

Appropriation Account 2020

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

A surplus of €6.967 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in circular 22 of 2020, have been applied in the preparation of the account.

Depreciation

A full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal. Depreciation is charged 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.

Shared services

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 (e.g. HR) shared service.

I rely on a letter of assurance from the Accounting Officer of 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 and Risk 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.

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 and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Non-compliance with procurement rules

I confirm that the 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 has complied with all relevant guidelines. The Office has provided details of two non-competitive contracts in the annual return in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Risk and control framework

The 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 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 responsibility for operation of controls assigned to specific staff.

Ongoing monitoring and review

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

Covid-19 pandemic

At the request of senior management, a review of the impact of Covid-19 on the office's systems of internal controls was carried out. This confirmed no effective diminution such would give arise to an adverse risk assessment indicating the requirement for compensating measures.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2020 that require disclosure in the appropriation account.

John O'Sullivan
Accounting Officer
Valuation Office

26 March 2021

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 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 16 Valuation Office 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 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

25 June 2021

Vote 16 Valuation Office

Appropriation Account 2020

	2020		2019	
	Estimate provision	Outturn	Outturn	
	€000	€000	€000	
Programme expenditure				
A	Provision of a State Valuation service	16,288	9,654	10,099
B	Administration service for the Valuation Tribunal	1,349	628	711
		17,637	10,282	10,810
Gross expenditure				
	<i>Deduct</i>			
C	Appropriations-in-aid	1,283	895	1,486
		16,354	9,387	9,324

Surplus

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

	2020	2019
	€	€
Surplus to be surrendered	6,966,869	3,406,216

John O'Sullivan
Accounting Officer
Valuation Office

26 March 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Programme cost	736	1,094
Pay	7,843	7,400
Non pay	1,703	2,316
Gross expenditure	10,282	10,810
<i>Deduct</i>		
Appropriations-in-aid	895	1,486
Net expenditure	9,387	9,324
Changes in capital assets		
Depreciation	28	32
Changes in net current assets		
Decrease in closing accruals	(154)	
Increase in stock	(1)	(237)
Direct expenditure	9,260	9,119
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	5,504	5,644
Net programme cost	14,764	14,763

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 16 borne elsewhere.

	2020	2019
	€000	€000
Vote 12 Superannuation and Retired Allowances	4,076	4,199
Vote 13 Office of Public Works	1,411	1,431
Vote 18 National Shared Services Office	17	14
	5,504	5,644

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	40	217
Current assets			
Bank and cash	2.2	238	271
Stocks		21	20
Prepayments		159	115
Other debit balances	2.3	23	93
Accrued income		303	191
Net Exchequer funding	2.5	51	—
Total current assets		795	690
Less current liabilities			
Accrued expenses		94	128
Other credit balances	2.4	312	363
Deferred income		186	150
Net Exchequer funding	2.5	—	1
Total current liabilities		592	642
Net current assets		203	48
Net assets		243	265
Represented by:			
State funding account	2.6	243	265

2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 31 December 2019	1,704	1,134	2,838
Prior year adjustment ^a	191	—	191
Cost or valuation at 1 January 2020	1,895	1,134	3,029
Additions	—	—	—
Disposals	(196)	—	(196)
Adjustments ^b	(708)	(704)	(1,412)
Cost or valuation at 31 December 2020	991	430	1,421
Accumulated depreciation			
Cost or valuation at 31 December 2019	1,543	1,078	2,621
Prior year adjustment ^a	161	—	161
Opening balance at 1 January 2020	1,704	1,078	2,782
Depreciation for the year	28	—	28
Depreciation on disposals	(196)	—	(196)
Adjustments ^b	(585)	(648)	(1,233)
Cumulative depreciation at 31 December 2020	951	430	1,381
Net assets at 31 December 2020	40	—	40
Net assets at 31 December 2019	161	56	217

Note ^a A comprehensive review of all assets identified a number of software assets that were not previously capitalised.

^b The adjustments arise from the implementation of circular 22/2020 in respect of the threshold for inclusion as a capital asset.

2.2 Bank and cash

at 31 December	2020 €000	2019 €000
PMG balance	126	(156)
Commercial bank account balance	112	427
	238	271

Note ^a The breakdown of the 2019 balance has been reanalysed between the commercial and PMG accounts.

2.3 Other debit balances

at 31 December	2020 €000	2019 €000
Recoupable travel pass expenditure	9	82
Other debit suspense items	14	11
	23	93

2.4 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Income tax	121	131
Pay related social insurance	73	73
Professional services withholding tax	69	114
Value added tax	—	—
Pension contributions	23	20
	<u>286</u>	<u>338</u>
Payroll deductions held in suspense	26	25
	<u>312</u>	<u>363</u>

2.5 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	6,967	3,406
Exchequer grant undrawn	<u>(7,018)</u>	<u>(3,405)</u>
Net Exchequer funding	<u>(51)</u>	<u>1</u>
Represented by:		
Debtors		
Bank and cash	238	271
Debit balances: suspense	<u>23</u>	<u>93</u>
	261	364
Creditors		
Due to the State	(286)	(338)
Credit balances: suspense	<u>(26)</u>	<u>(25)</u>
	(312)	(363)
	<u>(51)</u>	<u>1</u>

2.6 State funding account

	Note	<u>2020</u>	<u>2019</u>
		€000	€000
Balance at 1 January		265	60
Disbursements from the Vote			
Estimate provision	Account	16,354	
Surplus to be surrendered	Account	<u>(6,967)</u>	
Net vote		9,387	9,324
Expenditure (cash) borne elsewhere	1.1	5,504	5,644
Non-cash items – capital assets adjustment		(149)	—
Net programme cost	1	<u>(14,764)</u>	<u>(14,763)</u>
Balance at 31 December		<u>243</u>	<u>265</u>

2.7 Commitments

Global commitments		
	2020	2019
	€000	€000
at 31 December		
Total of legally enforceable commitments	<u>1,161</u>	<u>981</u>

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below has been apportioned across the programmes, to present complete programme costings.

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,740	7,843	7,400
ii	Travel and subsistence	271	101	292
iii	Training and development and incidental expenses	885	433	842
iv	Postal and telecommunications services	105	70	176
v	Office equipment and external IT services	3,242	931	835
vi	Office premises expenses	161	70	98
vii	Consultancy services and other services	60	99	73
		13,464	9,547	9,716

Significant variations

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

ii Travel and subsistence

Estimate provision €271,000; outturn €101,000

The decrease of €170,000 on expenditure on travel and subsistence was due to staff being prohibited from travelling for the inspection of properties during the course of the pandemic restrictions. It also reflects a reduction in travelling by members of the Valuation Tribunal for oral hearings which were kept to a minimum.

iii Training and development and incidental expenses

Estimate provision €885,000; outturn €433,000

The decrease of €452,000 on expenditure on training and development and incidental expenses was due to the cancellation of many of the Valuation Tribunal hearings and reflects a reduction in the payment of the Tribunal member fees during 2020.

v Office equipment and external IT services

Estimate provision €3.242 million; outturn €931,000

The decrease of €2.311 million on expenditure on office equipment and external IT services expenses was due to the underspend of the capital element included in it. This had an allocation €2.615 million, of which only €310,000 was disbursed due to the delay in putting in place a contract for Project AXIA. This project, which involves the replacement of the core valuation ICT system for the Valuation Office was subject to a procurement competition in December 2020. It is envisaged that a contract will be awarded in May/June 2021.

Programme A Provision of a State valuation service

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	8,351	7,535	7,198
A.2	Administration – non pay	3,764	1,383	1,807
A.3	Fees to counsel and other legal expenses	73	84	112
A.4	National revaluation projects	4,100	652	982
		16,288	9,654	10,099

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 €6.634 million lower than (originally) provided. €3.197 million of this related to administration expenditure and has already been explained and the balance of the variance was mainly due to the following:

A.4 National revaluation projects

Estimate provision €4.1 million; outturn €652,000

The shortfall in expenditure of €3.448 million relative to the estimate provision was due to the allocation of €3.1 million to pay a contracted external service provider to carry out revision work on behalf of the Commissioner. The contractor was subject to the restrictions of the pandemic and was unable to advance the work allocated. It is expected that this work will recommence as soon as the pandemic restrictions are lifted.

Programme B Administration service for the Valuation Tribunal

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B.1 Administration – pay	389	309	202
B.2 Administration – non pay	960	319	509
Total	1,349	628	711

Note 4 Receipts**4.1 Appropriations-in-aid**

	2020		2019
	Estimated	Realised	Realised
	€000	€000	€000
1 Valuation Tribunal appeal fees	40	45	431
2 Valuation certificates	120	86	110
3 Valuation revision fees	800	528	671
4 Miscellaneous receipts	65	7	25
5 Receipts from additional superannuation contributions on public service remuneration	258	229	249
Total	1,283	895	1,486

Significant variations

The following outlines the reasons for significant variations in receipts (+/- 5% and €100,000). Overall, appropriations-in-aid were €388,000 more than the estimate. Explanations for variances are set out below:

3 Valuation revision fees

Estimate €800,000; realised €528,000

The shortfall of €272,000 was due to the reduction in completion rates of revision cases due to our inability to inspect properties as a result of the restrictions imposed by the Covid-19 pandemic.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Number of staff at year end	2020	2019
Full time equivalents	<u>146</u>	<u>134</u>

5.2 Pay

Remuneration of Office staff	2020	2019
	€000	€000
Pay	7,117	6,743
Higher, special or additional duties allowances	77	82
Other allowances	14	14
Overtime	2	12
Employer's PRSI	633	549
Total pay	<u>7,843</u>	<u>7,400</u>

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 allowances	19	—	8,994	8,274
Overtime	10	—	2,477	6,660
Other allowances	3	—	2,874	4,693
Extra remuneration in more than one category	14	—	7,479	11,353

5.4 Other remuneration agreements

€77,930 in total was paid to four 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.

Note 6 Miscellaneous

6.1 Compensation and legal costs

					2020	2019
	Number of cases	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
Claims by members of the public	9	—	3	—	3	88
Costs awarded arising from appeals to the Valuation Tribunal	1	—	81	—	81	28
		—	84	—	84	116

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 position in relation to the legislation required to establish Tailte Éireann is as follows. At its meeting on 22 December 2020 the Government approved the general scheme of the Tailte Éireann Bill and agreed that the formal drafting of the Bill itself should be undertaken by the Office of the Attorney General.

The Department of Housing, Local Government and Heritage (DHLGH) has sent a copy of the general scheme to the relevant Oireachtas Committee and is awaiting a response as to whether or not the Committee wishes to undertake pre-legislative scrutiny in relation to the proposed legislation.

Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority is with DHLGH, as is responsibility for the establishment of Tailte Éireann. 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 with the Registrar of Deeds and Titles, the Chief Survey Officer and other members of the Programme Board on planning and design of the necessary infrastructure for the new organisation. DHLGH are providing guidance and support to the Programme Board in relation to the required legislation and other issues relevant to the merger. Accommodation arrangements for Tailte Éireann have been put in place by the Office of Public Works and will be effected in late 2022. The Valuation Office will continue to provide any support necessary to bring about the establishment of Tailte Éireann.

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.