

Appropriation Account 2016

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 2016 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 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €6.76 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 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.

Assurance on Shared Services

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) of the Department of Justice and Equality, Killarney. 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.

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 four contracts to the value of €643,939 which were listed in my annual return in respect of Circular 40/2002. The largest contract, with a value of €403,264, had been the subject of an open tender process previously. It relates to maintenance, support and license expenditure on a bespoke system for users across all Government Departments, as well as expenditure on a necessary upgrade of the system. Another contract, with a value of €105,854 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. The other two contracts listed were included because they were rolled over from a previous year, with one due to be subject to a request for tender process in 2017.

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.

Martin Fraser
Accounting Officer
Department of the Taoiseach

30 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

I have audited the appropriation account for Vote 2 Department of the Taoiseach for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Department and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

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 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Department of the Taoiseach. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 2 Department of the Taoiseach Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government	30,220	23,348	23,288
Gross expenditure		30,220	23,348	23,288
<i>Deduct</i>				
B	Appropriations-in-aid	870	763	909
Net expenditure		29,350	22,585	22,379

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	6,764,751	4,643,451

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,886	11,866	12,012
ii	Travel and subsistence	535	473	468
iii	Training and development and incidental expenses	1,505	937	666
iv	Postal and telecommunications services	360	252	261
v	Office equipment and external IT services	1,060	1,241	770
vi	Office premises expenses	316	280	291
vii	Consultancy services and value for money and policy reviews	18	—	9
		16,680	15,049	14,477

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Programme cost	8,299	8,811
Pay	11,866	12,012
Non pay	3,183	2,465
Gross expenditure	23,348	23,288
<i>Deduct</i>		
Appropriations-in-aid	763	909
Net expenditure	22,585	22,379
Changes in capital assets		
Purchases cash	(60)	
Depreciation	116	56
		1
Assets under development		
Cash payments		(164)
		—
Changes in net current assets		
Decrease in closing accruals	(223)	
Increase in stock	(5)	
		(228)
		137
Direct expenditure	22,249	22,517
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,269	4,161
Notional rents	1,395	1,395
Net programme cost	27,913	28,073

1.1 Net Allied Services Expenditure

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

	2016	2015
	€000	€000
Vote 9 Office of Revenue Commissioners	e 8	—
Vote 12 Superannuation and Retired Allowances	e 2,522	2,648
Vote 13 Office of Public Works	e 933	514
Vote 18 National Shared Services Office	e 21	14
Vote 20 Garda Síochána	e 186	256
Vote 24 Justice and Equality	e 57	63
Vote 36 Defence	e 72	72
Central Fund: Taoisigh and Ministerial pensions	e 470	594
	<u>4,269</u>	<u>4,161</u>

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

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	286	342
Capital assets under development	2.3	164	—
		450	342
Current assets			
Bank and cash	2.4	1,215	574
Stocks	2.5	100	95
Prepayments		404	333
Other debit balances	2.6	100	273
Total current assets		1,819	1,275
Less current liabilities			
Accrued expenses		162	314
Other credit balances	2.7	664	654
Net liability to the Exchequer	2.8	651	193
Total current liabilities		1,477	1,161
Net current assets		342	114
Net assets		792	456
Represented by:			
State funding account	2.1	792	456

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		456	594
Disbursements from the Vote			
Estimate provision	Account	29,350	
Surplus to be surrendered	Account	(6,765)	
Net vote		22,585	22,379
Expenditure (cash) borne elsewhere	1	4,269	4,161
Non cash expenditure – notional rent	1	1,395	1,395
Net programme cost	1	(27,913)	(28,073)
Balance at 31 December		792	456

2.2 Capital Assets

	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	2,234	590	2,824
Additions	55	5	60
Disposals	—	(8)	(8)
Cost or valuation at 31 December 2016	<u>2,289</u>	<u>587</u>	<u>2,876</u>
Accumulated depreciation			
Opening balance at 1 January 2016	1,972	510	2,482
Depreciation for the year	96	20	116
Depreciation on disposals	—	(8)	(8)
Cumulative depreciation at 31 December 2016	<u>2,068</u>	<u>522</u>	<u>2,590</u>
Net assets at 31 December 2016	<u>221</u>	<u>65</u>	<u>286</u>
Net assets at 31 December 2015	<u>262</u>	<u>80</u>	<u>342</u>

2.3 Capital Assets under Development

at 31 December 2016	eCabinet^a
	€000
Amounts brought forward at 1 January 2016	—
Cash payments for the year	164
Transferred to the asset register	—
Balance at 31 December 2016	<u>164</u>

^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 3000 users across all Government Departments. The system is undergoing a major upgrade to ensure its ongoing viability.

2.4 Bank and Cash	2016	2015
at 31 December	€000	€000
PMG balances and cash	1,183	528
Commercial bank accounts	32	46
	<u>1,215</u>	<u>574</u>

2.5 Stocks	2016	2015
at 31 December	€000	€000
Gifts	13	11
Stationery	41	38
Publications	41	41
Consumables, etc.	5	5
	<u>100</u>	<u>95</u>

2.6 Other Debit Balances	2016	2015
at 31 December	€000	€000
OPW suspense account	—	148
Payroll suspense account	—	25
Recoupment of travel pass scheme	80	64
Other	20	36
	<u>100</u>	<u>273</u>

2.7 Other Credit Balances	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	310	331
Pay Related Social Insurance	110	115
Value Added Tax	59	24
Professional Services Withholding Tax	53	90
	<u>532</u>	<u>560</u>
Payroll deductions held in suspense	99	93
Other	33	1
	<u>664</u>	<u>654</u>

2.8 Net Liability to the Exchequer	2016	2015
at 31 December	€000	€000
Surplus to be surrendered	6,764	4,643
Exchequer grant undrawn	(6,113)	(4,450)
Net liability to the Exchequer	<u>651</u>	<u>193</u>

Represented by:**Debtors**

Bank and cash	1,215	574
Debit balances: suspense	100	273
	<u>1,315</u>	<u>847</u>

Creditors

Due to State	(532)	(560)
Credit balances: suspense	(132)	(94)
	<u>(664)</u>	<u>(654)</u>
	<u>651</u>	<u>193</u>

2.9 Commitments	2016	2015
at 31 December	€000	€000

a) Global Commitments

Procurement of goods and services	22	222
Capital projects	327	—
Total of legally enforceable commitments	<u>349</u>	<u>222</u>

3.0 Matured Liabilities

There were no matured liabilities undischarged at year end 2016 or in the previous year.

3 Programme Expenditure by Subhead

		2016		2015
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
A	Supporting the work of the Taoiseach and Government			
A.1	Administration – pay	12,886	11,866	12,012
A.2	Administration – non pay	3,794	3,184	2,465
A.3	National Economic and Social Council	1,990	1,822	1,919
A.4	Tribunal of inquiry	4,500	1,086	2,913
A.5	EU engagement	300	276	302
A.6	Irish personnel in EU and international institutions	1,850	1,553	1,182
A.7	Commissions of investigation	3,400	2,489	1,637
A.8	Data protection	500	248	163
A.9	Diaspora affairs	1,000	825	695
		30,220	23,349	23,288

Significant variations

Overall, the gross expenditure in relation to the programme was €6.87 million lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	1,020	Variance in this subhead was due to delays in filling vacancies in 2016. In addition, following the transfer of EU engagement and diaspora affairs functions to the Department of Foreign Affairs and Trade in autumn 2016, the related staff costs for the remainder of the year of €0.2 million was met by the Vote for Foreign Affairs and Trade.
National Economic and Social Council	168	Variance in this subhead was mainly due to non-filling of one position in 2016 that accounts for €0.1 million of the variance. The remaining variance relates to the timing of receipt bills at year-end.
Tribunal of Inquiry	3,414	Variance was due to the number of legal cost claims settled in 2016 being lower than expected.
Irish personnel in EU and international institutions	297	Recoupments are paid quarterly in arrears. The European affairs division of the Department of the Taoiseach, which administered the scheme in 2016, relies on seconded national experts' parent Departments to submit their requests for payment of salary/PRSI/allowances (if applicable) in a timely manner. When requests were not received on time, the EU Division followed up with the parent Department to try to ensure prompt payment.

Description	Less/ (more) than provided	Explanation
	€000	
Commissions of investigation	911	The Fennelly and IBRC Commissions are independent in their investigations and their expenditure levels depend on the needs and requirements of their investigations in the first instance. For example, the IBRC work was delayed due to a requirement for bespoke legislation.
Data protection	252	The variance in this subhead is due to planned expenditure in 2016 associated with the upcoming International Data Summit. This was originally expected to occur in 2016 but was delayed until June 2017.
Diaspora affairs	175	The variance is due to less expenditure on the scheme than anticipated due to difficulty predicting the level of applications at the time of estimates preparation and subsequently not all applications received met the required criteria for inclusion in the grants scheme. Also some applications only received offers of partial funding and, in some cases, did not draw down the full amount.

4 Receipts

4.1 Appropriations-in-aid

	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	58	47	55
2. Receipts from pension-related deductions on public service remuneration	812	716	854
Total	870	763	909

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	204	217

The above analysis includes non-departmental staff charged to A.1 and other subheads.

The 2016 figure in the table above include core staff from the Department (181.3), Data Protection (2), Diaspora Affairs (1.6), National Economic and Social Council (NESC) (15.7), the Fennelly Commission (1), the Commission of Investigation (IBRC) (1), Moriarty Tribunal (1).

	2016	2015
	€000	€000
Pay	14,074	12,787
Redundancy and severance	47	—
Higher, special or additional duties allowance	401	310
Overtime and extra attendance	351	340
Employer's PRSI	957	848
Total pay	15,830	14,285

Included in the above details are payments to a recruitment agency in respect of the provision of a legal secretary to the Moriarty Tribunal.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016	Maximum individual payment 2015
			€	€
Higher, special or additional duties	39	9	20,439	21,406
Overtime and extra attendance	83	8	20,899	23,596
Extra remuneration in more than one category	16	9	21,808	24,668

5.2 Other Remuneration Arrangements

Ex-gratia payment of €29,681 (2015: €30,977) was made in respect of agreed retirement benefit to one former employee.

5.3 Payroll Overpayments

Overpayments at the year end were €23,439 (9 cases) (2015 €18,793, 11 cases). Of this, €22,255 (6 cases) had recovery plans in place at the end of 2016.

5.4 Redundancy and severance

Two employees received redundancy and severance payments in 2016 with cumulative values of €10,860 in respect of redundancy and €35,981 in respect of severance.

6 Miscellaneous

6.1 Commissions and Inquiries

Commission, Committee or Special Inquiry

	Year of appointment	2016	2015	Total expenditure to end 2016
		€000	€000	€000
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1997	1,086	2,856	54,742
Commission of Investigation (Fennelly Commission)	2014	1,289	1,160	3,023
Commission of Investigation (Cregan Commission)	2015	1,039	477	1,516

Cumulative expenditure for the Tribunal of Inquiry (payments to Messrs Haughey and Lowry) to the end of December 2016 was €54.7 million. There will be further payments associated with this Tribunal of Inquiry. Final costs cannot be determined at this point.

The Commission of Investigation (Fennelly) was established by Government Order on 30 April 2014 to investigate certain matters relative to An Garda Síochána and other persons.

The Commission of Investigation (Cregan) relates to Irish Banking Resolution Corporation and was established in 2015.

6.2 Official Gifts

The account includes the sum of €3,203 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2016 (2015: €5,492).

6.3 Arbitration and Conciliation Costs

Expenditure in 2016 includes seven payments relating to two cases totalling €1,516 (2015 2 cases: €2,654) made directly to the States Claims Agency.

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.

