

Appropriation Account 2020

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 2020 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 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €235,000 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, as set out by the Department of Public Expenditure and Reform in Circular 22 of 2020, have been applied in the preparation of the account except for the following:

Valuation of capital assets

As provided for in Circular 21 of 2020, the Office has applied a threshold of €1,000 for the capitalisation of its capital assets.

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.

Accrued counsel fees

Fee notes received from counsel are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual in respect of counsel fee liabilities is determined by applying an estimated mark-down rate (based on the mark-down rate achieved during the evaluation and assessment process in the year of account) to counsel fee notes on hand at the year end. This represents a change in accounting policy in the 2020 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 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.

Shared services

The National Shared Services Office provides human resource and payroll services to the Office of the Chief State Solicitor.

I rely on the 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 the 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.

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 Office was in place during 2020.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines in 2020 with the exception of two contracts (in excess of €25,000), totalling €141,936 (excluding VAT). Details are set out below.

- One contract with a value of €104,947 (excluding VAT) in respect of outdoor legal services continued without a competitive process in 2020, having been extended beyond its original contract dates. The Office intends to regularise this matter in 2021.

- One contract with a value of €36,989 (excluding VAT) in respect of a document exchange service was awarded without a competitive process as the supplier is widely used by legal offices in the State.

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

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.

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.

Covid-19 pandemic

The onset of the Covid-19 pandemic in early 2020 resulted in changes to the working environment with remote working being introduced where possible. As a result, the Office introduced a number of minor procedural and control changes. A Business Continuity Crisis Management Team (BCCMT), which included the full Management Board, was established to manage matters arising in relation to Covid-19 and met on a weekly basis to discuss, assess and manage risk and control matters that were arising. The BCCMT was replaced by a Response Management Team headed by a member of the Management Board which has continued the weekly meetings. I confirm that the controls both existing and those introduced as a result of Covid-19 continue to be effective.

The Office has identified additional costs of €588,000 incurred in 2020 that were directly related to the Office's response to working in a Covid-19 environment. The most material of these additional costs are highlighted in the variation explanations for subhead A(v) office equipment and external IT services. There will be further Covid-19 related costs to be incurred in 2021.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2020 that resulted in, or may result in, a material loss.

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

31 March 2021

Comptroller and Auditor General

Report for presentation to the 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 2020 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 2020, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *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*.

I have nothing to report in that regard.

Seamus McCarthy

Comptroller and Auditor General

30 June 2021

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2020

		2020		2019
		Estimate provision €000	Outturn €000	Outturn €000
Programme expenditure				
A	Provision of legal services	38,191	38,050	40,437
Gross Expenditure		38,191	38,050	40,437
<i>Deduct</i>				
B	Appropriations-in-aid	810	904	988
Net expenditure		37,381	37,146	39,449

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

	2020 €	2019 €
Surplus to be surrendered	234,806	166,519

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

31 March 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

		2020	2019
	€000	€000	€000
Programme cost		16,088	20,333
Pay		19,183	17,735
Non-pay		2,779	2,369
Gross expenditure		38,050	40,437
<i>Deduct</i>			
Appropriations-in-aid		904	988
Net expenditure		37,146	39,449
Changes in capital assets			
Purchases cash	(567)		
Depreciation	340	(227)	85
Changes in net current assets			
Increase in closing accruals	3,315		
Decrease in stock	18	3,333	174
Direct expenditure		40,252	39,708
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,612	3,398
Notional rents		865	865
Net programme cost		44,729	43,971

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.

		2020	2019
		€000	€000
Vote 12	Superannuation and Retired Allowances	2,091	1,904
Vote 13	Office of Public Works	1,493	1,464
Vote 18	National Shared Services Office	28	30
		3,612	3,398

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	738	511
Current assets			
Bank and cash	2.2	1,381	1,982
Stocks	2.3	33	51
Prepayments		330	192
Accrued income	2.4	9,818	9,829
Other debit balances	2.5	117	175
Total current assets		11,679	12,229
Less current liabilities			
Accrued expenses	2.6	6,400	2,958
Other credit balances	2.7	1,455	2,133
Net Exchequer funding	2.8	43	24
Total current liabilities		7,898	5,115
Net current assets		3,781	7,114
Net assets		4,519	7,625
Represented by:			
State funding account	2.9	4,519	7,625

2.1 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2020	4,638	1,707	6,345
Additions	526	41	567
Disposals	(13)	—	(13)
Cost or valuation at 31 December 2020	5,151	1,748	6,899
Accumulated depreciation			
Opening balance at 1 January 2020	4,244	1,590	5,834
Depreciation for the year	306	34	340
Depreciation on disposals	(13)	—	(13)
Cumulative depreciation at 31 December 2020	4,537	1,624	6,161
Net assets at 31 December 2020	614	124	738
Net assets at 31 December 2019	394	117	511

2.2 Bank and cash

at 31 December	2020 €000	2019 €000
PMG balances and cash	1,378	1,980
Commercial bank account balance	3	2
	1,381	1,982

Non-vote bank accounts

The CSSO maintains a number of bank accounts 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 in such accounts at the end of 2020 was €7.67 million (2019: €7.25 million) and this is not included in the appropriation account.

2.3 Stocks

at 31 December	2020 €000	2019 €000
Stationery	33	51

2.4 Accrued income

at 31 December	2020	2019
	€000	€000
Opening balance 1 January 2020	9,829	9,806
Cash receipts	(21)	(71)
Settlements	(54)	(98)
Additions	64	192
Closing balance 31 December 2020	9,818	9,829

2.5 Other debit balances

at 31 December	2020	2019
	€000	€000
Recoupable salaries	26	23
Recoupable travel pass scheme	13	59
Recoupable cycle to work scheme	9	8
State solicitors	69	69
	117	159

2.6 Accrued expenses

at 31 December	2020	2019
	€000	€000
Counsel fees ^a	6,206	2,645
General law expenses	75	107
Incidental expenses	61	61
Office machinery	17	56
Post and telecommunications	13	38
Other expenses	28	51
	6,400	2,958

Note ^a The increase in the amount recorded is primarily due to a change in the accounting policy for counsel fee accruals (see Statement of Accounting Policies and Principles).

2.7 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Income tax	364	351
Pay related social insurance	194	189
Professional services withholding tax	395	1,146
Pension contributions	78	79
Value added tax	2	30
Local property tax	1	1
	<u>1,034</u>	<u>1,796</u>
State property: escheated estates ^a	421	337
	<u>1,455</u>	<u>2,133</u>

Note ^a This balance is also payable to the State. It is shown separately in the table above because all of the other amounts due to the State arise from the on-going operations of CSSO while the escheated estates figure relates to cash collected from external third parties where the CSSO is awaiting disposition instructions.

2.8 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	235	167
Exchequer grant undrawn	<u>(192)</u>	<u>(143)</u>
Net Exchequer funding	<u>43</u>	<u>24</u>
Represented by:		
Debtors		
Bank and cash	1,381	1,982
Debit balances: suspense	<u>117</u>	<u>175</u>
	1,498	2,157
Creditors		
Due to the State	(956)	(1,796)
Credit balances: suspense	<u>(499)</u>	<u>(337)</u>
	(1,455)	(2,133)
	<u>43</u>	<u>24</u>

2.9 State funding account

	Note	2020	2019
		€000	€000
Balance at 1 January		7,625	7,884
Disbursements from the Vote			
Estimate provision	Account	37,381	
Surplus to be surrendered	Account	(235)	
Net vote		37,146	39,449
Expenditure (cash) borne elsewhere	1.1	3,612	3,398
Non cash expenditure – notional rent	1	865	865
Net programme cost	1	(44,729)	(43,971)
Balance at 31 December		4,519	7,625

2.10 Commitments

at 31 December	2020	2019
	€000	€000
Procurement of goods and services	832	807

2.11 Matured liabilities

at 31 December	2020	2019
	€000	€000
Estimate of matured liabilities not discharged at year end	69	128

Vote 3 Vote Expenditure

Analysis of administration expenditure

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

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,233	19,183	17,735
ii	Travel and subsistence	90	35	101
iii	Training and development and incidental expenses	1,038	954	974
iv	Postal and telecommunications services	310	341	284
v	Office equipment and external IT services	750	1,225	784
vi	Office premises expenses	250	161	166
vii	Consultancy services and value for money and policy reviews	100	63	60
		21,771	21,962	20,104

Significant variations

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

v Office equipment and external IT services

Estimate provision €750,000; outturn €1.225 million

The excess of €475,000 in this subhead was due to the requirement to purchase the necessary hardware and software assets to facilitate remote working in the Covid-19 environment.

Programme A Provision of legal services

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	19,233	19,183	17,735
A.2	Administration – non pay	2,538	2,779	2,369
A.3	External legal services	220	142	156
A.4	Fees to counsel	15,000	15,246	19,237
A.5	General law expenses	1,200	700	940
		38,191	38,050	40,437

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €141,000 lower than originally provided. This comprised the aggregate of (a) an excess of €191,000 relating to administration expenditure that has already been explained and (b) a net saving of €332,000 in non-administrative expenditure, which was mainly due to the following:

A.5 General law expenses

Estimate provision €1.2 million; outturn €700,000

The saving in expenditure of €500,000 relative to the estimate provision was due to the unpredictability of how legal cases progress through the courts, together with the impact of Covid-19, which resulted in significantly less legal activity in 2020.

Note 4 Receipts

4.1 Appropriations-in-aid

		2020		2019
		Estimated	Realised	Realised
		€000	€000	€000
1	Costs and fees received by the Office of the Chief State Solicitor	200	221	257
2	Receipts from additional superannuation contributions on public service remuneration	610	683	731
Total		810	904	988

4.2 Extra receipts payable to the Exchequer

	2020	2019
	€000	€000
Balance at 1 January	—	—
Receipts under Section 10 of the State Property Act 1954	899	10,715
Transferred to the Exchequer	(899)	(10,715)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents at year end	2020	2019
CSSO staff focused on core activities	271	273
CSSO staff working on projects for other departments/offices	13	12
	284	285

5.2 Pay

	2020	2019
	€000	€000
Pay	18,413	16,881
Higher, special or additional duties allowances	101	98
Other allowances	8	7
Overtime	21	72
Employer's PRSI	1,726	1,540
Total gross pay	20,269	18,598
Recoveries from other departments/offices	(1,086)	(863)
Total net pay	19,183	17,735

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Higher, special or additional duties	33	1	11,047	11,011
Other allowances	4	—	1,870	1,848
Overtime	15	1	10,137	30,923
Extra remuneration in more than one category	5	1	13,112	35,118

5.4 Payroll overpayments

	Number of recipients	2020	2019
		€	€
Overpayments	14	23,104	21,310
Recovery plans in place	9	12,497	—