

Appropriation Account 2016

Vote 6

Office of the Chief State Solicitor

Introduction

As Accounting Officer for Vote 6, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Chief State Solicitor.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €258,277 is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Accrued expenses

Accrued expenses include counsel fees that have been subject to an evaluation and revision process but have not been paid at year-end.

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.

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

Assurance on shared services

Payroll and human resource functions are provided on a shared service basis by the National Shared Services Office (Vote 18). The Accounting Office of the Department of Public Expenditure and Reform is also the Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Office for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by firms of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for shared services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for 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.

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
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

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. The Office complied with the guidelines with the exception of 14 contracts to the value of €951,226 which were listed in my annual return in respect of Circular 40/2002. Eight (8) contracts to a value of €430,164 related to payments to sole suppliers. In the other six (6) cases with a value of €521,062, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and a contract will be signed shortly. It is also intended to make use of arrangements, which the Office of Government Procurement now has in place, to award a number of other significant new contracts during 2017.

Significant financial risks

As outlined above maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Internal Audit and Audit Committee

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company 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 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. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Information and communications technology security

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

Administrative and financial controls

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Management Board.

Eileen Creedon
Accounting Officer
Office of the Chief State Solicitor

30 March 2017

Comptroller and Auditor General

Report for the presentation to Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2016.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 6 Office of the Chief State Solicitor Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	31,008	30,004	29,925
Gross expenditure		31,008	30,004	29,925
<i>Deduct</i>				
B	Appropriations-in-aid	1,860	1,114	1,672
Net expenditure		29,148	28,890	28,253

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	258,277	212,780

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,100	13,978	14,414
ii	Travel and subsistence	70	82	72
iii	Training and development and incidental expenses	813	972	879
iv	Postal and telecommunications services	350	301	321
v	Office equipment and external IT services	750	1,002	584
vi	Office premises expenses	300	171	158
vii	Consultancy services and value for money policy reviews	25	44	25
		17,408	16,550	16,453

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Programme cost	13,454	13,472
Pay	13,978	14,414
Non pay	2,572	2,039
Gross expenditure	30,004	29,925
<i>Deduct</i>		
Appropriations-in-aid	1,114	1,672
Net expenditure	28,890	28,253
Changes in capital assets		
Purchases cash	(376)	
Depreciation	284	
Loss on disposals	1	201
Changes in assets under development		
Cash payments	(61)	(42)
Changes in net current assets		
Increase in closing accruals	181	
Increase in stock	(4)	
	177	562
Direct expenditure	28,915	28,974
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,077	2,138
Notional rents	795	795
Net programme cost	31,787	31,907

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 6 borne elsewhere.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,186	1,203
Vote 13 Office of Public Works	865	914
Vote 18 National Shared Services Office	26	21
	<u>2,077</u>	<u>2,138</u>

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	667	534
Capital assets under development	2.3	<u>61</u>	<u>42</u>
		728	576
Current assets			
Bank and cash	2.4	851	2,455
Stocks	2.5	37	33
Prepayments		232	188
Accrued income	2.6	9,485	9,746
Other debit balances	2.7	<u>139</u>	<u>164</u>
Total current assets		10,744	12,586
Less current liabilities			
Accrued expenses		1,834	1,870
Other credit balances	2.8	984	2,546
Net liability to the Exchequer	2.9	<u>6</u>	<u>73</u>
Total current liabilities		2,824	4,489
Net current assets		7,920	8,097
Net assets		8,648	8,673
Represented by:			
State funding account	2.1	8,648	8,673

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		8,673	9,394
Disbursements from the Vote			
Estimate provision	Account	29,148	
Surplus to be surrendered	Account	<u>(258)</u>	
Net vote		28,890	28,253
Expenditure (cash) borne elsewhere	1	2,077	2,138
Non cash expenditure – notional rent	1	795	795
Net programme cost	1	<u>(31,787)</u>	<u>(31,907)</u>
Balance at 31 December		8,648	8,673

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January	3,967	1,699	5,666
Additions	369	49	418
Disposals	(111)	(7)	(118)
Cost or valuation at 31 December	<u>4,225</u>	<u>1,741</u>	<u>5,966</u>
Accumulated depreciation			
Opening balance at 1 January	3,633	1,499	5,132
Depreciation for the year	224	60	284
Depreciation on disposals	(110)	(7)	(117)
Cumulative depreciation at 31 December	<u>3,747</u>	<u>1,552</u>	<u>5,299</u>
Net assets at 31 December 2016	<u>478</u>	<u>189</u>	<u>667</u>
Net assets at 31 December 2015	<u>334</u>	<u>200</u>	<u>534</u>

2.3 Capital Assets under Development

at 31 December	Computer applications €000
Amounts brought forward at 1 January 2016	42
Cash payments in year	61
Transferred to asset register	(42)
Balance at 31 December 2016	<u>61</u>

2.4 Bank and Cash

at 31 December	2016 €000	2015 €000
PMG balances and cash	848	2,453
Commercial bank account balances	3	2
	<u>851</u>	<u>2,455</u>

2.5 Stocks

at 31 December	2016 €000	2015 €000
Stationery	37	33

2.6 Accrued Income

at 31 December	2016 €000	2015 €000
Accrued Income	9,485	9,746

Outstanding taxed costs in favour of the State are significant and such costs remain outstanding because it is the policy of the Office to pursue all cost orders awarded.

2.7 Other Debit Balances	2016	2015
at 31 December	€000	€000

Miscellaneous	139	164
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2.8 Other Credit Balances	2016	2015
at 31 December	€000	€000

Amounts due to the State

Income Tax	360	327
Pay Related Social Insurance	188	166
Professional Services Withholding Tax	290	353
Value Added Tax	6	—
Local Property Tax	2	1
Pension contributions	—	75
	<hr/>	<hr/>
	846	922

Payroll deductions held in suspense	—	70
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State property deposits	138	1,554
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	984	2,546

2.9 Net Liability to the Exchequer	2016	2015
at 31 December	€000	€000

Surplus to be surrendered	258	213
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Exchequer grant undrawn	(252)	(140)
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Net liability to the Exchequer	6	73
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Represented by:

Debtors

Bank and cash	851	2,455
Debit balances: suspense	139	164
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	990	2,619

Creditors

Due to State	(846)	(922)
Credit balances: suspense	(138)	(1,624)
	<hr/>	<hr/>
	(984)	(2,546)

	6	73
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2.10 Commitments	2016	2015
at 31 December	€000	€000

Total of legally enforceable commitments	908	662
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There are commitments in respect of ongoing legal cases which are not included in the above figure as the costs will only be finalised once legal action is completed. The expenditure is subject to the normal cost controls and the observation of budgetary limits.

2.11 Matured Liabilities	2016	2015
at 31 December	€000	€000

Estimate of matured liabilities not discharged at year end	45	109
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3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of legal services			
A.1	Administration - pay	15,100	13,978	14,414
A.2	Administration - non –pay	2,308	2,572	2,039
A.3	External legal services	200	217	243
A.4	Fees to counsel	12,000	12,137	12,090
A.5	General law expenses	1,400	1,100	1,139
		<u>31,008</u>	<u>30,004</u>	<u>29,925</u>

Significant variations

Overall, the expenditure in relation to Programme A was €1.004 million lower than provided. This was mainly due to the following :

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,122	Savings arose as the Office carried a number of legal vacancies during the year owing to difficulties in recruiting and retaining staff.
Administration – non pay	(264)	The excess arose due to a combination of higher IT spending to facilitate an upgrade of the Case Management System and higher spending on legal publications.
Fees to counsel	(137)	The excess arose due to the Office dealing with a number of high profile and complex cases during the year and a faster throughput of some cases by the courts.
General law expenses	300	Expenditure on this subhead is dependent on how legal cases progress through the courts and as such is difficult to predict.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Costs and fees received by the Office of the Chief State Solicitor	1,000	414	805
2.	Receipts from pension-related deductions on public service remuneration	860	700	867
		1,860	1,114	1,672
		1,860	1,114	1,672

Explanation of significant variations

1. The amount of costs and fees realised was €585,948 less than estimated. It is not possible to forecast accurately what costs will be awarded to the State and what fees will be actually recovered in any year.

2. Due to slower than anticipated recruitment, pension related deductions were €160,000 lower than estimated.

4.2 Extra receipts payable to the Exchequer

A total of €9,652 (2015: €9,144) was lodged to the Exchequer under the State Property Act 1954.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	237	224

	2016	2015
	€000	€000
Pay	12,743	13,192
Higher, special or additional duties allowance	106	95
Other allowances	10	8
Overtime	25	15
Employer's PRSI	1,094	1,104
Total Pay	13,978	14,414

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016	Maximum individual payment 2015
			€	€
Higher, special or additional duties	40	2	16,707	11,333
Other allowances	5	—	3,328	1,783
Overtime	16	—	4,713	5,305
Extra remuneration in more than one category	11	—	9,070	9,579

5.2 Payroll Overpayments

Overpayments at the year end were €77,611 (67 cases) (2015 €35,741, 13 cases). Of this, €34,034 (49 cases) have recovery plans in place.

6 Miscellaneous

6.1 Monies held in Trust

The CSSO maintains a number of commercial bank accounts. Moneys in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2016 is €3.88 million and is not included in the account. (2015: €0.774 million).

6.2 Counsel Fee Notes

The CSSO operates a robust system to determine the appropriate counsel fee level on a case by case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

Counsels' fee notes	Number	Gross value	Mark down value
		€000	€000
On hand	793	5,211	—
Accruals	231	2,318	1,576
Delayed payment	6	21	14