

Appropriation Account 2020

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2020 for the salaries and expenses of the Property Registration Authority.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.295 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, with one exception. For 2020, the Authority has continued to include assets under the €10,000 threshold on the asset register. It is however intended that there will be full compliance with circular 21 of 2020 from the 2021 appropriation account onwards.

Depreciation

Depreciation is charged monthly 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 Authority.

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

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

Shared services

Payroll and human resources are provided on a shared service basis by the National Shared Service Office (Vote 18). 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 shared services.

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.

In addition, I rely on a letter of assurance from the Accounting Officer of the Department of Justice that the appropriate controls are exercised in the provision of financial shared services to this Office. I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice for the provision of financial shared services.

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.

Compensations claims

The Property Registration Authority (PRA) operate a title system that confers a State guarantee on the title holder. The State is bound to indemnify any person who suffers loss through reliance on the register. In the normal course of its business, the Authority receives compensation claims under Section 120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

I oversee the implementation of a counter fraud framework, the aim of which is to minimise our exposure to and losses from fraud against the registers. This framework guides the implementation of our strategy in maintaining the integrity of the registers, safeguarding registered property rights and protecting public resources.

A summary of payments made under Section 120 of the Registration of Deeds and Title Act 1964 is set out in Note 6.1 to the accounts. No compensation payments were made in 2020 that specifically related to fraud or forgery. A small number of alleged fraudulent applications remain under investigation.

Administrative controls and management reporting

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Authority
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Authority ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal audit and Audit Committee

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

Non-compliance with procurement rules

The Authority complied with the guidelines with the exception of two telecommunication contracts, with a combined value of €96,699 awarded following a competitive process, that were rolled over pending the completion of a new procurement process. In both cases, a new competitive tender process has now been completed.

In addition, the Authority has provided details of eight non-competitive contracts in the annual return in respect of circular 40 of 2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Risk and control framework

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

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

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

Ongoing monitoring and review

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

Review of effectiveness

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

Covid-19 pandemic

As a result of the Covid-19 pandemic, the necessity to provide a safe working environment and the requirement to maintain service delivery, a number of new work practices were introduced, including the introduction of remote working.

The new work practices, together with inherent risks in operation in a paper based environment throughout the pandemic, have given rise to a number of newly identified risks. A Covid-19 risk register is in place and the related risks are being actively managed with a range of appropriate mitigating actions in place.

These actions seek to ensure that the new work practices that have been necessitated by the Covid-19 pandemic have not given rise to a weakening of the control environment.

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.

Elizabeth Pope
Accounting Officer
Property Registration Authority

31 March 2021

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 23 Property Registration Authority for the year ended 31 December 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 23 Property Registration Authority 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 Property Registration Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

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

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

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

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

16 September 2021

Vote 23 Property Registration Authority

Appropriation Account 2020

	<u>2020</u>	<u>2019</u>	
	Estimate provision €000	Outturn €000	Outturn €000
Programme expenditure			
A Manage the Land Registry and the Registry of Deeds	32,319	31,100	29,727
Gross expenditure	<u>32,319</u>	<u>31,100</u>	<u>29,727</u>
<i>Deduct</i>			
B Appropriations-in-aid	<u>531</u>	<u>607</u>	<u>639</u>
Net expenditure	<u><u>31,788</u></u>	<u><u>30,493</u></u>	<u><u>29,088</u></u>

Surplus

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

	<u>2020</u>	<u>2019</u>
	€	€
Surplus to be surrendered	<u><u>1,294,847</u></u>	<u><u>1,417,409</u></u>

Elizabeth Pope
Accounting Officer
Property Registration Authority

31 March 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Pay	26,692	25,301
Non pay	4,408	4,426
Gross expenditure	31,100	29,727
<i>Deduct</i>		
Appropriations-in-aid	607	639
Net expenditure	30,493	29,088
Changes in capital assets		
Purchases cash	(1,409)	
Depreciation	496	(913)
	(913)	(591)
Changes in net current assets		
Increase in closing accruals	46	
Decrease in stock	12	58
	58	(55)
Direct expenditure	29,638	28,442
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	7,917	8,291
Notional rents	2,279	2,279
Net programme cost	39,834	39,012

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 23 borne elsewhere.

	2020	2019
	€000	€000
Vote 12 Superannuation and Retired Allowances	6,981	7,268
Vote 13 Office of Public Works	790	880
Vote 18 National Shares Services Office	55	54
Vote 24 Justice – Financial Shared Services Centre	91	89
	7,917	8,291

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	3,154	2,241
Current assets			
Bank and cash	2.2	1,738	2,405
Stocks	2.3	127	139
Prepayments		543	493
Accrued income		5	8
Other debit balance	2.4	72	149
Net Exchequer funding	2.6	11	—
Total current assets		2,496	3,194
Less current liabilities			
Accrued expenses		222	129
Other credit balances	2.5	1,821	2,538
Net Exchequer funding	2.6	—	16
Total current liabilities		2,043	2,683
Net current assets		453	511
Net assets		3,607	2,752
Represented by:			
State funding account	2.7	3,607	2,752

2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Assets under development €000	Total €000
Gross assets				
Cost or valuation at 1 January 2020	33,673	3,728	1,001	38,402
Additions	809	6	594	1,409
Disposals	(10)	—	—	(10)
Cost or valuation at 31 December 2020	34,472	3,734	1,595	39,801
Accumulated depreciation				
Opening balance at 1 January 2020	32,565	3,596	—	36,161
Depreciation for the year	470	26	—	496
Depreciation on disposals	(10)	—	—	(10)
Cumulative depreciation at 31 December 2020	33,025	3,622	—	36,647
Net assets at 31 December 2020	1,447	112	1,595	3,154
Net assets at 31 December 2019	1,108	132	1,001	2,241

2.2 Bank and cash

at 31 December	2020 €000	2019 €000
PMG balances and cash	701	606
Other commercial bank balances	1,037	1,799
	1,738	2,405

Other commercial bank accounts

The commercial bank account balances represent amounts owing to the Exchequer on 31 December 2020 in respect of registration fees. Not included are non-Exchequer receipts held at the Central Bank in respect of ground rent purchase moneys. The amount held at the end of 2020 is €5.8 million (2019 €5.6 million)

2.3 Stocks

at 31 December	2020	2019
	€000	€000
Stationery	84	90
Miscellaneous supplies	29	12
IT consumables	14	37
	<u>127</u>	<u>139</u>

2.4 Other debit balances

at 31 December	2020	2019
	€000	€000
Building charges recoupable	46	38
Payroll deductions held in suspense	26	111
	<u>72</u>	<u>149</u>

2.5 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Income tax	358	333
Pay related social insurance	211	195
Value added tax	29	31
Professional services withholding tax	3	—
Extra receipts payable to the Exchequer	1,037	1,799
	<u>1,638</u>	<u>2,358</u>
Payroll deductions held in suspense	183	180
	<u>1,821</u>	<u>2,538</u>

2.6 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	1,295	1,417
Exchequer grant undrawn	<u>(1,306)</u>	<u>(1,401)</u>
Net Exchequer funding	<u>(11)</u>	<u>16</u>
Represented by:		
Debtors		
Bank and cash	1,738	2,405
Debit balances: suspense	<u>72</u>	<u>149</u>
	1,810	2,554
Creditors		
Due to the State	(1,638)	(2,358)
Credit balances: suspense	<u>(183)</u>	<u>(180)</u>
	(1,821)	(2,538)
	<u>(11)</u>	<u>16</u>

2.7 State funding account

	Note	2020	2019
		€000	€000
Balance at 1 January		2,752	2,238
Disbursements from the Vote			
Estimate provision	Account	31,788	
Surplus to be surrendered	Account	<u>(1,295)</u>	
Net vote		30,493	29,088
Expenditure (cash) borne elsewhere	1.1	7,917	8,291
Non cash expenditure – notional rent	1	2,279	2,279
Net programme cost	1	<u>(39,834)</u>	<u>(39,144)</u>
Balance at 31 December		<u>3,607</u>	<u>2,752</u>

2.8 Commitments

Global commitments

at 31 December	2020 €000	2019 €000
Procurement of goods and services	<u>531</u>	<u>424</u>

2.9 Contingent liabilities

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain. This includes the Section 120 compensation cases as described in Note 6.1 below and referred to in the statement on internal financial control.

Note 3 Vote Expenditure

Analysis of administration expenditure

All of the allocation for Vote 23 Property Registration Authority is classified as administration expenditure applied towards a single programme: manage the Land Registry and the Register of Deeds.

	Estimate provision €000	2020		2019
		Outturn	Outturn	Outturn
		€000	€000	€000
i Salaries, wages and allowances	26,575	26,692	25,301	25,301
ii Travel and subsistence	110	22	95	95
iii Training and development and incidental expenses	1,570	1,082	1,055	1,055
iv Postal and telecommunications services	900	656	785	785
v Office equipment and external IT services	2,627	2,315	2,069	2,069
vi Office premises expenses	512	324	398	398
vii Consultancy services and value for money and policy reviews	25	9	24	24
	32,319	31,100	29,727	29,727

Significant variations

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

iii Training and development and incidental expenses

Estimate provision €1.57 million; outturn €1.082 million

The under spend relates to the small number of Section 120 compensation claims paid in 2020. The timing and outcome of the payment of such claims are difficult to determine.

iv Postal and telecommunications services

Estimate provision €900,000; outturn €656,000

The under spend relates to a reduced level of postal expenditure in quarter 2 of 2020 due to the Covid-19 pandemic.

vi Office premises expenses

Estimate provision €512,000; outturn €324,000

There were no significant office maintenance projects undertaken in 2020 leading to a reduced office premises spend.

Note 4 Receipts

4.1 Appropriations-in-aid

	2020		2019
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration	531	607	639
Total	531	607	639

4.2 Extra receipts payable to the Exchequer

	2020 €000	2019 €000
Opening balance at 1 January	1,799	1,856
Land Registry fees	58,624	68,413
Registry of Deed fees	1,017	1,377
Ground rent fees received	57	75
Paid over to Exchequer	(60,460)	(69,922)
Closing balance at 31 December	1,037	1,799

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>529</u>	<u>529</u>

5.2 Pay

	2020	2019
	€000	€000
Pay	24,656	23,392
Higher, special or additional duties allowances	23	19
Other allowances	62	66
Overtime	56	137
Employer's PRSI	1,895	1,687
Total pay	<u>26,692</u>	<u>25,301</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	10	—	8,058	7,994
Other allowances	20	—	4,752	7,942
Overtime	36	—	8,283	12,618
Extra remuneration in more than one category	8	2	11,707	14,473

5.4 Payroll overpayments

	Number of recipients	2020	2019
		€	€
Overpayments	56	172,997	198,970
Recovery plans in place	29	117,437	90,236

Two overpayment recovery plans in respect of two individuals to the value of €7,742 were transferred to other departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. Six Section 120 compensation payments were paid in 2020 (18 were paid in 2019), the total costs of which are set out below.

				2020	2019
	Number of cases	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	Total €000
Claims under S.120 of the Registration of the Title Act 1964	6	—	4	15	19
				19	15

6.2 Fraud and suspected fraud

The PRA are aware of a small number of cases of suspected fraudulent applications for registration. These cases remain under investigation. The cases may result in a payment under Section 120 of the Registration of Title Act 1964.

6.3 Merger

As part of the Public Service Reform Programme, a Government decision was made to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority.

As a result, a new organisation to be called Tailte Éireann, will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

The 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 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.