment at 31 December 2017 was €37,979 in respect of 35 individuals (2016: €23,245 in respect of 27 individuals). Of this, €13,577 (in respect of 8 individuals) is covered by recovery plans.

5.6 Severance/redundancy

One employee received redundancy payment of €5,316 in 2017. Two employees received severance payments in 2017 with a cumulative value of €35,997.

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in subheads A.6 and B.3 includes payments in respect of activities co-financed by the European Regional Development Fund. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

			2017	2016
		Estimate	Outturn	Outturn
		€000	€000	€000
Sub-head	**Description**			
A.6	Estate regeneration – social housing improvements	4,122	4,122	7,425
B.3	Water quality programme	1,208	345	—
—	*SICAP and local/regional development supports (Part funded by the National Lottery)*	—	—	*2,807*
		5,330	**4,467**	**10,232**

6.2 Committees and commissions

	Year of appointment	Cumulative expenditure to end 2017	2017 Outturn	2016 Outturn
		€000	€000	€000
Tribunal of Inquiry into certain planning matters and payments	1997	131,218	11,443	3,755

There will be further payments associated with the Tribunal of Inquiry into certain planning matters and payments. Final costs cannot be determined at this point pending the determination of third party legal costs in respect of the period since 2002. Expenditure to the end of 2017 was €131.2 million. On the basis of a Tribunal estimate and expenditure to the end of 2017, additional costs of some €18 million may arise, primarily relating to third party legal representation.

6.3 National lottery funding

Sub-head	Description	2017 Estimate €000	2017 Outturn €000	2016 Outturn €000
A.4	Voluntary and co-operative housing	500	107	—
A.7	Private housing grants	6,859	6,859	5,391
—	*Supports for community and voluntary sector (part funded by National Lottery)*	—	—	*7,285*
—	*SICAP and local/regional development supports (part funded by National Lottery)*	—	—	*3,005*
		7,359	**6,966**	**15,681**

Details are available on the Department's website:
http://www.housing.gov.ie/corporate/finance/national-lottery-funding/national-lottery-funding

6.4 Compensation and legal costs

	Number of cases	Compensation awarded €000	Legal costs awarded €000	2017 Total €000	2016 Total €000
Claims by employees	1	21	—	21	—
Claims by members of the public	6	40	599	639	3,586
		61	**599**	**660**	**3,586**

6.5 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 potential liabilities is uncertain.

6.6 Late payment interest

	2017 €000	2016 €000
Total of interest payments	4	12
Number of recipients of €10,000 or more	—	—

Note 7 Account of the Urban Development Fund

	2017	2016
	€000	€000
Opening balance	21,156	9,616
Receipts	—	11,540
Expenditure for the year	2,631	—
	18,525	**21,156**

The Urban Development Fund is a European Regional Development Fund (ERDF) programme to support integrated regeneration initiatives in designated urban centres. The scheme is operated by regional assemblies who are the managing authorities responsible for verifying eligible expenditure on approved projects. The Department makes funds available (on instruction by the managing authority and subject to the managing authority's verification) to reimburse local authorities on a matching funding basis. Applications for eligibility under the Fund were adjudicated on in December 2015 and projects are expected to be completed within three years i.e. by end 2018. The credit balance in the Fund reflects pre-financing made available from the ERDF pending receipt of verified claims in respect of projects concerned.

Note 8 Housing Agency Revolving Acquisitions Fund

	2017
	€000
Receipts from subhead A.3 - 2016	6,741
Receipts from subhead A.10 - 2017	70,000
Total amount advanced at 31 December	76,741
Non-recoverable costs[1]	(3,055)
Transfers to local authorities[2]	(1,899)
Rental Income	8
Closing balance at 31 December	**71,795**

The Housing Agency Acquisitions Fund, which is a revolving fund, was established with the objective of acquiring some 1,600 units over the period to 2020 for social housing use.

The Housing Agency is using this Fund to acquire vacant properties from banks, investors and other potential owners of multiple property portfolios in areas with high levels of social housing demand. In doing this, the Agency is working in close consultation with local authorities to ensure that suitable properties are only purchased in areas where there is a demand for social housing.

The Agency sells the houses, at cost, to approved housing bodies in order to replenish the Fund. This programme will run until 2020 and, on completion of the programme, the Agency will refund the Department any closing balance of the Fund.

[1] Certain costs incurred by the Agency such as legal and professional fees and other housing acquisition costs are non-recoverable and therefore reduce the overall balance of the Fund.

[2] By the end of 2017, a small number of units (15) had been passed to local authorities at no cost; however, the focus is on selling the units to approved housing bodies in order to replenish the Fund.

Appendix A Accounts of bodies and funds under the aegis of the Department of Housing, Planning and Local Government

The following table lists the bodies under the aegis of the Department in 2017 and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when 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
An Bord Pleanála	2016	15 Jun 2017	30 Jun 2017	22 Sep 2017
Ervia and Gas Networks Ireland	2016	13 Apr 2017	27 Apr 2017	11 Sep 2017
Housing Finance Agency	2016	30 Mar 2017	2 May 2017	20 Jun 2017
Housing and Sustainable Communities Agency[1]	2016	26 Oct 2017	6 Nov 2017	8 Dec 2017
Irish Water	2016	13 Apr 2017	12 Jun 2017	11 Sep 2017
Local Government Fund	2016	31 Jul 2017	31 Jul 2017	14 Sep 2017
Local Government Management Agency	2016	4 Apr 2017	30 May 2017	19 Oct 2017
Residential Tenancies Board	2016	22 Dec 2017	24 Jan 2018	26 Jan 2018

[1] Under the provisions of the Pyrite Resolution Act 2013, all moneys received or expended under the Act are accounted for by the Housing and Sustainable Communities Agency. Separate financial statements are not produced for the Pyrite Resolution Board.

Appropriation Account 2017

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 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 2017 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 2017 including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €575,031 was recorded for the year.

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 Department of Public Expenditure and Reform in Circular 25 of 2017 have been applied in the preparation of the account.

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.

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.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services 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 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 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

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. 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.

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.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Maurice Quinn
Accounting Officer

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

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 2017 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 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the 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 *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 35 Army Pensions

Appropriation Account 2017

				2017	2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000	€000
Programme expenditure						
A	**Provision for Defence Forces' pension benefits**				
		Original	229,632		
		Supplementary	11,000	240,632	240,022	234,713
	Gross expenditure				
		Original	229,632		
		Supplementary	11,000	**240,632**	**240,022**	**234,713**
	Deduct				
B	**Appropriations-in-aid**				
		Original	5,000		
		Supplementary	300	**5,300**	**5,265**	**5,437**
	Net expenditure				
		Original	224,632		
		Supplementary	10,700			
				235,332	**234,757**	**229,276**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	575,031	214,167
Excess Vote	—	23,299

Maurice Quinn
Accounting Officer

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017 €000	2016 €000
Programme cost	239,951	234,643
Pay	56	56
Non pay	15	14
Gross expenditure	**240,022**	**234,713**
Deduct		
Appropriations-in-aid	**5,265**	**5,437**
Net expenditure	**234,757**	**229,276**
Net allied services expenditure (note 1.1)	2,582	2,659
Net programme cost	**237,339**	**231,935**

1.1 Net Allied Services Expenditure

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

	2017 €000	2016 €000
Vote 18 National Shared Services Office	1,258	1,273
Vote 36 Defence	1,324	1,386
	2,582	**2,659**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Current assets			
Bank and cash		572	232
Other debit balances		7	—
Total current assets		**579**	**232**
Less current liabilities			
Other credit balances	2.2	5	19
Net Exchequer funding due	2.3	574	213
Total current liabilities		**579**	**232**
Net current assets		**—**	**—**
Net assets		**—**	**—**
Represented by:			
State funding account	2.1	**—**	**—**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	235,332		
Net surplus	Account	(575)		
Net vote			234,757	229,276
Expenditure (cash) borne elsewhere	1.1		2,582	2,659
Net programme cost	1		(237,339)	(231,935)
Balance at 31 December			—	—

2.2 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Taxes payable	—	5
	—	5
Pension payments held in suspense	5	14
	5	**19**

2.3 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Net surplus	575	214
Exchequer grant undrawn	(1)	(1)
Net Exchequer funding due	**574**	**213**
Represented by:		
Debtors		
Bank and cash	572	232
Debit balances: suspense	7	—
	579	232
Creditors		
Due to State	—	(5)
Credit balances: suspense	(5)	(14)
	574	**213**

Note 3 Vote Expenditure by Subhead

Programme A Provision for Defence Forces' pension benefits

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		70	71	70
A.2	Defence Forces pensions schemes and payments in respect of transferred service				
	Original	220,137			
	Supplementary	10,830	230,967	230,644	225,040
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
	Original	8,700			
	Supplementary	430	9,130	8,857	8,977
A.4	Payments to spouses of veterans of the War of Independence				
	Original	400			
	Supplementary	(55)	345	335	489
A.5	Compensation payments				
	Original	225			
	Supplementary	(155)	70	74	73
A.6	Medical appliances and travelling and incidental expenses				
	Original	100			
	Supplementary	(50)	50	41	64
			240,632	**240,022**	**234,713**

Significant variation

Overall, gross expenditure in relation to the Programme was €10.39 million higher than the original estimate. A supplementary estimate of €10.83 million was required on Subhead A2 to cover the full projected cost of the retirement benefits – pensions and retirement lump sums – arising during 2017 and the superannuation costs of the increased numbers of military pensioners. A further €0.43 million was required on Subhead A3 to meet the increased military disability pension costs. This supplementary estimate of €11.26 million was partly offset by savings of €0.26 million arising on Subheads A4, A5 and A6, which are demand driven, giving a gross requirement of €11 million. Estimated extra receipts in Subhead B of €0.30 million resulted in a net supplementary estimate of €10.70 million.

A.2 Defence Forces pension schemes and payments in respect of transferred service**.**

Estimate Provision: €220.137 million, outturn: €230.644 million

The increase in expenditure of €10.507 million relative to the estimate provision was due to a range of factors. The number of Defence Forces retirement pensioners rose from 11,807 at end-2016 to 11,970 at end-2017, continuing the underlying upward trend of previous years. Retirement benefits payable will vary depending on service, retiring rank and pensionable pay and many new retirees qualified for maximum retirement benefits. In 2017, some 70% of military personnel who retired with immediate entitlement to pension and retirement lump sum did so voluntarily, that is, before their maximum retirement age. As the numbers and rank mix varies from year to year, it is very difficult to accurately predict the exact numbers of such voluntary retirements and the potential benefits payable in any given year.

A.5 Compensation Payments

Estimate provision: €0.225 million, outturn: €0.074 million

The shortfall (saving) in expenditure of €0.151 million relative to the estimate provision was due to the fact that no payments were made under the main 'contingency' element of this subhead during 2017. That element 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.

Note 4 Receipts

4.1 Appropriations-in-aid

			2017		2016
			Estimated	Realised	Realised
			€000	€000	€000
B.1	Contributions to Defence Forces Spouses' and Children's Pension Schemes				
	Original	3,347			
	Supplementary	300	3,647	3,694	3,846
B.2	Contributions to Defence Forces Contributory (Main) Pensions Schemes		1,500	1,525	1,493
B.3	Recoveries of overpayments		40	36	96
B.4	Payments received in respect of transferred service		40	8	—
B.5	Miscellaneous		70	—	—
B.6	Receipts from pension-related deduction on public service remuneration		3	2	2
	Total		**5,300**	**5,265**	**5,437**

Significant variations

Overall, appropriations-in-aid were €0.265 million more than the original estimate.

The main explanation for the variance is set out below:

B.1 Contributions to Defence Forces Spouses' and Children's Pension Schemes

Estimate provision: €3.347 million, outturn: €3.694 million

The increase of €0.347 million was due to the fact that contributions to the pension schemes by serving Permanent Defence Force personnel were higher than anticipated. 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 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**1**	**1**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	55	55
Employer's PRSI	1	1
Total pay	**56**	**56**

One staff member provides administrative support to the Army Pensions Board.

Pay costs along with associated travel costs of €15,000 are charged to the A.1 subhead.

Currently there are 18.5 employees (FTEs) of the Department of Defence engaged solely in the administration of pensions and other related payments. Their remuneration, which amounts to some €0.9 million, 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 (rounded)	
	2017	2016	2017	2016
			€	€
Retired officers	1,817	1,773	30,600	30,500
Retired NCOs and privates	8,648	8,526	16,600	16,600
Dependants and other[b]	1,905	1,935		
Totals	**12,370**	**12,234**		

a Table 5.3 shows the total headcount for all categories of recipient from all subheads within Vote 35 as at year-end. Superannuation-type benefits by way of pension and gratuity (lump sum) payable to former members of the Permanent Defence Force and the dependants of deceased members account for some 95% of all military pensions' expenditure. 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.

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 1,440 recipients in 2017 was €9,100, broadly the same as in 2016.

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

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2017	2016	2017	2016
			€	€
Officers – new retirees on pension during the year	69	74	81,500	69,300
NCOs and privates – new retirees on pension during the year	258	256	44,800	41,000
Totals	**327**	**330**		

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

6 Miscellaneous

6.1 Payments in excess of entitlements

There were 55 overpayments outstanding at year end (2016: 52) amounting to €48,458, of which €28,348 relates to previous years. Overpayments of €59,721 came to light in 2017 of which €38,385 was recovered and €1,227 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.

		2017	2016
	€	€	€
Opening balance		**50,423**	**31,193**
Identified overpayment in year		59,721	90,672
		110,144	121,865
Recouped			
Overpayments Identified 2017	38,385		
Overpayments Identified pre-2017	20,098	58,483	63,904
		51,661	57,961
Written off			
Overpayments Identified 2017	1,227		
Overpayments Identified pre-2017	1,976	3,203	7,538
Closing balance		**48,458**	**50,423**

6.2 Payments subject to Public Service pension abatement

Ten overpayments, amounting to €72,365 - which are not included in the figures at 6.1 above - came to light in 2017. They were in respect of former members of the Defence Forces, in receipt of military retirement pensions, who had subsequently taken up employment elsewhere in the public service. Such pensions should have been subject to the abatement provisions of Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act. In each case, the pension overpayments 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. In 2017 €21,716 of the outstanding amount was recovered. Recovery is complete in one case and is ongoing in six cases. The Department of Defence is in ongoing correspondence in three other cases.

	2017
	€
Overpayments identified in the year	72,365
	72,365
Recouped	
Overpayments identified 2017	21,716
Closing balance	**50,649**

Appropriation Account 2017

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 2017 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 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €21.37 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 Department of Public Expenditure and Reform in Circular 25 of 2017, 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.

Depreciation

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

Capital assets

Capital assets include assets with a valuation of less than €1,000.

A schedule of land and buildings administered by the Department of Defence is attached. As valuations for all of these properties are not available, they are not included in capital assets (Note 2.2).

Payments under certain programmes for the development of Defence Forces equipment, including the construction of naval vessels, 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 buildings administered by the Department of Defence are included as part of Note 2.3 – 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.

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 Service Office for the provision of shared services of human resources and payroll.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services 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 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.

The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. Eighty three (83) contracts, each relating to payments in excess of €25,000, with a total value of €17.4 million were listed in the Department's 2017 annual return in respect of Circular 40/2002.

These contracts primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are undertaken in accordance with the provisions of Circular 40/2002.

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. 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.

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.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2018

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 2017 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 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the Preface to the Appropriation Accounts. I am independent of the 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 Preface to the Appropriation Accounts.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 36 Defence

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs	691,797	680,549	670,725
	Gross expenditure	**691,797**	**680,549**	**670,725**
	Deduct			
B	**Appropriations-in-aid**	**20,704**	**30,824**	**40,667**
	Net expenditure	**671,093**	**649,725**	**630,058**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**21,368,252**	**26,557,886**

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		658,228	648,905
Administration pay		17,161	17,108
Administration non pay		5,160	4,712
Gross expenditure		**680,549**	**670,725**
Deduct			
Appropriations-in-aid		**30,824**	**40,667**
Net expenditure		**649,725**	**630,058**
Changes in capital assets			
Purchases cash	(75,619)		
Depreciation	49,892		
Loss on disposals	659		
Disposals cash	184		
		(24,884)	(50,975)
Changes in assets under development			
Cash payments		(13,133)	(7,168)
Changes in net current assets			
Increase in closing accruals	1,430		
Decrease in stock	4,158		
		5,588	11,547
Direct expenditure		**617,296**	**583,462**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	10,121		9,032
Notional rents	1,551	11,672	2,601
Net programme cost		**628,968**	**595,095**

1.1 Net Allied Services Expenditure

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

	2017	2016
	€000	€000
Vote 1 President's Establishment	(428)	(431)
Vote 2 Department of the Taoiseach	(91)	(72)
Vote 9 Revenue Commissioners	2	1
Vote 12 Superannuation and Retired Allowances	10,411	9,643
Vote 13 Office of Public Works	603	1,064
Vote 18 National Shared Services Office	825	88
Vote 35 Army Pensions	(1,324)	(1,386)
Central Fund – Ministerial pensions	123	125
	10,121	**9,032**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	474,247	492,931
Capital assets under development	2.3	10,248	2,255
		484,495	**495,186**
Current assets			
Bank and cash	2.4	5,213	1,554
Stocks	2.5	203,030	207,188
Prepayments	2.6	105,974	65,568
Accrued income		3,590	2,648
Other debit balances	2.7	4,839	4,721
Total current assets		**322,646**	**281,679**
Less current liabilities			
Accrued expenses		2,209	3,011
Deferred income		40	28
Other credit balances	2.8	6,381	6,169
Net Exchequer funding due	2.9	3,671	106
Total current liabilities		**12,301**	**9,314**
Net current assets		310,345	272,365
Net assets		**794,840**	**767,551**
Represented by:			
State funding account	2.1	**794,840**	**767,551**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			767,551	728,697
Disbursements from the Vote				
Estimate provision	Account	671,093		
Surplus to be surrendered	Account	(21,368)		
Net vote			649,725	630,058
Expenditure (cash) borne elsewhere	1.1		10,121	9,032
Non cash expenditure – notional rent	1		1,551	2,601
Transfers – capital assets under development	2.3		(5,140)	(10,420)
Asset reclassifications	2.2		—	2,678
Net programme cost	1		(628,968)	(595,095)
Balance at 31 December			**794,840**	**767,551**

2.2 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 2017	1,047,645	3,810	49,981	1,101,436
Additions	29,237	656	2,158	32,051
Disposals	(8,932)	(84)	(1,530)	(10,546)
Cost or valuation at 31 December 2017	1,067,950	4,382	50,609	1,122,941
Accumulated depreciation				
Opening balance at 1 January 2017	568,329	1,301	38,875	608,505
Depreciation for the year	46,604	328	2,960	49,892
Depreciation on disposals	(8,250)	(19)	(1,434)	(9,703)
Cumulative depreciation at 31 December 2017	606,683	1,610	40,401	648,694
Net assets at 31 December 2017	**461,267**	**2,772**	**10,208**	**474,247**
Net assets at 31 December 2016	479,316	2,509	11,106	492,931

The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital assets under development

at 31 December	Construction Contracts
	€000
Amounts brought forward at 1 January 2017	2,255
Cash payments in year	13,133
Projects completed [a]	(5,140)
Amounts brought forward at December 2017	10,248

[a] As projects 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.

2.4 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	8,938	4,987
Other bank and cash balances	473	670
Less orders outstanding	(4,198)	(4,103)
	5,213	**1,554**

2.5 Stocks

at 31 December	2017	2016
	€000	€000
Military stocks		
Opening balance 1 January	206,190	219,354
Purchases during the year	33,733	32,233
Issues during the year	(34,455)	(36,935)
Write-offs, obsolete stock, etc. [a]	(3,628)	(1,231)
Reclassification to fixed assets [b]	—	(7,231)
	201,840	206,190
Civil Defence	1,114	943
Stationery	19	21
IT consumables	57	34
	203,030	**207,188**

[a] Work is ongoing to identify and remove slow moving and obsolete military stock items.

[b] Some military stock items were reclassified as assets in 2016.

2.6 Prepayments

at 31 December	2017	2016
	€000	€000
Naval vessels construction	66,916	37,332
Armoured personnel carrier fleet maintenance and upgrade programme	25,000	15,000
Fixed wing utility aircraft	4,000	—
Other	10,058	13,236
	105,974	**65,568**

2.7 Other debit balances

at 31 December	2017	2016
	€000	€000
Payroll	4,186	4,103
Imprest	298	367
Cycle to work schemes	146	139
Overseas	67	48
Other suspense	142	64
	4,839	**4,721**

2.8 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Value Added Tax	5,959	5,647
Professional Services Withholding Tax	191	108
Income Tax	14	2
Pension contributions	43	37
Relevant Contracts Tax	42	67
Universal Social Charge	—	(12)
Pay Related Social Insurance	14	(8)
	6,263	5,841
Payroll deductions held in suspense	88	149
Other credit suspense items	30	179
	6,381	**6,169**

2.9 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus appropriations to be surrendered	21,368	26,558
Exchequer grant undrawn	(17,697)	(26,452)
Net Exchequer funding due	**3,671**	**106**
Represented by:		
Debtors		
Bank and cash	5,213	1,554
Debit balances: suspense	4,839	4,721
	10,052	6,275
Creditors		
Due to State	(6,263)	(5,841)
Credit balances: suspense	(118)	(328)
	(6,381)	(6,169)
	3,671	**106**

2.10 Commitments

at 31 December	2017	2016
	€000	€000
(a) Global commitments		
Procurement of goods and services	5,699	5,698
Capital projects	119,544	113,670
	125,243	**119,368**

The figure of €125m includes €64m on the purchase of defensive equipment (including €43m on maintenance and upgrade programme for armoured personnel carriers, €6m on other armoured vehicles and €5m on EOD equipment), €36m on the purchase of aircraft, €7m on building works, €6m on IT upgrades and €4m on the naval vessel replacement programme.

(b) Major Capital Commitments

Expenditure on projects where the total estimated cost will exceed €6.35 million.

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Naval vessels replacement programme and armament project	249,780	29,583	4,184	283,547	283,571
Maintenance and upgrade programme for armoured personnel carriers	15,000	10,000	43,000	68,000	68,000
IT infrastructure virtual desktop architecture project	2,939	3,573	6,288	12,800	12,800
Fixed wing utility aircraft	—	4,000	35,602	39,602	—

A contract for the provision of three aircraft was entered into in December 2017. It is expected that two of the aircraft will be delivered in 2019 and the final one will be delivered in 2020.

2.11 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	**655**	**605**

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,863	17,161	17,108
ii	Travel and subsistence	575	657	609
iii	Training and development and incidental expenses	250	333	301
iv	Postal and telecommunications services	665	454	536
v	Office equipment and external IT services	2,605	2,672	2,456
vi	Office premises expenses	1,110	929	805
vii	Consultancy services and value for money and policy reviews	35	115	5
		23,103	**22,321**	**21,820**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €17.863 million, outturn: €17.161 million

The underspend of € 0.702 million arose due to a number of factors. There was a vacancy at Assistant Secretary level which was not filled until mid way through the year, 20 staff members transferred from the Department of Defence to the National Shared Services Office in April 2017, and there were delays encountered in recruiting staff.

iv *Postal and telecommunications services*

Estimate provision: €0.665 million, outturn: €0.454 million

The underspend of €0.211 million arose due to lower than anticipated demand for postal services.

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	17,863	17,161	17,108
A.2	Administration - non pay	5,240	5,160	4,712
A.3	Permanent Defence Force: pay	417,126	396,479	385,504
A.4	Permanent Defence Force: allowances	38,680	39,514	35,389
A.5	Reserve Defence Force: pay, etc.	2,150	1,383	1,567
A.6	Chaplains and officiating clergymen: pay and allowances	1,225	1,027	990
A.7	Defence Force civilian support: pay and allowances, etc.	31,104	23,871	24,327
A.8	Defensive Forces: capability development[a]	53,000	72,632	31,491
A.9	Air Corps: equipment and support	16,860	16,354	18,627
A.10	Military transport	10,390	9,251	8,925
A.11	Naval Service: equipment and support	11,800	13,779	63,903
A.12	Barrack expenses and engineering equipment	14,180	12,512	12,658
A.13	Defence Forces built infrastructure: construction and maintenance	23,300	21,259	15,839
A.14	Defence Forces uniforms, clothing, equipment and catering	13,180	14,111	15,044
A.15	Defence Forces communications and IT	10,074	11,177	11,097
A.16	Military education and training	2,150	2,173	1,983
A.17	Defence Forces logistics and travel	3,200	3,197	3,184
A.18	Defence Forces medical and healthcare support	3,000	2,843	2,978
A.19	Lands	1,000	687	830
A.20	Equitation	900	905	1,020
A.21	Litigation and compensation costs	5,000	3,767	3,900
A.22	Miscellaneous expenditure	2,966	3,417	2,799
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,300	1,352	844
A.24	Civil Defence	5,240	4,919	5,137
A.25	Irish Red Cross Society	869	1,619	869
	Total	**691,797**	**680,549**	**670,725**

[a] From 2017, the purchase of aircraft and naval vessels is met from Subhead A8 rather than Subhead A9 and A11 respectively. For comparative purposes, adjusting 2016 expenditure figures for these changes would have resulted in expenditure in these Subheads as follows:A.8 €80.7 million; A.9 €16.6 million and A.11 €16.6 million.

Significant variations

Overall, the expenditure in relation to Programme A was €11.248 million lower than (originally) provided. €0.782m of this related to administration expenditure and has already been explained and the balance of the variance of €10.466m was mainly due to the following:

A.5 Reserve Defence Force: pay, etc.

Estimate provision: €2.15 million, outturn: €1.383 million

The underspend of €0.767 million is due to lower than anticipated uptake of paid training by reservists.

A.6 Chaplains and officiating clergymen: pay and allowances

Estimate provision: €1.225 million, outturn: €1.027 million

The underspend of €0.198 million arose due to lower than anticipated numbers of chaplains serving in 2017.

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

Estimate provision: €31.104 million, outturn: €23.871 million

The underspend of €7.233 million arose due to the fact that the number of Civilian Employees was less than provided for in the estimate due to lower than anticipated recruitment.

A.8 Defensive Forces: capability development

Estimate provision: €53 million, outturn: €72.633 million

The overspend of €19.633 million is due mainly to the bringing forward of payments under the Armoured Personnel Carrier Upgrade Programme, Naval Service fleet upgrade and the aircraft replacement programme due to these programmes being progressed sooner than anticipated.

A.10 Military transport

Estimate provision: €10.39 million, outturn: €9.251 million

The underspend of €1.139 million was due to lower fuel costs and delays in the procurement process for armoured vehicle spares. The savings were partly offset by the requirement to procure additional vehicles, which were required to maintain military effectiveness.

A.11 Naval Service: equipment and support

Estimate provision: €11.8 million, outturn: €13.779 million

The overspend of €1.979 million was mainly due to unanticipated marine engineering costs that arose during naval vessel maintenance. The excess was partly offset by lower than anticipated fuel costs.

A.12 Barrack expenses and engineering equipment

Estimate provision: €14.18 million, outturn: €12.512 million

The underspend of €1.668 million is mainly due to lower than anticipated utilities costs and the implementation of energy efficient measures and was partly offset by increased engineering and barrack expenses.

A.13 Defence Forces built infrastructure: Construction and maintenance

Estimate provision: €23.3 million, outturn: €21.259 million

The underspend of €2.041 million was due to slower than anticipated progress in bringing some key projects to construction stage.

A.14 Defence Forces uniforms, clothing, equipment and catering

Estimate provision: €13.18 million, outturn: €14.111 million

The overspend of €0.931 million was due mainly to an increase in spending on uniforms and equipment, in particular to cater for the increased number of recruits and cadets joining the Defence Forces. The excess was partly offset by savings on ordnance equipment.

A.15 Defence Forces communications and IT

Estimate provision: €10.074 million, outturn: €11.177 million

The overspend of €1.103 million was mainly due to costs associated with the implementation of information management architecture and communications equipment upgrades and support arising earlier than anticipated due to progress on these projects.

A.18 Defence Forces medical and healthcare support

Estimate provision: €3 million, outturn: €2.843 million

The underspend of €0.157 million was due to clinical requirements being less than anticipated and the non-incurrence of certain anticipated outsourcing costs. The savings were partly offset by the purchase of additional medical equipment to support operational requirements.

A.19 Lands

Estimate provision: €1 million, outturn: €0.687 million

The underspend of €0.313 million was as a result of expenditure on environmental maintenance and in a number of other areas being less than anticipated for 2017, as a result of certain planned projects not commencing due to unforeseen circumstances.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €3.767 million

The underspend of €1.233 million was due 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: €2.966 million, outturn: €3.417 million

The overspend of €0.451 million was due to additional advertising and communication costs in support of the military recruitment campaigns and higher than anticipated overseas mission support costs. The excess was partly offset by reduced administrative costs.

A.24 Civil Defence

Estimate provision: €5.24 million, outturn: €4.919 million

The underspend of €0.321 million was due to grants for the renewal of Civil Defence vehicles being less than estimated and lower than anticipated training and administration costs. The savings were partly offset by the purchase of additional personal protective equipment.

A.25 Irish Red Cross

Estimate provision: €0.869 million, outturn: €1.619 million

The overspend of €0.75 million was due to the issue of funds to the Irish Red Cross Society for administration of an Emergency Humanitarian Support Scheme for small business, following severe weather and flooding, on foot of a Government decision.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from United Nations in respect of overseas allowances, etc.	4,300	12,949	12,940
2	Receipts from EU in respect of fishery protection costs	—	—	—
3	Receipts from banks and other organisations	1,300	1,335	1,394
4	Receipts from occupation of official quarters	200	157	175
5	Receipts from rations on repayment	900	919	888
6	Receipts from other issues on repayment	30	25	32
7	Receipts for aviation fuel	45	37	40
8	Receipts on discharge by purchase	50	107	94
9	Lands and premises			
	(a) rents, etc.	450	455	461
	(b) sales	2,500	469	8,416
10	Sale of surplus stores	75	305	100
11	Refunds in respect of services of seconded personnel	60	48	140
12	Miscellaneous	700	832	1,205
13	Receipts from pension-related deduction on public service remuneration	10,094	13,186	14,782
	Total	**20,704**	**30,824**	**40,667**

Significant variations

Overall, Appropriations-in-Aid were €10.120 million more than the estimate.

Explanations for variances are set out below:

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

Estimate provision: €4.3 million, outturn: €12.949 million

The surplus of €8.649 million is due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts is difficult to forecast, see Note 6.1.

9 *Lands and premises (b) sales*

Estimate provision: €2.5 million, outturn: €0.469 million

The shortfall of €2.031 million was due to delays in sales of military property arising from legal issues.

10 *Sale of surplus stores*

Estimate provision: €0.075 million, outturn: €0.305 million

The surplus of €0.23 million was due to the sale of a decommissioned ship, higher than anticipated cloth receipts and greater than expected scrap brass and metal receipts.

12 *Miscellaneous*

Estimate provision: €0.7 million, outturn: €0.832 million

The surplus of €0.132 million was due to higher than estimated emergency aeromedical support service receipts.

13 Receipts from pension-related deduction on public service remuneration

Estimate provision: €10.094 million, outturn: €13.186 million

The surplus of €3.092 million was because pension-related deduction receipts 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.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Refund from Irish Red Cross in respect of unspent grant	—	1,894
Voluntary surrender of pay	3	—
Transferred to Exchequer	(3)	(1,894)
Balance at 31 December	—	—

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**9,982**	**9,947**

5.2 Pay

	2017	2016
	€000	**€000**
Pay	395,215	385,969
Higher, special or additional duties allowances	217	233
Overtime	408	467
Shift and roster allowance	215	202
Military and other allowances	33,963	29,304
Employer's PRSI	37,847	36,480
Total Pay	**467,865**	**452,655**

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for 3 personnel and total pay of €221,446. This office produces a separate account.

The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.3 Civil servants

	2017	2016
Number of staff at year end (full time equivalents)	**325**	**336**

	2017 €000	2016 €000
Pay	16,164	16,135
Higher, special or additional duties allowances	80	87
Overtime	88	137
Other allowances	56	29
Employer's PRSI	773	720
Total Pay	**17,161**	**17,108**

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	20	2	17,056	12,268
Overtime	65	—	9,656	9,776
Other allowances	19	1	16,116	10,271
Extra remuneration in more than one category	15	1	10,872	13,275

5.4 Civilian employees

	2017	2016
Number of staff at year end (full time equivalents)	**462**	**479**

	2017 €000	2016 €000
Pay	16,775	17,243
Higher, special or additional duties allowances	137	146
Overtime	320	330
Shift and roster allowance	215	202
Travel time allowance	506	502
Tool and other allowances	226	245
Employer's PRSI	1,862	1,876
Total Pay	**20,041**	**20,544**

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	74	—	8,787	8,839
Overtime	131	—	8,432	8,893
Shift and roster allowance	35	4	14,088	13,963
Travel time allowance	77	12	12,221	12,030
Tool and other allowances	289	—	3,235	3,235
Extra remuneration in more than one category	189	39	25,358	24,414

5.5 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2017	2016
Number of staff at year end (full time equivalents)	**9,195**	**9,132**

	2017 €000	2016 €000
Pay and military service allowance	362,276	352,591
Overseas allowances	18,840	13,906
Security duty allowances	7,931	8,247
Border duty allowance	2,368	2,574
Patrol duty allowance	2,461	2,222
Miscellaneous allowances	1,575	1,579
Employer's PRSI	35,212	33,884
Total pay	**430,663**	**415,003**

Allowances	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Overseas allowances	2,295	840	34,900	37,241
Security duty allowances	7,466	15	15,022	17,998
Border duty allowance	616	1	32,401[a]	18,529
Patrol duty allowance	798	—	9,750	9,700
Miscellaneous allowances	809	1	11,658	8,561
Extra remuneration in more than one category	2,934	957	34,953	35,103

[a] Includes arrears from 2010 to 2016

5.6 Performance and merit payments

There were no PCW/seniority allowances paid in Defence.

5.7 Other remuneration arrangements

A total of €177,856 was paid to six retired Defence Force personnel in receipt of Defence Force pensions, ranging from €9,323 to €61,504, who were re-employed on various duties during 2017. In addition, a total of €106,606, ranging from €325 to €10,761, was paid to twenty-nine retired public servants in receipt of public service pensions, who were re-employed on various duties during 2017. 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 a total of €87,591 in respect of the remuneration of military personnel on secondment.

5.9 Revenue settlement

In 2017, a total of €167,069 was paid to Revenue as unprompted voluntary disclosures relating to Benefit in Kind in respect of certain military subsistence rates and certain medical services to members of the Defence Forces.

5.10 Payroll overpayments

Overpayments at year-end were €90,623 (162 cases) of which €29,181 (44 cases) had recovery plans in place. Overpayments at year end 2016 were €51,117 (44 cases).

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:

	2017 €000	2016 €000
UN and EU Missions:		
UNIFIL (Lebanon)	28,738	17,839
UNDOF (Golan Heights)	10,667	10,545
KFOR (Kosovo)	1,175	1,186
EUFOR (Bosnia Herzegovina)	600	785
Other UN and EU Missions	3,486	3,792
	44,666	34,147
Other:		
Military representatives and advisors	1,676	1,683
Battle Groups (German, EU and UK)	301	2,170
Organisation for Security and Co-operation in Europe	164	227
Mediterranean Operations (Search and Rescue)	3,738	2,609
Total	**50,545**	**40,836**

Additional expenditure was incurred in 2017 as a result of Ireland taking on the Lead Nation role in UNIFIL. Of the sum of €44.67 million for UN and EU missions, €5.26 million relates to missions, the full costs of which are borne by the State. The remaining €39.41 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of re-imbursements from the UN is dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2017 was €12.95 million, made up of €6.74 million for personnel costs and €6.21 million for equipment costs.

The amount outstanding at year end was €3.4 million (€1.1 million personnel costs and €2.3 million equipment costs).

6.2 Support for Defence Forces' Representative Associations

This account includes a total of €483,341 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-Offs

	2017 €000	2016 €000
Damage to military vehicles	129	52
Bad debts	—	38

6.4 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Personal injury cases in respect of employees of the Vote	218	501	664	1,717	2,882	2,699
Administrative/employment related cases in respect of employees of the vote	17	128	131	189	448	694
Personal injury cases in respect of members of the public	38	69	118	263	450	642
		698	**913**	**2,169**	**3,780**	**4,035**

The above figures in respect of legal fees and compensation relate to cases where payment was made in 2017. These include cases that were settled in prior years, those settled in 2017 and those still open.

6.5 Contingent Liability

The Department has a contingent liability to the Revenue Commissioners in respect of historic travel and subsistence arrangements.

6.6 Arbitration and Conciliation

In 2017, costs of €590 were incurred in relation to five arbitration and conciliation cases. There were no arbitration or conciliation cases or expenditure in 2016.

6.7 Medical Treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

Appendix A Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Hectares)[1]
Clare	
Knockalisheen Camp	51.89
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.20
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
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, Baldonnel including sewage plant on adjacent land	277.21
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	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.10
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

[1] Hectares stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)[1]
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanston 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
Coolmooney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

[1] Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (Hectares)[1]
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline[2]	33.99
Fort Davis, Whitegate	29.95
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

[1] Hectares stated are approximate. Most of the properties contain buildings thereon.

[2] Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)[1]
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	0.96
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

[1] Hectares stated are approximate. Most of the properties contain buildings thereon.

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 the obligation to present financial statements. It indicates, at end March 2018, the period to which the last audited financial statements relate and the period in 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	2016	16 June 2017	17 June 2017	8 January 2018
Defence Forces Canteen Board	2016	29 September 2017	17 October 2017	3 January 2018

Appropriation Account 2017

Vote 37

Employment Affairs and Social Protection

Introduction

As Accounting Officer for Vote 37, 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 (with effect from 2 September 2017 the Department's name changed from the Department of Social Protection to the Department of Employment Affairs and Social Protection). The Department assumed responsibility for Employment Affairs on 2 September 2017. This was previously the responsibility of the Department of Business, Enterprise and Innovation. There was no material impact on the expenditure of the Department for 2017.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Office of the Minister for Employment Affairs and Social Protection, for certain services administered by that Office, for payments to the Social Insurance Fund (SIF) and for certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €20 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.

Provision of Agency Services

During 2017 the Department continued to act as a paying agent for the Department of Finance in relation to Waterford Crystal pensioners lump sum payments and Waterford Crystal ongoing pension payments under section 48B of the Pensions Act 1990 as inserted by section 4 of the Social Welfare and Pensions (No. 2) Act 2014. Regular fortnightly pension payments transferred to payroll shared services in October 2017. In addition, the Department also continued to act as paying agent for the Department of Housing, Planning and Local Government under section 5 of the Water Services Act 2014 in respect of the water conservation grant. The amounts paid are reported in the Finance Accounts and the Department of Housing, Planning, and Local Government Appropriation Account respectively.

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 Circular 25 of 2017 have been applied in the preparation of the account except for the following:

Recovery of overpayments

Recovery of debt in respect of general/income-support scheme overpayments is brought to account as follows:

Cash and deduction recoveries received are brought to account on the date they are matched against the relevant debt holder. Unmatched recovery amounts are held in suspense and are brought to account as income with a corresponding reduction in debt on their identification. As Vote 37 is the dominant recipient of overpayment receipts, unmatched receipts are held in a Vote 37 suspense account pending resolution and subsequent posting to Vote 37 or SIF as appropriate.

Cash and deduction recoveries in respect of the previous accounting years are treated as income of the current accounting year. Cash and deduction recoveries in respect of the current accounting year are netted off against the expenditure for the current accounting year.

Recognition of payments

Payments consist of those sums which come in the course of payment during the year. Sums are deemed to have come in the course of payment where the liability has been incurred, payment is due and the instruction for the payment (cheque or electronic funds transfer) has been effected on the relevant payment system. Cash welfare payments made through An Post are recognised upon disbursement. Where the normal due payment date falls on a Bank Holiday, it may be necessary to issue payments early. At year-end, payments issued early by electronic funds transfer by banks or early encashment by customers in post offices, which refer to the subsequent year, are normally recognised as prepayments.

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 HR and payroll shared service.

I rely on a letter of assurance from the Accounting Officer for the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the 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
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Control of Capital Assets

A fixed asset working group is addressing concerns around reconciliation of the Department's fixed asset register and capital assets under development to the appropriation account. The work of the group initially focused on reconciling the asset registers to the appropriation account and is now concentrating on the physical inventories.

During 2017, inventory checks were carried out at 38 of the Department's 355 locations, and an electronic inventory of the Department's IT assets was compiled and reconciled back to the Department's fixed asset registers. The total value of the physical and electronic inventories reconciled to the asset registers is €4.3 million (original cost). €350 million in assets is recorded on the Department's asset registers at the end of 2017.

Arising from the inventory checks, assets with a written down value of €123,000 were written off in 2017. Further physical inventory checks are being planned. An electronic barcoding system, for use in tagging assets, has been introduced and tagging of assets commenced in 2016.

Further systems development is in progress to enable asset tag generation at the purchasing stage which will directly interface into the asset register.

Debt Reconciliations

A new debt and receipts accounting system (DRAS) was introduced in the Department in November 2014. The system allows for the automatic recording and posting of debt recovered in its local offices, from its receipting bank accounts and by way of deduction from the Department's payments to customers.

The DRAS debtor balance at 31 December 2017 was €499 million of which €412 million relates to Vote 37 and €87 million relates to the SIF.

Also in 2017, €81 million was recovered in respect of scheme overpayments of which €67 million was Vote related and €14 million was SIF related.

Since the introduction of DRAS in late 2014 previous Statements on Internal Financial Control (SIFCs) in 2015 and 2016 have made reference to unresolved reporting variances in regard to DRAS related debtors, amounts recovered, bank and cash balances. While the Department has applied additional resources and has made progress in addressing these issues, there remains unresolved variances for the 2017 year of account which will require remedial action in 2018. As at 31 December 2017, the following unresolved variances exist:

- A variance of €294,529 (2016: €26,587) between the closing debtor balance as calculated by reference to reports from DRAS on the transactions in the account in the year, and the year end debtor listing.
- A variance of €104,170 (2016: €21,649) between the recoveries listed on DRAS and that recorded on the Department's accounting system.
- A variance of €178,704 (2016: €390,565) between the Department's bank statements and its books of account.
- A variance between the Department's cash recovery office reports and the accounting system amounting to €27,659 at the end of December 2017 (2016: €57,777). These 141 reports record cash on hand of €44,869 as compared to the accounting system which records cash on hand of €72,528.

As noted above the Department has since December 2017 applied additional resources and is working to resolve the above issues. It is envisaged that further system and business process changes will be required to resolve these DRAS related issues.

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.

Public Procurement

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 has reported in the 40/02 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General thirteen contracts to the value of €4,909,228 that were not subject to a competitive procurement process, of which 6 contracts with a value of €1,238,298 are non-compliant.

Details of the contracts which are non-compliant are as follows

- One supply contract for €41,500 was necessary for additional consultancy work by the original contractor for expert advice in relation to the public service card and other related services. This contractor was the only respondent to open procurements in 2011 and 2015. A new open procurement commenced on 4 January 2018 and a new contract was issued in April 2018.
- Three supply contracts for €1,110,022 occurred while the finalisation of centralised tenders, framework and contracts in the Office for Government Procurement (OGP) were awaited. Two of these contracts were subsequently awarded under the OGP framework. In the case of the third contract, although there is an OGP framework in place, the existing contract has been extended by a further 6 months to test security issues in relation to the management of mobile devices.
- Two contracts with a combined value of €86,776 were extended to facilitate the transfer to new suppliers. New competitively procured contracts are now in place in both cases since September and October 2017 respectively.

A number of contracts meet exceptions allowed under EU rules.

- One supply contract for €3,187,680 was necessary for additional deliveries by the original supplier, in accordance with Section 72(1)(b) of S.I No. 284 of 2016 (European Union (Award of Public Authority Contracts) Regulations 2016). The timeframe required to have a new contract operational is 8-10 months from award date and, in the interim, a change of contractor could not be made for economic and technical reasons, including requirements of interchangeability or interoperability with existing equipment, services and installations procured under the initial procurement. A request for tenders was published on Official Journal of the European Union (OJEU) on 16 February 2018 and a contract was awarded in June 2018.
- Six contracts with a total value of €483,250 were extended/rolled over as required in order to secure continuity of service. In all cases, the contracted suppliers were the single suitable supplier available. The Department keeps these contracts under review and explores the most appropriate options to meet its ongoing business requirements.

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. 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.

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 quarterly 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 actions needed to mitigate risks and the business area responsible for the risk actions.

Ongoing Monitoring and Review

Formal procedures which 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 2017 that resulted in losses that require disclosure in the Appropriation Account.

John McKeon
Accounting Officer
Department of Employment Affairs and Social Protection

31 August 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 37 Employment Affairs and Social Protection

Opinion on the appropriation account

I have audited the appropriation account for Vote 37 Employment Affairs and Social Protection for the year ended 31 December 2017 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 37 Employment Affairs and Social Protection for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Employment Affairs and Social Protection and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Regularity of expenditure

Chapter 11 of my report on the accounts of the public services for 2017 relates to welfare payments in excess of entitlement included in the 2017 account for Vote 37. I consider the estimated level of irregular payment to be material.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

Reporting on matters arising from audit

Chapters 12 and 14 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 37 Employment Affairs and Social Protection.

Seamus McCarthy
Comptroller and Auditor General

31 August 2018

Vote 37 Employment Affairs and Social Protection Appropriation Account 2017

			2017	2016
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
Social assistance schemes, services, administration and payment to Social Insurance Fund				
Administration				
Original	550,686			
Supplementary	(19,500)	531,186	520,906	486,368
Pensions				
Original	971,980			
Supplementary	21,520	993,500	994,740	982,138
Working age – income supports				
Original	2,889,770			
Supplementary	(41,620)	2,848,150	2,845,390	3,190,329
Working age – employment supports				
Original	951,520			
Supplementary	(37,200)	914,320	904,525	996,179
Illness, disability and carers				
Original	2,442,550			
Supplementary	114,110	2,556,660	2,557,113	2,330,712
Children				
Original	2,605,870			
Supplementary	(460)	2,605,410	2,603,327	2,576,545
Supplementary payments, etc.				
Original	632,426			
Supplementary	(26,849)	605,577	608,506	653,052
Subvention to the Social Insurance Fund				
Original	1			
Supplementary	(1)	—	—	—
Gross expenditure				
Original	11,044,803			
Supplementary	10,000			
		11,054,803	**11,034,507**	**11,215,323**
Deduct				
Appropriations-in-aid		**264,064**	**264,787**	**272,843**
Net expenditure				
Original	10,780,739			
Supplementary	10,000			
		10,790,739	**10,769,720**	**10,942,480**

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 spend in the following year.

	2017	2016
	€	€
Surplus	21,019,255	38,949,110
Deferred surrender	(1,000,000)	—
Surplus to be surrendered	**20,019,255**	**38,949,110**

John McKeon
Accounting Officer
Department of Employment Affairs and Social Protection

31 August 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		10,513,601	10,728,955
Pay		293,330	295,975
Non pay		227,576	190,393
Gross expenditure		**11,034,507**	**11,215,323**
Deduct			
Appropriations-in-aid		**264,787**	**272,843**
Net expenditure		**10,769,720**	**10,942,480**
Changes in capital assets			
Purchases cash	(28,347)		
Depreciation	12,014		
Loss on disposal/ write-off	123	(16,210)	(18,854)
Changes in net current assets			
Increase in closing accruals	645		
Decrease in stock	128		
		773	6,682
Direct expenditure		**10,754,283**	**10,930,308**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		70,312	51,502
Notional rents		13,437	13,472
Net programme cost		**10,838,032**	**10,995,282**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 37 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of Revenue Commissioners	e	365	357
Vote 12 Superannuation and Retired Allowances	e	56,846	37,153
Vote 13 Office of Public Works	e	12,860	13,918
Vote 18 National Shared Services Office	e	207	—
Vote 20 Garda Síochána	e	—	45
Central Fund – Ministerial pensions	e	34	29
		70,312	**51,502**

"e" indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**116,470**	**100,260**
Current assets			
Stocks	2.4	346	474
Prepayments	2.11	55,508	67,832
Other debit balances	2.5	167,647	205,123
Net Exchequer funding due	2.7	13,979	(14,152)
Total current assets		**237,480**	**259,277**
Less current liabilities			
Bank and cash	2.3	147,107	150,196
Accrued expenses	2.10	48,091	59,770
Other credit balances	2.6	34,519	40,775
Total current liabilities		**229,717**	**250,741**
Net current assets		7,763	8,536
Net assets		**124,233**	**108,796**
Represented by:			
State funding account	2.1	**124,233**	**108,796**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			108,796	95,727
Adjustment			—	897
Disbursements from the Vote				
Estimate provision	Account	10,790,739		
Deferred surrender	Account	(1,000)		
Surplus to be surrendered	Account	(20,019)		
Net Vote			10,769,720	10,942,480
Expenditure (cash) borne elsewhere	1.1		70,312	51,502
Non cash expenditure – notional rent	1		13,437	13,472
Net programme cost	1		(10,838,032)	(10,995,282)
Balance at 31 December			**124,233**	**108,796**

2.2 Capital assets

	Office equipment	Furniture and fittings	Assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	272,378	33,193	18,228	323,799
Additions	15,490	234	12,623	28,347
Disposals/ write-off[1]	(90)	(1,683)	—	(1,773)
Transfers	15,620	—	(15,620)	—
Cost or valuation at 31 December 2017	303,398	31,744	15,231	350,373
Accumulated depreciation				
Opening balance at 1 January 2017	195,164	28,375	—	223,539
Depreciation for the year	10,982	1,032	—	12,014
Depreciation on disposals/ write-off	(87)	(1,563)	—	(1,650)
Cumulative depreciation at 31 December 2017	206,059	27,844	—	233,903
Net assets at 31 December 2017	**97,339**	**3,900**	**15,231**	**116,470**
Net assets at 31 December 2016	77,214	4,818	18,228	100,260

[1] Disposals/write-off consist of furniture and equipment including franking machines, photocopiers, tables, chairs, floor coverings, etc.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
An Post advance balances[1]	115,381	78,809
PMG balances (overdraft)	(402,429)	(365,039)
Commercial bank and cash	139,941	136,034
	(147,107)	**(150,196)**

[1] As scheme paying agent, An Post is pre-funded by Vote 37 and the SIF to meet the Department's expenditure liabilities as they fall due. At the end of 2017, the combined balance held by An Post in respect of Vote 37 and the SIF was €183,748,681. The combined corresponding balance at the end of 2016 was €126,357,506.

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	318	434
IT consumables	28	40
	346	**474**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Advances to An Post for postage expenditure	1,007	1,007
Advances to OPW for office furniture, building and electrical work	354	552
Advances to Pobal	6,095	6,699
Scheme prepayments[1]	13,384	12,116
Other debit suspense	1,376	740
Due from SIF in respect of		
• Vote scheme overpayments recovered through SIF	26,600	19,821
• payments by Vote on behalf of SIF	118,831	164,188
	167,647	**205,123**

[1] At 31 December 2017, there were prepayments for Vote schemes of €13,383,975 of which €10,695,771 were made via An Post and €2,688,204 were made via bank electronic funds transfer.

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income tax	3,021	5,038
Superannuation contributions	556	779
Pay Related Social Insurance	3,535	3,608
Interstat Value Added Tax	56	65
Professional Services Withholding Tax	3,219	2,442
Local property tax[1]	66	107
Extra Exchequer receipts	2	19
	10,455	12,058
Payroll deductions	2,666	3,932
Due to SIF in respect of		
• payments by SIF on behalf of Vote	13,128	16,550
• imprest payments received from SIF	3,010	2,061
Unmatched overpayment recoveries	2,743	1,885
Other credit suspense items	2,517	4,289
	34,519	**40,775**

[1] Under Section 84 of the Finance (Local Property Tax) Act 2012, the Revenue Commissioners may direct the Department to make deductions from certain scheme payments in respect of liable persons for local property tax. €709,422 was paid over to the Revenue Commissioners in 2017.

The Department also make voluntary deductions from some staff salaries in respect of local property tax. These deductions commenced in 2013 and are paid to the Revenue Commissioners in the month following deduction. €425,795 was paid over to the Revenue Commissioners in 2017.

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	20,019	38,949
Deferred surrender	1,000	—
	21,019	38,949
Exchequer grant undrawn	(34,998)	(24,797)
Net Exchequer funding due	**(13,979)**	**14,152**
Represented by:		
Debtors		
Debit balances: suspense	167,647	205,123
Creditors		
Banks and cash	(147,107)	(150,196)
Due to State	(10,455)	(12,058)
Credit balances: suspense	(24,064)	(28,717)
	(181,626)	(190,971)
	(13,979)	**14,152**

2.8 Commitments

a) Global Commitments at 31 December	2017 €000	2016 €000
Procurement of goods and services	32,983	26,027
Capital projects	22,859	11,781
Total of legally enforceable commitments	**55,842**	**37,808**

The increased commitments for capital projects from 2016 to 2017 of €11.1 million is mainly due to additional commitments on three projects Business Object Model (BOMi), Identity and Access Management (MyGovID) and Web Self Services (MyWelfare).

b) Major Capital Commitments

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Public Services Card	26,990	5,113	—	32,103	31,208

Significant variations

	Expected Total Spend 2017 €000	Expected Total Spend 2016 €000	Year on year increase €000
Public Services Card	32,103	31,208	895

The increase in the total expected lifetime spend of the project is as a result of 3.04 million cards having been issued by the end of 2017. The project was for 3 million cards and the 2016 projected expenditure covered the issuing of this amount of cards.

2.9 Matured liabilities

At 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	82	147

2.10 Accruals

2.10 Accruals	2017	2016
	€000	€000
Administration expenses	2,559	1,417
Office expenses	12,532	4,006
Consultancy expenses	167	94
Programme costs[1]	32,833	54,210
Miscellaneous expenses	—	43
	48,091	**59,770**

[1]Moneys owed at 31 December 2017 to organisations providing Community Employment (CE), Jobs Initiative (JI) and Local Employment Services (LES) on behalf of the Department. This money relates to organisations as opposed to individual claimants.

2.11 Prepayments

	2017	2016
	€000	€000
Administration expenses	225	107
Office expenses	422	1,585
Consultancy expenses	—	29
Programme advances/floats[1]	54,858	66,105
Miscellaneous expenses	3	6
	55,508	**67,832**

[1]Moneys paid to schemes and other organisations providing CE, JI, LES and Job Clubs by way of advances or floats before commencement. Advances are provided to CE and JI schemes prior to commencement to cover initial expenses and are generally recouped within 12 months of issue. Floats are provided to LES and Job Clubs prior to commencement to cover ongoing expenses and are reconciled on an ongoing basis with each payment made. This money relates to organisations as opposed to individual claimants.

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

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

			2017	2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i.	Salaries, wages and allowances	295,510	293,330	295,975
ii.	Travel and subsistence			
	Original	5,113		
	Supplementary	(300)	4,813	4,575	4,304
iii.	Training and development and incidental expenses			
	Original	20,477		
	Supplementary	(7,200)	13,277	10,501	6,373
iv.	Postal and telecommunications services			
	Original	16,412		
	Supplementary	(600)	15,812	15,912	15,901
v.	Office equipment and external IT services			
	Original	45,928		
	Supplementary	(3,873)	42,055	41,727	40,591
vi.	Office premises expenses			
	Original	17,695		
	Supplementary	(1,000)	16,695	15,064	19,839
vii.	Consultancy services			
	Original	1,077		
	Supplementary	(277)	800	736	199
viii.	Payments for agency services			
	Original	136,906		
	Supplementary	(6,250)	130,656	126,325	93,480
ix.	eGovernment related projects		11,568	12,736	9,706
			531,186	**520,906**	**486,368**

Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €20.47 million, outturn: €10.5 million.

The underspend of €9.97 million relative to the estimate provision was due to

- The original estimate contained a contingency provision of €4.3 million that was not required.
- Bank charges were €3.1 million lower than anticipated. These charges are transaction based and therefore more difficult to estimate accurately.
- €2.57 million of savings were achieved on various incidental expenses including staff training and evaluations (€1.5 million), facilities management (€0.3 million), compensation (€0.3 million) and other costs (€0.47 million).

An amount of €7.2 million was surrendered as part of the supplementary estimate. The final outturn was €2.8 million (21%) lower than the final allocation mainly because bank charges as above were lower than anticipated. The savings were used to fund excess expenditure on other subheads.

vii *Consultancy services*

Estimate provision: €1.08 million, outturn: €0.74 million.

The underspend of €0.34 million relative to the estimate provision was due to

- A number of large tenders received came in lower than anticipated.
- Some projects did not incur costs as early as originally anticipated.

An amount of €0.3 million was surrendered as part of the supplementary estimate. The final outturn was €0.06 million (9%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

Programme A Social assistance schemes, services, administration and payment to Social Insurance Fund

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Administration					
A.1	Administration – pay		295,510	293,330	295,975
A.2	Administration – non pay				
	Original	255,176			
	Supplementary	(19,500)	235,676	227,576	190,393
Pensions					
A.3	State Pension (Non-Contributory)				
	Original	971,980			
	Supplementary	21,520	993,500	994,740	982,138
Working Age – Income Supports					
A.4	Jobseeker's Allowance				
	Original	2,161,670			
	Supplementary	(56,670)	2,105,000	2,103,451	2,452,332
A.5	One-Parent Family Payment				
	Original	501,980			
	Supplementary	(4,780)	497,200	497,647	500,699
A.6	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension				
	Original	13,690			
	Supplementary	510	14,200	14,226	14,557
A.7	Deserted Wife's Allowance				
	Original	1,290			
	Supplementary	210	1,500	1,434	1,736
A.8	Basic Supplementary Welfare Allowance Payments				
	Original	85,420			
	Supplementary	13,580	99,000	97,218	89,018
A.9	Farm Assist				
	Original	82,800			
	Supplementary	(4,000)	78,800	78,182	78,831
A.10	Pre-retirement Allowance				
	Original	2,660			
	Supplementary	940	3,600	3,608	8,607
A.11	Other Working Age Income Supports				
	Original	40,260			
	Supplementary	8,590	48,850	49,624	44,549
Working Age – Employment Supports					
A.12	Community Employment Programme		353,000	350,489	356,341
A.13	Rural Social Scheme				
	Original	47,660			
	Supplementary	(2,160)	45,500	44,408	42,393

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.14	Tús				
	Original	124,820			
	Supplementary	(16,820)	108,000	109,397	118,604
A.15	Jobs Initiative		19,270	19,150	20,150
A.16	Community Services Programme		46,190	42,455	43,644
A.17	Back to Work Allowance				
	Original	119,560			
	Supplementary	(3,760)	115,800	115,171	124,383
A.18	National Internship Scheme – JobBridge				
	Original	15,000			
	Supplementary	(8,000)	7,000	6,904	37,793
A.19	Back To Education Allowance				
	Original	105,000			
	Supplementary	(9,000)	96,000	93,860	114,829
A.20	Gateway				
	Original	7,250			
	Supplementary	(3,850)	3,400	3,496	21,183
A.21	Back to Work Family Dividend				
	Original	14,400			
	Supplementary	10,100	24,500	23,970	28,454
A.22	JobsPlus				
	Original	20,400			
	Supplementary	9,600	30,000	28,854	23,679
A.23	Wage Subsidy Scheme				
	Original	25,900			
	Supplementary	(5,100)	20,800	20,837	19,403
A.24	Other Working Age – Employment Supports				
	Original	53,070			
	Supplementary	(8,210)	44,860	45,534	45,323
Illness, Disability And Carers					
A.25	Disability Allowance				
	Original	1,416,170			
	Supplementary	50,130	1,466,300	1,469,440	1,357,989
A.26	Blind Pension		13,480	13,386	13,660
A.27	Carer's Allowance				
	Original	694,000			
	Supplementary	37,800	731,800	729,449	653,667
A.28	Domiciliary Care Allowance				
	Original	138,000			
	Supplementary	13,500	151,500	151,914	133,075
A.29	Carer's Support Grant				
	Original	180,900			
	Supplementary	12,680	193,580	192,924	172,321

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Children					
A.30	Child Benefit				
	Original	2,091,530			
	Supplementary	(4,030)	2,087,500	2,086,390	2,078,111
A.31	Family Income Supplement				
	Original	422,500			
	Supplementary	(8,000)	414,500	414,630	415,437
A.32	Back-To-School Clothing And Footwear Allowance				
	Original	37,400			
	Supplementary	11,700	49,100	48,854	39,810
A.33	School Meals Schemes		47,500	46,619	36,886
A.34	Other Child Related Payments				
	Original	6,940			
	Supplementary	(130)	6,810	6,834	6,301
Supplementary Payments, Agencies and Miscellaneous Services					
A.35	Rent Supplement				
	Original	252,600			
	Supplementary	(20,500)	232,100	230,566	275,294
A.36	Mortgage Interest Supplement				
	Original	4,120			
	Supplementary	90	4,210	4,206	6,558
A.37	Household Benefits Package				
	Original	84,164			
	Supplementary	(999)	83,165	84,900	83,915
A.38	Free Travel				
	Original	80,000			
	Supplementary	(2,000)	78,000	77,456	77,112
A.39	Fuel Allowance				
	Original	146,095			
	Supplementary	(1,595)	144,500	148,870	154,701
A.40	Grant to the Citizens Information Board		54,050	53,053	49,178
A.41	Office of the Pensions Ombudsman				
	Original	950			
	Supplementary	(250)	700	654	533
A.42	Miscellaneous Services				
	Original	9,970			
	Supplementary	(1,595)	8,375	8,504	5,761
A.43	Low Pay Commission		477	297	—

			2017		2016
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Subvention to the Social Insurance Fund					
A.44	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005				
	Original	1			
	Supplementary	(1)	—	—	—
Total			**11,054,803**	**11,034,507**	**11,215,323**

Significant variations

Overall, the expenditure in relation to Programme A was €10.3 million lower than originally provided. Administration expenditure was €29.8 million lower than originally estimated and the main variances have already been explained. These savings were offset by higher expenditure than originally estimated on schemes and services amounting to €19.5 million which was mainly due to the following:

A.7 *Deserted Wife's Allowance*

Estimate provision: €1.3 million, outturn: €1.4 million.

The increase in expenditure of €0.1 million relative to the estimate provision was due to average number of payments (147) each week being higher than provided for in the original estimate (133).

A supplementary estimate of €0.2 million was provided to reflect emerging trends. The outturn was almost €0.1 million (6.6%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.8 *Basic Supplementary Welfare Allowance Payments*

Estimate provision: €85.4 million, outturn: €97.2 million.

The increase in expenditure of €11.8 million relative to the estimate provision was due to:

- Higher average recipient numbers (15,220) than provided for in the original estimate (15,030). This cost an additional €1.9 million.
- Higher average payment values (€192.52) than provided for in the original estimate (€189.77). This cost an additional €2.2 million (of which €0.5 million related to the decision to pay a Christmas bonus which was not part of the original estimate).
- Recoupment of expenditure from primary schemes (e.g. disability allowance, jobseekers allowance) where the recipient had been claiming supplementary welfare allowance pending resolution of their claim. Outturn was €55.1 million, compared to €62.8 million in the revised estimate. This resulted in an additional cost of €7.7 million.

A supplementary estimate of €13.6 million was provided to reflect emerging trends. The final outturn was €1.8 million (1.8%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.9 *Farm Assist*

Estimate provision: €82.8 million, outturn: €78.2 million.

The underspend of €4.6 million relative to the estimate provision was due to:

- Lower average recipient numbers (7,430) than provided for in the original estimate (7,704). This saved €2.9 million.
- Lower average payment values (€202.56) than provided for in the original estimate (€206.83). This saved €1.7 million (after offsetting €1.5 million related to the decision to pay a Christmas bonus of 85%, not provided for in the original estimate).

An amount of €4 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.6 million (0.8%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.10 *Pre-retirement Allowance*

Estimate provision: €2.7 million, outturn: €3.6 million.

The increase in expenditure of €0.9 million relative to the estimate provision was due to higher average recipient numbers per week (336) than provided for in the original estimate (249).

A supplementary estimate of €0.94 million was provided to reflect emerging trends. The final outturn was €0.01 million (0.3%) more than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.11 *Other Working Age – income supports*

Estimate provision: €40.3 million, outturn: €49.6 million.

The increase in expenditure of €9.3 million relative to the estimate provision was due to:

- Higher expenditure on supplementary welfare allowance exceptional needs payments i.e. essential, once off, exceptional payments. The final outturn was €38.2 million which was higher than the original estimate by €6.7 million due to:
  - Higher number of once-off payments (97,253) than provided for in the original estimate (94,305). This cost an additional €1.1 million.
  - Higher average payment values (€391.76) than provided for in the original estimate (€334.02). This cost an additional €5.6 million.

The once-off nature of the scheme makes it more difficult to predict the make-up of future payment numbers and average payment values than for schemes with a regular frequency.

- Higher expenditure on supplements under the supplementary welfare allowance scheme such as special diet and heating supplements. The final outturn was €5.8 million which was higher than the original estimate of €4.6 million by €1.2 million due to:
  - Higher average payment values (€30.09) than provided for in the original estimate (€23.40). This cost an additional €1.3 million.
  - Offset by lower average recipient numbers (3,700) than provided for in the original estimate (3,749). This saved €0.1 million.
- Higher expenditure on Direct Provision Allowance paid in respect of adults and children asylum seekers residing in the direct provision system. The final outturn was €4.8 million which was higher than the original estimate by €1.1 million due to:
  - Higher average recipient numbers (2,620) than provided for in the original estimate (2,340). This cost an additional €0.5 million.
  - Higher average payment values (€36.02) than provided for in the original estimate (€31.87). This cost an additional €0.6 million (€0.5 million as a result of a Government decision in August 2017 to increase the rate of allowance payable to adults and children and €0.1 million related to the decision to pay a Christmas bonus, neither of which were part of the original estimate).
- Higher expenditure on the Humanitarian Assistance Scheme which provides emergency financial assistance to households to meet essential needs immediately following flooding, and other financial support for damage to home and contents. The final outturn was €0.8 million which was higher than the original estimate of €0.5 million. It is difficult to predict the requirement for Humanitarian Assistance given the unpredictable nature of the weather. Winter storms of late 2017 (including storm Ophelia) resulted in increased demand in 2017. The higher than expected demand cost an additional €0.3 million.

A supplementary estimate of €8.6 million was provided to reflect emerging trends. The final outturn was almost €0.8 million (1.6%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.13 Rural Social Scheme

Estimate provision: €47.7 million, outturn: €44.4 million.

The underspend of €3.3 million relative to the estimate provision was due to:

- Lower average participant numbers (2,700) than provided for in the original estimate (2,825). This saved €1.8 million.
- Lower average payment values for participants (€262.12) than provided for in the original estimate (€270.66). This saved €1.2 million (after taking into consideration the cost of the decision to pay a Christmas bonus of 85% which cost €0.5 million).
- Lower average payment values for scheme supervisors (€680.49) than provided for in the original estimate (€724.85). This saved €0.3 million.

An amount of €2.2 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was almost €1.1 million (2.4%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.14 *Tús*

Estimate provision: €124.8 million, outturn: €109.4 million.

The underspend of €15.4 million relative to the estimate provision was due to:

- Lower average participant numbers (6,827) than provided for in the original estimate (7,800). This saved €12.5 million. The reduction in participants is due to the declining live register and improved labour market.
- Lower average payment values for participants (€241.58) than provided for in the original estimate (€248.57). This saved €2.5 million (after taking into consideration the cost of the decision to pay a Christmas bonus of 85% which cost €1 million).
- Lower average number of supervisors (397) than provided for in the original estimate (405). This saved €0.3 million.
- Expenditure on implementation body service fees was €0.4 million lower than provided for in the original estimate.
- Offset by higher average payment values for supervisors (€668.99) than provided for in the original estimate (€655.90). This cost an additional €0.3 million.

An amount of €16.8 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €1.4 million (1.3%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.16 *Community Services Programme*

Estimate provision: €46.2 million, outturn: €42.5 million.

The underspend of €3.7 million relative to the estimate provision was due to:

- An amount of €1 million was allocated for a targeted call for proposals from Community Service Programme (CSP) Strand 3 organisations (aimed at employing people far from the labour market including for example, people with disabilities and travellers) looking to avail of CSP funding. This call for proposals was organised through Pobal, who operated the scheme on behalf of the Department and through various Social Inclusion and Community Activation (SICAP) programme implementers around the country. The assessment of these proposals was not completed until late 2017/early 2018. As a result, expenditure did not materialise in 2017 saving €1 million.
- A number of CSP organisations experienced trading difficulties during the year which meant a reduction in their operating and staffing levels. This resulted in a lower amount of CSP funding being drawn down by these organisations than was predicted for them at the start of the year saving €2.7 million.

This programme transferred from the Department of Employment Affairs and Social Protection (DEASP) to the Department of Rural and Community Development from 1 January 2018.

A.18 *National Internship Scheme – JobBridge*

Estimate provision: €15 million, outturn: €6.9 million.

The underspend of €8.1 million relative to the estimate provision was due to:

- Provision was made in the 2017 estimate for a replacement scheme which was not enacted. A new Youth Employment Support will be implemented during 2018. This saved €8.5 million.
- Lower average payment values (€204.12) than provided for in the original estimate (€231.64). This saved €0.9 million.
- Offset by higher average recipient numbers (650) than provided for in the original estimate (539). This cost an additional €1.3 million.

An amount of €8 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was almost €0.1 million (1.4%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.19 *Back To Education Allowance*

Estimate provision: €105 million, outturn: €93.9 million.

The underspend of €11.1 million relative to the estimate provision was due to:

- Actual average number of recipients (11,904) during academic periods (Jan–May 2017, Oct-Dec 2017) was lower than provided for in the original estimate (13,658). Recipients have been falling for a number of years due to an improved labour market and lower live register. This saved €12.2 million.
- Actual expenditure over the 2017 summer months (€8.7 million) was lower than provided for in the original estimate (€9.95 million). This saved €1.3 million.
- Offset by higher average weekly payment values (€209.36) than provided for in the original estimate (€203.56). This cost an additional €2.4 million (of which €1.7 million related to the decision to pay a Christmas bonus of 85% which was not part of the original estimate).

An amount of €9 million was surrendered as part of the supplementary estimate. The final outturn was €2.1 million (2.2%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.20 *Gateway*

Estimate provision: €7.3 million, outturn: €3.5 million.

The underspend of €3.8 million relative to the estimate provision was due to:

- Lower average recipient numbers (250) than provided for in the original estimate (515). This saved €3.5 million.
- Lower average payment values (€253.55) than provided for in the original estimate (€254.77). This saved €0.1 million.
- The fee payable to Pobal for administering the scheme was €0.2 million less than provided for in the estimate.

An amount of €3.9 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.1 million (2.9%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.21 *Back to Work Family Dividend*

Estimate provision: €14.4 million, outturn: €24 million.

The increase in expenditure of €9.6 million relative to the estimate provision was due to:

- Higher average recipient numbers (10,770) than provided for in the original estimate (7,048). This cost an additional €7.6 million. This was due to more people exiting social welfare schemes to take up employment than provided for in the estimate.
- Higher average payment values (€42.80) than provided for in the original estimate (€39.29). This cost an additional €2 million (of which €0.43 million related to the decision to pay a Christmas bonus of 85% which was not part of the original estimate).

A supplementary estimate of €10.1 million was provided to reflect emerging trends. The final outturn was €0.5 million (2.1%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.22 *JobsPlus*

Estimate provision: €20.4 million, outturn: €28.9 million.

The increase in expenditure of €8.5 million relative to the estimate provision was due to:

- Actual number of recipients (5,131) were 1,708 higher than provided for in the original estimate (3,423). This cost €10.2 million. The 2017 revised estimate was based on 2016 performance and a similar performance in 2017. At the time, there were migration issues relating to a new system and new processes around tax clearance certificates which caused 2016 expenditure to be understated. These issues have since been resolved.
- Offset by lower average payment values (€468.62) than provided for in the original estimate (€496.70). This saved €1.7 million.

A supplementary estimate of €9.6 million was provided to reflect emerging trends. The final outturn was €1.1 million (3.7%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.23 *Wage Subsidy Scheme*

This subhead funds the employment support scheme (closed to new entrants) as well as the wage subsidy scheme.

Estimate provision: €25.9 million, outturn: €20.8 million.

The underspend of €5.1 million relative to the estimate provision was due to:

- Lower average monthly payment values on wage subsidy scheme (€669.86) than provided for in the original estimate (€800.00). This saved €3.8 million.
- Lower average number of recipients on wage subsidy scheme (2,436) than provided for in the original estimate (2,548). This saved €1.1 million.
- Lower expenditure on employment support scheme which saved €0.2 million.

An amount of €5.1 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was almost €0.04 million (0.2%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.24 *Other Working Age – Employment Supports*

Estimate provision: €53.1 million, outturn: €45.5 million.

This subhead provides a range of employment supports under 13 different headings.

The underspend of €7.6 million relative to the estimate provision was due to:

- €3.4 million saving on **Disability Activation and Pre-Activation Employment Supports**, outturn was €1.0 million, original estimate €4.4 million. This item is part funded from the European Social Fund (ESF), with the lower spend due to the lead in time required for putting in place the operational requirements to ensure a well-designed and managed application process and programme to ensure compliance with ESF funding arrangements.
- €1.8 million saving on **Local Employment Services** (LES), outturn was €18.5 million compared to an original estimate of €20.3 million and was due to lower spending on contracted staff and LES supported mediator interventions.
- €1 million saving on **Employability Services,** outturn was €8.7 million compared to an original estimate of €9.7 million. This was due to lower expenditure on contracted staff and associated operational costs.
- €0.8 million saving on **Job Clubs,** outturn was €5.2 million, original estimate was €6m. This was due to lower contracted staff and operational costs.
- €0.6 million saving on a range of other factors.

An amount of €8.2 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.7 million (1.6%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.27 *Carer's Allowance*

Estimate provision: €694 million, outturn: €729.4 million.

The increase in expenditure of €35.4 million relative to the estimate provision was due to:

- Higher average recipient numbers (72,788) than provided for in the original estimate (70,365). This cost an additional €23.8 million.
- Actual average payment values (€192.05) were higher than provided for in the original estimate (€189.23). The Christmas bonus cost €12.1 million but was offset by a lower trend in average payment values saving €1.4 million, giving a net extra cost of €10.7 million.
- Charging of expenditure to Carer's Allowance where the recipient had been claiming Supplementary Welfare Allowance pending resolution of their claim. Outturn was €2.5 million which was higher than the original estimate (€1.6 million). This cost €0.9 million.

Carer's Allowance covers the provision of full time care and attention by a carer to people with disabilities of all ages from infants to centenarians subject to medical assessment. As the population ages and awareness of the scheme increases, the potential for higher numbers is greater.

A supplementary estimate of €37.8 million was provided to reflect emerging trends. The final outturn was almost €2.4 million (0.3%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.28 Domiciliary Care Allowance

Estimate provision: €138 million, outturn: €151.9 million.

The increase in expenditure of €13.9 million relative to the estimate provision was due to:

- Higher average payment values (€378.86) than provided for in the original estimate (€356.26). This cost an additional €9.1 million (of which €3.4 million related to the decision to pay a Christmas bonus which was not part of the original estimate).
- Higher average recipient numbers (33,410) than provided for in the original estimate (32,280). This cost an additional €4.8 million.

2017 revised estimate was finalised, based on the latest data available at the time (mid August 2016). Recipient numbers and average payment values increased subsequently (due to arrears arising from previous backlogs) and continued to do so throughout 2017.

A supplementary estimate of €13.5 million was provided to reflect emerging trends. The final outturn was €0.4 million (0.3%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.29 *Carer's Support Grant*

Estimate provision: €180.9 million, outturn: €192.9 million.

The increase in expenditure of €12 million relative to the estimate provision was due to:

- Higher average number of payments (104,378) than provided for in the original estimate (98,589). This cost an additional €10.6 million.
- Higher average payment values (€1,849.01) than provided for in the original estimate (€1,834.89). This cost an additional €1.5 million.
- Offset by small overpayment recoveries (€0.1 million) netted off against the subhead.

This is due to increasing number of recipients on Carers Allowance, Carer's Benefit and Domiciliary Care Allowance.

A supplementary estimate of €12.7 million was provided to reflect emerging trends. The final outturn was €0.7 million (0.4%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.32 *Back-To-School Clothing And Footwear Allowance*

Estimate provision: €37.4 million, outturn: €48.9 million.

The increase in expenditure of €11.5 million relative to the estimate provision was due to:

- Higher average payment values (€324.03) than provided for in the original estimate (€258.45). This is attributed to a Government decision in June 2017 that increased the rates payable to parents by 25% from July 2017. This had not been part of the estimate for 2017 and cost an additional €9.9 million.
- Higher average recipient numbers (150,776) than provided for in the original estimate (144,710). This cost an additional €1.6 million.

A supplementary estimate of €11.7 million was provided in respect of the Government approved rate increase and to reflect emerging trends. The final outturn was €0.25 million (0.5%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.35 *Rent Supplement*

Estimate provision: €252.6 million, outturn: €230.6 million.

The underspend of €22 million relative to the estimate provision was due to:

- Lower average weekly recipient numbers (22,271) than provided for in the original estimate (22,894). This saved €3.05 million.
- Lower average weekly payment values (€92.57) than provided for in the original estimate (€94.49). This saved €2.2 million.
- Lower average monthly recipient numbers (15,440) than provided for in the original estimate (16,450). This saved €8.6 million.
- Lower average monthly payment values (€665.82) than provided for in the original estimate (€709.79). This saved €8.15 million.

Recipient numbers were lower due to better performance of the live register and more transfers to the Housing Assistance Payment (HAP) than provided for in the estimate.

A.41 *Office of the Pensions Ombudsman*

Estimate provision: €0.95 million, outturn: €0.65 million.

The underspend of €0.3 million relative to the estimate provision was due to:

- The 2017 revised estimate provided for some pre-amalgamation costs to be split between the Pensions Ombudsman (funded by DEASP) and the Financial Services Ombudsman (funded by Department of Finance). These costs are less than estimated.
- Legal costs were less than budgeted for due to fewer appeals of the Ombudsman's decisions.

An amount of €0.25 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.05 million (7%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.42 *Miscellaneous Services*

Estimate provision: €9.97 million, outturn: €8.5 million.

This subhead provides a range of supports under 10 different headings.

The underspend of €1.47 million relative to the estimate provision was due to:

- Expenditure on Food Aid (€2.9 million) was lower than provided for in the original estimate (€4 million) due to the need to ensure a well-designated and managed programme that delivers best value and meets ESF funding requirements. The programme is now fully operational and the total EU funding to the Food Aid operational programme will be paid. This saved €1.1 million.
- Expenditure on Training for Carers (€0.527 million) was lower than provided for in the original estimate (€1.5 million). This saved €0.97 million. The expenditure was funded by receipts from the Dormant Accounts Fund.
- Offset by costs of €0.6 million, the main element of which related to an additional €0.4 million spent on recoupment of superannuation expenses by the Pension Authority.

An amount of €1.6 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.13 million (1.6%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

A.43 *Low Pay Commission*

Estimate provision: €0.477 million, outturn: €0.297 million.

The underspend of €0.18 million relative to the estimate provision was due to:

- A delay in paying fees due to the members of the Commission in quarter 4 resulting in these being carried forward for payment in 2018.
- Efficiencies generated from the consolidation of staffing following transfer of responsibility for the Low Pay Commission from the Department of Business, Enterprise and Innovation (DBEI) in September 2017.

This scheme transferred in from DBEI in September 2017. At the time of the supplementary estimate it was presumed that this scheme would require its entire 2017 original estimate and therefore there was no surrender or additional funding allocated.

4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
Social Insurance Fund Transfer to Vote 37				
1.	Recovery of administration expenses from the Social Insurance Fund	177,280	177,240	177,280
Appropriations-in-aid: Other				
2.	Recoveries of social assistance overpaid	60,400	62,497	62,138
3.	Repayment from the Social Insurance Fund of amounts paid initially as social assistance	5,200	4,147	4,616
4.	Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare (Consolidation) Act 2005	280	277	164
5.	Receipts from the General Register Office	370	353	423
6.	Receipts from European Social Fund for activation and participation of people with disabilities	190	—	2,677
7.	Receipts from pension-related deduction on public service remuneration	9,304	9,042	10,371
8.	Receipts from EURES European Job Mobility Fund	—	249	120
9.	Receipts from National Training Fund (Community Employment)	7,200	6,686	7,100
10.	Receipts from Pensions Authority – staff superannuation	640	599	603
11.	Homeless Unit operational costs – contributions from external agencies	300	1,738	829
12.	Receipts from dormant accounts	—	527	—
13.	Receipts from European Globalisation Fund	—	263	203
14.	Recovery of social assistance from insurance claims	1,700	3,019	2,012
15.	Miscellaneous	1,200	654	4,307
—	EU Food Aid Programme	—	(2,504)	—
	Total	**264,064**	**264,787**	**272,843**

Significant variations

3. Repayment from the Social Insurance Fund of amounts paid initially as social assistance

Estimate: €5.2 million, realised: €4.15 million.

This subhead is used to record the Recovery of Social Assistance from the Social Insurance Fund where inter-scheme adjustment is effected after close of financial year. Receipts can vary significantly from month to month. For example, it includes customers paid supplementary welfare allowance (SWA) basic payment (funded from Vote 37) while awaiting a decision on their claim for illness benefit (IB), Invalidity Pension or State Pension Contributory (SPC). The amount of SWA basic paid is subsequently recovered from the SIF when their IB, IP or SPC claim is decided. When the decision is made in a different year to when the SWA basic payment occurred, the recovery from the SIF is recorded as income under this subhead.

The shortfall of €1.05 million was due to the expectation in 2016 quarter four, when the 2017 original estimate was being prepared, that while receipts would be lower than the 2016 estimate of €6 million, that they would not be more than €0.8 million lower.

6. Receipts from European Social Fund for activation and participation of people with disabilities

Estimate: €0.19 million, realised: €Nil

An amount of €184,824 in respect of the Disability Activation project, which was due to be paid in 2017 was not received until 2018. This was the final closure payment for this project. The EU transferred the funds on 29 December 2017 to the Department of Education and Skills (DES). DES lodged the money to DEASP's PMG account on 15 January 2018.

8. *Receipts from EURES European Job Mobility Fund*

Estimate: €Nil, realised: €0.25 million.

The increase of €0.25 million was due to the fact that there was no provision for EURES receipts in the 2017 original estimate.

9. *Receipts from National Training Fund (Community Employment)*

Estimate: €7.2 million, realised: €6.7 million.

This subhead covers the receipt of funding from the National Training Fund for the training of Community Employment (CE) participants and for the training of Training Support Grant (TSG) participants.

The amount realised in respect of TSG (€2.5 million), was €0.5 million lower than provided for in the original estimate. This was due to lower than expected demand for the TSG resulting from a lower live register and an improved labour market.

The amount realised in respect of training of CE participants at €4.2 million was consistent with the estimate.

11. *Homeless Unit operational costs – contributions from external agencies*

Estimate: €0.3 million, realised: €1.7 million.

The Department provides homeless unit services on behalf of Local Authorities. There is a recoupment process in place and the cost of the temporary emergency accommodation (paid through Exceptional Needs payments) is recouped monthly from the Local Authority. Outturn can vary considerably from year to year. The 2017 estimate was conservative. Receipts from this source are unpredictable, being €0.3 million in 2015 and €0.8 million in 2016.

12. *Receipts from dormant accounts*

Estimate: €Nil, realised: €0.5 million.

The allocation to the Department of €0.5 million as part of the 2016 Dormant Accounts Action Plan, to provide transitional support to family carers who had ceased their caring role, materialised in 2017 following liaison between the Department, Pobal and the Department of Rural and Community Development (DRCD) to resolve issues that had prohibited the measure proceeding in 2016.

There is a significant lead in time between the application for a Dormant Accounts measure, its adoption by the Government, the agreement of a contract between Pobal and the lead Department DRCD, the call for applications from groups and the assessment and award procedure. Pobal can only drawdown funding and contract with successful projects on completion of the award procedure. The timing of this can result in a variance between estimated and actual expenditure and receipts. There was no provision for this receipt in the 2017 estimate.

13. *Receipts from European Globalisation Fund*

Estimate: €Nil, realised: €0.26 million.

The outturn of €0.26 million is mainly attributed to the Department receiving an amount of €265,975 in respect of a successful claim under the (EGF) Lufthansa Technik Airmotive programme from the EU.

14. *Recovery of social assistance from insurance claims*

Estimate: €1.7 million, realised: €3.02 million.

The increase of €1.32 million was due to the 2017 estimate being prudent. These receipts relate to the recovery of Disability Allowance expenditure from insurance compensation awards, receipts can vary from one year to the next. Receipts in 2017 were €1 million (50%) higher than in 2016. In 2017, monthly receipts ranged from €63,000 to €405,000.

15. *Miscellaneous receipts*

Estimate: €1.2 million, realised: €0.6 million.

Miscellaneous receipts are difficult to predict with accuracy. The 2017 estimate provided for an expectation of €1.2 million, which included cancelled cheques, small miscellaneous receipts and a small element of unforeseen receipts. The shortfall of €0.6 million is due to lower than expected cancelled cheques in the year.

— *EU Food Aid Programme*

Estimate: €Nil, realised: (€2.5 million).

An amount of €2.5 million was repaid to the EU in 2017 in respect of the Fund for European Aid to the Most Deprived (FEAD). The EU provides funding to member States and member States match this funding with a minimum of 15%. Expenditure is eligible to 31 December 2023. Under Article 44 of EU Regulation 223/2014 pre-financing of €2.5 million (11% of the Fund's overall contribution to the Irish operational programme) was paid to the Department in December 2014. As no FEAD payment application was made to the Commission by December 2016, the amount of pre-financing was returned to the Commission in 2017.

4.2 Exchequer extra receipts

	2017 €000	2016 €000
Balance at 1 January	19	6
Conscience money	6	25
Witness expenses	1	1
Pensions Authority fines	6	12
Transferred to Exchequer	(30)	(25)
Balance at 31 December	**2**	**19**

Note 5 Employee Numbers and Pay

The Department's salary function migrated to National Shared Services Office in October 2017.

5.1 Employee numbers

At 31 December	2017	2016
Number of staff (full time equivalents)		
Department	6,339	6,410
Agencies	139	124
	6,478	**6,534**

5.2 Pay

Remuneration of all staff (Department and agencies)	**2017 €000**	**2016 €000**
Pay	292,999	295,338
Higher, special or additional duties allowance	868	1,028
Other allowances	343	389
Overtime	3,305	3,129
Employer's PRSI	18,231	17,903
Total pay	**315,746**	**317,787**

Remuneration of Department staff

The following remuneration arrangements refer to pay element Subheads A.1 (i), A.2 (viii), A.2 (ix), A.24.

	2017 €000	**2016 €000**
Pay	285,436	288,147
Higher, special or additional duties allowance	819	983
Other allowances	343	389
Overtime	3,305	3,129
Employer's PRSI	17,584	17,301
Total pay	**307,487**	**309,949**

Agency remuneration

The remuneration referred to below relates to the Citizens Information Board, the Pensions Authority and the Pensions Ombudsman. The 2017 figures also include the Low Pay Commission which came under the Department's remit in September 2017.

	2017 €000	2016 €000
Pay	7,563	7,191
Higher, special or additional duties allowance	49	45
Other allowances	—	—
Overtime	—	—
Employer's PRSI	647	602
Total pay	**8,259**	**7,838**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Department				
Higher, special or additional duties	432	12	19,505	19,585
Other allowances	45	16	11,990	11,804
Overtime	1,812	33	16,336	14,204
Extra remuneration in more than one category	3	—	5,533	12,127
Agency				
Higher, special or additional duties	15	—	8,053	11,699

5.4 Other remuneration arrangements

Redundancy payments of €115,552 were paid to 22 staff under the Redundancy Payments Acts 1967 to 2007.

5.5 Payroll overpayments

Overpayments at the year-end were €3.3 million (1,339 individuals) (2016: €3.2 million, 1,511 individuals). Of this, recovery plans are in place for €1.6 million (270 individuals).

Note 6 Miscellaneous

6.1 Recovery of welfare overpayments

The summary position on assistance overpayments at 31 December 2017 was as follows:

		2017 Outturn		2016 Outturn
	€000	€000	€000	€000
Overpayments outstanding at 1 January		393,303		376,851
Adjustment		—		881
		393,303		377,732
Net overpayments recorded				
Suspected fraud	36,589		37,557	
Claimant error	44,715		35,258	
Departmental error	1,250		1,602	
Estate cases	14,397	96,951	19,934	94,351
		490,254		472,083
Less:				
Amounts recovered[1]	(67,305)		(67,958)	
Recoveries adjustment[2]	731	(66,574)	275	(67,683)
Prior year debts cancelled[3]		(9,717)		(9,257)
Amounts written off as irrecoverable		(1,793)		(1,840)
Overpayments outstanding at 31 December		412,170		393,303

[1] The amount recovered in 2017 includes:

- €62.5 million posted to income in respect of previous years debt
- €4.8 million posted against expenditure in respect of the current years debt.

[2] The adjustment of €731,000 is in respect of recorded recoveries in prior years which were cancelled in 2017.

[3] The prior year debts cancelled of €9.7 million represents overpayments raised in prior years which were cancelled in 2017.

6.2 Compensation and legal costs

	Number of cases	Department legal costs	Legal costs awarded	Compensation awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department						
Personal injuries[1]	19	24	21	76	121	395
Breach of HR/employment policies[2]	8	47	37	54	138	11
Claims by members of the public						
Personal injuries[3]	13	18	12	27	57	42
Department schemes[4]	646	92	31	3,288	3,411	3,515
Other[5]	3	1,252	17	17	1,286	446
		1,433	**118**	**3,462**	**5,013**	**4,409**

[1] Total costs in respect of individuals ranged from €40 to €54,684.

[2] Total costs ranged from €2,400 to €58,573. The cases related to a breach of personal data responsibilities, discrimination under dignity at work legislation, disciplinary case under the civil service disciplinary code, unfair dismissal under Section 8 of the Unfair Dismissals Act 1977 (two cases), Workplace Relations Commission (WRC) case under the Organisation of Working Time Act 1997, WRC case under the equality acts and an allegation against a staff member during the course of their duties.

[3] Total costs ranged from €40 to €44,526.

[4] Ex-gratia payments, loss of purchasing power payments and legal costs payments up to €89,841 were made in respect of Carer's Allowance, Child Benefit, Disability Allowance, Domiciliary Care Allowance, Free Electricity Allowance, Jobseekers Allowance, Magdalen Laundries and other institutions, the Office of the Pensions Ombudsman and Waterford Crystal Pension Schemes.

[5] Total costs ranged from €33,877 to €1,044,006. The cases related to pension entitlements (two cases) and a maintenance recovery case.

6.3 Contingent liabilities

The Department is involved in 75 legal cases which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

6.4 Administrative budget carry forward

Under the provisions of Section 91 of the Finance Act 2004, €1 million of unspent allocations in respect of the capital elements of Subheads A.2.(v) and A.2.(vi) was carried forward to 2018.

6.5 EU funds

Connecting Europe Facility Fund

Funding of €500,000 was received from the EU in respect of the Connecting Europe Facility Fund (CEF). The CEF is to assist Member States with their national implementation of the Electronic Exchange of Social Security Information. DEASP and the HSE will be in partnership on this implementation. Funding of €1 million was approved by the EU for the CEF with the balance due to be paid at the end of the Grant Agreement 31 December 2018.

European Globalisation Fund

A total of €265,975 in respect of the European Globalisation Fund (EGF) Lufthansa Technik Airmotive programme was received from the EU. The EGF provides one-off time limited individual support to people across Ireland in certain companies and sectors that were made redundant as a result of globalisation.

An amount of €2,988 was refunded to the Department of Education and Skills (DES). The refund relates to an amount inadvertently received from the DES in 2016 as part of the EU co-funding contribution towards the cost of allowances and incentives provided by the Department to Andersen Ireland EGF clients.

European Employment Services

An amount of €249,030 (€169,354 pre-payment for 2017 funding and €79,676, the balance payment for 2016 funding) was received from the EaSI (Employment and Social Innovation) programme in respect of EURES (European Employment Services) Ireland/Northern Ireland Cross Border partnership to facilitate the free movement of workers.

Fund for European Aid to the Most Deprived

The Fund for European Aid to the Most Deprived (FEAD) supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. Expenditure of €4 million was incurred in the operation of this programme to December 2017.

The EU provides funding to member States and member States match this funding with a minimum of 15%. Expenditure is eligible to 31 December 2023. Under Article 44 of EU Regulation 223/2014, pre-financing of €2.5 million (11% of the Fund's overall contribution to the Irish operational programme) was paid to the Department in December 2014. As no FEAD payment application had been made by December 2016, the Department were required to return the €2.5 million funding to the commission. The total EU contribution due to the FEAD operational programme in Ireland will not be affected by the reimbursement.

The Department submitted its first claim under the programme in December 2017 in the amount of €3.2 million. The reimbursement was received in Q1 2018.

6.6 Late payment interest

	2017 €000	2016 €000
Interest payments	9	10
Recipients of €10,000 or more	—	—

6.7 Write offs

The following legacy suspense account balances were written off in the year, following receipt of sanction from the Department of Public Expenditure and Reform.

	2017 €000	2016 €000
OPW networks	115	—
OPW computerisation	10	—
	125	—

Appendix A
Department of Employment Affairs and Social Protection
Summary of Programme Expenditure

	2017 €m	2016 €m
Vote 37		
Gross expenditure	**11,035**	**11,215**
Less non scheme expenditure		
Administration	(521)	(486)
Grant to Citizens Information Board	(53)	(49)
Grants to Office of the Pensions Ombudsman and the Low Pay Commission	(1)	(1)
Miscellaneous services	(9)	(6)
Vote 37 scheme expenditure (A)	**10,451**	**10,673**
SIF		
Gross expenditure	**9,516**	**9,154**
Less non scheme expenditure		
Administration	(274)	(273)
National Training Levy	(431)	(390)
SIF scheme expenditure (B)	**8,811**	**8,491**
Total Department scheme expenditure (A+B)	**19,262**	**19,164**

Scheme Expenditure Breakdown

Payments by scheme and category	2017	2016
	€m	€m
Pensions		
State Pensions	5,911	5,644
Widows'/Widowers'/ Surviving Civil Partners' Pension	1,476	1,446
Total	**7,387**	**7,090**
Working Age Income Supports		
Jobseeker's Allowance	2,103	2,452
One Parent Family Payment	498	501
Jobseeker's Benefit	340	356
Redundancy and Insolvency Benefit	29	38
Maternity Benefit	256	255
Paternity Benefit	12	2
Basic Supplementary Welfare Allowance	97	89
Farm Assist	78	79
Deserted Wife's Benefit	73	74
Other Working Age - Income Supports	50	44
Pre-Retirement Allowance	4	9
Treatment Benefits	41	31
Widows' /Widowers'/ Surviving Civil Partners' Pension (Non Contributory)	14	14
Deserted Wife's Allowance	1	2
Adoptive Benefit	1	1
Health and Safety Benefit	1	1
Total	**3,598**	**3,948**
Supplementary Payments		
Rent Supplement	231	275
Household Benefits Package	232	230
Fuel Allowance	229	235
Free Travel	77	77
Mortgage Interest Supplement	4	7
Total	**773**	**824**
Working Age Employment Supports		
Community Employment Programme	351	356
Back to Education Allowance	94	115
Back to Work Allowance	115	124
Back to Work Family Dividend	24	29
TÚS Community Work Placement Scheme	109	119
National Internship Scheme - JobBridge	7	38
JobsPlus	29	24
Wage Subsidy Scheme	21	19
Other Working Age - Employment Supports	46	45
Community Services Programme	42	44
Rural Social Scheme	44	42
Gateway	4	21
Jobs Initiative	19	20
Partial Capacity Benefit	16	13
Total	**921**	**1,009**

	2017	2016
	€m	€m
Illness, Disability and Carers		
Disability Allowance	1,469	1,358
Illness Benefit	599	597
Invalidity Pension	673	645
Carer's Payment	766	686
Carer's Support Grant	193	172
Domiciliary Care Allowance	152	133
Disablement Benefit	77	75
Blind Pension	13	14
Injury Benefit	20	19
Total	**3,962**	**3,699**
Children		
Child Benefit	2,086	2,078
Family Income Supplement	415	415
Back to School Clothing and Footwear Allowance	49	40
School Meals	46	37
Child Related Payments	25	24
Total	**2,621**	**2,594**
Net Expenditure on all Schemes	**19,262**	**19,164**

Appendix B Accounts of bodies and funds under the aegis of the Department of Employment Affairs and Social Protection

The following table lists the funded bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Financial statements for the year ending 31 December 2016

Body/ departmental fund	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Social Insurance Fund	26 Sep 2017	—	22 Nov 2017
Office of the Pensions Ombudsman	30 Jun 2017	3 Jul 2017	10 Aug 2017
Pensions Authority	15 Jun 2017	26 Jun 2017	10 Aug 2017
Citizens Information Board	29 Jun 2017	20 Jul 2017	8 Sep 2017

Appropriation Account 2017

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, 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 2017 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.369 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 have been applied in the preparation of the account except for the following;

Payments to the HSE

Funds are advanced to the HSE in relation to the provision of services on a grant basis, in line with the funding set out in the letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2017 amounted to €14.60 billion (2016: €13.92 billion). This is accounted for across 17 subheads — each subhead from H. to L.4, excluding L.1 which relates to the Department's capital expenditure. A number of these subheads classify expenditure on a geographical rather than a programme basis.

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.

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is also Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement/Performance Delivery Agreement between this Department/Office and the National Shared Service Office for the provision of (e.g. HR) shared service. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department/Office.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the 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
- 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.

There were two contracts to the value of €288,737 included on my annual return in respect of Circular 40/2002 that were not in compliance with procurement guidelines. One contract for €229,375 related to office maintenance where tendering for a new contract was deferred until 2018 pending relocation to new premises. One contract for €59,362 related to telephone and communications services where the OGP advised continuing with a current supplier until a new framework was in place in January 2018.

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. 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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.

The management board approved a risk management policy in November 2017 and established a risk sub-committee in February 2018.

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 and its Risk Sub-Committee. 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.

Governance in the Health Sector

The Department worked to strengthen its approach to managing governance across the health sector in 2017, following the publication of the revised DPER Code of Practice for the Governance of State Bodies in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department's Governance Unit and other relevant units.

Responsibility for delivery on the mandate and functions of aegis bodies rests in the first instance with its Board, and the Chairman of the Board, or in the case of the HSE, with its Director General.

The relationship between the Department and the bodies under its aegis is determined primarily by:

- the underpinning legislation establishing the body; and
- the requirements set out in DPER’s Code of Practice.

Under the revised Code of Practice, Oversight Agreements and Performance Delivery Agreements were in place with the majority of aegis bodies as at August 2018. This approach focuses on outputs and outcomes and includes performance indicators to ensure that resources are used both in an effective and efficient manner to deliver quality services.

A Corporate Plan covering a three year period is prepared by the HSE and approved by the Minister for Health. In addition, each year, the HSE prepares a National Service Plan setting out the type and volume of services it intends to provide for the funding available. This plan is approved by the Minister for Health. Performance reports are submitted at least monthly by the HSE during the course of the year, and monthly meetings take place between the two organisations.

In relation to other aegis bodies, legislation generally provides for a multi-annual Corporate Plan and an annual Business Plan. These plans allow, respectively for overall corporate strategy and annual priorities to be developed and agreed with the Department.

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 2017 that require disclosure in the appropriation account.

Jim Breslin
Accounting Officer
Department of Health

12 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

Opinion on the appropriation account

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2017 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 38 Health for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Health and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapters 15 and 16 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 38 Health.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 38 Health

Appropriation Account 2017

Service		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	29,962	26,133	23,562
A.2	Travel and subsistence	654	427	375
A.3	Training and development and incidental expenses	1,150	1,046	881
A.4	Postal and telecommunication services	730	353	343
A.5	Office equipment and external IT services	2,323	2,160	1,742
A.6	Office premises expenses	700	440	411
A.7	Consultancy services and value for money and policy reviews	1,250	1,341	705
Grants				
B.1	Grants to research bodies and other research grants	38,000	37,093	34,763
B.2	Healthy Ireland Fund	5,000	5,000	3,286
B.3	Drugs Initiative	6,026	5,673	5,806
Other services				
C.	Expenses in connection with the World Health Organisation and other international bodies	3,100	2,324	2,635
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	4,000	6,256	15,494
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	57,366	53,016	52,200
E.2	The Food Safety Promotion Board	5,691	5,351	5,236
E.3	The National Treatment Purchase Fund	20,100	22,600	5,100
E.4	Ireland/Northern Ireland INTERREG	100	153	—
F.1	Payments in respect of disablement caused by Thalidomide	745	381	406
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	21,786	15,299	18,400

				2017	2016
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Other services (continued)					
F.4	Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002		3,849	2,379	3,000
G.	Dissemination of information, conferences and publications in respect of health and health services		1,513	1,162	1,948
Corporate Administrative					
H.	Pension lump sum payments		96,000	108,570	99,030
HSE Regions and Other Health Agencies					
I.1	HSE – Dublin Mid Leinster Region				
	Original	1,512,607			
	Supplementary	16,366	1,528,973	1,523,537	1,435,278
I.2	HSE – Dublin North East Region				
	Original	1,352,297			
	Supplementary	14,632	1,366,929	1,362,203	1,282,842
I.3	HSE – South Region				
	Original	2,099,067			
	Supplementary	22,712	2,121,779	2,114,444	1,991,745
I.4	HSE – West Region				
	Original	2,325,438			
	Supplementary	25,161	2,350,599	2,342,474	2,207,720
I.5	Grants in respect of certain other health bodies including voluntary and joint hospital boards				
	Original	2,414,933			
	Supplementary	26,129	2,441,062	2,532,125	2,398,827
Other HSE Services					
J.1	Health agencies and similar organisations (part funded by the National Lottery)		7,513	2,700	4,255
J.2	Payments to Special Account – Health (Repayment) Act 2006		2,000	—	650
J.3	Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme		1,500	785	1,747
J.4	Service developments and innovative service delivery projects				
	Original	60,000			
	Supplementary	40,000	100,000	30,010	70,000

				2017	2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
J.5	Payment to State Claims Agency				
		Original	224,000		
		Supplementary	50,000	274,000	283,221	228,911
J.6	Economic and social disadvantaged (dormant account funding)			2,700	883	1,276
Care Programme						
K.1	Primary care reimbursement services and community demand led schemes			2,807,300	2,809,033	2,761,633
K.2	Long term residential care			939,902	942,522	921,656
Capital Services						
L.1	Grants in respect of building, equipping (including ICT)			14,527	13,608	11,169
L.2	Building, equipping and furnishing of health facilities and of higher education facilities			381,461	382,380	351,220
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)			2,539	2,539	2,539
L.4	Information services and related services for health agencies			158,700	158,695	160,429
	Gross expenditure					
		Original	14,606,530			
		Supplementary	195,000	**14,801,530**	**14,798,316**	**14,107,220**
	Deduct					
M.	**Appropriations-in-aid**			**460,221**	**459,376**	**460,408**
	Net expenditure					
		Original	14,146,309			
		Supplementary	195,000	**14,341,309**	**14,338,940**	**13,646,812**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**2,369,157**	**2,221,193**

Jim Breslin
Accounting Officer
Department of Health
29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Expenditure on administration		31,900	28,019
Expenditure on services and programmes		14,766,416	14,079,201
Gross expenditure		**14,798,316**	**14,107,220**
Deduct			
Appropriations-in-aid		**459,376**	**460,408**
Net expenditure		**14,338,940**	**13,646,812**
Changes in capital assets			
Purchases cash	(147)		
Depreciation	125		
Loss on disposals	—	(22)	(24)
Changes in net current assets			
Increase in closing accruals	238		
Decrease in stock	22		
		260	(66)
Direct expenditure		**14,339,178**	**13,646,722**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		15,736	9,619
Notional rents		2,004	2,004
Net programme cost		**14,356,918**	**13,658,345**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	231	167
Vote 12 Superannuation and Retired Allowance	e	8,769	7,696
Vote 13 Office of Public Works	e	6,426	1,472
National Shared Services Office	e	52	—
Central Fund – Ministerial pensions	e	258	284
		15,736	**9,619**

'e' indicates that the number is an estimated value or an apportioned cost

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	**321**	**623**
Current assets			
Stocks	2.3	69	91
Prepayments		188	167
Accrued income		177	128
Other debit balances	2.4	8,958	19,595
Net Exchequer funding due	2.6	3,394	5,481
Total current assets		**12,786**	**25,462**
Less current liabilities			
Accrued expenses		748	440
Other credit balances	2.5	1,386	475
Bank and cash		10,966	24,601
Total current liabilities		**13,100**	**25,516**
Net current assets/ (liabilities)		(314)	(54)
Net assets		**7**	**569**
Represented by:			
State Funding Account	2.1	**7**	**569**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			569	470
Disbursements from the Vote				
Estimate provision	Account*	14,341,309		
Surplus to be surrendered	Account*	(2,369)		
Net vote			14,338,940	13,646,812
Expenditure (cash) borne elsewhere	1.1		15,736	9,619
Non cash expenditure – notional rent	1		2,004	2,004
Other non-cash item – capital accrual			—	9
Asset adjustments			(324)	—
Net programme cost	1		(14,356,918)	(13,658,345)
Balance at 31 December			**7**	**569**

*Note: “Account” refers to the appropriation account

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	2,264	1,972	4,236
Additions	147	—	147
Adjustment [1]	—	24	24
Disposals [2]	(756)	(818)	(1,574)
Cost or valuation at 31 December 2017	1,655	1,178	2,833
Accumulated depreciation			
Opening balance at 1 January 2017	1,667	1,946	3,613
Depreciation for the year	115	10	125
Depreciation on disposals [2]	(408)	(818)	(1,226)
Cumulative depreciation at 31 December 2017	1,374	1,138	2,512
Net assets at 31 December 2017	**281**	**40**	**321**
Net assets at 31 December 2016	597	26	623

[1] The adjustment arises from a review of capital assets that was completed in early 2018. This review determined that certain furniture and fittings had been incorrectly removed from the asset register in earlier years. This resulted in capital assets being understated. When these assets were incorrectly removed from the register, the associated accumulated depreciation was not adjusted. Therefore no adjustment is required to the opening balance at 1 January 2017.

[2] Arising from the above review of capital assets, a number of assets (mostly with a net book value of nil), which were not in place during the inventory were removed from the asset register in 2017. The removal of these assets from the asset register comprises the main part of the disposals figure in 2017.

2.3 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	25	20
IT consumables	44	71
	69	**91**

2.4 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable salaries	125	30
Recoupable travel expenditure	12	5
Recoupable travel pass scheme expenditure	46	152
Hepatitis C Compensation Tribunal	8,763	18,001
HSE funding overdrawn/(undrawn)	—	1,388
Other debit suspense items	12	19
	8,958	**19,595**

2.5 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	616	—
Pay Related Social Insurance	257	—
Professional Services Withholding Tax	31	37
Value Added Tax	2	1
	906	38
Other credit suspense items	480	437
	1,386	**475**

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus appropriations to be surrendered	2,369	2,221
Exchequer grant due undrawn	(5,763)	(7,702)
Net Exchequer funding due	**(3,394)**	**(5,481)**
Represented by:		
Debtors		
Debit balances: suspense items	8,958	19,595
	8,958	19,595
Creditors		
Due to State	(906)	(38)
Bank and cash	(10,966)	(24,601)
Credit balances: suspense	(480)	(437)
	(12,352)	(25,076)
	(3,394)	**(5,481)**

2.7 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services	1,263	1,067
Grant programmes	5,664	5,614
Capital grant programmes	18,835	28,789
Total of legally enforceable commitments	**25,762**	**35,470**

b) Capital grant programmes	2017	2016
	€000	€000
Opening balance	28,789	38,801
Grants paid in year	(9,954)	(10,012)
New grant commitments	—	—
Closing balance	**18,835**	**28,789**

c) Major capital commitments

	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
	€000	€000	€000	€000	€000
Health Research Board Clinical Research facilities:					
St James's Hospital and Dublin Clinical Research Network[1]	11,264	805	877	12,946	12,921
Total	**11,264**	**805**	**877**	**12,946**	**12,921**

[1] This expenditure relates to capital funding for a series of medical research projects being performed at a research centre based at St. James's Hospital Dublin.

Note 3 Expenditure Variances by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). There is an overall surrender with the excess spending on some subheads met through a virement of savings on some other subheads.

Administration Expenditure

A.2 *Travel and subsistence*

Estimate provision: €0.654 million, outturn: €0.427 million

The underspend of €0.227 million on expenditure on travel and subsistence was due to spending on official travel being less than anticipated. This was due in part to staff vacancies and delays in recruiting personnel.

A.4 *Postal and telecommunications services*

Estimate provision: €0.730 million, outturn: €0.353 million

The underspend of €0.377 million on expenditure on postal and telecommunications services was due to savings on telephone charges and the relocation of the Department being re-scheduled to 2018.

A.6 *Office premises expenses*

Estimate provision: €0.700 million, outturn: €0.440 million

The underspend of €0.260 million on expenditure on office premises expenses was due to reduced spending on building maintenance pending the relocation of the Department.

Grants to Agencies

B.3 *Drugs initiative*

Estimate provision: €6.026 million, outturn: €5.673 million

The estimate included €0.33 million associated with expenditure incurred by the Department in respect of the National Advisory Committee on drugs and alcohol. During 2017 responsibility for this Committee transferred to the Health Research Board and as a result the Department only incurred €0.085 million expenditure. There was also an underspend in local and regional drug taskforces during the year (€0.1 million).

Other Services

C. *Expenses in connection with the World Health Organisation and other international bodies*

Estimate provision: €3.1 million, outturn: €2.324 million

The shortfall in expenditure of €0.776 million relative to the estimate provision was due to an additional provision in the subhead for potential currency fluctuations in relation to the payment of the annual subscription to the World Health Organisation. In the event these fluctuations did not arise to the extent provided for.

D. *Statutory and non-statutory inquiries and miscellaneous legal fees and settlements*

Estimate provision: €4 million, outturn: €6.256 million

Expenditure was €2.256 million higher than provided for in the estimate. Expenditure in relation to claims was €1.5 million higher than projected due to finalisation of a small number of large claims during 2017. In addition, during 2017, the Department incurred expenditure of €0.522 million in relation to the commission of investigation (certain matters relative to a disability service in the south east) and related matters during 2017. This investigation was set up in March 2017 and therefore the estimate did not include any provision in that regard.

E.1 *Developmental, consultative, supervisory, regulatory and advisory bodies*

Estimate provision: €57.366 million, outturn: €53.016 million

Overall, expenditure in this area was €4.35 million less than provided in the estimate. The department advances funds to health agencies up to an approved level of expenditure or actual expenditure whichever is the lesser amount. Actual expenditure was €2.28 million lower than budgeted in a number of agencies largely related to delays in filling staff vacancies during 2017.

The main agencies affected were the Mental Health commission €1.274 million, the Health Information and Quality Authority €0.823 million and the Irish Blood Transfusion Service €0.158 million. In addition the estimate made provision for expenditure of €2 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board in relation to full implementation of the Nurses and Midwives Act 2011. This funding was not drawn down as planned capital projects were deferred until 2018.

E.2 *The Food Safety Promotion Board*

Estimate provision: €5.691 million, outturn: €5.351 million

The shortfall in expenditure of €0.34 million relative to the estimate provision was because funding is subject to appropriate matched funding being provided by the Department of Health Northern Ireland (DOHNI). It was not possible for DOHNI to confirm the last part of this matched funding before the end of the year so the remaining funding was held back.

E.3 *The National Treatment Purchase Fund*

Estimate provision: €20.1 million, outturn: €22.6 million

The increase in expenditure of €2.5 million relative to the estimate provision was due to the provision of procedures for an additional 213 patients on waiting lists for cardiothoracic, spinal and orthopaedic treatments. This increase was met through virement. A supplementary estimate of €40 million was voted to J.4 for the Winter Initiative. €2.5 million of the supplementary estimate was vired to E.3.

E.4 *Ireland/Northern Ireland INTERREG*

Estimate provision: €0.1 million, outturn: €0.153 million

The increase in expenditure of €0.053 million relative to the estimate provision was due to the fact that payments under this subhead are requested by the Special EU Programmes Body and based on actual payments made to projects under the scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process.

F.1 *Payments in respect of disablement caused by thalidomide*

Estimate provision: €0.745 million, outturn: €0.381 million

The shortfall was because the mediation process has not concluded and costs of €0.364 million which had been provided for in the estimate did not occur.

F.3 *Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002*

Estimate provision: €21.786 million, outturn: €15.299 million

The shortfall in expenditure of €6.487 million relative to the estimate provision was due to the average value of awards by the Tribunal decreasing in 2017 and the Department not being in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal which is independent of the Department.

F.4 *Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002*

Estimate provision: €3.849 million, outturn: €2.379 million

Section 11 of the Act provides for the payment of amounts in lieu to claimants who had accepted an award from the Tribunal or an offer of settlement. As set out in F.3, awards by the tribunal in 2017 were lower than budgeted and as a result payments from the reparation fund were lower than budgeted.

G. *Dissemination of information, conferences and publications in respect of health and health services*

Estimate provision: €1.513 million, outturn: €1.162 million

The shortfall in expenditure of €0.351 million relative to the estimate provision was due to a number of projects associated with Healthy Ireland and other health promotion and protection projects not concluding in 2017.

Corporate Administrative (HSE)

H. *Pension lump sum payments*

Estimate provision: €96 million, outturn: €108.57 million

The increase in expenditure of €12.57 million relative to the estimate provision was due to the scale of pension lump sums and number of retirements being difficult to predict with certainty.

Other HSE Services

J.1 Health agencies and similar organisations (part funded by the National Lottery)

Estimate provision: €7.513 million, outturn: €2.7 million

The shortfall in expenditure of €4.813 million relative to the estimate provision was due to grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificates and quotations.

J.2 Payments to Special Account – Health (Repayment) Act 2006

Estimate provision: €2 million, outturn: €0 million

The shortfall in expenditure of €2 million relative to the estimate provision was due to the nature of payments under this subhead being such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change. Because of the statutory nature of the Scheme, the liabilities arising under the Scheme must be met by the State and therefore it is important to ensure that funding for the Scheme remains in the relevant Subhead to meet final liabilities.

J.3 Payments to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme

Estimate provision: €1.5 million, outturn: €0.785 million

The shortfall in expenditure of €0.715 million relative to the estimate provision was due to the fact that this is a quasi judicial process based on claims lodged and the nature of claims and awards vary significantly from year to year.

J.4 Service developments and innovative service delivery projects

Estimate provision: €60 million, outturn: €30.01 million

The original estimate of €60 million was for the enhancement of mental health services and facilities in 2017. A supplementary estimate of €40 million was voted for the Winter Initiative to manage increased demand for health services during the winter. In the event, €30 million was drawn down under J.4. The balance of €70 million was vired as follows:

- €67.5 million to HSE subhead I.5 for additional services carried out by voluntary hospitals and joint hospital boards
- €2.5 million to subhead E.3 the National Treatment Purchase Fund for procedures to be carried out for 213 patients on waiting lists for cardiothoracic, spinal and orthopaedic treatments.

J.5 Payment to State Claims Agency

Estimate provision: €224 million, outturn: €283.221 million

The provision for the payments to the State Claims Agency (SCA) in 2017 was €224 million. The variance reflects the nature of the SCA scheme with large single payments being difficult to predict. The overspend of €59.2 million was met through a supplementary estimate of €50 million and virement of €9.2 million.

J.6 Economic and social disadvantaged (dormant account funding)

Estimate provision: €2.7 million, outturn: €0.883 million

The shortfall in expenditure of €1.817 million relative to the estimate provision was due to the funding for projects under the 2016 Action Plan being drawn down over a number of years until 2019 and projects under the 2017 Action Plan not commencing the draw down of funding until 2018 due to the timing of the approval of the 2017 Action Plan by the Department of Rural and Community Development.

Capital Services

L.1 *Grants in respect of building, equipping (including ICT)*

Estimate provision: €14.527 million, outturn: €13.608 million

The shortfall in expenditure of €0.919 million relative to the estimate provision was due largely to the Health and Social Care Professionals Council (CORU) not requiring funding for the fit out of new offices (€0.911 million) until 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Recovery of cost of health services provided under regulations of the European Community	280,000	277,655	277,655
2	Receipts from certain excise duties on tobacco products	167,605	167,605	167,605
3	Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund	3,000	2,690	2,829
4	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	3,000	5,814	6,031
5	Miscellaneous receipts	1	105	185
6	Dormant accounts	2,700	883	1,275
7	Receipts from pension-related deduction on public service remuneration	3,915	4,624	4,828
	Total	**460,221**	**459,376**	**460,408**

Significant variations

Overall, Appropriations-in-aid were €0.845 million less than the estimate.

Explanations for variances are set out below:

3 Recovery of certain Ophthalmic Services Scheme costs from the Social Insurance Fund

Estimate provision: €3 million, outturn: €2.69 million

The shortfall of €0.31 million was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising. As a result, the estimate for 2017 was based on the level of claims arising in 2016 with provision for a slight increase. In the event, the projected increase did not arise and instead there was a slight decrease.

4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund

Estimate provision: €3 million, outturn: €5.814 million

The increase of €2.814 million was due to the estimate being based on previous years and did not take into account the increase in outturn in recent years. It is proposed to develop more precise estimates for this expenditure subhead.

5 Miscellaneous receipts

Estimate provision: €0.001 million, outturn: €0.105 million

The increase of €0.104 million was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2017 comprised of receipts for licence fees under the Misuse of Drugs Act and Freedom of Information Fees.

6 Dormant accounts

Estimate provision: €2.7 million, outturn: €0.883 million

The funding received from Dormant Accounts is based on the amount paid from Subhead J.6 during the year.

7 Receipts from pension-related deduction on public service remuneration

Estimate provision: €3.915 million, outturn: €4.624 million

The increase of €0.709 million was due to the Department's estimates for health agencies in respect of the pension-related deduction on public service remuneration being difficult to estimate. It is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Collected	16	—
Transferred to the Exchequer	—	—
Balance at 31 December	**16**	**—**

Note 5 Employee Numbers and Pay

The pay and allowances and other remuneration details in Note 5 relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies is available in the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

5.1 Employee numbers

	2017	2016
Department	429	400
Agencies		
Health Service Executive direct employees	73,871	70,927
Voluntary (Section 38) acute and non-acute services employees	40,187	39,331
	114,058	110,258
Other agencies	1,592	1,563
Number of staff at year end (full time equivalents)	**116,079**	**112,221**

'Other agencies' includes all agencies operating under the Department's aegis including those that do not receive direct Exchequer funding.

5.2 Department pay

	2017 €000	2016 €000
Pay	24,366	22,133
Higher, special or additional duties allowances	199	141
Other allowances	1	2
Overtime	102	116
Employer's PRSI	1,465	1,170
Total pay	**26,133**	**23,562**

5.3 Allowances and overtime payments - Department

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	20	7	20,584	16,653
Other allowances	5	—	338	407
Overtime	43	3	14,560	14,506
Extra remuneration in more than one category	8	4	20,723	20,399

5.4 Other remuneration arrangements

Redundancy and severance payments of €43,183 were paid to 3 staff in 2017.

5.5 Payroll overpayments

Overpayments at year end were €38,976 (23 cases) (2016: €34,910, 8 cases). Of this €13,052 (5 cases) had recovery plans in place at end 2017.

Note 6 Miscellaneous

6.1 National Lottery funding

			2017	2016
		Estimate	Outturn	Outturn
Sub-head	**Description**	**€000**	**€000**	**€000**
B.2	Healthy Ireland Fund	—	—	3,286
J.1	Health agencies and similar organisations (part funded by the National Lottery)	7,513	2,700	4,255
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)	2,539	2,539	2,539

Previously, sub-head B.2 was for Grants to health agencies and other similar organisations (part funded by National Lottery). At 1 January 2017, responsibility for these grants transferred to the HSE and this sub-head is now used for the Healthy Ireland Fund which is not funded from National Lottery moneys.

6.2 Compensation and legal costs

	No. of cases	Compensation awarded	Legal costs awarded	Legal cost paid by Department / Office	2017 Total	2016 Total
		€000	**€000**	**€000**	**€000**	**€000**
Claims by Employees		—	—	—	—	—
Claims by members of the public						
Awards and claim settlements	70	3,773	1,926	—	5,699	14,655
Total		**3,773**	**1,926**	**—**	**5,699**	**14,655**

6.3 Commissions and special inquiries

	Year of Appointment	Cumulative Expenditure to 31 December 2017	Expenditure in 2017	Expenditure in 2016
		€000	€000	€000
Commission of Investigation (Certain matters relative to a disability service in the South East and related matters)	2017	522	522	—
Total		**522**	**522**	—

Section 3 of the Commissions of Investigation Act 2004 provided for the establishment of a commission to investigate the matters specified in Article 3(a) of the Act and to make any reports required under that Act in relation to its investigation. In March 2017, a decision was taken to establish a commission of investigation in to certain matters relative to a disability service in the South East and related matters. Expenditure of the Commission is charged to Subhead D — Statutory and non-statutory inquiries and miscellaneous legal fees and expenses.

6.4 Contingent liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.

6.5 Special obstetrics investment fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown moneys from the fund to cover the cost of claims. At 31 December 2017, the balance on the fund totalled €4.649 million. The fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.6 Late payment interest and compensation payments

	2017	2016
	€000	€000
Total of interest payments paid	**4**	**2**

Appendix A Accounts of bodies and funds under the aegis of the Department of Health

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, at end March 2018, the period to which the last audited financial statements relate and when 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
Health Service Executive	2016	16 May 2017	17 May 2017	2 Jun 2017
Beaumont Hospital	2016	30 Jun 2017	9 Aug 2017	29 Sep 2017
Dublin Dental Hospital	2016	29 Jun 2017	9 Aug 2017	9 Aug 2017
Leopardstown Park Hospital	2016	22 Dec 2017	17 Jan 2018	17 Jan 2018
St. James's Hospital	2016	30 Jun 2017	27 Jul 2017	1 Aug 2017
National Paediatric Hospital Development Board	2016	28 Jun 2017	29 Jun 2017	11 Aug 2017
National Haemophilia Council	2016	20 Dec 2017	22 Mar 2018	22 Mar 2018
Food Safety Promotion Board	2016	20 Sep 2017	13 Oct 2017	26 Oct 2017
Food Safety Authority of Ireland	2016	30 Jun 2017	15 Aug 2017	24 Aug 2017
Health Information and Quality Authority	2016	29 May 2017	2 Jun 2017	10 Jul 2017
Health Research Board	2016	30 Jun 2017	25 Jul 2017	2 Aug 2017
Health and Social Care Professionals Council (CORU)	2016	21 Dec 2017	6 Jan 2018	13 Feb 2018
Irish Blood Transfusion Service Board	2016	28 Jun 2017	6 Jul 2017	4 Aug 2017
Health Products Regulatory Authority	2016	29 Jun 2017	3 Jul 2017	6 Jul 2017

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Mental Health Commission	2016	20 Dec 2017	21 Dec 2017	12 Jan 2018
National Cancer Registry Board	2016	22 Jun 2017	5 Oct 2017	6 Oct 2017
National Treatment Purchase Fund	2016	25 Jan 2018	8 Feb 2018	27 Mar 2018
Pre-Hospital Emergency Care Council	2016	22 Dec 2017	9 Jan 2018	11 Jan 2018
Health Insurance Authority	2016	22 Jun 2017	14 Jul 2017	18 Jul 2017
Risk Equalisation Fund	2016	22 Jun 2017	7 Jul 2017	18 Jul 2017
Nursing and Midwifery Board	2016	28 Nov 2017	22 Dec 2017	22 Feb 2018
Medical Council	2016	14 Jul 2017	11 Aug 2017	31 Aug 2017
Pharmaceutical Society of Ireland	2016	22 Mar 2017	10 May 2017	14 May 2017
Dental Council	2016	20 Oct 2017	4 Dec 2017	8 Dec 2017
Consolidated Patient Private Property	2016	22 Dec 2017	16 Jan 2018	16 Mar 2018
Health Repayments Scheme (Donations Fund)	2016	20 Dec 2017	16 Jan 2018	14 Mar 2018
Special Account for Health Repayments Scheme	2016	20 Dec 2017	16 Jan 2018	14 Mar 2018
Hep C - Insurance Scheme	2016	20 Dec 2017	16 Jan 2018	26 Mar 2018

Appropriation Account 2017

Vote 39

Office of Government Procurement

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 39. I am required 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 2017 for the salaries and expenses of the Office of Government Procurement.

The expenditure outturn is compared with the sums

a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €6.8 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 have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the 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. A 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.

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

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 39
- 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
- The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines in my annual return in respect of Circular 40/2002.

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. 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 scope of Internal audit and the Audit Committee includes the operations of the Office of Government Procurement. 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.

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 quarterly 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 of Controls

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 2017 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Office of Government Procurement

26 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Office of Government Procurement

Opinion on the appropriation account

I have audited the appropriation account for Vote 39 Office of Government Procurement for the year ended 31 December 2017 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 39 Office of Government Procurement for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of Government Procurement and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 39 Office of Government Procurement
Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Delivery of central procurement service				
	Current year provision	20,435			
	Deferred surrender	110	20,545	13,586	14,424
	Gross expenditure		**20,545**	**13,586**	**14,424**
	Deduct				
B	**Appropriations-in-aid**		**475**	**448**	**429**
	Net expenditure		**20,070**	**13,138**	**13,995**

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.

	2017	2016
	€	€
Surplus	6,932,461	6,187,287
Deferred surrender	(100,000)	(110,000)
Surplus to be surrendered	**6,832,461**	**6,077,287**

Robert Watt
Accounting Officer
Office of Government Procurement

26 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		1,829	3,062
Pay		10,529	10,035
Non pay		1,228	1,327
Gross expenditure		**13,586**	**14,424**
Deduct			
Appropriations-in-aid		**448**	**429**
Net expenditure		**13,138**	**13,995**
Changes in capital assets			
Purchases cash	(25)		
Depreciation	351	326	(308)
Changes in net current assets			
Increase in closing accruals	191		
Decrease in stock	3		
		194	(142)
Direct expenditure		**13,658**	**13,545**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		924	937
Notional rent		48	48
Net programme cost		**14,630**	**14,530**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 39 borne elsewhere.

		2017	2016
		€000	€000
Vote 7 Finance	e	52	116
Vote 11 Public Expenditure and Reform	e	163	—
Vote 13 Office of Public Works	e	697	793
Vote 18 National Shared Services Office	e	12	28
		924	**937**

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**1,041**	**1,490**
Current assets			
Bank and cash	2.3	692	553
Stocks		4	7
Prepayments		342	374
Other debit balances	2.4	99	115
Total current assets		**1,137**	**1,049**
Less current liabilities			
Accrued expenses		262	103
Other credit balances	2.5	515	467
Net Exchequer funding due	2.6	276	201
Total current liabilities		**1,053**	**771**
Net current assets		84	278
Net assets		**1,125**	**1,768**
Represented by:			
State funding account	2.1	**1,125**	**1,768**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			1,768	1,330
Disbursements from the Vote				
Estimate provision	Account	20,070		
Deferred surrender	Account	(100)		
Surplus to be surrendered	Account	(6,832)		
Net vote			13,138	13,995
Expenditure (cash) borne elsewhere	1.1		924	937
Non cash items – capital assets adjustment			(123)	—
Non cash items – capital assets transferred to NSSO			—	(48)
Non cash items – capital assets transferred from NSSO – cost			—	36
Non cash items – notional rent			48	48
Net programme cost	1		(14,630)	(14,530)
Balance at 31 December			**1,125**	**1,768**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	1,582	431	8	2,021
Additions	20	2	3	25
Adjustment [1]	(22)	(129)	(1)	(151)
Cost or valuation at 31 December 2017	1,580	304	10	1,895
Accumulated Depreciation				
Opening balance at 1 January 2017	446	82	3	531
Depreciation for the year	321	28	2	351
Depreciation on adjustment [1]	—	(28)	—	(28)
Cumulative depreciation at 31 December 2017	767	82	4	853
Net Assets at 31 December 2017	**813**	**222**	**6**	**1,041**
Net Assets at 31 December 2016	1,136	349	5	1,490

[1] The adjustment relates to the removal of individual asset values of under €1,000 from the asset register. The assets are still in use.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	691	552
Commercial bank account	1	1
	692	**553**

2.4 Other debit balances

at 31 December	2017	2016
	€000	€000
Travel pass	90	96
OPW advances	4	15
Other debit suspense items	5	4
	99	**115**

2.5 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	176	159
Pay Related Social Insurance	131	123
Professional Services Withholding Tax	23	11
Pension contributions	45	40
Local Property Tax	2	2
Universal Social Charge	40	43
VAT	54	42
	471	420
Payroll deductions held in suspense	43	46
Other credit suspense items	1	1
	515	**467**

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	6,832	6,077
Deferred surrender	100	110
Exchequer grant undrawn	(6,656)	(5,986)
Net Exchequer funding due	276	201
Represented by:		
Debtors		
Bank and cash	692	553
Debit balances: suspense	99	115
	791	668
Creditors		
Due to State	(471)	(420)
Credit balances: suspense	(44)	(47)
	(515)	(467)
	276	**201**

2.7 Commitments

at 31 December	2017	2016
	€000	€000
Global Commitments		
Procurement of goods and services	2,593	3,210
Total of legally enforceable commitments	**2,593**	**3,210**

2.8 Matured liabilities

	2017 €000	2016 €000
Estimate of matured liabilities not discharged at year end	15	7

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25%). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,470	10,529	10,035
ii	Travel and subsistence	225	202	193
iii	Training and development and incidental expenses	700	585	522
iv	Postal and telecommunications services	150	89	141
v	Office equipment and external IT services	300	206	359
vi	Office premises expenses	200	145	112
		14,045	**11,756**	**11,362**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €12.47 million, outturn: €10.53 million

The sanctioned allocation was calculated on the basis that full capacity (246 FTE) would be reached by the end of the year. Difficulties with staff turnover meant that full capacity was not reached.

iv *Postal and telecommunications services*

Estimate provision: €150,000, outturn: €89,000

Delays in the recruitment and turnover of staff have led to an underspend in administrative non pay.

v *Office equipment and external IT services*

Estimate provision: €300,000, outturn: €206,000

The aforementioned delays and turnover of staff have also led to an underspend in this area. The main drivers for these subheads is (a) expenditure by the OGCIO for their service provision and (b) expenditure relating to additional fit of hub offices, resulting from the on-boarding of new staff.

vi *Office premises expenses*

Estimate provision: €200,000, outturn: €145,000

The underspend within this subhead is largely due to the timing of utility charges from the hub offices and premise maintenance not occurring as profiled.

Programme A Delivery of Central Procurement Services

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A.1	Administration – pay		12,470	10,529	10,035
A.2	Administration – non pay		1,575	1,228	1,327
A.3	Procurement consultancy and other costs				
	Current year provision	6,390			
	Deferred surrender	110	6,500	1,829	3,062
	Total		**20,545**	**13,586**	**14,424**

Significant variations

Overall, the expenditure in relation to the programme was approximately €7 million lower than provided. €2 million of this related to underspending on administration and has already been explained. The balance of the variance (€5 million) was mainly due to the following:

A.3 Procurement consultancy and other costs

Estimate provision: €6.39 million, outturn: €1.829 million

This underspend is due to lower than expected costs relating to sourcing support. Delays on capital projects within the Systems and Data business unit relating to the new internal IT systems and eTenders ESPD have now been reprofiled into 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension–related deduction on public service remuneration	425	401	375
2.	Miscellaneous	50	47	54
	Total	**475**	**448**	**429**

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Rebates from suppliers	72	37
Transferred to the Exchequer	(72)	(37)
Balance at 31 December	—	—

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	184	192

5.2 Pay

	2017	2016
	€000	€000
Pay	9,685	9,228
Higher, special or additional duties allowance	12	5
Other allowances	3	19
Overtime	1	1
Employer's PRSI	828	782
Total Pay	**10,529**	**10,035**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	1	1	11,600	4,447
Other allowances	2	—	2,402	7,888
Overtime	2	—	235	576

5.4 Payroll overpayments

Overpayments at the year-end were €27,913 (9 cases) (2016: €28,364 (8 cases)). Of these, €3,846 (2 cases) had recovery plans in place.

Note 6 Miscellaneous

6.1 Legal costs

Costs of €111,163 were paid in the matter of Copymoore et al v Commissioners of Public Works in Ireland. When the functions of the National Procurement Service were subsumed into the OGP it was agreed (between the Department of Public Expenditure and Reform and the Office of Public Works) that Department of Public Expenditure and Reform would be the appropriate body to meet any liability arising.

6.2 Carryover to 2018

Under the provisions of Section 91 of the Finance Act 2004, €100,000 of unspent allocations in respect of the capital elements of Subhead A.3 was carried forward to 2018.

Appropriation Account 2017

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual 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 2017 for the salaries and expenses of the Office of the Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants including certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year

(b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €58.70 million is liable for surrender to the Exchequer.

Statement of Accounting Policies and Principles

The Statement of Accounting Policies and Principles form part of the account. The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 25/2017 have been applied in the preparation of the account except for the following:

Depreciation

The Children Detention Campus at Oberstown is vested in the Minister and is included in capital assets as land and buildings. Buildings are depreciated at a rate of 2% per annum on a straight line basis over their estimated useful life. Land is not depreciated.

Motor vehicles are depreciated over five years at a rate of 20% per annum.

Payments to Pobal

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year (see Note 6.2).

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.

Certain services are provided to Vote 40 on a shared services basis.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreements between this Department and the Department of Health for the provision of certain financial and ICT shared services and the National Shared Services Office for the provision of HR and Payroll Shared Services. I have also fulfilled my responsibilities under public financial procedures regarding the financial services provided by the Department of Justice and Equality in respect of the Oberstown Children Detention Campus. Regarding the latter, arrangements have been put in place to effect the transition of these services back to my Department during 2018.

The Accounting Officer of the NSSO is responsible for the operation of internal financial controls within the Shared Services Centres.

I rely on a letter of assurance from each of the Accounting Officers of the Vote for the Department of Health, the Vote for the Department of Justice and Equality and the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Pobal administers a number of programmes on behalf of the Department across a range of early years and young people related programmes. In 2017, funding of €426 million was advanced to Pobal in this regard (Note 6.2).

The relationship between the Department and Pobal is governed by an overarching service level agreement (SLA). The current SLA covers the period from 1 September 2017 to end of 2020 and is subject to annual review.

Each individual programme operated by Pobal on behalf of the Department is subject to a service agreement which is appended to and operates under the framework of the overarching SLA. Over 96% of the payments advanced to Pobal relate to early years and childcare programmes. A service agreement in relation to early years and childcare was signed in September 2016 and revised in November 2017.

Pobal provides quarterly reports to the Department on the results of compliance visits conducted by it. These reports inform internal management discussion and also form the basis of communications between Pobal and the Department regarding compliance. Pobal also conducts a number of verification audits on service providers where risks are identified to ensure the providers are operating in accordance with programme rules and contractual conditions. The Department and Pobal meet monthly to discuss matters relating to compliance.

In addition, Pobal provides a monthly statement of their financial transactions, including bank balances. The Finance Unit analyses these statements each month to ensure that all payments are reconciled against authorisations and that bank balances are aggressively cleared and not allowed to build up.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 control system.

- The senior management of the Department sign off on a Financial Control Assurance Statement in relation to their individual areas of responsibility. These Statements are available to me as Accounting Officer in finalising the Appropriation Account.
- 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. This includes the following elements:

- 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.
- 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. I can confirm that during 2017 the Department complied with these guidelines.

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. 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, the Department's risk registers and communications between the Head of Internal Audit and management. 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.

The Internal Audit Unit operates under the direction and control of the Audit Committee and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the Audit Committee periodically. The minutes and annual report of the Audit Committee are the subject of discussion by the Department's Management Board.

The Head of Internal Audit position became vacant in August 2016. Recruitment of a full time professionally qualified Head of Internal Audit commenced in late 2016 and an appointment was made in July 2017. Between January and July 2017, the Internal Audit function was carried out by a professionally qualified auditor operating on a consultancy basis supported by a full time member of staff working in the Internal Audit Unit. An external review will be carried out on the Department's internal audit function in late 2018.

In addition to the permanent staffing of the Internal Audit Unit, the audit function is supported by a contract for internal audit services with an external contractor until the end of 2018.

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 Management Board also sits as the Department's Risk Committee. The Secretary General, as Accounting Officer, has ultimate responsibility for risk management as part of the system of internal controls. The register is reviewed and updated by the Risk Committee 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.

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

It should be noted that an internal audit review of the risk and control framework has been carried out in 2018 and its findings show a positive review.

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

Reviews conducted by Internal Audit and as part of the audit of the financial statements in 2017 and earlier years identified a number of areas where improvements to the Department's processes are required as set out below.

Control over payments to Education and Training Boards

An internal audit report in March 2017 identified weaknesses in control over payments to ETBs. It noted that in 2015 the Department issued the full year payment to an ETB when it intended to make an interim payment of €600,000. An amount of €2.47 million paid in error was returned to the Department.

The Department has improved its control over payment authorisations to ensure that such an error could not recur.

Control over early years childcare programmes

In 2017, the Department provided funding of €320 million to a variety of early years childcare programmes. In 2017 and in previous years the adequacy of controls over these schemes was a cause of concern. This is due to:

- The results of Pobal's verification checks which assessed 14% of contracts reviewed as being major non compliant where there is a potential/actual negative impact on Exchequer funding. This relates to the period November 2017 to January 2018 after the Department amended its categorisation methodology.
- Recommendations from a review of the Community Childcare Subvention Programme completed in 2017 which identified required improvements in grantee organisations in respect of governance processes, preparation of bank reconciliations and reconciliation of grant amounts from DCYA with income recognised in grantee's financial statements.
- Overpayments of circa €1 million due from childcare providers, identified as part of Pobal's compliance programme where the prospect of recovery is low.

The Department intends to provide additional supports to grantees and has agreed a revised compliance programme which will ensure recovery of any overpayments identified as part of Pobal's compliance programme and exclusion from Department funded schemes where non compliance is not addressed.

The Department is satisfied that the implementation of revised control procedures strengthen controls over childcare payments and reduces the risk of non compliance.

Over the medium term the Department is also planning a strategic review of early years policy and funding model and the introduction of a single streamlined scheme (Affordable Childcare Scheme) to replace the existing targeted childcare subsidy schemes.

Control over funding provided under the Youth Services Grant Scheme

Using Pobal as an intermediary, the Department provides annual funding of just over €50 million to a large number of groups and organisations for youth services and grant programmes. A review of the Youth Services Grant Scheme which accounts for about one fifth of this expenditure identified weaknesses in the operation of the scheme and recommended improvements to the Department's procedures for

- initial granting and annual renewal of funding
- specification of its relationship with Pobal and grantees through the use of Service Level Agreements
- post payment monitoring including more structured annual reviews of grantee expenditure and outputs and verification checks to check compliance with grant conditions.

All recommendations made by Internal Audit have been accepted and are being progressed.

Control over petty cash

The audit of the 2015 financial statements identified weaknesses in the Department's control over petty cash. An unreconciled balance of €18,902 was identified and transferred to a suspense account pending completion of Internal Audit investigations.

During 2017 Internal Audit conducted two reviews and made a number of recommendations for improvements to the Department's control over petty cash. These included revising the Department's petty cash policy, reimbursement only on the basis of a receipt or invoice, limiting access to the petty cash safe and cash counting on a periodic basis.

All recommendations made by Internal Audit have been actioned and the Department is satisfied that its control procedures in relation to petty cash would prevent a recurrence of this issue.

The unreconciled balance of €18,902 was written off in 2017, with DPER sanction (See Note 6.6).

Superannuation issue

The audit of the 2016 financial statements for the Adoption Authority of Ireland noted that since 2013, it had been paying pension costs of seconded staff in error to the Department who then forwarded the contributions to DPER.

Up to 2013, employer contributions were due in relation to seconded employees. However, after that date seconded staff either returned to their parent department or became employees of the Adoption Authority. As a result, pension costs of seconded staff should have ceased. In 2017, the Adoption Authority paid €307,000 to the Department in this regard. The practice has now ceased and the Authority and the Department have opted not to seek recovery of these sums.

Theft of 'honesty box' coffee funds

In late 2017, a departmental official reported to line management that a sum of money paid by staff on a voluntary basis for coffee beverages had gone missing. The Department purchased canteen supplies with staff making voluntary contributions towards these costs.

Internal audit carried out an investigation on the matter and estimated that the amount of the loss involved was around €3,000. Internal audit made a number of recommendations to enhance the accounting and security controls for the coffee beverages cash arrangements which have been accepted by management. The matter is also the subject of investigation by An Garda Siochána.

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

20 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 40 Children and Youth Affairs

Opinion on the appropriation account

I have audited the appropriation account for Vote 40 Children and Youth Affairs for the year ended 31 December 2017 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 40 Children and Youth Affairs for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Children and Youth Affairs and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 40 Children and Youth Affairs

Appropriation Account 2017

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Children and Family Support Programme				
			742,688	739,591	704,592
B	Sectoral Programmes for Children and Young People				
	Current year provision	539,596			
	Deferred surrender	1,640			
			541,236	488,352	366,637
C	Policy and Legislation Programme		28,752	22,041	17,199
	Gross expenditure				
	Current year provision	1,311,036			
	Deferred surrender	1,640			
			1,312,676	**1,249,984**	**1,088,428**
	Deduct				
D	**Appropriations-in-aid**		**25,012**	**21,024**	**22,007**
	Net expenditure				
	Current year provision	1,286,024			
	Deferred surrender	1,640			
			1,287,664	**1,228,960**	**1,066,421**

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.

	2017	2016
	€	€
Surplus	58,704,416	50,105,001
Deferred surrender	—	(1,640,000)
Surplus to be surrendered	**58,704,416**	**48,465,001**

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs
20 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Programme cost		1,237,392	1,077,770
Pay		11,048	9,361
Non pay		1, 544	1,297
Gross expenditure		**1,249,984**	**1,088,428**
Deduct			
Appropriations-in-aid		**21,024**	**22,007**
Net expenditure		**1,228,960**	**1,066,421**
Changes in capital assets			
Purchases cash	(344)		
Depreciation	1,235		
		891	(167)
Changes in net current assets			
Increase in closing accruals	6,340		
Decrease in stock	26		
		6,366	(2,688)
Direct expenditure		**1,236,217**	**1,063,566**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		6,799	2,663
Net programme cost		**1,243,016**	**1,066,229**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 40 borne elsewhere.

		2017	2016
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	105	30
Vote 12 Superannuation and Retired Allowances	e	774	342
Vote 13 Office of Public Works	e	5,841	2,242
Vote 18 National Shared Services Office	e	79	49
		6,799	**2,663**

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**55,607**	**56,457**
Current assets			
Bank and cash	2.3	492	744
Stocks	2.4	23	49
Prepayments		2,221	8,545
Other debit balances	2.5	845	678
Total current assets		**3,581**	**10,016**
Less current liabilities			
Accrued expenses		415	399
Other credit balances	2.6	1,136	88
Net Exchequer funding due	2.7	201	1,334
Total current liabilities		**1,752**	**1,821**
Net current assets		**1,829**	**8,195**
Net assets		**57,436**	**64,652**
Represented by:			
State funding account	2.1	**57,436**	**64,652**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			64,652	60,679
Adjustment (see note 2.2)	2.2		41	1,118
Disbursements from the Vote				
Estimate provision	Account	1,287,664		
Deferred surrender	Account	—		
Surplus to be surrendered	Account	(58,704)		
Net vote			1,228,960	1,066,421
Expenditure (cash) borne elsewhere	1		6,799	2,663
Net programme cost	1		(1,243,016)	(1,066,229)
Balance at 31 December			**57,436**	**64,652**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture, fittings and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	57,414	747	650	58,811
Adjustment [1]	—	—	41	41
Additions	167	103	74	344
Disposals	—	(6)	—	(6)
Cost or valuation at 31 December 2017	57,581	844	765	59,190
Accumulated depreciation				
Opening balance at 1 January 2017	1,126	684	544	2,354
Depreciation for the year	1,152	42	41	1,235
Depreciation on disposals	—	(6)	—	(6)
Cumulative depreciation at 31 December 2017	2,278	720	585	3,583
Net assets at 31 December 2017	**55,303**	**124**	**180**	**55,607**
Net assets at 31 December 2016	56,288	63	106	56,457

[1] In 2015, the assets in use in the Oberstown Children Detention Campus transferred from the Department of Justice and Equality to the Department of Children and Youth Affairs. Some motor vehicle assets were omitted in error. These have been adjusted in 2017. The value of the adjustment at 1 January 2017 is €41,000.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	484	731
Commercial bank balances	8	13
	492	**744**

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	17	29
IT consumables	6	20
	23	**49**

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Advances to OPW	776	654
Recoupable salaries	61	17
Recoupable travel	6	—
Other debit suspense items	2	7
	845	**678**

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	42	29
Value Added Tax	436	18
Pensions	4	2
Payroll deductions	477	—
Recoupable travel pass scheme expenditure	14	(34)
	973	15
Other credit suspense items	163	73
	1,136	**88**

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	58,704	48,465
Deferred surrender	—	1,640
Exchequer grant undrawn	(58,503)	(48,771)
Net Exchequer funding due	**201**	**1,334**
Represented by:		
Debtors:		
Bank and cash	492	744
Debit balances	845	678
	1,337	1,422
Creditors:		
Due to State	(973)	(15)
Credit balances: suspense	(163)	(73)
	(1,136)	(88)
	201	**1,334**

2.8 Commitments

at 31 December	2017	2016
	€000	€000
a) Global commitments		
Procurement of goods and services	8,446	12,403
Grant programmes	48	24
Total of legally enforceable commitments	**8,494**	**12,427**

b) Capital grant programmes	2017	2016
	€000	€000
Opening balance	—	—
Grant paid in year	(20,190)	(8,729)
New grant commitments	20,190	8,729
Grant clawback	—	—
Closing balance	**—**	**—**

c) Major capital commitments

(projects costing €6,350,000 or more)

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
National Children Detention Campus	54,333	167	1,940	56,440	56,440

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,440	11,048	9,361
ii	Travel and subsistence	238	136	112
iii	Training and development and incidental expenses	577	370	288
iv	Postal and telecommunications services	186	160	112
v	Office equipment and external IT services	326	310	188
vi	Office premises expenses	526	419	528
vii	Consultancy and other services	276	149	69
		14,569	**12,592**	**10,658**

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €12.440 million, outturn: €11.048 million

The variance of €1.392 million on expenditure on salaries, wages and allowances was due primarily to timing issues in the recruitment of new posts and the filling of existing vacancies. As general and specialist recruitment is not done directly by the Department, the timing of recruitment is largely beyond the Departments control.

ii *Travel and subsistence*

Estimate provision: €0.238 million, outturn: €0.136 million

The variance of €0.102 million on expenditure on travel and subsistence was due to a combination of lower than anticipated recruitment activity and the requirement that an adequate provision is made for necessary expenditure. Travel and subsistence estimates are by their nature, difficult to estimate year on year.

iii *Training and development and incidental expenses*

Estimate provision: €0.577 million, outturn: €0.370 million

The variance of €0.207 million on expenditure on training and development and incidental expenses was due primarily to Incidental Expenses (€165k variance). These are fluid in nature and difficult to plan for and include discovery, advertising, room hire, translation and entertainment related costs. The balance (€42k variance) relates to training and development which was due to slower recruitment than planned for and delays in the roll-out of the ‘One Learning’ shared service model across the Civil Service.

vii *Consultancy and other services*

Estimate provision: €0.276 million, outturn: €0.149 million

The variance of €0.127 million on expenditure was due primarily to external consultancy support costs associated with internal audit reviews being lower than planned for. This was as a result of improved internal resources being allocated to Internal Audit in the Department.

Programme A Children and Family Support Programme

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	3,359	2,811	2,448
A.2	Administration – non pay	574	344	279
A.3	Child and Family Agency	712,895	712,693	678,996
A.4	Youth Justice – Children Detention Campus	25,860	23,743	22,869
		742,688	**739,591**	**704,592**

Significant variations

Overall, the expenditure in relation to Programme A was €3.09 million lower than originally provided. €0.77 million of this related to administration expenditure and has already been explained and the balance of the variance of €2.32 million was mainly due to the following:

A.4 *Youth Justice – Children Detention Campus*

Estimate provision: €25.86 million, Outturn: €23.74 million

The shortfall in expenditure of €2.1 million relative to the estimate provision was due principally to a reduced level of capital expenditure than originally anticipated owing to a delay in the finalisation of the Oberstown Campus final account.

Programme B Sectoral Programmes for Children and Young People

			2017		2016
			Estimate provision	Outturn	Outturn
			€000	€000	€000
B.1	Administration – pay		3,359	3,173	2,581
B.2	Administration – non pay		574	334	286
B.3	ECCE pre-school year programme		329,500	297,136	223,751
B.4	General childcare programmes				
	Current year provision	126,158			
	Deferred surrender	1,640			
			127,798	112,758	74,755
B.5	Childcare initiatives (cash-limited)		8,363	6,339	6,462
B.6	Youth organisations and services (part funded by the National Lottery)		60,395	62,747	53,607
B.7	Area based childhood programme		5,800	4,183	3,650
B.8	Intervention programmes for children and young people (Dormant accounts funded)		5,166	1,098	1,545
B.9	Programme for Peace and Reconciliation		281	584	---
			541,236	**488,352**	**366,637**

Significant variations

Overall, the expenditure in relation to Programme B was €52.884 million lower than originally provided. €0.426 million of this related to administration expenditure and has already been explained and the balance of the variance of €52.458 million was mainly due to the following:

B.3 ECCE pre-school year programme

Estimate provision: €329.5 million, outturn: €297.136 million

The shortfall in expenditure of €32.364 million relative to the estimate provision was primarily due to a shortfall on the Early Childhood Care and Education (ECCE) scheme (€21.164 million) and the Better Start Access and Inclusion Model (AIM) scheme (€10.2 million).

Historically provision was made under ECCE for 95% take-up rates. In 2017, changes were made to the scheme, including a three point entry system, and provision was made for a potential 100% take-up rate. The actual take-up rate was only 94% which mirrors previous years. This was further exacerbated by an overestimation of enrolments in the final intake point at April 2017. Provision was made for 15,444 enrolments in April 2017 but only 8,404 took place.

The lower than expected enrolments in the ECCE scheme also had an impact on the expenditure on the AIM scheme. The shortfall in ECCE enrolments led to a decreased engagement in AIM by pre-school providers and parents, with lower than anticipated initial demand for equipment, and a shortfall in expected capitation payments in relation to the Inclusion Coordinators. In addition, due to delays in developing training under AIM level 3, the recruitment of additional training specialists was deferred until 2018. Overall the take up rate was in line with previous years. Changes were made to the entry points in 2017, and this resulted in the take up of places being over-estimated at 100%.

B.4 General childcare programmes

Estimate provision: €127.798 million, outturn: €112.758 million

The shortfall in expenditure of €15.04 million relative to the estimate provision primarily arose on account of lower than expected participation across the demand-led Community Childcare Subvention (CCS) and Community Education Training Supports (CETS) programmes in the period January to July 2017. The targeted number of unique registrations based on the CSO 2016 census data, for CCS was 30,000 with only 25,530 registrations taking place (€13.04 million). Similarly, the targeted number of unique registrations for CETS was 5,100 with 4,032 taking place (€2 million).

B.5 Childcare initiatives (cash limited)

Estimate provision: €8.363 million, outturn: €6.339 million

The shortfall in expenditure of €2.024 million relative to the estimate provision was due to the fact that funding had been allocated to this subhead for the development and introduction of the Affordable Childcare Scheme (ACS). The expenditure variance therefore primarily occurred on account of the delayed introduction of the Single Affordable Childcare Scheme. As the rollout of this introduction of the ACS was delayed, the level of development and support funding allocated to this purpose was not required.

B.7 Area based childhood programme

Estimate provision: €5.8 million, outturn: €4.183 million

The shortfall in expenditure of €1.617 million relative to the estimate provision was due to the ABC sites requiring less Exchequer funding due to access to residual co-funding from Atlantic Philanthropies.

B.8 Intervention programmes for children and young people (dormant accounts funded)

Estimate provision: €5.166 million, outturn: €1.098 million

The shortfall in expenditure of €4.068 million relative to the estimate provision was due primarily to the Quality and Capacity Building Initiative (QCBI).

The QCBI has been developed to take a coordinated approach to enhancing capacity, knowledge and quality in prevention and early intervention for children, young people and their families, with a focus on those at risk of developing poor outcomes. At the core of the initiative is a desire to foster continuous learning amongst those working to improve the lives of children and young people in Ireland. It aims to support key groups working with children, young people and families to know what works, how it works and provide an evidence supported approach to the application of this work

The QCBI is an ambitious initiative to ensure that the learning from the original Area Based Childhood initiative and similar programmes is mainstreamed into established areas of policy and service provision.

There have been mitigating factors in the administration of funding under QCBI due to the time taken to develop from design to delivery. This occurred as a result of the consultation process initiated by the Minister, taking longer to conclude, and subsequently projects and payments under QCBI had to be deferred.

B.9 Programme for Peace and Reconciliation

Estimate provision: €0.281 million, outturn: €0.584 million

The excess expenditure of €0.303 million relative to the estimate provision was due to the unexpected demands placed on the Special EU Programmes Body (SEUPB) by projects in 2017. This was the first year in which SEUPB began making payments under the Children and Young People programme. The additional expenditure was used to support the ‘Children and Young People Priority Objective’ under the EU Programme.

The excess amount has been secured from underspends arising within the Childcare Programme (Subhead B.4). Accordingly, the revised allocation for the Peace Programme this year amounts to €0.6 million. Finance Unit in DCYA obtained the formal sanction from DPER for the virement of the excess funds.

Programme C Policy and Legislation Programme

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	5,722	5,064	4,332
C.2	Administration – non pay	981	865	732
C.3	Miscellaneous legal fees and settlements	889	59	—
C.4	National Longitudinal Study and other research programmes	4,783	4,135	1,470
C.5	Children's and young people's policy framework and other programmes	4,160	3,691	3,146
C.6	Adoption Authority of Ireland	3,840	3,384	3,401
C.7	Office of the Ombudsman for Children	2,360	2,150	1,800
C.8	Commission of Investigation	6,017	2,693	2,318
		28,752	**22,041**	**17,199**

Significant variations

Overall, the expenditure in relation to Programme C was €6.7 million lower than originally provided. €0.8 million of this related to administration expenditure and has already been explained and the balance of the variance of €5.9 million was mainly due to the following:

C.3 Miscellaneous legal fees and settlements

Estimate provision: €0.9 million, outturn: €0.06 million

The shortfall in expenditure of €0.84 million relative to the estimate provision was due to the liability relating to costs associated with the Children's Referendum not yet being determined.

C.4 National Longitudinal Study and other research programmes

Estimate provision: €4.78 million, outturn: €4.14 million

The shortfall in expenditure of €0.6 million relative to the estimate provision was due to a revision in the schedule of payments for fieldwork undertaken by the ESRI under the National Longitudinal Study (€0.4 million) and delays in other studies due to a delay in the filling of a researcher post (€0.2 million).

C.5 Children's and young people's policy framework and other programmes

Estimate provision: €4.2 million, outturn: €3.7 million

The shortfall in expenditure of €0.5 million relative to the estimate provision was due to underspends in a number of areas but principally relating to Children First (€0.2 million), the Centre for Effective Service (CES) (€0.1 million) and eLearning Tusla (€0.1 million).

C.6 Adoption Authority of Ireland

Estimate provision: €3.8 million, outturn: €3.4 million

The shortfall in expenditure of €0.4 million relative to the estimate provision was due to costs associated with information and tracing not materialising as well as slower than anticipated recruitment.

C.7 Office of the Ombudsman for Children

Estimate provision: €2.4 million, outturn: €2.2 million

The shortfall in expenditure of €0.2 million relative to the estimate provision was due principally to slower than anticipated recruitment.

C.8 Commission of Investigation (Mother and Baby Homes and Certain Related Matters)

Estimate provision; €6 million, outturn: €2.7 million

The shortfall in expenditure of €3.3 million relative to the estimate provision was due to lower than anticipated costs in 2017. The Commission, which was established in 2015, has had its term extended.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Superannuation scheme – Child and Family Agency	9,070	8,723	8,723
2	Superannuation scheme - non-teaching staff of Oberstown Children Detention Campus	550	551	536
3	Superannuation scheme – Adoption Authority of Ireland	1	—	—
4	Superannuation scheme – Office of the Ombudsman for Children	2	—	—
5	Miscellaneous	874	789	974
6	Dormant accounts funding	5,166	1,098	1,545
7	Receipts from pension-related deduction on public service remuneration	9,349	9,863	10,229
	Total	**25,012**	**21,024**	**22,007**

Significant variations

Overall, appropriations-in-aid were €4 million less than forecast.

Explanations for significant variances are:

5 Miscellaneous

Estimate provision: €0.874 million, outturn: €0.789 million

The shortfall of €0.085 million was due primarily to Tusla's miscellaneous receipts, which are variable in nature, being lower than anticipated (€0.112 million variance).

6 Dormant accounts funding

Estimate provision: €5.166 million, outturn: €1.098 million

The shortfall of €4.068 million was due primarily to the Quality and Capacity Building Initiative (QCBI) (€3 million) consultation process taking longer than expected in 2017, leading to expenditure being lower than expected, which in turn resulted in lower receipts.

7 Receipts from pension-related deduction on public service remuneration

Estimate provision: €9.349 million, outturn: €9.863 million

The excess of €0.514 million was due in the main to receipts from Tusla (€0.439 million variance) due to additional staffing levels.

4.2 Extra receipts payable to the Exchequer

	2017 €000	2016 €000
Balance at 1 January	—	—
Receipts[1]	2,625	2,419
Transferred to the Exchequer	(2,515)	(2,419)
Balance at 31 December	110	—

[1] €2.515 million was transferred to the Exchequer in December 2017. The amounts related to refunds received from the following bodies:

Tusla	1,498
Pobal	731
Education Training Boards	92
Other – City of Dublin youth board, Irish Research Council & County Councils	194
	2,515

The balance of €0.11 million at year end relates to Pobal pre-2017 refunds and other ETB receipts.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department	230	178
Commission of Investigation	23	22
Agencies (note 5.4)	3,976	3,882
	4,229	**4,082**

5.2 Pay

	2017	2016
	€000	€000
Pay	11,388	9,926
Higher, special or additional duties allowance	104	101
Overtime	19	31
Employer's PRSI	785	622
Total pay[1]	**12,296**	**10,680**

[1] The total pay figure is distributed across subheads A1, B1, C1 and C8.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	17	2	20,613	17,949
Other allowances	4	—	113	112
Overtime	8	—	8,374	7,197
Extra remuneration in more than one category	3	1	11,114	10,130

The pay, allowances and other remuneration detailed above relate to the Department's staff paid directly from the administrative budget under programmes A, B and C of the Vote.

5.4 Agency employees and pay

The pay expenditure of agencies is not a direct financial transaction of the Department. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

Number of staff at year end (full time equivalents)	**2017** **€000**	**2016** **€000**
Child and Family Agency	3,696	3,597
Oberstown Children Detention Campus	245	247
Adoption Authority of Ireland	22	24
Office of the Ombudsman for Children	13	14
Total	**3,976**	**3,882**

	2017 **€000**	**2016** **€000**
Pay		
Child and Family Agency	259,043	239,081
Oberstown Children Detention Campus	14,289	18,490
Adoption Authority of Ireland	1,493	1,583
Office of the Ombudsman for Children	911	826
Total pay	**275,736**	**259,980**

5.5 Payroll overpayments

Payroll overpayments in respect of Department and Commission of Investigation staff at the year end were €29,645 (17 cases) (2016: €19,522 (17 cases)). Of this, €9,975 (7 cases) have recovery plans in place.

The Department has been advised by PeoplePoint since the year end that recovery plans are in place for the remaining 10 cases.

Note 6 Miscellaneous

6.1 National lottery funding

Sub-head	Description	2017 €000	2016 €000
B.6	Youth organisations and services (part funded by the National Lottery)	62,747	53,607

Particulars relating to individual recipients of the funding and the amounts paid over are available from the Youth Affairs Unit of the Department of Children and Youth Affairs pending the publication of the information on the Department's website.

6.2 Payments to Pobal

In accordance with the Department's accounting policy, the net amount transferred to Pobal in the year (€426 million) was charged to the relevant subheads as set out below.

In December 2017, Pobal returned funds totaling €10.872 million to the Department. €10.771 million of this related to the current year and was returned to the relevant subheads. The remaining €0.11 million was returned as an EER.

	Subhead	2017 €000	2016 €000
B.3	ECCE pre-school year programme	293,287	126,906
B.4	General childcare programmes	110,707	73,646
B.5	Childcare initiatives (cash-limited)	6,065	6,462
B.6	Youth organisations and services (part funded by the National Lottery)	10,685	10,276
B.7	Area based childhood programme	4,144	3,650
B.8	Intervention programmes for children and young people (dormant accounts funded)	100	1,030
C.5	Children's and young people's policy framework and other programmes	1,228	640
	Total paid to Pobal	**426,216**	**222,610**

Pobal administers a large number of grant programmes on behalf of the Department. At 31 December 2017, Pobal had grant commitments totalling €2.1 million relating to programmes administered on behalf of the Department.

6.3 Compensation and legal costs

Legal costs relate solely to the Oberstown Children Detention Campus facility and are included in the overall spend in subhead A4. This facility is funded under the Department's Vote but operates separately from the Department. The particulars in relation to the employees of the Campus are included under note 5.4 Agency Staff.

6.4 Contingent liability

Liabilities will arise as a result of the legal challenge to the outcome of the Children Referendum. The petitioner was awarded one third of her legal costs by the High Court in November 2013 but the actual amount and the timing of the payment remain to be determined. The matter has been appealed to the Supreme Court and the Department currently awaits hearing from the Chief State Solicitors Office on the matter.

6.5 Commission of investigation

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (S.I. No. 57 of 2015).

Expenditure in C8 includes €1.247 million relating to the pay costs of the Commission of Investigation.

	Year of appointment	Cumulative expenditure to end 2017	2017 Outturn	2016 Outturn
		€000	€000	€000
C8 — Commission of Investigation – Mother and Baby Homes	2015	6,686	2,693	2,318

6.6 Write offs

The following sums were written off in the year:

	2017 €000	2016 €000
Petty Cash Balance	19	—
Recoupable Travel Balances	6	—
General Suspense Account Balances	1	—

6.7 Arbitration and conciliation costs

No arbitration and conciliation costs were incurred in 2017.

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently does not manage or control any land or buildings which do not have valuations.

Appendix B Accounts of bodies and funds under the aegis of the Department of Children and Youth Affairs

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, at the account signing date, the period to which the last audited financial statements relate and when 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
Oberstown Children Detention Campus	2016	22 Dec 2017	17 Jan 2018	7 Mar 2018
Adoption Authority of Ireland	2016	22 Dec 2017	22 Mar 2018	6 Apr 2018
Office of the Ombudsman for Children	2016	8 Dec 2017	10 Jan 2018	6 Mar 2018
Child and Family Agency	2017	29 Jun 2018	3 Jul 2018	16 Jul 2018

Appropriation Account 2017

Vote 41

Policing Authority

Introduction

As Chief Executive of the Policing Authority, I am the Accounting Officer for Vote 41.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 2017 for the salaries and expenses of the Policing Authority.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as Appropriations-in-Aid of expenditure for the year.

A surplus of €0.7 million is liable for surrender to the Exchequer.

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

Establishment of the Vote

The Policing Authority was established on 1 January 2016 by the enactment of the Garda Siochana (Policing Authority and Miscellaneous Provisions) Act 2015. It comprises the Chairperson and eight members. The role of the Authority is to oversee the performance by the Garda Siochana of its functions relating to policing services.

The Authority is responsible for

- leading and directing the Authority's activities
- compliance with all applicable statutory obligations
- holding the CEO and senior management to account for the effective performance of their responsibilities
- matters relating to audit, governance and risk management
- ensuring that there are effective systems of internal control in place and implemented
- the preparation and adoption of a strategic plan, and
- the preparation of the annual report of the Authority.

The Authority has adopted the Code of Practice for the Governance of State bodies. The annual report of the Authority for 2017 was published in March 2018.

Statement of Accounting Policies and Procedures

The standard accounting policies and priciples for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 25 of 2017, have been applied in the preparation of the account.

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 Policing Authority. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive. 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 Level Agreement between this office and the Department of Justice and Equality for the provision of Financial Shared Services.

I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office.

During 2017, employees of the Policing Authority continued to be paid through the Justice and Equality Vote with a recoupment process in place. This arrangement was necessary to ensure a payroll service was provided pending the Policing Authority becoming a separate client organisation of the National Shared Services Office, which occurred in the first quarter of 2018.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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
- an Audit and Risk Committee to advise me in discharging my responsibilities for the internal financial control system is in place
- procedures for all key business processes have been documented and
- 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. This includes the following elements:

- there is an appropriate budgeting system with an annual budget which is kept under review by the Senior Management Team (SMT)
- there are regular reviews by the SMT of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system is in operation
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines and
- the Authority 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, which are complied with by the Authority.

Internal Audit and Audit and Risk Committee

I confirm that the Policing Authority has an internal audit function currently outsourced with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Authority 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 Authority's Audit and Risk Committee.

I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

The Authority 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 Authority and these have been identified, evaluated and graded according to their significance. The risk register is reviewed and updated as appropriate by the SMT 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 and control processes and control deficiencies are communicated to those responsible for taking corrective action and to the SMT, 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 Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority'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 SMT within the Authority 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 2017 that require disclosure in the Appropriation Account.

Helen Hall
Accounting Officer
Policing Authority

29 March 2018

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 41 Policing Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 41 Policing Authority for the year ended 31 December 2017 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 41 Policing Authority for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Policing Authority 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 other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 41 Policing Authority
Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A.	Provision of Independent Oversight of the Policing Functions of the Garda Síochána	2,712	2,007	1,106
	Gross expenditure	**2,712**	**2,007**	**1,106**
B	*Deduct*			
	Appropriations-in-aid	**58**	**51**	**31**
	Net expenditure	**2,654**	**1,956**	**1,075**

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	**697,910**	**1,564,883**

Helen Hall
Accounting Officer
Policing Authority

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017	2016
	€000	€000	€000
Administration Pay		1,246	680
Administration Non-pay		761	426
Gross expenditure		**2,007**	**1,106**
Deduct			
Appropriations-in-aid		**51**	**31**
Net expenditure		**1,956**	**1,075**
Changes in capital assets			
Purchases cash	(7)		
Depreciation	5		
		(2)	(3)
Changes in net current assets			
Increase in closing accruals	52		
		52	(52)
Direct expenditure		**2,006**	**1,020**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		57	235
Net programme cost		**2,063**	**1,255**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 41 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	25	—
Vote 13 Office of Public Works	—	203
Vote 24 Justice and Equality	32	32
	57	**235**

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	**11**	**9**
Current assets			
Bank and cash		48	2
Stocks		6	6
Prepayments		16	71
Total current assets		**70**	**79**
Less current liabilities			
Accrued expenses		22	25
Other credit balances	2.3	10	2
Net Exchequer funding due	2.4	38	—
Total current liabilities		**70**	**27**
Net current assets		—	**52**
Net assets		**11**	**61**
Represented by:			
State funding account	2.1	**11**	**61**

2.1 State funding account

	Note		2017	2016
		€000	€000	€000
Balance at 1 January			61	
Disbursements from the Vote				
Estimate provision	Account	2,654		
Surplus to be surrendered	Account	(698)		
Net vote			**1,956**	**1,075**
Expenditure (cash) borne elsewhere	1.1		57	235
Net programme cost	1		(2,063)	(1,255)
Transfer of assets	2.2		—	6
Balance at 31 December			**11**	**61**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	5	30	35
Additions	5	2	7
Cost or valuation at 31 December 2017	10	32	42
Accumulated depreciation			
Opening balance at 1 January 2017	1	25	26
Depreciation for the year	2	3	5
Cumulative depreciation at 31 December 2017	3	28	31
Net assets at 31 December 2017	**7**	**4**	**11**
Net assets at 31 December 2016	4	5	9

2.3 Other credit balances

at 31 December	2017 €000	2016 €000
Amounts due to the State		
Professional Services Withholding Tax	8	—
VAT on foreign invoices	2	2
	10	**2**

2.4 Net Exchequer funding due

at 31 December	2017 €000	2016 €000
Surplus to be surrendered	698	1,565
Exchequer grant undrawn	(660)	(1,565)
Net Exchequer funding due	**38**	**—**
Represented by:		
Debtors		
Bank and cash	48	2
	48	2
Creditors		
Due to State	(10)	(2)
	(10)	—
	38	**—**

Note 3 Vote Expenditure by Subhead

Analysis of programme expenditure

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,712	1,246	680
ii	Travel and subsistence	50	17	3
iii	Training and development and incidental expenses	685	592	275
iv	Postal and telecommunications services	50	14	8
v	Office equipment and external IT services	125	66	98
vi	Office premises expenses	80	50	41
vii	Consultancy and other services	10	22	1
		2,712	**2,007**	**1,106**

Significant Variations

1. *Salaries, wages and allowances*

   Estimate provision: €1.712 million, outturn: €1.246 million

   The shortfall of €0.466 million on expenditure on salaries, wages and allowances was due to longer than expected timelines to recruit and appoint staff members. Only 29 of the total staff complement of 39 were in place by the end of 2017.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated	2017 Realised	2016 Realised
	€000	€000	€000
Receipts from pension-related deductions on public service remuneration	58	51	31
	58	**51**	**31**

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	**29**	**14**

5.2 Employee pay

	2017	2016
	€000	€000
Pay	1,143	618
Higher, special or additional duties allowance	—	6
Employer's PRSI	103	56
Total pay	**1,246**	**680**

5.3 Authority members' fees and expenses

In 2017, there were eight members of the Authority, including the Chairperson. Fees totalling €169,421 were paid during 2017. The Authority met in plenary a total of 19 times (5 in public) and a total of 41 subcommittee meetings were held. Expenses paid to the Authority's board members in 2017 were €8,767. The fees and expenses were charged to subhead A2(iii).

Appropriation Account 2017

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 2017 for the salaries and expenses of the Office of the Minister for Rural and Community Development, including certain services administered by the Department and for payment of grants.

Establishment as a new Department

The Department of Rural and Community Development was established by Government in July 2017. As a new Department it is not possible to compare the expenditure outturn of the Department as a whole with a comparator for 2016. However a comparison is made at programme level (Notes 3 and 4 of the account).

A surplus of €24.7 million is liable for surrender to the Exchequer.

Transfer of Functions

The account has been prepared in accordance with the Further Revised Estimates for Public Services 2017, following the establishment of the Department of Rural and Community Development and the transfer of the following functions:

- the transfer of the Charities Regulatory Authority from the Department of Justice and Equality (Vote 24) with effect from 26 July 2017 (SI 348 of 2017)
- the transfer of rural affairs functions from the Department of Culture, Heritage and the Gaeltacht (Vote 33) with effect from 26 July 2017 (SI 354 of 2017)
- the transfer of community development functions from the Department of Housing, Planning, and Local Government (Vote 34) with effect from 26 July 2017 (SI 357 of 2017).

In line with accounting arrangements set out by the Government Accounting section of the Department of Public Expenditure and Reform, the Further Revised Estimates for 2017 reflect the transfer of the Department functions on a full year basis.

The Appropriation Account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis.

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 have been applied in the preparation of the account.

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.

In making this statement, I acknowledge that the establishment of a new Department in July 2017 built on functions transferred from other Departments poses particular challenges. The Department relied on systems operating in those Departments which previously undertook the functions assigned to this.

In respect of finance, payroll, human resource and IT functions, those functions were provided on an agency basis by the Departments of Housing, Planning and Local Government, Culture Heritage and the Gaeltacht, and Justice and Equality throughout 2017. In relation to payroll and human resources they in turn relied on the National Shared Services Office and the controls and audit systems in place in that Office.

Payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Services Centres.

The Accounting Officer for Shared Services has provided the Department with a letter of assurance outlining progress in implementing the audit assurance process.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

The Department is now working with the Shared Services Office, to create its own payroll function as part of the Shared Services function. The intention is that this would be in place by mid-2018.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

As part of the transition from previous Departments, staff continued to exercise their roles in respect of programmes previously operated in the former Departments. New staff recruited since the establishment of the Department have been assigned to vacancies arising in these programmes, and in the corporate structure of the Department.

I can confirm that as part of the transition process,

- Financial responsibilities have now been assigned at management level with corresponding accountability
- That reporting arrangements have now been established at all levels where responsibility for financial management has been assigned
- That the Department uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate
- That there are systems in place to safeguard the assets of the Department.

The Department has now initiated processes to examine how the systems of internal control operate to ensure that adequate controls are in place.

The Department established an Audit Committee in December 2017 to advise me in discharging my responsibilities for the internal financial control system.

Administrative Controls and Management Reporting

I confirm that the Department has in place a framework of administrative procedures and regular management reporting 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.
- In 2017 the Department relied on the work undertaken by those Departments, who had previously undertaken the functions of the Department, in the identification and management of risk. The Department has in 2018 initiated a formal risk management system. Risk management is increasingly integral to the Department's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- There are systems aimed at ensuring the security of the ICT systems. At the establishment of the Department, responsibilities for the Department's ICT services were handled on an agency basis by the Department of Housing, Planning and Local Government and the Department of Culture, Heritage and the Gaeltacht until the Office of the Government Chief Information Officer (OGCIO) took over these responsibilities from March 2018. The OGCIO is a unit within D/PER which provides policy advice generally on ICT and also provides ICT services to a number of Departments, including Public Expenditure and Reform, Finance, and now Rural and Community Development. The Department has agreed a MoU with OGCIO in respect of the services provided to this Department.
- In respect of capital investment control guidelines and formal project management disciplines, the department has relied on the processes in place in the previous Departments, and will develop its processes in this regard in 2018.

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. In July 2017, the Department engaged in a joint project with the Social Finance Foundation, to support a Research Partnership for the purpose of carrying out targeted research and stakeholder engagement with the social enterprise sector. The cost of the project was estimated as €97,000 (incl. VAT), with the Department's contribution amounting to approximately €48,500. The Department sought advice from the Office of Government Procurement (OGP) to establish whether a research partnership of this nature is required to be put to tender. Bearing in mind that the proposed research partnership was co-funded by both the Department and the Foundation and both parties intended to make the outcomes of the research partnership publicly available, the OGP advised the Department that the proposed research partnership was not covered by the requirements of Directive 2014/24/EC on procurement and that a direct award of contract, without a formal procurement process, could be made in this instance.

Internal Audit and Audit Committee

As part of the transition process functions in respect of payroll, ICT and financial transactions were undertaken by the Departments of Culture Heritage and the Gaeltacht, Housing, Planning and Local Government, and Justice and Equality, and were accordingly under the remit of audit and control processes within those Departments.

My Department has recruited an internal auditor with relevant experience and training to undertake the internal audit function. The internal audit unit will operate under a charter which was approved by me in March 2018. Its work will be informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, which will be approved by me, will be based on this analysis. These plans will aim to cover the key controls on a rolling basis over a reasonable period. As part of the development of the internal audit function I will put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

As part of the transition process, in 2017 the Department has relied on the risk and control frameworks which were in place in those Departments which previously undertook the functions assigned to this Department.

The Department has in 2018 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 being developed by the Department which identifies the key risks facing the Department and these will be identified, evaluated and graded according to their significance. The Department has also established a Risk Committee to oversee the system of risk management and its implementation. The Committee reports to the Department’s Management Board (MB). The register will be reviewed and updated by the MB as required, but will also be formally updated at least twice yearly. The outcome of these assessments will be used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register will detail the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing Monitoring and Review

In 2017, the Department relied significantly on processes for monitoring and review operating in those Departments who previously undertook functions now operated by this Department.

In 2018, I have established formal procedures for monitoring control processes and to ensure control deficiencies are communicated to those responsible for taking corrective action and to management and the MB, where relevant, in a timely way. I confirm a process to identify key risks and related controls is underway and processes will be put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Department is developing its 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 2017 that resulted in, or may result in, a material loss. The Department will continue to work to develop its systems of internal control in 2018, including through inter alia, the recruitment of an internal auditor, the operation of the Department's Audit Committee, and the implementation of the Department's Risk Management systems.

Kevin McCarthy
Accounting Officer
Department of Rural and Community Development

28 March 2018

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 2017 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 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the 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 *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

24 September 2018

Vote 42 Rural and Community Development

Appropriation Account 2017

		2017	
		Estimate provision	Outturn
		€000	€000
Programme expenditure			
A	Rural development and regional affairs	80,364	54,873
B	Community development	77,798	77,139
C	Charities Regulatory Authority	4,466	3,992
	Gross expenditure	**162,628**	**136,004**
	Deduct		
D	**Appropriations-in-aid**	**15,886**	**21,662**
	Net expenditure	**146,742**	**114,342**

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 for spending in the following year.

	2017
	€
Surplus	32,399,966
Deferred surrender	(7,700,000)
Surplus to be surrendered	**24,699,966**

Kevin McCarthy
Accounting Officer
Department of Rural and Community Development

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

		2017
	€000	€000
Programme cost		130,318
Pay		4,954
Non pay		732
Gross expenditure		**136,004**
Deduct		
Appropriations-in-aid		**21,662**
Net expenditure		**114,342**
Changes in capital assets		
Purchases cash	(40)	
Depreciation	1	
Loss on disposal	—	
		(39)
Changes in net current assets		
Decrease in closing accruals	(6,429)	
Increase in stock	(3)	(6,432)
Direct expenditure		**107,871**
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)		2
Notional rents		260
Net programme cost		**108,133**

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.

		2017
		€000
Vote 13	Office of Public Works	2
		2

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017
		€000
Capital assets	2.2	**41**
Current assets		
Bank and cash		7,990
Stocks		3
Prepayments		2,444
Accrued income		4,150
Total current assets		**14,587**
Less current liabilities		
Accrued expenses		165
Net Exchequer funding due	2.3	7,693
Other credit balances		297
Total current liabilities		**8,155**
Net current assets		6,432
Net assets		**6,473**
Represented by:		
State funding account	2.1	**6,473**

2.1 State funding account

	Note	2017
		€000
Balance at 1 January		—
Disbursements from the Vote		
Estimate provision	Account	146,742
Surplus to be surrendered	Account	(24,700)
Deferred surrender	Account	(7,700)
Net vote		114,342
Expenditure (cash) borne elsewhere	1.1	2
Non cash Expenditure - notional rent	1	260
Net value of assets transferred in	2.2	2
Net programme cost	1	(108,133)
Balance at 31 December		**6,473**

2.2 Capital assets

	IT Equipment	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	—	—	—	—
Transferred in	558	—	7	565
Additions	28	7	5	40
Cost or valuation at 31 December 2017	586	7	12	605
Accumulated depreciation				
Opening balance at 1 January 2017	—	—	—	—
Depreciation on transfers	558	—	5	563
Depreciation for the year	1	—	—	1
Cumulative depreciation at 31 December 2017	559	—	5	564
Net assets at 31 December 2017	**27**	**7**	**7**	**41**
Net assets at 31 December 2016	—	—	—	—

2.3 Net Exchequer funding due

at 31 December	2017
	€000
Surplus to be surrendered	24,700
Deferred surrender	7,700
Exchequer grant undrawn	(24,707)
Net Exchequer funding due	**7,693**
Represented by:	
Debtors	
Bank and cash	7,990
Debit balances: suspense	—
	7,990
Creditors	
Due to State	
Credit balances: suspense	(297)
	7,693

2.4 Commitments

at 31 December	**2017**
	€000
Library Development and Archive Service	601
SICAP	40,228
LEADER	208,427
Total of legally enforceable commitments	**249,256**

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across programmes A & B, to present complete programme costings. Administration expenditure incurred in relation to Programme C was minimal.

		2017	
		Estimate provision	**Outturn**
		€000	**€000**
i	Salaries, wages and allowances	5,715	4,954
ii	Travel and subsistence	292	239
iii	Training and development and incidental expenses	146	108
iv	Postal and telecommunications services	121	36
v	Office equipment and external IT services	810	333
vi	Office premises expenses	76	16
vii	Consultancy and value for money and policy reviews	8	—
		7,168	**5,686**

Significant variations

v *Office equipment and external IT services*

Estimate provision: €0.810 million, outturn: €0.333 million

The saving of €0.477 million (-59%) on expenditure on office equipment and external IT services was largely due to the delay in the move of the new Department to new offices in Trinity Point. As this move did not take place until March 2018, related office equipment and IT costs were reduced and thus the 2017 outturn costs in relation to this area were also below expected level.

Programme A Rural Development and Regional Affairs

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	3,315	3,129	2,946
A.2	Administration – non pay	944	390	929
A.3	Dormant accounts measures	4,326	2,058	432
A.4	Western Development Commission	2,495	1,412	1,639
A.5	National rural development schemes	15,283	14,568	24,794
A.6	LEADER – rural economy sub programme	30,000	14,421	9,989
A.7	Tidy Towns Competition	1	1	1
A.8	Town and village regeneration	12,000	882	9,880
A.9	Rural, broadband, regional economic development	2,000	1,051	1,089
A.10	Local improvement schemes	10,000	16,961	—
		80,364	**54,873**	**51,699**

Significant variations

Overall, the expenditure in relation to Programme A was €25.5 million lower than originally provided. €0.74 million of this related to administration expenditure and has already been explained and the balance of the variance of €24.76 million was mainly due to the following:

A.3 Dormant Accounts Measures

Estimate provision: €4.326 million, outturn: €2.058 million

The saving of €2.268 million relative to the estimate provision was because certain dormant account measures supporting community based organisations did not commence as expected.

A.4 Western Development Commission

Estimate provision: €2.495 million, outturn: €1.412 million

The saving of €1.083 million relative to the estimate provision was due to legal constraints on the Commission issuing capital grants.

A.6 LEADER – Rural Economy Sub Programme

Estimate provision: €30 million, outturn: €14.421 million

The saving of €15.579 million relative to the estimate provision was due to the need for time for Local Action Groups (LAGS) to prepare project proposals. There is a natural lead in period between signing contracts with LAGs, the development of project applications and the final delivery of approved projects.

A.8 Town and Village Regeneration

Estimate provision: €12 million, outturn: €0.882 million

There was a saving of €11.118 million relative to the estimate provision. Successful projects under the Town and Village Renewal Scheme were not announced until October 2017, following the assessment of applications. It had been envisaged that the assessments would be completed earlier, but the establishment of the new Department of Rural and Community Development and the transfer of functions from the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs, led to delays in the finalisation of the assessments.

A.9 Rural, Broadband, Regional Economic Development

Estimate provision: €2 million, outturn: €1.051 million

The saving of €0.949 million relative to the estimate provision was due to the delay in signing the contract for delivery of high speed rural broadband, which meant that work streams planned by the Department could not be progressed.

A.10 Local Improvement Schemes

Estimate provision: €10 million, outturn: €16.961 million

The excess in expenditure of €6.961 million relative to the estimate provision (which was on the basis of a sanctioned virement from A6 Leader) was due to additional investment on improvement works on largely private minor rural roads. The work was undertaken within the context of an overall remit to improve the quality of life for people living in rural areas.

Programme B Community Development

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	2,326	1,825	4,138
B.2	Administration – non pay	496	342	467
B.3	Supports for community and voluntary sector (National Lottery)	12,687	12,991	11,267
B.4	SICAP, local / regional development supports (National Lottery)[1]	42,230	42,511	42,224
B.5	Local community development committee (support)	1,615	715	—
B.6	RAPID[2]	5,000	4,962	32
B.7	Dormant account measures	5,750	2,120	803
B.8	Programme for Peace and Reconciliation	800	959	—
B.9	Irish Water Safety	1,007	1,007	657
B.10	Library development and archive service	3,852	7,628	2,735
B.11	Community facilities fund	2,000	2,000	—
B.12	Other services	35	80	61
		77,798	**77,140**	**62,384**

1 SICAP - The Social Inclusion and Community Activation Programme (SICAP) 2018 – 2022 provides funding to tackle poverty and social exclusion through local engagement and partnerships between disadvantaged individuals, community organisations and public sector agencies.

2 RAPID - Revitalising Areas by Planning, Investment and Development (RAPID). In 2017 the recast RAPID Programme provided support to groups tackling social exclusion and improving quality of life in disadvantaged urban areas and provincial towns across the country.

Significant variations

Overall, the expenditure in relation to Programme B was €0.658 million lower than originally provided. €0.655 million of this related to administration expenditure and has already been explained and the balance of the remaining subheads show a net variance of €0.003 million, as detailed below:

B.5 Local community development committee (support)

Estimate provision: €1.615 million, outturn: €0.715 million

This subhead provides funding to local authorities as a contribution to the cost of staff resources for an expanded community role arising from the local government reform process. The saving in expenditure of €0.9 million relative to the estimate provision was due to delays in filling some of these posts.

B.7 Dormant accounts measures

Estimate provision: €5.750 million, outturn: €2.120 million

The saving of €3.63 million relative to the estimate provision was due to slower than expected drawdown of the Gateway Initiative (demand led) by local authorities and delays in establishing the Disadvantaged Youth Employment Initiative.

B.10 Library development and archive service

Estimate provision: €3.852 million, outturn: €7.628 million

The excess expenditure of €3.776 million (which was on the basis of a sanctioned virement from A6 Leader) relative to the estimate provision, supported the introduction of self-service machines in libraries, under the Library Strategy Act 2018 to 2022.

Programme C Charities Regulatory Authority

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	74	—	—
C.2	Administration – non pay	13	—	—
C.3	Charities Regulatory Authority	4,379	3,992	2,708
		4,466	**3,992**	**2,708**

Significant variations

C.3 Charities Regulatory Authority

Estimate provision: €4.379 million, outturn: €3.992 million

The saving of €0.474 million relative to the estimate provision was due to savings on pay related programme costs in the Charities Regulatory Authority.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	50	112	1,485
2	LEADER rural economy sub programme	5,000	17,065	2,284
3	Programme for Peace and Reconciliation	480	8	503
4	Dormant accounts – programme expenditure	10,076	4,178	803
5	SICAP – social inclusion and Community Activation Programme	—	2	181
6	Receipts from pension related deduction on remuneration	280	297	3,172
		15,886	**21,662**	**8,428**

Significant variations

Overall, appropriations-in-aid were €5.776 million more than forecast.

Explanations for variances are set out below:

2 LEADER Rural Economy Sub Programme

Estimate provision: €5 million, outturn: €17.065 million

The excess of €12.065 million was primarily due to the receipt of a 5% retention element (€13.8 million) from the 2007-2013 LEADER programme in January 2017. This was originally anticipated to be received in 2016

The total appropriations-in-aid receipts for 2017 are split between the old 2007-2013 Programme (€13,798,837) and the current 2014-2020 Programme (€3,265,766).

The figure includes all EU receipts in respect of claims submitted (claims under the current Programme and the 5% retention following the closure of the old Programme), refunds received from Local Action Groups (LAGS) in respect of unspent balances of preparatory support payments and refunds received from LAGs and/or project promoters in respect of debts incurred under the 2007-2013 Programme.

3 Programme for Peace and Reconciliation

Estimate provision: €0.480 million, outturn: €0.008 million
The estimate was based on an expectation of a receipt of European co-funding which did not materialise, but is expected to be received in subsequent years.

4 Dormant accounts – programme expenditure

Estimate provision: €10.076 million, outturn: €4.178 million

The shortfall relates to a reduced recoupment from the Dormant Accounts Fund as programme expenditure under dormant account measures was less than anticipated.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017
Number of department staff at year end (full time equivalents)	**109**

5.2 Pay

	2017
	€000
Pay	4,621
Higher, special or additional duties allowance	53
Overtime	5
Employer's PRSI	275
Total pay	**4,954**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment
			2017
			€
Higher, special or additional duties	9	2	13,589
Overtime and extra attendance	9	—	2,050
Extra remuneration in more than one category	1	—	3,055

5.4 Salary overpayments

The salary overpayments at 31 December 2017 were €11,319 in respect of 6 cases. Arrangements are being made to put recovery plans in place.

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in subheads A.6 and B.8 include payments in respect of activities co-financed by the European Agricultural Fund for Rural Development and European Regional Development Fund respectively. Estimates of EU funding and outturns, based on expenditure and co-financing rates were as follows:

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.6	LEADER – Economy Sub- Programme	8,000	7,473	613
B.8	Programme for Peace & Reconciliation	680	815	—
		8,680	**8,288**	**613**

6.2 National lottery funding

		2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
B.3	Supports for community and voluntary sector (part funded by National Lottery)	8,221	8,570	7,285
B.4	SICAP and local/ regional development supports (part funded by the National Lottery)	2,100	2,522	3,005
		10,321	**11,092**	**10,290**

6.3 Carryover to 2018

Under section 91 of the Finance Act 2004, €7.7 million in unspent allocation in respect of capital elements from subhead A8, town and village regeneration was carried forward to 2018.

6.4 Write-offs

Sanction was obtained from the Department of Public Expenditure and Reform to write off €29,595 in respect of the misapplication of funds in 2008 under the Local and Community Development Programme.

Appendix A Accounts of bodies and funds under the aegis of the Department 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 end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas

Body/ departmental fund	Last accounting period	Date of audit report	Received by Department	Presented to the Oireachtas
Irish Water Safety	2016	20 Dec 2017	12 Jan 2018	1 Feb 2018
Pobal	2016	30 Jun 2017	4 Jul 2017	6 Jul 2017
Western Development Commission	2016	22 Dec 2017	9 Feb 2018	—[a]
Charities Regulatory Authority	2016	19 Dec 2017	20 Dec 2017	1 Feb 2018

[a] Subsequently filed on 26 July 2018