

## **Appropriation Account 2019**

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### **Vote 27**

### **International Co-operation**

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## Introduction

As Accounting Officer for Vote 27, 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 2019 for certain Official Development Assistance, including certain grants, and for contributions to certain International Organisations involved in Development Assistance and for salaries and expenses in connection therewith.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.411 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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 except for the following:

### ***Capital assets***

The carrying value of land and buildings included in capital assets is based on a valuations conducted in 2005 as adjusted by:

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 also reflected at cost.

### ***Depreciation***

Vehicles are depreciated on a straight line basis at a rate of 20% per annum.

Buildings are not depreciated.

### ***Foreign exchange transactions***

Transactions arising on convertible currencies are translated into Euro at the rate of exchange prevailing at the date of settlement. At programme country mission level, transactions arising on non-convertible currencies are translated into Euro at the market rate of exchange prevailing at the beginning of that month.

### ***Grant refunds***

Refunds of grants which were funded out of the bilateral co-operation and humanitarian assistance fund are returned to the fund on receipt.

## **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 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 Department/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 for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

### ***Financial control environment***

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

### ***Administrative controls and management reporting***

I confirm that a framework of administrative procedures and regular management reporting is in place. It includes the following elements:

- there is segregation of duties and a system of delegation and accountability
- 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.

***Procurement compliance***

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with all relevant procurement guidelines. Three contracts, with a value of €249,026 have been included in the Circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process. The three contracts are considered non-competitive but compliant. The contracts were not tendered as one related to provision of proprietary previously tendered contracts (€155,745) and the other two related to situations where there was an extension of previously tendered contracts (€93,281). These contracts will be reviewed by my Department's procurement team in 2020.

***Significant financial risks***

By its nature, development assistance carries inherent risks, which I acknowledge and seek to manage and mitigate. Robust controls are in place at head office, as outlined above, which are supplemented by additional controls in partner countries as set out below.

***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. A formal process is in place to follow up on the implementation of recommendations from the reports of the internal audit function.

***Enhancing internal control environment***

In addition to the controls in place at head office, the following controls are operated in partner countries to mitigate the risks inherent in development assistance

- Each embassy, in addition to the Ambassador, has a Head of Development with responsibility for the management of the aid programme.
- In addition to the Ambassador and Head of Development, the embassy management structure includes appropriately qualified and experienced development specialists and programme managers/advisers.
- There is a rigorous multi-annual planning and approval process for each country programme, which includes the development of a mission strategy which covers Ireland's political, trade and development interests in each case. Each mission strategy is assessed at the outset through an independent external quality assurance (EQA) process prior to approval; is subject to a mid-term review process to review progress against goals and objectives; and is assessed via a final independent evaluation in advance of the next strategy cycle.
- Robust annual business planning processes are in place at all missions including identification and assessment of risks to business plan implementation and the controls in place to manage these risks. Business plans and risk registers are developed in consultation with head office, and are monitored and updated, as necessary, on a quarterly basis. Significant mission risks are reported upward to the Risk Management Committee and Management Board in line with the Department's Risk Management Policy.
- Each embassy has a locally-based finance function, led by an appropriately qualified head of finance, who reports both to the Ambassador and to the Finance Division at head office.
- A detailed financial procedures manual is in place which sets out the procedures to be followed in respect of all administration and grant-related transactions.

- Internal auditors are in place in each embassy, who report to the Ambassador, and whose internal audit work is undertaken as part of the Department's overall internal audit strategy/work plan which is managed by the Evaluation and Audit Unit. Evaluation and Audit Unit oversees the work and ensures that it is undertaken in accordance with the internationally accepted Internal Audit Standards.

In addition, in respect of head office payments for overseas development assistance (including humanitarian, multilateral and civil society funding), robust business planning mechanisms are in place, including approval of the overall budget by the Interdepartmental Committee for Development Assistance, monitoring of expenditure by the Senior Management Group on a monthly basis, and robust pre and post disbursement grant management procedures.

Continued emphasis is placed on ensuring there is robust risk management system in operation across the aid programme, including controls to alert management to changes in the perceived risk profile of any aspect of the programme so that appropriate action can be taken at the earliest opportunity.

All grants are awarded using the Standard Approach to Grant Management, which should ensure consistency of approaches to grant management across the programme.

I am committed to ensuring that we continue to strengthen our systems of risk identification and management and to ongoing monitoring and audit to minimise the potential for the misuse of funds in the future.

#### ***Grant commitments***

The Department is in the process of developing a grant management system, which will seek to track all grant commitments and provide up to date information on the obligations of the Department in relation to such contractual commitments. In the absence of such a system, the detailed disclosure sought in the appropriation accounts of the movement on grant commitments could not be quantified. However, an estimate of the obligations outstanding at 31 December 2019 has been provided in Note 2.6.

#### ***Risk and control framework***

The Department 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 Department and these have been identified, evaluated and graded according to their significance. The register is reviewed by the Management Board at least four times a year. These reviews inform planning and allocation of resources to ensure risks are managed to an acceptable level. Evaluation and Audit Unit also carries out periodic reviews of the Department's risk management system as part of its multi-annual internal audit plan.

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 of internal controls***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action – and to management and the Management Board – 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 of internal controls***

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department'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 Department responsible for the development and maintenance of the internal financial control framework.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2019 that resulted in, or may result in, a material loss.

**Niall Burgess**  
Accounting Officer  
International Co-operation

30 March 2020

## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Vote 27 International Co-operation**

##### **Opinion on the appropriation account**

I have audited the appropriation account for Vote 27 International Co-operation for the year ended 31 December 2019 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 27 International Co-operation for the year ended 31 December 2019, 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 Department of Foreign Affairs and Trade and have fulfilled my other ethical responsibilities in accordance with the standards.

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

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

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

I have nothing to report in that regard.

**Seamus McCarthy**  
**Comptroller and Auditor General**

30 June 2020

## Vote 27 International Co-operation

### Appropriation Account 2019

	2019		2018
	Estimate provision €000	Outturn €000	Outturn €000
<b>Programme expenditure</b>			
A Work on poverty and hunger reduction	544,926	543,601	514,459
<b>Gross expenditure</b>	<b>544,926</b>	<b>543,601</b>	<b>514,459</b>
<i>Deduct</i>			
B Appropriations-in-aid	1,100	1,186	1,240
<b>Net expenditure</b>	<b>543,826</b>	<b>542,415</b>	<b>513,219</b>

#### Surplus

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

	2019	2018
	€	€
<b>Surplus to be surrendered</b>	<b>1,410,728</b>	<b>1,087,489</b>

**Niall Burgess**  
Accounting Officer  
International Co-operation

30 March 2020

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	511,166	486,524
Pay	17,642	15,597
Non pay	14,793	12,338
<b>Gross expenditure</b>	<b>543,601</b>	<b>514,459</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,186</b>	<b>1,240</b>
<b>Net expenditure</b>	<b>542,415</b>	<b>513,219</b>
<b>Changes in capital assets</b>		
Purchases cash	(737)	
Depreciation	557	(358)
<b>Changes in net current assets</b>		
Decrease in closing accruals	(400)	
Increase in stock	(1)	25
<b>Direct expenditure</b>	<b>541,834</b>	<b>512,886</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	23	19
<b>Net programme cost</b>	<b>541,857</b>	<b>512,905</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 27 borne elsewhere.

	2019	2018
	€000	€000
Vote 18 National Shared Services Office	23	19

## Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
<b>Capital assets</b>	2.1	11,819	11,639
<b>Current assets</b>			
Bank and cash	2.2	6,105	(1,464)
Stocks		33	32
Prepayments		2,004	1,347
Other debit balances		246	183
Net Exchequer funding	2.4	30	8,195
<b>Total current assets</b>		<u>8,418</u>	<u>8,293</u>
<b>Less current liabilities</b>			
Accrued expenses		520	263
Other credit balances	2.3	993	298
Bilateral and other co-operation fund (grant) account	7	5,388	6,616
<b>Total current liabilities</b>		<u>6,901</u>	<u>7,177</u>
<b>Net current assets</b>		<u>1,517</u>	<u>1,116</u>
<b>Net assets</b>		<u><b>13,336</b></u>	<u><b>12,755</b></u>
<b>Represented by:</b>			
<b>State funding account</b>	2.5	<u><b>13,336</b></u>	<u><b>12,755</b></u>

**2.1 Capital assets**

	Land and buildings	Equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000
<b>Gross assets</b>					
Cost or valuation at 1 January 2019	10,487	1,527	772	2,969	15,755
Additions	—	455	46	236	737
Disposals	—	(98)	(16)	(108)	(222)
Cost or valuation at 31 December 2019	10,487	1,884	802	3,097	16,270
<b>Accumulated Depreciation</b>					
Opening balance at 1 January 2019	—	1,283	700	2,133	4,116
Depreciation for the year	—	200	20	337	557
Depreciation on disposals	—	(98)	(16)	(108)	(222)
Cumulative depreciation at 31 December 2019	—	1,385	704	2,362	4,451
<b>Net assets at 31 December 2019</b>	<b>10,487</b>	<b>499</b>	<b>98</b>	<b>735</b>	<b>11,819</b>
Net assets at 31 December 2018	10,487	244	72	836	11,639

**2.2 Bank and cash**

at 31 December	2019	2018
	€000	€000
PMG balance	5,701	(1,780)
Commercial bank account balances	64	14
Mission bank balances and cash <sup>a</sup>	340	302
	<b>6,105</b>	<b>(1,464)</b>

Note <sup>a</sup> Bank and cash balances of missions in non-partner countries are included in this note. Bank and cash balances of missions in nine partner countries amounting to €1.2 million are not included in balances shown (2018: €1.2 million).

**2.3 Other credit balances**

at 31 December	2019	2018
	€000	€000
<b>Amounts due to the State</b>		
Professional services withholding tax	97	105
Value added tax	8	1
	<u>105</u>	<u>106</u>
Other credit balances	888	192
	<u><b>993</b></u>	<u><b>298</b></u>

**2.4 Net Exchequer funding**

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,411	1,087
Exchequer grant undrawn	(1,441)	(9,282)
<b>Net Exchequer funding</b>	<u><b>(30)</b></u>	<u><b>(8,195)</b></u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	6,105	(1,464)
Debit balances: suspense	246	183
	<u>6,351</u>	<u>(1,281)</u>
<b>Creditors</b>		
Due to State	(105)	(106)
Credit balances: suspense	(888)	(192)
Bilateral and other co-operation fund (grant) account	(5,388)	(6,616)
	<u>(6,381)</u>	<u>(6,914)</u>
	<u><b>(30)</b></u>	<u><b>(8,195)</b></u>

**2.5 State funding account**

	Note	2019	2018
		€000	€000
Balance at 1 January		12,755	12,422
Disbursements from the Vote			
Estimate provision	Account	543,826	
Surplus to be surrendered	Account	(1,411)	
Net vote		542,415	513,219
Expenditure borne elsewhere	1	23	19
Net programme cost	1	(541,857)	(512,905)
<b>Balance at 31 December</b>		<b>13,336</b>	<b>12,755</b>

**2.6 Commitments****Global commitments**

	2019	2018
	€000	€000
at 31 December		
Procurement of goods and services, including rental commitments	6,590	3,886
Non-capital grant programmes <sup>a</sup>	488,972	—
	<b>495,562</b>	<b>3,886</b>

Note <sup>a</sup> Commitments under non-capital grant programmes were not quantified at 31 December 2018.

## Note 3 Vote Expenditure

### Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,929	17,642	15,597
ii	Travel and subsistence	1,900	2,236	1,857
iii	Training and development and incidental expenses	2,100	1,858	1,990
iv	Postal and telecommunication services	1,850	1,366	1,166
v	Office equipment and external IT services	1,550	1,608	1,140
vi	Office premises expenses	6,000	5,103	4,105
vii	Consultancy services and value for money and policy reviews	500	400	123
viii	Promotional support and accommodation	1,900	2,222	1,957
		<b>33,729</b>	<b>32,435</b>	<b>27,935</b>

### Significant variations

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

#### iv Postal and telecommunications services

*Estimate provision: €1.85 million, outturn: €1.366 million*

The underspend of €484,000 on postal and telecommunications services was due to savings achieved on satellite and communications costs arising from a delay in implementing new communications circuits.

### Programme A Work on poverty and hunger reduction

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	17,929	17,642	15,597
A.2 Administration – non pay	15,800	14,793	12,338
A.3 Bilateral co-operation and humanitarian assistance	413,714	411,086	384,642
A.4 Contributions to international funds for the benefit of developing countries	56,831	59,459	60,757
A.5 Contributions to United Nations and other developing countries	40,652	40,621	41,125
	<b>544,926</b>	<b>543,601</b>	<b>514,459</b>

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Appropriations-in-aid	450	657	659
2 Receipts from additional superannuation contributions on public service remuneration <sup>a</sup>	650	529	581
<b>Total</b>	<b>1,100</b>	<b>1,186</b>	<b>1,240</b>

Note <sup>a</sup> The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

#### Significant variations

Overall, appropriations-in-aid were €86,000 more than the estimate were as forecast. Explanations for variances are set out below:

#### 1 Appropriations-in-aid

*Estimate: €450,000, realised: €657,000*

The increase of €207,000 was due to higher than expected VAT refunds in overseas missions.

#### 2 Receipts from additional superannuation contributions on public service remuneration

*Estimate: €650,000, realised: €529,000*

The shortfall of €121,000 was due to changes in the calculation rates for the additional superannuation contribution.

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	280	249

### 5.2 Pay

	2019	2018
	€000	€000
Pay	15,981	14,126
Higher, special or additional duties allowance	24	21
Other allowances	29	24
Overtime	46	42
Employer's PRSI	1,148	1,004
Foreign social security and other costs	414	380
<b>Total pay</b>	<b>17,642</b>	<b>15,597</b>

Note In addition, security staff costs in the missions are charged to security costs under incidental expenses.

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	2	1	19,585	19,568
Other allowances	11	—	7,526	6,997
Overtime	6	1	11,813	11,286
Extra remuneration in more than one category	2	2	14,286	15,522

### 5.4 Other remuneration arrangements

Six retired civil servants in receipt of civil service pensions were re-engaged, on a fee basis, at a total cost of €18,567.

**5.5 Payroll overpayments**

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	13	34,922	39,421
Recovery plans in place	5	18,862	19,849

## Note 6 Miscellaneous

### 6.1 Contributions to United Nations and other development agencies (A.5)

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
United Nations Development Programme (UNDP)	7,750	7,750
United Nations Children's Fund (UNICEF)	7,200	8,200
United Nations High Commissioner for Refugees (UNHCR)	9,000	7,500
United Nations Population Fund	3,500	3,500
Office of the United Nations High Commissioner for Human Rights	2,300	2,300
UNAIDS	2,400	2,400
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN General Trust Fund	50	2,480
UN Industrial Development Organisation	279	372
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	5,000	4,000
United Nations Environment Programme Trust Fund (UNEP)	300	343
United Nations volunteers	600	500
Others – various	742	280
	<b>40,621</b>	<b>41,125</b>

## Note 7 Bilateral and other co-operation fund (grant) account

Account of receipt and payments during the year ended 31 December 2019

	<b>2019</b>	<b>2018</b>
	<b>€000</b>	<b>€000</b>
Balance at 1 January	6,616	4,713
Grant	411,086	384,642
Amounts recovered during the year	1,470	2,075
Expenditure for the year	(413,784)	(384,814)
Balance on 31 December	<b>5,388</b>	<b>6,616</b>