

Appropriation Account 2021

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 2021 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 2021, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.062 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 circulars 1 and 9 of 2022, have been applied in the preparation of the account except for the following.

Depreciation

A full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal. Depreciation is charged on a straight line basis.

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 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. The NSSO does not regard itself as a data controller in respect of the information it is processing.

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 that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office. 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 compliance

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal audit and Audit Committee

I confirm that the Office has an internal audit function which is externally outsourced, with appropriately trained personnel. The internal audit unit operates under a charter which was approved in December 2020. 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

During 2021, the Office made an overpayment of €50,000 to a supplier of legal services on foot of a court order. The overpayment arose as a result of an agreed reduction in costs not being applied prior to payment. The overpayment was subsequently recovered in full. No other instances of overpayments have been identified by the Office. The Office will review its controls to ensure this does not reoccur. No other weaknesses in internal financial controls were identified in relation to 2021 that resulted in, or may result in, a material loss.

Covid-19 control issues

Remote and virtual working continued to be the norm across the Office throughout 2021. Assessments of the impact of Covid-19 on internal financial controls were carried out in February and March 2021, and I can confirm that the controls, both existing and those introduced as a result of the pandemic, continue to be effective.

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

20 June 2022

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 2021 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 2021, 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 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

29 June 2022

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 and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure 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 financial statements as a whole are 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 financial statements 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 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 certificates of opinion 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 2021

	2021	2020
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Ombudsman function/Office of the Commission for Public Service Appointments	7,164	6,307
B Standards in Public Office Commission	1,964	1,525
C Office of the Information Commissioner/Office of the Commissioner for Environmental Information	3,516	2,611
Gross expenditure	12,644	10,443
<i>Deduct</i>		
D Appropriations-in-aid	505	366
Net expenditure	12,139	9,753
Surplus		
The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.		
	2021	2020
	€	€
Surplus to be surrendered	2,062,146	2,086,305

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

31 March 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

	2021	2020
	€000	€000
Pay	8,385	8,377
Non pay	2,058	1,759
Gross expenditure	10,443	10,136
<i>Deduct</i>		
Appropriations-in-aid	366	383
Net expenditure	10,077	9,753
Changes in capital assets		
Purchases cash	(138)	
Depreciation	247	
Loss on disposals	10	119
		429
Changes in net current assets		
Decrease in stock	1	
Decrease in closing accruals	(310)	206
Direct expenditure	9,887	10,388
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,676	3,674
Net programme cost	13,563	14,062

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.

	2021	2020
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	45
Vote 12 Superannuation and Retired Allowances	1,567	1,583
Vote 13 Office of Public Works	2,066	2,032
Vote 18 National Shared Services Office	13	14
	3,676	3,674

Note 2 Statement of Financial Position as at 31 December 2021

	Note	2021 €000	2020 €000
Capital assets	2.1	326	513
Current assets			
Stocks		6	7
Other debit balances		32	28
Prepayments	2.5	472	249
Bank and cash		113	161
Net Exchequer funding	2.3	137	110
Total current assets		760	555
Less current liabilities			
Accrued expenses		75	162
Other credit balances	2.2	282	299
Total current liabilities		357	461
Net current assets		403	94
Net assets		729	607
Represented by:			
State funding account	2.4	729	607

2.1 Capital assets

	IT equipment	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2021	2,712	58	19	2,789
Additions	55	—	83	138
Adjustments ^a	(361)	(2)	—	(363)
Disposals	(99)	(11)	—	(110)
Cost or valuation at 31 December 2021	2,307	45	102	2,454
Accumulated depreciation				
Opening balance at 1 January 2021	2,222	54	—	2,276
Adjustments	(294)	(1)	—	(295)
Depreciation for the year	247	—	—	247
Depreciation on disposals	(92)	(8)	—	(100)
Cumulative depreciation at 31 December 2021	2,083	45	—	2,128
Net assets at 31 December 2021	224	—	102	326
Net assets at 31 December 2020	490	4	19	513

Note ^a These adjustments relate to the removal of individual items with a value of under €10,000 from the asset register as per the guidance in circular 21/2020.

2.2 Other credit balances

at 31 December	2021	2020
	€000	€000
Amounts due to the State		
Income tax	134	136
Pay related social insurance	72	68
Professional services withholding tax	9	32
Pension contributions	24	26
	239	262
Payroll deductions held in suspense	28	30
Other credit suspense items	15	7
	282	299

2.3 Net Exchequer funding

at 31 December	2021	2020
	€000	€000
Surplus to be surrendered	2,062	2,086
Exchequer grant undrawn	<u>(2,199)</u>	<u>(2,196)</u>
Net Exchequer funding	<u>(137)</u>	<u>(110)</u>
Represented by:		
Debtors		
Bank and cash	113	161
Debit balances: suspense	<u>32</u>	<u>28</u>
	145	189
Creditors		
Due to the State	(239)	(262)
Credit balances: suspense	<u>(43)</u>	<u>(37)</u>
	(282)	(299)
	<u>(137)</u>	<u>(110)</u>

2.4 State funding account

	Note	2021	2020
		€000	€000
Balance at 1 January		607	1,242
Disbursements from the Vote			
Estimate provision	Account	12,139	
Surplus to be surrendered	Account	<u>(2,062)</u>	
Net vote		10,077	9,753
Expenditure (cash) borne elsewhere	1.1	3,676	3,674
Fixed asset adjustments	2.1	(68)	—
Net programme cost	1	<u>(13,563)</u>	<u>(14,062)</u>
Balance at 31 December		<u>729</u>	<u>607</u>

2.5 Prepayments

At 31 December	2021	2020
	€000	€000
Software licences	245	119
Other prepayments	227	130
Balance at 31 December	472	249

2.6 Commitments

at 31 December	2021	2020
	€000	€000
Procurement of goods and services	247	414
Capital projects	148	—
	395	414

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,299	8,385	8,377
ii	Travel and subsistence	76	4	14
iii	Training and development and incidental expenses	410	254	258
iv	Postal and telecommunications services	44	42	27
v	Office equipment and external IT services	1,619	1,113	811
vi	Office premises expenses	184	72	101
vii	Consultancy services and value for money and policy reviews	22	38	37
viii	Legal fees	980	535	511
ix	Referendum Commission	10	—	—
		12,644	10,443	10,136

Significant variations

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

iii Training and development and incidental expenses

Estimate provision €410,000; outturn €254,000

The underspend of €156,000 related primarily to savings in staff training and development. These savings can be attributed to Covid-19 in that training courses and other staff development courses were greatly curtailed.

v Office equipment and external IT services

Estimate provision €1.619 million; outturn €1.113 million

The underspend of €506,000 was due to a large proportion of IT project work not being completed as planned. This was mainly due to the difficulties encountered in recruiting the necessary staff with the requisite experience. The effects of the pandemic and of the resulting remote working arrangements also contributed to the 2021 underspend.

vi Office premises expenses

Estimate provision €184,000; outturn €72,000

The underspend of €112,000 was due to building overheads and other building related costs being greatly reduced during 2021. The majority of the Office's staff were working remotely for most of the year.

viii Legal fees

Estimate provision €980,000; outturn €535,000

The underspend of €445,000 occurred because it is very difficult to accurately estimate legal fee expenditure. Legal fees are also dependent on the number and timing of court cases and further appeals to higher courts. A number of cases did not progress during 2021 as a result of delays in the courts system due to the pandemic.

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

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	5,768	5,531	5,452
A.2	Administration – non pay	1,396	776	714
		7,164	6,307	6,166

Programme B Standards in Public Office Commission

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,208	1,077	1,013
B.2	Administration – non pay	756	448	250
		1,964	1,525	1,263

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

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	2,323	1,777	1,912
C.2	Administration – non pay	1,193	834	795
		3,516	2,611	2,707

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated €000	2021	2020
		Realised €000	Realised €000
1 Fixed payment fines under section 21 of the Regulation of Lobbying Act 2015	74	66	69
2 Receipts from additional superannuation contributions on public service remuneration	410	274	276
3 Miscellaneous	21	26	38
Total	505	366	383

Significant variations

The following outlines the reasons for significant variations in appropriations-in-aid (+/- 5% and €100,000). Overall, appropriations-in-aid were €139,000 less than the estimate. Explanations for variances are set out below:

2 Receipts from additional superannuation contributions on public service remuneration

Estimate €410,000; realised €274,000

The shortfall of €136,000 was due to an over estimation by the Office when preparing their 2021 budget.

4.2 Extra receipts payable to the Exchequer

	2021 €000	2020 €000
Balance at 1 January	—	8
Collected	4	116
Transferred to the Exchequer	(4)	(124)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2021	2020
Number of staff at year end	<u>134</u>	<u>131</u>

5.2 Pay

	2021 €000	2020 €000
Pay	7,719	7,737
Higher, special or additional duties allowances	34	21
Overtime and extra attendance	5	11
Employer's PRSI	627	608
Total pay	<u>8,385</u>	<u>8,377</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021 €	2020 €
Higher, special or additional duties	6	1	11,514	11,047
Overtime and extra attendance	6	—	3,178	2,023
Extra remuneration in more than one category	—	—	—	11,290

5.4 Salary of Accounting Officer

As at 31 December 2021, the Accounting Officer's salary is equivalent to the grade of Assistant Secretary, with an annual gross salary of €157,467 (2020 - €148,892).

Note 6 Miscellaneous

6.1 Compensation and legal costs

Payments/costs paid by the Office in the year

	Claims by members of the public	Statutory legal challenges, appeals, judicial reviews, prosecutions and other legal proceedings	Total 2021	Total 2020
Number of cases	—	27	27	26
	€000	€000	€000	€000
Office's own legal costs	—	402	402	348
Payments to/on behalf of the Office				
Compensation	—	—	—	—
Legal costs	—	110	110	13
Other costs	—	—	—	—
2021 Total	—	512	512	361
2020 Total	—	361	361	

Cumulative costs of cases completed in 2021

	Claims by members of the public	Statutory legal challenges, appeals, judicial reviews, prosecutions and other legal proceedings	Total
Number of cases	—	36	36
	€000	€000	€000
Office's own legal costs	—	495	495
Payments to/on behalf of the Office			
Compensation	—	—	—
Legal costs	—	96	96
Other costs	—	—	—
Total	—	591	591