

Appropriation Account 2022

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 2022 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 2022, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.324 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure, National Development Plan Delivery and Reform in circular 22 of 2022, have been applied in the preparation of the account except for the following.

Depreciation

Software licences are depreciated on a straight line basis at a rate of 33% per annum.

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.

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 (NSSO) for the provision of HR, finance and payroll shared service.

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

In April 2022, the NSSO Financial Shared Services (FSS) system went live for eight client bodies, including this vote. FSS replaced the existing financial system in use in the Office and this meant that there were two separate accounting systems in place during the accounting year 2022. The introduction of this cross-organisational financial management system brought with it some challenges, and in the context of preparing these accounts, additional manual checks were carried out by the Finance Unit within this Office to ensure that the figures being reported are accurate. In collaboration with the NSSO, the Office continues to work on addressing the challenges.

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 the following.

- 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 process. 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.

Procurement

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 provided details of one 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, National Development Plan Delivery and Reform.

Non-compliance with procurement rules

The Office complied with the guidelines with the exception of one contract (in excess of €25,000), totalling €25,475 (exclusive of VAT).

The contract was in respect of contract cleaning services and cleaning supplies. A contract which had been awarded following a competitive tendering process expired prior to the Office relocating to a new premises in December 2019. In March 2020, due to the onset of the Covid-19 pandemic and the resultant partial and full building closures, a decision was taken to retain the use of the existing cleaning contractors until the period of uncertainty came to an end. A new cleaning contractor was appointed with effect from November 2022 under an OGP framework.

The above contract has been included in the 40/2002 annual return referenced above.

Internal audit and Audit Committee

I confirm that the Office has an internal audit function which is externally outsourced, with appropriately trained personnel. The internal audit unit operates under a charter which was approved in December 2021. 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 assigned to specific staff.

Ongoing monitoring and review

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

No weakness in internal financial control were identified in relation to 2022 that require disclosure in the appropriation account.

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

31 March 2023

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 2022 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 2022, and
- has been prepared in the form prescribed by the Minister for Public Expenditure, National Development Plan Delivery 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 appendix to this report. 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 appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy

Comptroller and Auditor General

31 August 2023

Appendix to the report

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure, National Development Plan Delivery and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the appropriation account is free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the appropriation account whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

I have not received all the information and explanations I required for my audit, or

- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the audit reports on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 19 Office of the Ombudsman

Appropriation Account 2022

	2022	2021
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Ombudsman function/Office of the Commission for Public Service Appointments	7,435	6,307
B Standards in Public Office Commission	1,992	1,525
C Office of the Information Commissioner/Office of the Commissioner for Environmental Information	3,366	2,611
Gross expenditure	12,793	10,443
<i>Deduct</i>		
D Appropriations-in-aid	505	366
Net expenditure	12,288	10,077
Surplus		
The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.		
	2022	2021
	€	€
Surplus to be surrendered	1,323,783	2,062,146

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

31 March 2023

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2022

	2022	2021
	€000	€000
Pay	9,647	8,385
Non pay	1,787	2,058
Gross expenditure	11,434	10,443
<i>Deduct</i>		
Appropriations-in-aid	470	366
Net expenditure	10,964	10,077
Changes in capital assets		
Purchases cash	(118)	
Depreciation	161	43
		119
Changes in net current assets		
Decrease in inventories	6	
Decrease in closing accruals	(208)	(309)
		(303)
Direct expenditure	10,805	9,887
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,176	3,676
Net programme cost	14,981	13,563

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.

	2022	2021
	€000	€000
Vote 9 Office of the Revenue Commissioners	41	30
Vote 12 Superannuation and Retired Allowances	1,881	1,567
Vote 13 Office of Public Works	2,109	2,066
Vote 18 National Shared Services Office	145	13
	4,176	3,676

Note 2 Statement of Financial Position as at 31 December 2022

	Note	2022 €000	2021 €000
Capital assets	2.1	289	326
Current assets			
Inventories ^a		—	6
Prepayments	2.2	683	472
Bank and cash		97	113
Net Exchequer funding	2.4	258	137
Other debit balances		7	32
Total current assets		1,045	760
Less current liabilities			
Accrued expenses		78	75
Other credit balances	2.3	362	282
Total current liabilities		440	357
Net current assets		605	403
Net assets		894	729
Represented by:			
State funding account	2.5	894	729

Note ^a Following a review of consumables in 2022, low-value and high-volume item categories were removed from the inventories balance.

2.1 Capital assets

	IT equipment	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets cost or value				
At 1 January 2022	2,307	45	102	2,454
Additions ^a	—	—	124	124
Reclassification ^b	45	(45)	—	—
Brought into use	190	—	(190)	—
At 31 December 2022	2,542	—	36	2,578
Accumulated depreciation				
At 1 January 2022	2,083	45	—	2,128
Reclassification ^b	45	(45)	—	—
Depreciation for the year	161	—	—	161
At 31 December 2022	2,289	—	—	2,289
Net assets at 31 December 2022	253	—	36	289
Net assets at 31 December 2021	224	—	102	326

Note ^a Capital assets under development include €29,000 in costs relating to the set-up of the new Office of Protected Disclosures Commissioner established on 1 January 2023.

^b Following a review of the fixed asset register, certain assets previously classified under office equipment were reclassified as IT equipment.

2.2 Prepayments

At 31 December	2022 €000	2021 €000
Software licences	518	245
Other prepayments	165	227
Balance at 31 December	683	472

2.3 Other credit balances

at 31 December	2022	2021
	€000	€000
Amounts due to the State		
Income tax	165	134
Pay related social insurance	90	72
Professional services withholding tax	24	9
Pension contributions	32	24
	<u>311</u>	<u>239</u>
Payroll deductions held in suspense	34	28
Other credit suspense items	17	15
	<u>362</u>	<u>282</u>

2.4 Net Exchequer funding

at 31 December	2022	2021
	€000	€000
Surplus to be surrendered	1,324	2,062
Exchequer grant undrawn	(1,582)	(2,199)
Net Exchequer funding	<u>(258)</u>	<u>(137)</u>
Represented by:		
Debtors		
Bank and cash	97	113
Debit balances: suspense	7	32
	<u>104</u>	<u>145</u>
Creditors		
Due to the State	(311)	(239)
Credit balances: suspense	(51)	(43)
	<u>(362)</u>	<u>(282)</u>
	<u>(258)</u>	<u>(137)</u>

2.5 State funding account

	Note	2022	2021
		€000	€000
Balance at 1 January		729	607
Disbursements from the Vote			
Estimate provision	Account	12,288	
Surplus to be surrendered	Account	(1,324)	
Net vote		10,964	10,077
Expenditure (cash) borne elsewhere	1.1	4,176	3,676
Non-cash items – capital asset adjustment		6	—
Fixed asset adjustments ^a		—	(68)
Net programme cost	1	(14,981)	(13,563)
Balance at 31 December		894	729

Note ^a These adjustments relate to the removal of individual assets with a value under €10,000 from the asset register in 2021 as required by Department of Public Expenditure, National Development Plan Delivery and Reform circular 1/2022.

2.6 Commitments

	2022	2021
	€000	€000
at 31 December		
Procurement of goods and services	184	247
Capital projects	208	148
	392	395

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2022		2021
		Estimate provision	Outturn	Outturn restated ^a
		€000	€000	€000
i	Salaries, wages and allowances	10,233	9,647	8,385
ii	Travel and subsistence	62	10	4
iii	Training and development	300	106	124
iv	Professional, consultancy and other services	44	68	91
v	Operating expenses	1,319	205	186
vi	Asset and equipment expenses	109	920	1,057
vii	Communication and marketing expenses	36	69	61
viii	Legal fees	680	365	535
ix	Referendum Commission ^b	10	44	—
		12,793	11,434	10,443

Note ^a In 2022, there was a change to the administration subheads to facilitate the new single cross-Government chart of accounts for all votes. Eight client bodies, including this Vote, moved to a new chart of accounts during the year. The comparative figures for 2021 have been restated to correspond with the new subheads.

^b Prior to the establishment of the Electoral Commission on 1 January 2023, this Office incurred costs of €44,000 relating to the procurement of services for future referendums.

Significant variations

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

iii Training and development

Estimate provision €300,000; outturn €106,000

The reduction of €194,000 relates to a saving on training courses which in 2022 had not returned to pre-Covid levels. In addition, as a result of the change in the subheads during the year, some expenditure is now reported under operating expenses.

v Operating expenses

Estimate provision €1.319 million; outturn €205,000

The underspend of €1.114 million relates to an uncorrected error in the published estimates where the figure for operating expenses was overstated. The figure that should have appeared in the estimates was €109,000.

vi Asset and equipment expenses

Estimate provision €109,000; outturn €920,000

The overspend of €811,000 relates to an uncorrected error in the published estimates where the figure for asset and equipment expenses was understated. The figure that should have appeared in the estimates was €1.319 million. The underspend of €399,000 relates to delays in completing some ICT projects due a licencing model change and the availability of relevant external ICT technical resources required to complete the projects.

viii Legal fees

Estimate provision €680,000; outturn €365,000

The underspend of €315,000 is due to a difficulty in estimating exactly when legal fees will require to be paid. There is a right to appeal decisions made under FOI legislation and environmental information legislation to the High Court on a point of law and the number of appeals may vary from year to year. Cases may also be appealed to higher courts.

Programme A Ombudsman function/Office of the Commission for Public Service Appointments

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	6,368	6,530	5,531
A.2	Administration – non pay	1,067	943	776
		7,435	7,473	6,307

Programme B Standards in Public Office Commission

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,372	1,065	1,077
B.2	Administration – non pay	620	379	448
		1,992	1,444	1,525

Programme C Office of the Information Commissioner/Office of the Commissioner for Environmental Information

	2022		2021
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C.1 Administration – pay	2,493	2,052	1,777
C.2 Administration – non pay	873	465	834
	3,366	2,517	2,611

Note 4 Receipts

4.1 Appropriations-in-aid

	2022		2021
	Estimated	Realised	Realised
	€000	€000	€000
1 Appropriation in aid	35	73	26
2 Fixed payment fines under section 21 of the Regulation of Lobbying Act 2015	60	69	66
3 Receipts from additional superannuation contributions on public service remuneration	410	328	274
Total	505	470	366

4.2 Extra receipts payable to the Exchequer

	2022	2021
	€000	€000
Balance at 1 January	—	—
Collected	—	4
Transferred to the Exchequer	—	(4)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2022	2021
Number of staff at year end	<u>149</u>	<u>134</u>

5.2 Pay

	2022	2021
	€000	€000
Pay	8,865	7,719
Higher, special or additional duties allowances	22	34
Overtime and extra attendance	3	5
Employer's PRSI	<u>757</u>	<u>627</u>
Total pay	<u>9,647</u>	<u>8,385</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2022	2021
			€	€
Higher, special or additional duties	4	1	12,046	11,514
Overtime and extra attendance	3	—	1,589	3,178
Extra remuneration in more than one category	2	—	6,477	—

5.4 Office staffing by pay band

The number of Office employees whose total employee benefits (including basic pay, allowances, overtime; excluding employer PRSI, employer pension costs) for the financial year fell between €20,000 and €59,999 and within each band of €10,000 from €60,000 upwards are as follows.

Pay bands (€)		Number of employees	
From	To	2022	2021
20,000	59,999	86	90
60,000	69,999	11	11
70,000	79,999	16	16
80,000	89,999	17	13
90,000	99,999	10	1
100,000	109,999	2	4
110,000	119,999	3	1
140,000	149,999	—	1
160,000	169,999	1	—
170,000	179,999	1	—
190,000	199,999	—	1

5.5 Remuneration and benefits of Accounting Officer

The Accounting Officer's remuneration and taxable benefits for the financial year was as follows.

	2022	2021
	€000	€000
Basic pay	<u>168</u>	<u>145</u>

The Accounting Officer's salary is at Assistant Secretary grade.

The value of retirement benefits earned in the period is not included above. The Accounting Officer is a member of the post 1995 superannuation scheme for established civil servants, and her entitlement to pension benefits do not extend beyond the terms of that scheme.

Note 6 Miscellaneous

6.1 Compensation and legal costs

Payments/costs paid by the Office in the year

In respect of statutory legal challenges, appeals, judicial reviews, prosecutions and other legal proceedings not relating to claims by employees or members of the public.

	2022	2021
	€000	€000
Number of cases	19	27
Office's own legal costs	160	402
Payments to/on behalf of the Office		
Compensation	—	—
Legal costs	99	110
Other costs	—	—
Total	259	512

Cumulative costs of cases completed in 2022

In respect of statutory legal challenges, appeals, judicial reviews, prosecutions and other legal proceedings not relating to claims by employees or members of the public.

Number of cases	21
	€000
Office's own legal costs	396
Payments to/on behalf of the Office	
Compensation	—
Legal costs	77
Other costs	—
Total	473

6.2 Write-offs

	2022	2021
	€000	€000
Suspense account balance re: travel pass	7	—