



Ard-Reachtair Cuntas agus Ciste
Comptroller and Auditor General

Appropriation Accounts 2019

30 September 2020

Appropriation Accounts 2019

Section 3 (11) of the Comptroller and Auditor General (Amendment) Act 1993 requires me, upon the completion of my audit of the appropriation accounts, to present to Dáil Éireann a copy of each such account together with my certificate thereon.

I hereby present, pursuant to the foregoing provision, the said accounts and certificates for the year ended 31 December 2019.

Seamus McCarthy
Comptroller and Auditor General

30 September 2020

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Part 1 — Preface

Background to the Appropriation Accounts

Dáil Éireann provides money for the ordinary services of Government department and offices, both capital and non-capital, by

- approving estimates of expenditure for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

Expenditure is provided for under a series of votes, with one or more covering the functions of each department or office. The first part of the estimate for each vote is referred to as the ambit. This provides an outline of the services to be financed. The ambit of each vote is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

At the end of every financial year, each department or office is required to prepare an account, known as the **appropriation account**, for each voted service administered by it. The statutory requirement is for the appropriation account to provide details of the outturn for the year against the amount provided by Dáil Éireann, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

In addition to providing the statutory financial information on a cash-accounting basis, each appropriation account sets out some accrual-based information in notes to the account.

- Note 1 presents an **operating cost statement** that gives information on the cost of the service for the year.
- Note 2 presents a **statement of financial position**, with related explanatory notes, giving information on the financial position in respect of the service at year-end. This includes information on expenditure commitments and on the actual position of the voted service *vis-à-vis* the Exchequer at year-end i.e. the net liability to the Exchequer, or amount due from the Exchequer.
- Other notes to the account provide standard information on: expenditure by programme and subhead (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Information on any other relevant matters is presented in Note 6 (miscellaneous and fund accounts).
- Many departmental votes include an appendix that lists the State bodies that operate under the aegis of the relevant department, and that provides information on the timeliness of financial reporting by those bodies.

Accountability and Audit Arrangements

Duties of Accounting Officers in relation to the Appropriation Accounts

An Accounting Officer is the person – usually the head of a Government department or office – to whom the Minister for Public Expenditure and Reform has assigned, in accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the duty of preparing the annual appropriation account for each Vote under his/her charge. By law, the accounts must be submitted to the Comptroller and Auditor General by 31 March following the end of the year of account. The appropriation accounts must comply 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.

Accounting Officers are responsible for the safeguarding of public funds and property under their control, for the efficiency and economy of administration in their departments/offices and for the regularity and propriety of all transactions recorded in the appropriation accounts.

An Accounting Officer is required to prepare a statement on internal financial control for presentation with the appropriation account. This explains the main elements of the control framework, and discloses any material weaknesses that have been identified in the operation of the controls and steps being taken to address those weaknesses.

Duties of the Comptroller and Auditor General

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for the Comptroller and Auditor General to audit the appropriation accounts prepared by Accounting Officers.

The Comptroller and Auditor General carries out his audits of the appropriation accounts in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. In carrying out the audit, his objective is to obtain reasonable assurance about whether the account is free from material misstatement. 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, the Comptroller and Auditor General exercises professional judgment and maintains professional scepticism throughout the process. In doing so, he

- identifies and assesses the risks of material misstatement of the appropriation account whether due to fraud or error;¹ designs and performs audit procedures responsive to those risks; and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion
- obtains 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
- assesses whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with
- communicates with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that is identified during the audit.

¹ 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.

Upon completion of the audit, the Comptroller and Auditor General is obliged to attach to each account a certificate stating whether, in his opinion, the account properly presents the receipts and expenditure related to the vote and 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.

Reporting on the statement on internal financial control

The opinion of the Comptroller and Auditor General on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and he does not express any form of assurance conclusion thereon.

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

Reporting on other matters

The Comptroller and Auditor General plans and performs his audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation. He reports if there are material matters relating to the manner in which public business has been conducted.

The Comptroller and Auditor General also reports by exception if, in his opinion,

- he has not received all the information and explanations required for the 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, the Comptroller and Auditor General has the additional duty of preparing, in each year, a report on such matters as he considers it appropriate to report arising from his audits of the appropriation accounts.

Certain matters arising from the audit of the appropriation accounts for 2019 are set out in a separate report entitled *Report on the Accounts of the Public Services 2019*. Where such matters have arisen, the certificates of opinion on the respective appropriation accounts refer to the relevant chapter(s) in that report.

Part 2 — Appropriation Accounts 2019

Statement of Accounting Policies and Principles¹

Basis of accounts

Appropriation accounts, showing the financial transactions of Government departments,² are prepared in accordance with the Exchequer and Audit Departments Act 1866 (as amended by the Comptroller and Auditor General (Amendment) Act 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Reporting period

The reporting period is the year ended 31 December 2019.

Receipts

As a general rule, all revenues of the State are paid into the Exchequer.

Subject to the express approval of the Department of Public Expenditure and Reform, certain Departmental receipts may be appropriated in aid of expenditure borne on a Vote. Without such sanction, receipts must be surrendered directly to the Central Fund as Exchequer Extra Receipts.

Appropriations-in-aid are receipts that, under section 2 of the Public Accounts and Charges Act 1891, may be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a department's business under the vote and can include such items as:

- charges for services³
- pension contributions
- rent and proceeds from certain sales
- with the prior agreement of the Minister for Public Expenditure and Reform, the proceeds from the sale of assets for the funding of high-priority capital programmes or projects
- fines, forfeitures or costs recovered.

In general, certain receipts of departments to be credited directly to the Exchequer as 'extra' receipts are those that have no direct connection with the vote expenditure or are 'windfall' receipts. Such extra receipts may not be used to meet expenditure from the vote. Where they arise, they are reported in a note to the appropriation account. They include items such as:

- receipts on foot of surplus income or profits of State companies
- interest, dividends or capital repayments
- compensation.

Where Exchequer extra receipts arise, they are reported in a note to the appropriation account (Note 4). Departments are required to provide a breakdown of such receipts and an explanation where the amounts are material in nature. In addition, departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Moneys Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

Departments are also required to present the breakdown of the Exchequer extra receipts on an opening balance/closing balance basis.

¹ The Department of Public Expenditure and Reform sets the standard accounting policies and principles applied in the preparation of appropriation accounts. These are stated in the Department's circular 27/2019.

² In this statement, the term 'department' includes central Government departments, offices and agencies responsible for Vote management and accounting.

³ Some offices, such as the Office of Public Works and the Office of the Attorney General, receive expenses in the course of carrying out their functions. These expenses should also be taken in as appropriations-in-aid.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected and matured liabilities are outstanding at year end, the amount of such liabilities should be given in a note to the account (Note 2).

Where a department is acting as an agent for another Government department (the principal) resulting in financial transactions between the principal and agent, the general rule is that the agent should put the transactions through suspense, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Net allied services

Allied services are services provided centrally to, or on behalf of, department votes on the basis that, as specialists, the supplying department (whose primary function is the provision of these central services) is able to perform the services more efficiently than the vote holder. This includes shared services.

The net allied services note (in Note 1) details the expenditure amount in relation to the department which is borne elsewhere. There are various measurement bases for the calculation of the allied services expenditure figures.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including

- an operating cost statement (Note 1), showing the total amount of resources consumed by a vote in the year
- a statement of financial position showing the vote's assets and liabilities at year end (Note 2), and
- explanatory notes providing details regarding capital assets, the net funding due to the Exchequer, and any commitments.

The statement of financial position includes the position at year-end in relation to the following

- **Accrued expenses** — these represent all liabilities at the year end, with the exception of liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed.
- **Prepayments** — these are payments made during the year of account to meet expenses which will arise in a subsequent financial year.
- **Accrued income** — this is income due to the vote at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the vote during the year of account for goods/services which it has yet to provide.

Capital assets

The opening and closing values of capital assets on a department's asset register and details of depreciation are shown by way of note to the statement of financial position (Note 2).

Capital assets under development should be included within capital assets in the statement of financial position, showing expenditure on assets being developed within the department e.g. software development or construction projects.

The following are not included in the statement of capital assets

- assets that are not yet available for use
- assets that cost less than €1,000 and/or
- heritage assets, the value of which cannot be adequately expressed in financial terms. (Heritage assets which can be valued are included in the statement.)

Valuation of assets

Land and buildings

All lands and buildings owned by the State and controlled or managed by a department are included in the statement of financial position (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account.

Where ownership of land and buildings is (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are included in the account for that Office.

Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the department's vote, but the ownership of the asset is noted in the department's account. Otherwise, land and buildings vested in a Minister are included on the account for the relevant vote.

Government departments/offices that for technical reasons cannot provide valuations for State-owned lands and buildings controlled or managed by them should append to the appropriation account a schedule of these assets.

Equipment, furniture and fittings

Equipment, furniture and fittings are valued at cost.

Other assets

Where required, accounting policies in respect of valuation of other assets (e.g. specialised vehicles) are set out in the Accounting Officer's introduction to the appropriation account.

Depreciation policy

Current depreciation policy is that a full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in year of disposal.

Departmental assets fall into different categories for depreciation purposes. Depreciation is on a straight line basis. The principal categories which will apply are set out in the following table.

	Depreciation rate
Category A – Items depreciated on a straight line basis to a nil value over 10 years	
Furniture and fittings	10%
Plant and machinery	10%
Major IT operational software systems	10%
Category B – Items depreciated on a straight line basis to a nil value over 5 years	
IT equipment, hardware and software	20%
Office equipment	20%
Other specialist equipment	20%
Motor vehicles	20%
Category C – Other items	
Land	0%
Buildings	0% to 5%
Military assets	3% to 20%

Departments should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies. Information regarding the accounting divergence from the standard accounting policies should be included in the Accounting Officer's introduction to the appropriation account.

Bank and cash

'Bank and cash' should include all commercial bank account balances (payroll and other Vote related accounts) held at the year-end which are funded by the Exchequer through voted expenditure or that contain receipts liable to be paid to the Exchequer. The note should separately identify Paymaster General (PMG) bank accounts from other commercial bank accounts.

Details of any other commercial bank accounts not funded by or liable to be paid to the Exchequer are disclosed by way of a note to the account.

Stocks

Consumables are stated at the lower of cost or departmental valuations.

Net Exchequer funding

The net Exchequer funding note shows the funding position of the vote at the year end, taking account of the surplus to surrender and issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is a contractual obligation to pay on delivery for goods or services (including capital projects) which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

Global contractual commitments (in excess of €10,000) likely to materialise in subsequent years, are disclosed by way of note, under the headings: procurement of goods and services, non-capital grant programmes, capital grant programmes, capital projects and public private partnership projects, to the account.

Details of all major capital projects and public private partnership projects, where the project value exceeds €10,000,000, are separately disclosed.

Where the reported commitment level or projected project cost has varied by more than €500,000 compared with the previous year, the reason for the movement should be explained.

Contingent liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on Exchequer funds in the future. Contingent liabilities are disclosed by way of a note, unless the possibility of an outflow of resources is remote.

Liabilities may arise from ongoing legal cases which can give rise to a contingent liability. Except in cases involving potential litigation or where disclosure would prejudice the Exchequer position and/or future negotiations with third parties contingent liabilities relating to court cases should be disclosed in the appropriation account.

Other arrangements with the potential to give rise to contingent liabilities should only be entered into where necessary and, then, only after the potential expenditure implications have been evaluated and assessed in the light of the possible scenarios that could arise on foot of the contingent liability. The potential benefits should always be compared with the most likely cost and with the range of possible costs to ensure that the contingent liability is properly assessed.

Under no circumstances should a contingent liability be accepted where the risk being assumed has not been assessed and defined as clearly as possible. Where a Minister agrees to accept a contingent liability, it is essential that the decision-making process is properly documented, setting out: (i) the rationale for accepting the liability and (ii) the potential benefit and (iii) the potential costs. The sanction of the Minister for Public Expenditure and Reform should be sought for the creation of any contingent liabilities that could give rise to significant Exchequer expenditure

Judgement is required in determining whether and at what point in time, legally and/or non-legally binding obligations give rise to a liability. Information is material if its omission or misstatement could influence the discharge of accountability by the Department for that financial reporting period.

Materiality depends on both the nature and amount of the item judged in the particular circumstance relative to the Department and involves consideration of both qualitative and quantitative characteristics.

Assessments of materiality will be made in the context of the legislative, institutional and operating environment within which the Department operates and, in respect of prospective financial and non-financial information, the preparer's knowledge and expectations about the future.

Superannuation

Superannuation payments to retired civil servants are provided for in Vote 12 – Superannuation and Retired Allowances. An estimate of the amount attributable to each vote is provided by the Department of Public Expenditure and Reform and shown under the net allied services note for the relevant votes.

Superannuation payments for gardaí, teachers, army personnel and Health Service Executive personnel are met on a pay-as-you-go basis from the relevant votes.

Foreign currency transactions

Transactions arising in foreign currencies are converted to euro values at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted at the year-end rates of exchange.

Other notes to the accounts

General principles

In general, the other notes to the appropriation accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments (a payment not legally due under a contract or otherwise – e.g. compensation paid on grounds of hardship) and extra remuneration.

Except in the cases outlined below, notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

Where amounts lower than the threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Variations from estimate provision

Note 3 provides explanations of variations on outturn versus original estimate provision.

A note is provided where the variation (\pm) relative to the original estimate provision (including any deferred capital funding) is:

- €100,000 or more, and
- represents 5% or more of the subhead (25% in the case of administration subheads), or
- represents a significant variation from the original estimate provision that does not meet the above criteria but which warrants explanation.

Notes in relation to variations in appropriations-in-aid are included on a similar basis.

Allowance and overtime payments

In the case of allowance and overtime payments, the details given in Note 5 include the total number of recipients of allowance and overtime payments in more than one category, the number of individuals that received €10,000 or more, and the highest payment to an individual, if over €10,000.

The aggregate amount paid to an individual under the various headings is set out in 'highest individual payment'.

Severance and redundancy payments

Severance and redundancy payments (in excess of €10,000) are required to be disclosed by way of a note.

Compensation and legal costs

The components of the legal costs in respect of cases in which the department is or was involved should be disclosed (this does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation). If the Department is represented in legal proceedings (other than by the Chief State Solicitor's Office), the costs incurred in relation to these cases are included in the table. In cases where cumulative legal costs incurred in the year of account exceed €50,000 (i.e. in situations where legal costs of cases have exceeded €50,000 in total, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the costs into:

- legal costs paid by the department
- legal costs awarded (against the department), and
- compensation awarded.

Late payments

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations 2012, information is supplied in Note 6 where

- the total of interest and compensation payments due was €10,000 or more, or
- an individual payment was €10,000 or more.

Fraud or suspected fraud

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in Note 6 where

- the total of losses during the accounting period were €10,000 or more, or
- an individual loss was €10,000 or more, or
- for losses under €10,000, a serious issue of principle arises, or
- where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a disclosure should be made.

Commissions and special inquiries

Where relevant, Note 6 should include a statement of expenditure on each commission or special inquiry financed from the vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account and prior year is shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment is shown.

Grant funds and miscellaneous accounts

Where relevant, accounts of grant funds financed from the vote and of other miscellaneous accounts are presented in Note 6.

Appropriation Account 2019

Vote 1

President's Establishment

Introduction

As Accounting Officer for Vote 1, 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 the salaries and expenses of the Office of the Secretary General to the President, for certain other expenses of the President's Establishment and for certain grants.

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 €858,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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:

Heritage assets of the President's Establishment are not valued as assets in these financial statements. The assets include furniture, works of art. They have the characteristics of being inalienable, irreplaceable and fragile and consequently there is no useful purpose in capitalising the assets in these statements.

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 President's Establishment.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General of the Department of the Taoiseach. 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 Department of Finance provides a payment function and accounting service for the President's Establishment.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the President's Establishment and the National Shared Service Office for the provision of human resources and payroll shared service.

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 the President's Establishment.

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.
- The internal financial control environment for the Department of Finance is also relevant given that the Department of Finance provides a payment function and accounting services for the President's Establishment.

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 President's Establishment
- 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 President's Establishment 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. There were no contracts that exceeded the reporting threshold of €25,000 that were awarded without a competitive process.

Internal audit and Audit Committee

The President's Establishment comes under the remit of the internal audit function provided by the Department of the Taoiseach which has appropriately trained personnel and operates under a written charter which I have approved. The internal audit work is informed by analysis of the financial risks to which the President's Establishment is exposed and aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function and its programme of work are subject to periodic review by me and the Audit Committee, which operates under the auspices of the Department of the Taoiseach.

There were four meetings of the Audit Committee in 2019 and the audit work programme agreed in 2018 was implemented in 2019.

Risk and control framework

The President's Establishment 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 President's Establishment and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated on a quarterly basis by the Management Board. 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 President's Establishment has procedures to monitor the effectiveness of its risk management and control procedures. In 2019, monitoring and review of the effectiveness of the system of internal financial control by the President's Establishment was informed by the work of the internal and external auditors and the senior management within the President's Establishment 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.

Martin Fraser
Accounting Officer

27 April 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 1 President's Establishment

Opinion on the appropriation account

I have audited the appropriation account for Vote 1 President's Establishment 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 1 President's Establishment 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 President's Establishment 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

29 April 2020

Vote 1 President's Establishment

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A President's Establishment	3,044	2,348	2,453
B Centenarians' Bounty	1,472	1,307	1,136
Gross expenditure	4,516	3,655	3,589
<i>Deduct</i>			
C Appropriations-in-aid	82	78	90
Net expenditure	4,434	3,577	3,499

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	857,977	821,983

Martin Fraser
Accounting Officer

27 April 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	1,258	1,093
Pay	1,724	1,717
Non pay	673	779
Gross expenditure	3,655	3,589
<i>Deduct</i>		
Appropriations-in-aid	78	90
Net expenditure	3,577	3,499
Changes in capital assets		
Purchases cash	(17)	
Depreciation	20	3
		23
Changes in net current assets		
Increase in closing accruals	107	
Decrease in stock	1	108
		(81)
Direct expenditure	3,688	3,441
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,780	4,467
Net programme cost	8,468	7,908

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 1 borne elsewhere.

	2019	2018
	€000	€000
Vote 7 Office of the Minister for Finance	13	13
Vote 12 Superannuation and Retired Allowances	784	772
Vote 13 Office of Public Works	2,095	1,924
Vote 18 National Shared Services Office	3	3
Vote 20 Garda Síochána	200	194
Vote 28 Foreign Affairs and Trade	364	253
Vote 36 Defence	422	413
Central Fund (Emoluments and allowances of President and presidential pensions)	899	895
	4,780	4,467

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	35	38
Current assets			
Stocks	2.3	29	30
Prepayments		21	26
Other debit balances	2.4	7	4
Accrued income		3	4
Net Exchequer funding	2.6	109	85
Total current assets		<u>169</u>	<u>149</u>
Less current liabilities			
Bank and cash	2.2	58	41
Accrued expenses		140	39
Other credit balances	2.5	58	48
Total current liabilities		<u>256</u>	<u>128</u>
Net current assets		<u>(87)</u>	<u>21</u>
Net assets		<u>(52)</u>	<u>59</u>
Represented by:			
State funding account	2.7	<u>(52)</u>	<u>59</u>

2.1 Capital assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	329	15	344
Additions	17	—	17
Disposals	(6)	—	(6)
Cost or valuation at 31 December 2019	340	15	355
Accumulated depreciation			
Opening balance at 1 January 2019	291	15	306
Depreciation for the year	20	—	20
Depreciation on disposals	(6)	—	(6)
Cumulative depreciation at 31 December 2019	305	15	320
Net assets at 31 December 2019	35	—	35
Net assets at 31 December 2018	38	—	38

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	(58)	(41)

2.3 Stocks

at 31 December	2019 €000	2018 €000
Centenarian medals	8	7
IT consumables and stationery	21	23
	29	30

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Other debit suspense items	7	4

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	26	25
Pay related social insurance	9	11
Additional superannuation contributions ^a	6	6
Universal social charge	5	5
Withholding tax	—	1
Pension contributions	4	—
	50	48
Payroll deductions held in suspense	8	—
	58	48

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

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	858	822
Exchequer grant undrawn	(967)	(907)
Net Exchequer funding	(109)	(85)
Represented by:		
Debtors		
Debit balances: suspense	7	4
	7	4
Creditors		
Due to State	(50)	(48)
Bank and cash	(58)	(41)
Credit balances: suspense	(8)	—
	(116)	(89)
	(109)	(85)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		59	11
Disbursements from the Vote			
Estimate provision	Account	4,434	
Surplus to be surrendered	Account	(858)	
Net vote		3,576	3,499
Expenditure (cash) borne elsewhere	1.1	4,780	4,467
Other (non-cash items)		1	(10)
Net programme cost	1	(8,468)	(7,908)
Balance at 31 December		(52)	59

2.8 Commitments

	2019	2018
	€000	€000
At 31 December		
Procurement of goods and services	150	16

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,832	1,724	1,717
ii	Travel and subsistence	310	87	184
iii	Training and development and incidental expenses	340	327	351
iv	Postal and telecommunication services	86	64	87
v	Office machinery and other office supplies and related services	535	195	156
		3,103	2,397	2,495

Significant variations

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

ii Travel and subsistence

Estimate provision: €310,000, outturn: €87,000

The costs for the overseas trips in 2019 were less than was anticipated. Countries visited in 2019 were, UK, Germany, USA, Greece, Cyprus and Lebanon, and show a decrease on the previous year which included costs from a lengthy trip to Australia and New Zealand at the end of 2017 but which were paid in 2018.

v Office machinery and other office supplies and related services

Estimate provision: €535,000, outturn: €195,000

The estimate provided for once off significant investment in a replacement office workflow and phone system. The project commenced in 2019 and the IT infrastructure, phone system and desktop equipment was replaced and management was migrated to the Office of the Government Chief Information Officer. The remainder of the project will take place in 2020.

Programme A President's Establishment

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	1,788	1,677	1,676
A.2 Administration – non pay	1,256	671	777
	3,044	2,348	2,453

Programme B Centenarians' Bounty

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B.1 Administration – pay	44	47	41
B.1 Administration – non pay	15	2	2
B.3 Centenarians' bounty	1,413	1,258	1,093
	1,472	1,307	1,136

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €165,000 lower than provided because there were fewer centenarians than provided for. 485 centenarian bounties were paid out in 2019 and approximately 540 provided for.

Note 4 Receipts**4.1 Appropriations-in-aid**

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Receipts from additional superannuation contributions on public service remuneration ^a	75	71	78
2 Miscellaneous	7	7	12
	82	78	90

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

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	26	27

5.2 Pay

	2019 €000	2018 €000
Pay	1,532	1,546
Higher, special or additional duties allowance	57	58
Overtime	21	20
Employer's PRSI	114	93
Total pay	1,724	1,717

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	5	4	19,174	19,126
Overtime	15	—	4,342	5,458
Extra remuneration in more than one category	1	—	2,894	—

5.4 Overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	1	1,650	4,080
Recovery plans in place	1	1,650	4,080

Two overpayment recovery plans in respect of two individuals to the value of €4,080 were transferred to the President's Establishment in the year.

Appropriation Account 2019

Vote 2

Department of the Taoiseach

Introduction

As Accounting Officer for Vote 2, 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 the salaries and expenses of the Department of the Taoiseach, including certain services administered by the Department and for payment of grants.

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 €9.856 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 have been applied in the preparation of the account except for the following:

Depreciation

Capital assets are depreciated on a straight line basis over their useful life, starting in the month placed in service.

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 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.

Shared services

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) in Killarney, which is part of the Department of Justice and Equality. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the shared service Centres. The Accounting Officer of the National Shared Services Office has put in place an audit process to provide independent assurance on the operation of controls within shared services. This assurance is a combination of:

- Internal audit work performed by the National Shared Service Office's Internal Audit Unit, and
- Audits conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on the controls within shared services. These audits report on the effectiveness of controls operated in 2019.

The Accounting Officer for the National Shared Services Office has provided me with a letter of assurance on the internal control and audit arrangements and reports on the audits of the operation of controls during 2019.

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

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 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 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.

Non-compliance with procurement rules

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. Five contracts, with a value of €470,838, 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, as follows

- One contract with a value of €93,884 is considered non-competitive and non-compliant. This contract for telephony services was awarded without a competitive process and was last reviewed in 2013. This contract will be reviewed by my Department's procurement team during 2020.
- Four contracts with a value of €376,954 are considered non-competitive but compliant. One related to provision of proprietary ICT services (€234,889), two were extensions of existing contracts (€80,592) and one related to a situation where there was a single suitable supplier available (€61,473).

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 in carrying out its functions and these have been evaluated and graded according to their significance. The register is a living document and is updated by the Department's senior management on an ongoing basis. The risk register is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Risk management is also a standing item on the agenda of the Department's Audit Committee.

The annual National Risk Assessment process, overseen by the Department of the Taoiseach, is also in place and provides an opportunity to identify and debate strategic risks facing Ireland over the short, medium and long term.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Advisory Committee (MAC), 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 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.

Martin Fraser
Accounting Officer
Department of the Taoiseach

18 June 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

Opinion on the appropriation account

I have audited the appropriation account for Vote 2 Department of the Taoiseach 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 2 Department of the Taoiseach 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 the Taoiseach 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

23 June 2020

Vote 2 Department of the Taoiseach

Appropriation Account 2019

	Estimate provision €000	2019 Outturn €000	2018 Outturn €000
Programme expenditure			
A Supporting the work of the Taoiseach and Government	35,266	25,188	27,314
Gross expenditure	35,266	25,188	27,314
<i>Deduct</i>			
B Appropriations-in-aid	929	707	801
Net expenditure	34,337	24,481	26,513

Surplus

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

	2019 €	2018 €
Surplus to be surrendered	9,856,031	6,878,390

Martin Fraser
Accounting Officer
Department of the Taoiseach

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	6,694	7,299
Pay	14,635	13,796
Non pay	3,859	6,219
Gross expenditure	25,188	27,314
<i>Deduct</i>		
Appropriations-in-aid	707	801
Net expenditure	24,481	26,513
Changes in capital assets		
Purchases cash	(389)	
Depreciation	207	
Loss on disposals	1	(363)
Changes in net current assets		
Increase in closing accruals	1,162	
Increase in stock	(30)	(91)
Direct expenditure	25,432	26,059
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,923	4,932
Notional rents	1,517	1,464
Net programme cost	31,872	32,455

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 2 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	8
Vote 12 Superannuation and Retired Allowances	3,351	3,472
Vote 13 Office of Public Works	846	755
Vote 18 National Shared Services Office	23	21
Vote 20 Garda Síochána	211	201
Vote 24 Justice and Equality	54	53
Vote 36 Defence	82	82
Central Fund: Taoisigh and Ministerial pensions	348	340
	4,923	4,932

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	1,210	1,029
Current assets			
Bank and cash	2.2	262	845
Stocks	2.3	126	96
Prepayments		296	339
Other debit balances	2.4	99	93
Net Exchequer funding	2.6	263	(373)
Total current assets		<u>1,046</u>	<u>1,000</u>
Less current liabilities			
Accrued expenses		1,406	287
Other credit balances	2.5	625	565
Total current liabilities		<u>2,031</u>	<u>852</u>
Net current assets		<u>(985)</u>	<u>148</u>
Net assets		<u><u>225</u></u>	<u><u>1,177</u></u>
Represented by:			
State funding account	2.7	<u><u>225</u></u>	<u><u>1,177</u></u>

2.1 Capital assets

	IT and office equipment	Furniture and fittings	Capital assets under development ^a	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	1,272	644	328	2,244
Additions	206	23	160	389
Disposals	(130)	—	—	(130)
Cost or valuation at 31 December 2019	1,348	667	488	2,503
Accumulated depreciation				
Opening balance at 1 January 2019	702	513	—	1,215
Depreciation for the year	184	23	—	207
Depreciation on disposals	(129)	—	—	(129)
Cumulative depreciation at 31 December 2019	757	536	—	1,293
Net assets at 31 December 2019	591	131	488	1,210
Net assets at 31 December 2018	570	131	328	1,029

Note ^a The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3,000 users across all government departments. The system is undergoing an upgrade to ensure its continued viability.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	261	845
Other bank account	1	—
	262	845

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Official gift items	23	11
Stationery	58	41
Publications	41	41
Consumables, etc.	4	3
	<u>126</u>	<u>96</u>

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel pass scheme expenditure	89	88
Other	10	5
	<u>99</u>	<u>93</u>

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	263	298
Pay related social insurance	117	104
Value added tax	32	1
Professional services withholding tax	122	60
	<u>534</u>	<u>463</u>
Payroll deductions held in suspense	85	97
Other	6	5
	<u>625</u>	<u>565</u>

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	9,856	6,878
Exchequer grant undrawn	(10,119)	(6,505)
Net Exchequer funding	(263)	373
Represented by:		
Debtors		
Bank and cash	262	845
Debit balances: suspense	99	93
	361	938
Creditors		
Due to State	(533)	(462)
Credit balances: suspense	(91)	(103)
	(624)	(565)
	(263)	373

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		1,177	726
Disbursements from the Vote			
Estimate provision	Account	34,337	
Surplus to be surrendered	Account	(9,856)	
Net vote		24,481	26,513
Expenditure (cash) borne elsewhere	1	4,923	4,932
Non cash item		(1)	(3)
Non cash expenditure – notional rent	1	1,517	1,464
Net programme cost	1	(31,872)	(32,455)
Balance at 31 December		225	1,177

2.8 Commitments

Global commitments

At 31 December	2019 €000	2018 €000
Procurement of goods and services	30	53
Capital projects	—	164
Total of legally enforceable commitments	30	217

2.9 Contingent liabilities

The legal case noted as a contingent liability on the 2018 appropriation account concluded in 2019 with costs of €773,000. Currently the Department is engaged in two ongoing High Court cases relating to access to information on the environment regulations which may generate costs.

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	16,046	14,635
ii	Travel and subsistence	730	476
iii	Training and development and incidental expenses	3,590	1,688
iv	Postal and telecommunication services	360	224
v	Office equipment and external IT services	1,410	1,106
vi	Office premises expenses	366	365
vii	Consultancy services and value for money and policy reviews	18	—
		22,520	18,494
			20,015

Significant variations

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

ii Travel and subsistence

Estimate provision: €730,000, outturn: €476,000

The underspend of €254,000 in this subhead was due to a lower volume of travel than projected at estimate time. The level of travel undertaken by staff and office holders is difficult to estimate and can be impacted by unforeseen political and economic developments at home, at EU and international level. In addition, travel costs incurred on official trips are often recouped from the Department in arrears at a later date.

iii Training and development and incidental expenses

Estimate provision: €3.59 million, outturn: €1.688 million

The underspend of €1.902 million in this subhead was due to lower than expected spend in areas such as training, State events, advertising and the gov.ie portal.

iv Postal and telecommunications

Estimate provision: €360,000, outturn: €224,000

The underspend of €136,000 in this subhead in 2019 was due to lower than anticipated telecommunication costs.

v Office equipment and external IT services

Estimate provision: €1.41 million, outturn: €1.106 million

The underspend of €304,000 in this subhead was due to a delay in the procurement of a video conferencing solution; and a lower than anticipated expenditure to a mobile phone supplier as a new billing arrangements were being finalised.

Programme A Supporting the work of the Taoiseach and Government

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	16,046	14,635	13,796
A.2	Administration – non pay	6,474	3,859	6,219
A.3	National Economic and Social Council	2,072	1,876	1,889
A.4	Tribunals of inquiry	4,309	929	1,999
A.5	Commissions of investigation	4,515	3,688	2,877
A.6	Citizens' Assembly	1,850	201	534
		35,266	25,188	27,314

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €10.078 million lower than provided. The variation of €4.026 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following.

A.1 Administration – pay

Estimate provision: €16.046 million, outturn: €14.635 million

The underspend of €1.411 million in this subhead in 2019 was due to delays in the planned filling of vacancies.

A.3 National Economic and Social Council

Estimate provision: €2.072 million, outturn: €1.876 million

The underspend of €196,000 in 2019 was partly due to the non-filling of a post, and a reduction in staff during the year due to retirements. The remaining difference relates to minor underspend in the ICT budget due to delays with respect to an IT project being implemented.

A.4 Tribunal of Inquiry

Estimate provision: €4.309 million, outturn: €929,000

The underspend of €3.38 million in 2019 relative to the estimate provision was due to the number of legal cost claims settled in 2019 being lower than expected. The Department has no control over third party legal costs awarded by the Tribunals of Inquiry and it is impossible to predict the timing of settlement of third party costs falling due at any particular time.

A.5 Commissions of investigation

Estimate provision: €4.515 million, outturn: €3.688 million

Commissions of investigation are independent of the Department of the Taoiseach and their expenditure levels depend on the needs and requirements of their investigations in the first instance. This outturn includes costs of €773,000 associated with a legal case which concluded in 2019. The underspend of €827,000 relative to the estimate provision was due to the Commission's difficulty in accurately forecasting the level and timing of their own expenditure needs, including expenditure arising from decisions to award third party costs.

A.6 Citizens Assembly

Estimate provision: €1.85 million, outturn: €201,000

The underspend of €1.649 million was due to the time required to set up the Citizens Assembly on Gender Equality following the approval of the resolution by the Oireachtas in July, namely the procurement of the required services and recruitment of the citizens. It had been expected that the Assembly would meet in 2019 but the first meeting of the Citizens did not take place until 25 January 2020.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Appropriations-in-aid	59	34	49
2 Receipts from additional superannuation contributions on public service remuneration ^a	870	673	752
Total	929	707	801

Note ^a 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 €222,000 less than the original estimate. Explanations for variances are set out below:

2 Receipts from additional superannuation contributions on public service remuneration

Estimate provision: €870,000, outturn: €673,000

The 2019 Estimates were calculated on pension related deductions (PRD). Following a circular (attached) in January 2019, PRD was replaced by an additional superannuation contribution (ASC) which was calculated on a different basis. ASC applies to all pensionable remuneration only, whereas PRD applied to all taxable remuneration. This meant that overtime, previously subject to PRD, was exempt from ASC. Also, the ASC thresholds for members of the Single Pension Scheme introduced in January 2019 meant that the rate of ASC was less than the rate of PRD paid previously. The difference in definition accounts for the variation between the estimate and the outturn.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	29	4
Receipts from Office holders' voluntary salary surrender and for the under deduction of pension related deductions since 2009	43	27
Transferred to the Exchequer	(29)	(4)
Balance as at 31 December	43	27

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	232	219
Agency	14	15
Total	246	234

5.2 Pay – Department

	2019	2018
	€000	€000
Pay	13,675	12,955
Redundancy and severance	—	201
Higher, special or additional duties allowance	357	290
Overtime and extra attendance	355	423
Employer's PRSI	1,032	906
Total pay^a	15,419	14,775

Note ^a Pay costs are disbursed amongst a number of subheads.

5.3 Pay – Agency

	2019	2018
	€000	€000
Pay	1,243	1,317
Employer's PRSI	101	107
Total pay	1,344	1,424

5.4 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
Department staff			€	€
Higher, special or additional duties	32	12	88,412	23,749
Overtime and extra attendance	84	12	24,192	22,076
Extra remuneration in more than one category	12	4	25,301	32,556

5.5 Other remuneration arrangements

Ex-gratia payment of €29,829 (2018: €29,681) was made in respect of agreed retirement benefits to one former employee.

5.6 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	5	4,377	9,728
Recovery plans in place	1	99	1,707

No overpayment recovery plans were transferred to the Department of the Taoiseach in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

Commission, committee or special inquiry	Year of appointment	2019	2018	Total expenditure to end 2019
		€000	€000	
Tribunal of Inquiry (payments to Messrs Haughey and Lowry) ^a	1997	929	1,999	64,223
Commission of Investigation (Cregan Commission) ^b	2015	1,980	1,995	7,046
Commission of investigation (Cooke Commission) ^c	2017	935	881	2,166

Notes ^a There will be further payments associated with the Tribunal of Inquiry (payments to Messrs Haughey and Lowry). Final costs cannot be determined at this point.

^b The Commission of investigation (Cregan) relates to certain transactions carried out by Irish Bank Resolution Corporation.

^c The Commission of investigation (Cooke) relates to the sale by the National Asset Management Agency of its Project Eagle portfolio.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	2019		2018
				Legal costs awarded €000	Total €000	Total €000
				Claims by members of the public	1	402
	1	402	—	371	773	—

6.3 Official gifts

The account includes the sum of €16,632 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2019 (2018: €6,728).

Appendix A Accounts of bodies and funds under the aegis of the Department of the Taoiseach

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
National Economic and Social Development Office	2018	23 Oct 2019	13 Nov 2019	20 Dec 2019

Appropriation Account 2019

Vote 3

Office of the Attorney General

Introduction

As Accounting Officer for Vote 3, 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 the salaries and expenses of the Office of the Attorney General, including a grant.

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 €1.019 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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.

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 Director General/Head of Office. 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

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

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 human resources and payroll shared services.

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 Office.

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 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 information and communications technology 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 one contract to the value of €146,486 spent on parliamentary services. This contract was not subject to a competitive procurement process in the year because the Office is satisfied that the work cannot be procured any more economically due to the specialised nature of the work involved. It is one of eight contracts with an overall value of €492,563 awarded without following a competitive process and included in the 40/2002 return as they exceed the reporting threshold of €25,000. The seven remaining contracts with a value of €346,077 are considered compliant as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation.

Internal audit and Audit Committee

I confirm that 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.

An internal audit function for the Office was in place during 2019.

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 Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Advisory Committee (MAC) 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 management and the MAC, 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 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 Office 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.

Damien Moloney
Accounting Officer
Office of the Attorney General

27 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 3 Office of the Attorney General

Opinion on the appropriation account

I have audited the appropriation account for Vote 3 Office of the Attorney General 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 3 Office of the Attorney General 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 Office of the Attorney General 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

10 June 2020

Vote 3 Office of the Attorney General

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Delivery of professional legal services to Government, Departments and Offices	16,353	15,153	14,835
Gross expenditure	16,353	15,153	14,835
<i>Deduct</i>			
B Appropriations-in-aid	761	580	649
Net expenditure	15,592	14,573	14,186

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,019,223	1,135,979

Damien Moloney
Accounting Officer
Office of the Attorney General

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	2,073	2,008
Pay	10,971	10,771
Non pay	2,109	2,056
Gross expenditure	15,153	14,835
<i>Deduct</i>		
Appropriations-in-aid	580	649
Net expenditure	14,573	14,186
Changes in capital assets		
Purchases cash	(102)	
Depreciation	177	75
		(11)
Changes in net current assets		
Decrease in closing accruals	(71)	
Increase in stock	(8)	126
Direct expenditure	14,569	14,301
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,521	2,258
Notional rents	791	763
Net programme cost	17,881	17,322

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 3 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,996	1,722
Vote 13 Office of Public Works	214	229
Vote 18 National Shared Services Office	13	13
Central Fund- pensions in respect of former Attorneys General	298	294
	2,521	2,258

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	327	402
Current assets			
Stocks	2.2	40	32
Prepayments		159	133
Other debit balances	2.3	84	95
Accrued income		3	—
Net Exchequer funding	2.5	21	435
Total current assets		<u>307</u>	<u>695</u>
Less current liabilities			
Bank and cash		62	138
Accrued expenses		69	111
Other credit balances	2.4	43	392
Total current liabilities		<u>174</u>	<u>641</u>
Net current assets		<u>133</u>	<u>54</u>
Net assets		<u>460</u>	<u>456</u>
Represented by:			
State funding account	2.6	<u>460</u>	<u>456</u>

2.1 Capital assets

	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	1,691	4,704	6,395
Additions	2	100	102
Disposals	(6)	(4)	(10)
Cost or valuation at 31 December 2019	1,687	4,800	6,487
Accumulated depreciation			
Opening balance at 1 January 2019	1,624	4,369	5,993
Depreciation for the year	20	157	177
Depreciation on disposals	(6)	(4)	(10)
Cumulative depreciation at 31 December 2019	1,638	4,522	6,160
Net assets at 31 December 2019	49	278	327
Net assets at 31 December 2018	67	335	402

2.2 Stocks

at 31 December	2019 €000	2018 €000
Stationery	15	9
IT consumables	25	23
	40	32

2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Office of Public Works	38	38
Recoupable shared costs	—	1
Travel pass scheme	41	52
Miscellaneous	5	4
	84	95

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Professional services withholding tax	8	9
Value added tax	31	3
Pension contributions	4	374
Other creditors	—	6
	<u>43</u>	<u>392</u>

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,019	1,136
Exchequer grant undrawn	(1,040)	(1,571)
Net Exchequer funding	<u>(21)</u>	<u>(435)</u>
Represented by:		
Debtors		
Debit balances: suspense	84	95
	<u>84</u>	<u>95</u>
Creditors		
Due to State	(43)	(392)
Bank and cash	(62)	(138)
	<u>(105)</u>	<u>(530)</u>
	<u>(21)</u>	<u>(435)</u>

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		456	571
Disbursements from the Vote			
Estimate provision	Account	15,592	
Surplus to be surrendered	Account	(1,019)	
Net vote		14,573	14,186
Expenditure (cash) borne elsewhere	1.1	2,521	2,258
Non cash expenditure – notional rent	1	791	763
Net programme cost	1	(17,881)	(17,322)
Balance at 31 December		<u>460</u>	<u>456</u>

2.7 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	<u>559</u>	<u>648</u>

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	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	11,894	10,971	10,771
ii	Travel and subsistence	210	271	249
iii	Training and development and incidental expenses	640	646	573
iv	Postal and telecommunication services	63	68	56
v	Office equipment and external IT services	590	705	761
vi	Office premises expenses	160	82	100
vii	Consultancy services and value for money and policy reviews	43	5	28
viii	Contract legal expertise	280	180	178
		13,880	12,928	12,716

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €11.894 million, outturn: €10.971 million

The savings of €923,000 arose due to all posts within the Office not being filled at all times during the year. Senior legal posts required specific sanction before the Office could move to fill same and the recruitment of staff took longer than anticipated. The security clearing of staff to be recruited also led to delays in the filling of posts.

viii Contract legal expertise

Estimate provision: €280,000, outturn: €180,000

The decrease of €100,000 arose due to lower than anticipated requirement for contract legal expertise. The Office only had one contractor drafting legislation during 2019 as it moves to fill permanent drafting positions within the Office.

Programme A Delivery of professional legal services to Government, Departments and Offices

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration– pay	11,894	10,971	10,771
A.2	Administration – non pay	1,986	1,957	1,945
A.3	Contributions to international organisations	39	44	39
A.4	Law Reform Commission	2,295	2,073	2,008
A.5	General law expenses	139	108	72
		16,353	15,153	14,835

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €1.2 million lower than provided. €952,000 of this related to administration expenditure and the balance of the variance of €248,000 was mainly due to the following:

A.4 Law Reform Commission

Estimate provision: €2.295 million, outturn: €2.073 million

The shortfall in expenditure of €222,000 relative to the estimate provision was due to lower than anticipated salary costs in the Law Reform Commission. This arose as not all sanctioned posts in the Commission were filled during the year.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018	
	Estimated	Realised	Realised	
	€000	€000	€000	
1	Receipts from additional superannuation contributions on public service remuneration ^a	753	577	648
2	Miscellaneous	8	3	1
	Total	761	580	649

Note ^a 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 €181,000 more than the original estimate. Explanations for variances are set out below:

1 Receipts from additional superannuation contribution on public service remuneration

Estimate: €753,000, realised: €577,000

The shortfall of €176,000 arose because not all sanctioned posts, both in the Office and in the Law Reform Commission, were filled at times during 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	157	147

5.2 Pay

	2019 €000	2018 €000
Pay	9,967	9,844
Higher, special or additional duties allowance	90	67
Other allowances	14	29
Overtime	14	13
Employer's PRSI	886	818
Total pay	10,971	10,771

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	12	4	20,745	20,614
Other allowances	9	—	8,969	8,969
Overtime	6	—	9,391	7,576
Extra remuneration in more than one category	2	—	7,467	12,280

5.4 Other remuneration arrangements

This account includes expenditure of €466,064 (€341,626 salary and €124,438 allowances) in respect of five officers serving outside of the Office for all or part of 2019 whose salaries were paid by the Office. Two of these officers were seconded to the European Union, one was seconded to the European Court of Human Rights whilst the other two are seconded national experts to the European Union. The salary figure of €341,626 is included in note 5.2 above but the allowances figure of €124,438 which is in respect of subsistence allowances is not included in note 5.2 above.

5.5 Payroll overpayments

Overpayments at the year-end were nil (2018: €16,843, six individuals).

Appendix A Accounts of Law Reform Commission (LRC)

The LRC operates under the aegis of the Office. Its last audited financial statements relate to 2018. The audit report issued on 16 December 2019. The Minister for Public Expenditure and Reform is responsible for laying the LRC's financial statements before the Houses of the Oireachtas. The 2018 audited financial statements have not yet been received by the Minister and have not yet been presented to the Oireachtas.

Appropriation Account 2019

Vote 4

Central Statistics Office

Introduction

As Accounting Officer for Vote 4, 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 the salaries and expenses of the Central Statistics Office.

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 €1.820 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 27 of 2019, have been applied in the preparation of the account.

Depreciation is calculated on an annual basis for the purpose of this account.

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 Director General. 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.

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 for the provision of HR and payroll shared services.

I rely on these and 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 Office.

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

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 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.

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. I confirm that during 2019, the Office complied with these procedures with the exception of expenditure of €104,915 in relation to two contracts rolled over pending completion of tendering processes. Both contracts related to telecommunications. A central framework was undertaken in 2019 in respect of both contracts and they are expected to be finalised during 2020.

Internal audit and Audit Committee

I confirm that the Office 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 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. As a result of internal restructuring and to enable analysis and implementation of a series of recommendations arising from an independent review of the operation of the function (*External Quality Assessment of Internal Audit* (Mazars)), no reports were produced by the CSO Internal Audit team during 2019. A programme of training was undertaken that year, and with a new Head of Internal Audit in place since early 2020, implementation of the audit plan has now been resumed. 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.

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 in carrying out its functions and these have been evaluated and graded according to their significance. The register is reviewed and updated by the management board on a bi-annual 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 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 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 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 issues

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

Pádraig Dalton
Accounting Officer
Central Statistics Office

11 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 4 Central Statistics Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 4 Central Statistics Office 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 4 Central Statistics Office 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 Central Statistics Office 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

18 September 2020

Vote 4 Central Statistics Office

Appropriation Account 2019

	2019		2018
	Estimate provision €000	Outturn €000	Outturn €000
Programme expenditure			
A Delivery of annual statistical programme	56,163	55,192	48,486
Gross expenditure	56,163	55,192	48,486
<i>Deduct</i>			
B Appropriations-in-aid	1,449	2,298	1,427
Net expenditure	54,714	52,894	47,059

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,819,597	1,686,701

Pádraig Dalton
Accounting Officer
Central Statistics Office

25 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	40,779	37,947
Non-pay	14,413	10,539
Gross expenditure	55,192	48,486
<i>Deduct</i>		
Appropriations-in-aid	2,298	1,427
Net expenditure	52,894	47,059
Changes in capital assets		
Purchases cash	(4,333)	
Depreciation	1,842	
Loss on disposals	15	(2,476)
	(2,476)	548
Changes in net current assets		
Increase in closing accruals	400	
Increase in stock	(3)	397
	397	(250)
Direct expenditure	50,815	47,357
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	8,941	8,083
Notional rents	1,706	1,646
Net programme cost	61,462	57,086

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 4 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	1,779	1,781
Vote 12 Superannuation and Retired Allowances	5,750	4,978
Vote 13 Office of Public Works	1,320	1,238
Vote 18 National Shared Services Office	92	86
	8,941	8,083

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	9,076	6,600
Current assets			
Bank and cash	2.2	181	(145)
Stocks	2.3	57	54
Prepayments		881	1,054
Accrued income		93	445
Other debit balances	2.4	475	413
Net Exchequer funding	2.6	679	896
Total current assets		<u>2,366</u>	<u>2,717</u>
Less current liabilities			
Accrued expenses		377	503
Other credit balances	2.5	<u>1,335</u>	<u>1,163</u>
Total current liabilities		<u>1,712</u>	<u>1,666</u>
Net current assets		<u>654</u>	<u>1,051</u>
Net assets		<u><u>9,730</u></u>	<u><u>7,651</u></u>
Represented by:			
State funding account	2.7	<u><u>9,730</u></u>	<u><u>7,651</u></u>

2.1 Capital assets

	Office equipment	Furniture and fittings ^a	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	66,718	3,403	869	70,990
Additions	387	40	3,906	4,333
Disposals	(508)	(20)	—	(528)
Brought into use	672	—	(672)	—
Cost or valuation at 31 December 2019	67,269	3,423	4,103	74,795
Accumulated depreciation				
Opening balance at 1 January 2019	61,128	3,262	—	64,390
Depreciation for the year	1,813	29	—	1,842
Depreciation on disposals	(493)	(20)	—	(513)
Cumulative depreciation at 31 December 2019	62,448	3,271	—	65,719
Net assets at 31 December 2019	4,821	152	4,103	9,076
Net assets at 31 December 2018	5,590	141	869	6,600

Note ^a Furniture and fittings includes assets valued at €34,000 previously classified as land and buildings.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	180	(177)
Commercial bank account balance	—	31
Petty cash	1	1
	181	(145)

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	45	41
IT Consumables	12	13
	57	54

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable salary costs	157	155
Recoupable travel costs	8	15
Recoupable travel pass scheme	40	34
OPW suspense balance	64	87
Other debit suspense items	206	122
	475	413

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	490	431
Pay related social insurance	352	303
Professional services withholding Tax	22	38
Value added tax	33	15
Pension contributions	111	97
Universal social charge	100	92
	1,108	976
Payroll deductions held in suspense	182	175
Other credit suspense items	45	12
	1,335	1,163

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,820	1,687
Exchequer grant undrawn	(2,499)	(2,583)
Net Exchequer funding	(679)	(896)
Represented by:		
Debtors		
Bank and cash	181	(145)
Debit balances: suspense	475	412
	656	267
Creditors		
Due to State	(1,108)	(976)
Credit balances: suspense	(227)	(187)
	(1,335)	(1,163)
	(679)	(896)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		7,651	7,949
Disbursements from the Vote			
Estimate provision	Account	54,714	
Surplus to be surrendered	Account	(1,820)	
Net vote		52,894	47,059
Expenditure (cash) borne elsewhere	1	8,941	8,083
Non cash expenditure – notional rent	1	1,706	1,646
Net programme cost	1	(61,462)	(57,086)
Balance at 31 December		9,730	7,651

2.8 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	13,525	5,467
Total of legally enforceable commitments	13,525	5,467

2.9 Matured liabilities

At 31 December	2019	2018
	€000	€000
Estimate of matured liabilities	—	1

2.10 Contingent liabilities

The Office is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

All the vote expenditure is classified as administration expenditure. The following note presents an analysis of the administration expenditure of the Vote.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	41,884	40,779	37,947
ii	Travel and subsistence	1,370	1,522	1,316
iii	Training and development and incidental expenses	1,150	1,234	1,268
iv	Postal and telecommunication services	800	832	796
v	Office equipment and external IT services	7,373	7,835	4,599
vi	Office premises expenses	1,525	1,507	1,138
vii	Consultancy services and value for money and policy reviews	170	82	63
viii	Collection of statistics	1,891	1,401	1,359
		56,163	55,192	48,486

Significant variations

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

viii Collection of statistics

Estimate provision: €1.891 million, outturn: €1.401 million

The decrease of €490,000 on expenditure on collection of statistics was due to the cyclical nature of the CSO's field operation in the collection of statistics. In addition, the cost of the operation of a call centre was lower than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 European Union receipts	130	1,016	62
2 Miscellaneous	70	46	32
3 Receipts from additional superannuation contributions on public service remuneration ^a	1,249	1,236	1,333
Total	1,449	2,298	1,427

Note ^a 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 €849,000 more than the estimate as forecast. Explanations for variances are set out below:

1 European Union receipts

Estimate: €130,000, realised: €1.016 million

The increase of €886,000 was due to payments received in respect of two agriculture contracts during 2019. A payment of €192,000 in respect of the 2016 Farm Structure Survey had been expected in 2018 but was delayed until February 2019. In addition, an advance payment of €500,000 in respect of the 2020 Census of Agriculture was received following the signing of a contract in 2019. Most payments from Eurostat are made following submission of results by the CSO and depend on the costs borne by the Office and the acceptance of results. This makes it difficult to accurately predict receipts.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	832	772

5.2 Pay

	2019	2018
	€000	€000
Pay	37,559	35,048
Higher, special or additional duties allowance	110	94
Other allowances	99	93
Overtime	80	75
Employer's PRSI	2,931	2,637
Total pay	40,779	37,947

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	54	1	10,336	8,005
Overtime and extra attendance	21	1	14,124	16,978
Other allowances ^a	14	1	10,263	9,217
Extra remuneration in more than one category	19	4	21,430	24,285

Note ^a Other allowances includes shift and roster allowances (2018 highest paid individual: €9,217) and miscellaneous allowances (2018 highest paid individual: €7,050)

5.4 Other remuneration arrangements

Two retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €7,050 during 2019. The payments made were consistent with the principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

This account does not include expenditure in respect of 26 officers who were serving outside the Office for all or part of 2019 in other government departments/offices and whose salaries were not recouped by the Office.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	72	146,461	104,540
Recovery plans in place	29	36,922	52,817

Six overpayment recovery plans in respect of six individuals to the value of €1,867 were transferred to other departments in the year.

Note 6 Miscellaneous

6.1 EU funding

The Office receives funding in relation to projects/surveys conducted on behalf of Eurostat. During 2019, the CSO received EU income of €1,016,000 on foot of three contracts. Two were for agriculture (Farm Structure Survey and Census of Agriculture 2020) and the other was a contract that facilitates purchasing power parity comparison between capital city prices (Purchasing Price Parity Survey). This funding has been recognised as appropriations-in-aid in 2019. Whilst some of the agriculture related expenditure was borne in 2019, the bulk will be incurred in 2020 mainly to subhead A (i) of the Vote.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by the Office €000	Compensation awarded €000	Legal costs awarded €000	2019	2018
					Total €000	Total €000
Claims by employees	5	9	—	—	9	—
		9	—	—	9	—

Appropriation Account 2019

Vote 5

**Office of the Director of Public
Prosecutions**

Introduction

As Accounting Officer for Vote 5, 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 the salaries and expenses of the Office of the Director of Public Prosecutions.

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 €614,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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.

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 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 Service Office for the provision of human resources and payroll shared services.

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 Office.

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 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.

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 procurement guidelines. The Office complied with the guidelines with the exception of eight contracts (in excess of €25,000) totalling €295,857 (excluding VAT), which were listed in my annual return in respect of Circular 40/2002, as set out below.

- Six of the contracts with a total value of €188,281 (excluding VAT), involved services for which there was only one supplier.
- One contract with a total value of €76,456 (excluding VAT), was for cleaning services. This had been awarded under a competitive process but was extended beyond its original contract dates. The other contract with a total value of €31,120 (excluding VAT) was for courier services. A competitive tendering process for both contracts have been undertaken and contracts will be in place shortly.

Internal audit and Audit Committee

I confirm that the Office 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 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.

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 Board on a twice yearly 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 management and 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 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 issues

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

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

16 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 5 Office of the Director of Public Prosecutions

Opinion on the appropriation account

I have audited the appropriation account for Vote 5 Office of the Director of Public Prosecutions 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 5 Office of the Director of Public Prosecutions 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 Office of the Director of Public Prosecutions 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

12 June 2020

Vote 5 Office of the Director of Public Prosecutions

Appropriation Account 2019

	2019	2018
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Provision of prosecution service	43,719	43,090
Gross expenditure	43,719	43,090
<i>Deduct</i>		
B Appropriations-in-aid	910	895
Net expenditure	42,809	42,195

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	613,809	942,617

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

16 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	25,152	25,919
Pay	15,211	14,185
Non pay	2,727	3,285
Gross expenditure	43,090	43,389
<i>Deduct</i>		
Appropriations-in-aid	895	830
Net expenditure	42,195	42,559
Changes in capital assets		
Purchases cash	(193)	
Depreciation	195	
Loss on disposals	3	5
		(227)
Changes in net current assets		
Increase in closing accruals	785	
Increase in stock	(32)	753
		(262)
Direct expenditure	42,953	42,070
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,638	2,239
Notional rents	2,025	1,955
Net programme cost	47,616	46,264

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 5 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,904	1,543
Vote 13 Office of Public Works	508	478
Vote 18 National Shared Services Office	20	17
Vote 20 Garda Síochána	206	201
	2,638	2,239

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	549	554
Current assets			
Bank and cash	2.2	889	875
Stocks	2.3	162	130
Other debit balances	2.4	405	77
Prepayments		161	170
Total current assets		<u>1,617</u>	<u>1,252</u>
Less current liabilities			
Accrued expenses		3,437	2,661
Other credit balances	2.5	1,217	971
Net Exchequer funding	2.6	77	(19)
Total current liabilities		<u>4,731</u>	<u>3,613</u>
Net current liabilities		<u>(3,114)</u>	<u>(2,361)</u>
Net liabilities		<u>(2,565)</u>	<u>(1,807)</u>
Represented by:			
State funding account	2.7	<u>(2,565)</u>	<u>(1,807)</u>

2.1 Capital assets

	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	575	3,552	4,127
Additions	7	186	193
Disposals	—	(163)	(163)
Cost or valuation at 31 December 2019	582	3,575	4,157
Accumulated depreciation			
Opening balance at 1 January 2019	505	3,068	3,573
Depreciation for the year	10	185	195
Depreciation on disposals	—	(160)	(160)
Cumulative depreciation at 31 December 2019	515	3,093	3,608
Net assets at 31 December 2019	67	482	549
Net assets at 31 December 2018	70	484	554

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance	888	865
Other bank account balances	1	10
	889	875

2.3 Stocks

at 31 December	2019 €000	2018 €000
Stationery	23	29
IT consumables	139	101
	162	130

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Other debit balances	405	77

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	585	489
Pay related social insurance	165	148
Professional services withholding tax	346	299
Value added tax	13	25
	1,109	961
Payroll deductions held in suspense	103	—
Other credit suspense items	5	10
	1,217	971

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	614	943
Exchequer grant undrawn	(537)	(962)
Net Exchequer funding	77	(19)
Represented by:		
Debtors		
Bank and cash	889	875
Debit balances: suspense	405	77
	1,294	952
Creditors		
Due to State	(1,109)	(961)
Credit balances: suspense	(108)	(10)
	(1,217)	(971)
	77	(19)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		(1,807)	(2,296)
Disbursements from the Vote			
Estimate provision	Account	42,809	
Surplus to be surrendered	Account	(614)	
Net vote		42,195	42,559
Expenditure (cash) borne elsewhere	1	2,638	2,239
Non cash expenditure – notional rent	1	2,025	1,955
Net programme cost	1	(47,616)	(46,264)
Balance at 31 December		(2,565)	(1,807)

2.8 Commitments

	2019	2018
	€000	€000
at 31 December		
Procurement of goods and services	328	—

In addition to the above, the Office had commitments in respect of legal fees at the end of the year, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and status of outstanding cases. The Office had no other legally enforceable commitments at 31 December 2019 (2018: nil).

2.9 Matured liabilities

	2019	2018
	€000	€000
at 31 December		
Estimate of matured liabilities not discharged at year end.	13	67

Note 3 Vote Expenditure

Analysis of administration expenditure

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

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	15,538	15,211	14,185
ii Travel and subsistence	176	205	169
iii Training and development and incidental expenses	1,145	1,077	970
iv Postal and telecommunication services	240	227	211
v Office equipment and external IT services	791	828	1,130
vi Office premises expenses	948	359	784
vii Consultancy and other services	37	31	21
	18,875	17,938	17,470

Significant variations

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

vi Office premises expenses

Estimate provision: €948,000, outturn: €359,000

The shortfall in expenditure of €589,000 relative to the estimate provision occurred because refurbishment works, which were planned to be carried out in 2019, did not proceed as quickly as planned.

Programme A Provision of a Prosecution Service

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	15,538	15,211	14,185
A.2 Administration – non pay	3,337	2,727	3,285
A.3 Fees to counsel	14,528	16,814	17,392
A.4 General law expenses	2,946	1,102	1,678
A.5 Local state solicitor service	7,370	7,236	6,849
	43,719	43,090	43,389

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €629,000 lower than originally provided. €937,000 of this related to administration expenditure and has already been explained. The balance of the variance of €308,000 was mainly due to the following:

A.3 Fees to counsel

Estimate provision: €14.528 million, outturn: €16.814 million

The excess in expenditure of €2.286 million on expenditure relative to the estimate provision arose because the estimate provision was not adequate to meet the underlying level of activity in the criminal courts.

A.4 General law expenses

Estimate provision: €2.946 million, outturn: €1.102 million

The shortfall in expenditure of €1.844 million on expenditure relative to the estimate provision was due to fewer cost awards in 2019 than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Receipts from additional superannuation contributions on public service remuneration ^a	782	708	731
2 Miscellaneous	128	187	99
	910	895	830

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

4.2 Extra receipts payable to the Exchequer

In 2019 there were no receipts payable to the Exchequer arising from forfeitures ordered by the courts (2018: €19,273).

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	210	206

5.2 Pay

	2019 €000	2018 €000
Pay	13,863	13,001
Higher, special or additional duties allowance	156	115
Overtime	6	5
Employer's PRSI	1,186	1,064
Total pay	15,211	14,185

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	44	5	41,592	41,592
Overtime	11	—	1,537	944

5.4 Other remuneration arrangements

This account includes expenditure of €151,382 (2018: €149,906) in respect of one officer who was serving outside the Office in 2019 and whose salary was paid from Subhead A.1.

5.5 Overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	10	21,885	14,625
Recovery plans in place	3	5,385	—

Appropriation Account 2019

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 2019 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 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €167,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principals 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 fee notes received from counsel which are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year.

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.

Shared services

The National Shared Services Office provides human resource and payroll services to the Office of the Chief State Solicitor.

I rely on the letter of assurance from the Accounting Officer for the National Shared Services Office that the appropriate controls are exercised in the provision of the shared services to this Office.

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 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.

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.

An internal audit function for the Office was in place during 2019.

Procurement compliance

The Office ensures there is an appropriate focus on good practice in purchasing and have procedures in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of eight contracts to the value of €483,258 where 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 new contract has been in place since 1 January 2020. It is also intended to make use of arrangements, which the Office of Government Procurement now has in place, to award a number of contracts during 2020. These eight contracts are included in a list of 16 contracts with an overall value of €828,789 awarded without following a competitive process and included in the 40/2002 return as they exceed the reporting threshold of €25,000. The eight remaining contracts with a value of €345,531 are considered compliant as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation.

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 Audit Committee.

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 Board on a semi-annual 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 management and 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 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 issues

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

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

30 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

Opinion on the appropriation account

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor 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 6 Office of the Chief State Solicitor 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 Office of the Chief State Solicitor 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*.

Reporting on other matters arising from audit

Chapter 6 of my report on the accounts of the public services for 2019 examines the delay in the payment of counsel fees by the Office of the Chief State Solicitor.

Seamus McCarthy
Comptroller and Auditor General

22 July 2020

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Provision of legal services			
<i>Original</i>	35,571		
<i>Supplementary</i>	<u>5,000</u>		
		<u>40,571</u>	<u>40,437</u>
			<u>33,982</u>
Gross expenditure			
<i>Original</i>	35,571		
<i>Supplementary</i>	<u>5,000</u>		
		<u>40,571</u>	<u>40,437</u>
			<u>33,982</u>
<i>Deduct</i>			
B Appropriations-in-aid		<u>955</u>	<u>988</u>
			<u>1,374</u>
Net expenditure			
<i>Original</i>	34,616		
<i>Supplementary</i>	<u>5,000</u>		
		<u>39,616</u>	<u>39,449</u>
			<u>32,608</u>

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	<u>166,519</u>	<u>1,087,182</u>

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

		2019	2018
	€000	€000	€000
Programme cost		20,333	15,217
Pay		17,735	16,591
Non-pay		2,369	2,174
Gross expenditure		40,437	33,982
<i>Deduct</i>			
Appropriations-in-aid		988	1,374
Net expenditure		39,449	32,608
Changes in capital assets			
Purchases cash	(167)		
Depreciation	251		
Loss on disposals	1	85	178
Changes in net current assets			
Increase in closing accruals	178		
Increase in stock	(4)	174	1,875
Direct expenditure		39,708	34,661
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,398	3,192
Notional rents		865	835
Net programme cost		43,971	38,688

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.

		2019	2018
		€000	€000
Vote 12	Superannuation and Retired Allowances	1,904	1,543
Vote 13	Office of Public Works	1,464	1,624
Vote 18	National Shared Services Office	30	25
		3,398	3,192

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	511	596
Current assets			
Bank and cash	2.2	1,982	830
Stocks	2.3	51	47
Prepayments		192	241
Accrued income	2.4	9,829	9,806
Other debit balances		175	181
Total current assets		<u>12,229</u>	<u>11,105</u>
Less current liabilities			
Accrued expenses	2.5	2,958	2,806
Other credit balances	2.6	2,133	1,114
Net Exchequer funding	2.7	24	(103)
Total current liabilities		<u>5,115</u>	<u>3,817</u>
Net current assets		<u>7,114</u>	<u>7,288</u>
Net assets		<u>7,625</u>	<u>7,884</u>
Represented by:			
State funding account	2.8	<u>7,625</u>	<u>7,884</u>

2.1 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	4,558	1,724	6,282
Additions	123	44	167
Disposals	(43)	(61)	(104)
Cost or valuation at 31 December 2019	4,638	1,707	6,345
Accumulated depreciation			
Opening balance at 1 January 2019	4,074	1,612	5,686
Depreciation for the year	213	38	251
Depreciation on disposals	(43)	(60)	(103)
Cumulative depreciation at 31 December 2019	4,244	1,590	5,834
Net assets at 31 December 2019	394	117	511
Net assets at 31 December 2018	484	112	596

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	1,980	821
Other bank account balances	2	9
	1,982	830

Non-vote bank accounts

The CSSO maintains a number of bank accounts 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 in such accounts at the end of 2019 was €7.25 million (2018: €6.29 million) and this is not included in the appropriation account.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	51	47

2.4 Accrued income

at 31 December	2019	2018
	€000	€000
Opening balance 1 January 2019	9,806	9,631
Cash receipts	(71)	(164)
Settlements	(98)	(214)
Additions	192	553
Closing balance 31 December 2019	9,829	9,806

Accrued income represents taxed costs due to the State not yet recovered. It is the policy of the Office to pursue the recovery of all taxed costs awarded in favour of the State.

2.5 Accrued expenses

at 31 December	2019	2018
	€000	€000
Counsel fees (see Note 2.11)	2,645	2,626
General law expenses	107	108
Incidental expenses	61	27
Office machinery	56	11
Post and telecommunications	38	14
Other expenses	51	20
	2,958	2,806

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	351	277
Pay related social insurance	189	153
Professional services withholding tax	1,146	489
Pension contributions	79	64
Value added tax	30	7
Local property tax	1	1
	<u>1,796</u>	<u>991</u>
State property – escheated estates ^a	337	123
	<u>2,133</u>	<u>1,114</u>

Note ^a This balance is also payable to the State. It is shown separately in the table above because all of the other amounts due to the State arise from the on-going operations of CSSO while the escheated estates figure relates to cash collected from external third parties where the CSSO is awaiting disposition instructions.

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	167	1,087
Exchequer grant undrawn	(143)	(1,190)
Net Exchequer funding	<u>24</u>	<u>(103)</u>
Represented by:		
Debtors		
Bank and cash	1,982	830
Debit balances: suspense	175	181
	<u>2,157</u>	<u>1,011</u>
Creditors		
Due to State	(1,796)	(991)
Credit balances: suspense	(337)	(123)
	<u>(2,133)</u>	<u>(1,114)</u>
	<u>24</u>	<u>(103)</u>

2.8 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		7,884	9,937
Disbursements from the Vote			
Estimate provision	Account	39,616	
Surplus to be surrendered	Account	(167)	
Net vote		39,449	32,608
Expenditure (cash) borne elsewhere	1.1	3,398	3,192
Non cash expenditure – notional rent	1	865	835
Net programme cost	1	(43,971)	(38,688)
Balance at 31 December		7,625	7,884

2.9 Commitments

	2019	2018
	€000	€000
at 31 December		
Procurement of goods and services	807	903

2.10 Matured liabilities

	2019	2018
	€000	€000
at 31 December		
Estimate of matured liabilities not discharged at year end	128	83

2.11 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 evaluate 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.

The accruals number below is included in the amount submitted total. The end-of-year accruals represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year and this amount is included in the accrued expenses figure in the statement of financial position.

Counsels' fee notes	Number of notes	Amount submitted	Mark down value
at 31 December 2019		€000	€000
Amount sought	1,103	9,475	In progress
Accruals	556	3,882	2,645

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,113	17,735	16,591
ii	Travel and subsistence	70	101	97
iii	Training and development and incidental expenses	983	974	971
iv	Postal and telecommunication services	330	284	310
v	Office equipment and external IT services	750	784	656
vi	Office premises expenses	275	166	123
vii	Consultancy services and value for money policy reviews	50	60	17
		20,571	20,104	18,765

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €18.113 million, outturn: €17.735 million

The saving of €378,000 on expenditure on salaries, wages and allowances was due to greater number of unexpected departures and timing of recruiting replacement staff. The office also recovered from other government departments staff costs of €863,000 (2018 - €707,000) related to specific legal work.

vi Office premises expenses

Estimate provision: €275,000, outturn: €166,000

The saving of €109,000 in this subhead was due to the deferral of certain planned repair and maintenance requirements.

Programme A Provision of legal services

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
A.1 Administration – pay		18,113	17,735	16,591
A.2 Administration – non-pay		2,458	2,369	2,174
A.3 External legal services		200	156	221
A.4 Fees to counsel				
	<i>Original</i>	13,500		
	<i>Supplementary</i>	5,000		
		18,500	19,237	13,971
A.5 General law expenses		1,300	940	1,025
		40,571	40,437	33,982

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €4.866 million more than originally provided. This comprised the aggregate of (a) a saving of €467,000 relating to administration expenditure that has already been explained and (b) a net excess of €5.333 million in non-administrative expenditure, which was mainly due to the following:

A.4 Fees to counsel

Estimate provision: €13.5 million, outturn: €19.237 million

The excess of €5.737 million relative to the original estimate provision was due to the Office dealing with a number of high profile and complex cases during the year and a significant effort (using the €5 million supplementary estimate) to reduce the level of overdue fees.

A.5 General law expenses

Estimate provision: €1.3 million, outturn: €940,000

The saving in expenditure of €360,000 relative to the estimate provision was due to the unpredictability of how legal cases progress through the courts.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Costs and fees received by the Office of the Chief State Solicitor	200	257	556
2 Receipts from additional superannuation contributions on public service remuneration ^a	755	731	818
	955	988	1,374

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

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Receipts under Section 10 of the State Property Act, 1954	10,715	3
Transferred to the Exchequer ^a	(10,715)	(3)
Balance at 31 December	—	—

Note ^a A total of €10,715,099 (2018: €2,540) was lodged to the Exchequer under the State Property Act 1954. Of the 2019 figure, €10,697,278 relates to the devolution of the assets of a dissolved company.

Note 5 Employee Number and Pay

5.1 Employee numbers

Full time equivalents	2019	2018
CSSO staff focused on core activities	273	249
CSSO staff working on projects for other departments/offices	12	11
Number of staff at year end (full time equivalents)	<u>285</u>	<u>260</u>

5.2 Pay

	2019 €000	2018 €000
Pay	16,881	15,745
Higher, special or additional duty allowance	98	108
Other allowances	7	7
Overtime	72	49
Employer's PRSI	<u>1,540</u>	<u>1,389</u>
Total gross pay	18,598	17,298
Recoveries from other departments/offices	<u>(863)</u>	<u>(707)</u>
Total net pay	<u>17,735</u>	<u>16,591</u>

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	37	2	11,011	14,159
Other allowances	4	—	1,848	1,783
Overtime	20	1	30,923	15,334
Extra remuneration in more than one category	5	3	35,118	19,229

5.4 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	14	21,310	41,712
Recovery plans in place	—	—	30,934

Appropriation Account 2019

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, 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 the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The 2019 appropriation account records expenditure on two programme areas of Economic and Fiscal Policy and Banking and Financial Services. The 2018 outturn figures for Delivery of Shared Services programme have been reallocated across these two programmes to reflect the new structure of the Department.

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 €2.083 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 27 of 2019 have been applied in the preparation of the account, except for the following:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stock. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective departments.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged annually to each department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance has purchased certain assets since 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

Depreciation is calculated annually and is charged in full in the year of acquisition/commission and no depreciation is charged in the year of disposal.

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 and the National Shared Services Office for the provision of HR and payroll shared services.

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.

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

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 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 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 purchasing and that procedures are in place to ensure compliance with all relevant guidelines. One contract with a value of €73,216, was listed on my annual return in respect of Circular 40/2002. A brief outline of the contract is set out below:

- A specialist translation service was engaged to assist in the preparation of a State Aid case. The Department has commenced preparation for a competitive tendering process via eTenders for State aid related translations. It is expected that a supplier will be appointed during Q2/2020.

Internal audit and Audit Committee

I confirm that the Department uses the services of the Department of Public Expenditure and Reform internal audit function under the terms of a service level agreement between the two Departments. The Department of Public Expenditure and Reform internal audit unit operates under a written charter which has been approved by the Secretary General of the Department of Public Expenditure and Reform. Its work is informed by analysis of the financial risks to which the Department of Finance is exposed and its annual internal audit plans (which are prepared in consultation with the Audit Committee and 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.

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 and updated by the Executive 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. Control deficiencies are communicated to those responsible for taking corrective action, to management and the Executive 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.

Significant financial risks

There are no significant financial risks for the Vote.

Review of effectiveness

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 require disclosure in the appropriation account.

Derek Moran
Accounting Officer
Office of the Minister for Finance

30 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 7 Office of the Minister for Finance

Opinion on the appropriation account

I have audited the appropriation account for Vote 7 Office of the Minister for Finance 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 7 Office of the Minister for Finance 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 Office of the Minister for Finance 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

23 September 2020

Vote 7 Office of the Minister for Finance

Appropriation Account 2019

	Estimate provision		2019 Outturn	2018 Outturn
	€000	€000	€000	€000
Programme expenditure				
A Economic and fiscal policy				
<i>Original</i>	24,039			
<i>Supplementary</i>	22,900			
		46,939	47,542	23,016
B Banking and financial services policy				
<i>Original</i>	17,057			
<i>Supplementary</i>	(1,700)			
		15,357	12,624	13,121
Gross expenditure				
<i>Original</i>	41,096			
<i>Supplementary</i>	21,200			
		62,296	60,166	36,137
<i>Deduct</i>				
C Appropriations-in-aid		1,380	1,333	1,854
Net expenditure				
<i>Original</i>	39,716			
<i>Supplementary</i>	21,200			
		60,916	58,833	34,283

Surplus

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

	2019 €	2018 €
Surplus to be surrendered	2,083,438	6,364,005

Derek Moran
Accounting Officer
Office of the Minister for Finance

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	37,284	14,129
Pay	18,957	18,109
Non pay	3,925	3,899
Gross expenditure	60,166	36,137
<i>Deduct</i>		
Appropriations-in-aid	1,333	1,854
Net expenditure	58,833	34,283
Changes in capital assets		
Purchases cash	(104)	
Depreciation	110	6
Changes in net current assets		
Increase in closing accruals	47	
Increase in stock	(3)	500
Direct expenditure	58,883	34,845
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	14,495	14,279
Notional rents	1,065	1,028
Net programme cost	74,443	50,152

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 11 Public Expenditure and Reform	330	280
Vote 12 Superannuation and Retired Allowances	13,007	12,284
Vote 13 Office of Public Works	1,959	1,910
Vote 18 National Shared Services Office	29	607
Central Fund — Ministerial pensions	200	225
	15,525	15,306
Apportioned cost of accounting and facility support for other Votes	(1,030)	(1,027)
	14,495	14,279

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	303	481
Current assets			
Bank and cash	2.2	825	1,807
Stocks	2.3	18	15
Other debit balances	2.4	226	242
Prepayments		420	301
Accrued income		15	117
Total current assets		<u>1,504</u>	<u>2,482</u>
Less current liabilities			
Accrued expenses		254	190
Other credit balances	2.5	680	544
Net Exchequer funding	2.6	371	1,505
Total current liabilities		<u>1,305</u>	<u>2,239</u>
Net current assets		<u>199</u>	<u>243</u>
Net assets		<u>502</u>	<u>724</u>
Represented by:			
State funding account	2.7	<u>502</u>	<u>724</u>

2.1 Capital assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	591	497	388	1,476
Additions	92	12	—	104
Disposals	—	—	(64)	(64)
Adjustment ^a	(298)	(105)	(7)	(410)
Cost or valuation at 31 December 2019	385	404	317	1,106
Accumulated depreciation				
Opening balance at 1 January 2019	418	273	304	995
Depreciation for the year	43	29	38	110
Depreciation on disposals	—	—	(64)	(64)
Adjustment ^a	(199)	(34)	(5)	(238)
Cumulative depreciation at 31 December 2019	262	268	273	803
Net assets at 31 December 2019	123	136	44	303
Net assets at 31 December 2018	173	224	84	481

Note ^a An adjustment has been made to bring the Department's accounts in to line with Circular 27/2019.

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	825	1,807
Commercial bank account balance	—	—
	825	1,807

2.3 Stocks

at 31 December	2019 €000	2018 €000
Stationery	8	8
IT consumables	10	7
	18	15

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel expenditure	45	71
Travel imprests	—	1
Recoupable travel pass scheme expenditure	143	158
Other debit suspense items	38	12
	226	242

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	238	238
Pay related social insurance	155	149
Professional services withholding tax	64	39
Value added tax	33	20
Pension contributions	57	1
Local property tax	1	2
Universal social charge	49	52
	597	501
Payroll deductions held in suspense	66	4
Other credit suspense items	2	—
Recoupable salaries	15	39
	680	544

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	2,083	6,364
Exchequer grant undrawn	(1,712)	(4,859)
Net Exchequer funding	371	1,505
Represented by:		
Debtors		
Bank and cash	825	1,807
Debit balances: suspense	226	242
	1,051	2,049
Creditors		
Due to State	(597)	(501)
Credit balances: suspense	(83)	(43)
	(680)	(544)
	371	1,505

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		724	1,286
Disbursements from the Vote			
Estimate provision	Account	60,916	
Surplus to be surrendered	Account	(2,083)	
Net vote		58,833	34,283
Expenditure (cash) borne elsewhere	1.1	14,495	14,279
Non cash item – capital assets adjustment		(172)	—
Non cash expenditure – notional rent	1	1,065	1,028
Net programme cost	1	(74,443)	(50,152)
Balance at 31 December		502	724

2.8 Matured liabilities

At 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	17	4

2.9 Contingent liabilities

There is a litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
i	Salaries, wages and allowances	19,044	18,957	18,109
ii	Travel and subsistence	905	816	759
iii	Training and development and incidental expenses	1,410	1,609	926
iv	Postal and telecommunication services	393	275	331
v	Office equipment and external IT services	1,022	793	780
vi	Office premises expenses			
	<i>Original</i>	2,050		
	<i>Supplementary</i>	(1,400)		
		650	432	1,105
vii	Consultancy and other services	20	—	—
		23,444	22,882	22,010

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: €1.41 million, outturn: €1.609 million

The variance of €199,000 was due to the cost of negative interest rates on bank balances, a new cost to the vote in 2019. This variance was partially offset by savings on facility management and less spending on training courses than expected.

iv Postal and telecommunication services

Estimate provision: €393,000, outturn: €275,000

This variance of €118,000 arises largely due to functions being moved to Dublin from the Tullamore office which resulted in a reduced frequency of couriers between the Department's offices.

v Office equipment and external IT services

Estimate provision: €1.022 million, outturn: €793,000

The variance of €229,000 was due to planned capital projects which were budgeted for, not taking place during the year resulting in savings of approximately €140,000 versus the estimate, the remainder was made up by savings in the current budget on this subhead across all divisions.

vi Office premises expenses

Estimate provision: €2.05 million, outturn: €432,000

The variance of €1.618 million was due to planned capital projects which were budgeted for, not taking place during the year resulting in savings of €1.5m approximately versus the estimate, the remainder was made up by lower than expected current expenditure in some of the buildings occupied by the Department.

Programme A Economic and Fiscal Policy

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
A.1	Administration – pay		9,141	9,995
A.2	Administration – non-pay			9,600
	<i>Original</i>	2,878		
	<i>Supplementary</i>	(700)		
			2,178	1,946
A.3	Committee and commissions		370	318
A.4	Consultancy services and other services			314
	<i>Original</i>	1,150		
	<i>Supplementary</i>	23,600		
			24,750	24,963
A.5	Fuel grant		10,500	10,320
			46,939	47,542
				23,016

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). The original estimate was €24.039 million. A supplementary estimate of €22.9 million was obtained. Overall, the expenditure in relation to Programme A was €23.503 million higher than originally provided mainly due to the following (Administration non-pay has already been explained above):

A.1 Administration – pay

Estimate provision: €9.141 million, outturn: €9.995 million

The variance in expenditure of €854,000 related to staff budgeted to be assigned in programme B being assigned to programme A. Sanctioned virement was granted for this variance.

A.4 Consultancy services and other services

Estimate provision: €1.15 million, outturn: €24.963 million

This variance arises as a result of a legal settlement reached by the Department in relation to litigation which had been brought against it (*see note 6.3 below*). As a result of this settlement, the outturn was €23.813 million higher than the original estimate. A supplementary estimate of €23.6 million was provided to cover this variance, with sanctioned virement granted for the €200,000 difference between the supplementary provision and the outturn.

Programme B Banking and Financial Services Policy

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
B.1	Administration – pay		9,903	8,962
B.2	Administration – non-pay			8,509
	<i>Original</i>	2,922		
	<i>Supplementary</i>	<u>(700)</u>		
		2,222	1,979	1,929
B.3	Committees and commissions	30	27	18
B.4	Consultancy services and other services			
	<i>Original</i>	3,252		
	<i>Supplementary</i>	<u>(1,000)</u>		
		2,252	964	1,715
B.5	Office of the Financial Services Ombudsman	950	692	950
		15,357	12,624	13,121

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). The original estimate was €17.057 million. A supplementary estimate of €1.7 million was obtained. Overall, the expenditure in relation to Programme B was €4.433 million lower than originally provided. €1.184 million was related to administration expenditure and has already been explained. The remaining variance was mainly due to the following:

B.1 Administration – pay

Estimate provision: €9.903 million, outturn €8.962 million

The variance in expenditure of €941,000 related to staff budgeted to be assigned in programme B being assigned to programme A. Sanctioned virement was granted for this variance.

B.4 Consultancy services and other services

Estimate provision: €3.252 million, outturn: €0.964 million

The shortfall in expenditure of €2.288 million relative to the estimate provision is explained as follows: due to the nature of this subhead the work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise. The estimate provision was reduced by €1 million by a supplementary estimate.

B.5 Office of the Financial Services Ombudsman

Estimate provision: €950,000, outturn: €692,000

The shortfall in expenditure of €258,000 relative to the estimate provision is explained as follows: this subhead is demand led and the funding required this year by the Office of the Financial Services and Pensions Ombudsman was less than expected due to the number of pension complaints received by the Office being lower than estimated when setting the budget.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Recoupment of certain expenses in relation to the stabilisation of the banking sector	400	523	942
2 Miscellaneous	100	114	115
3 Receipts from additional superannuation contributions on public service remuneration ^a	880	696	797
Total	1,380	1,333	1,854

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

Significant variations

1 Recoupment of certain expenses in relation to the stabilisation of the banking sector

Estimate: €400,000, realised €523,000

The increase of €123,000 was a result of the budget for 2019 recoupment being set at a prudent level because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.

3 Receipts from additional superannuation contributions on public service remuneration

Estimate: €880,000, realised €696,000

The decrease of €184,000 was a result of changes to the calculation of pension related deductions made as a result of the Haddington Road agreement.

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Collected	42	1
Transferred to the Exchequer	(42)	(1)
Balance as at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>301</u>	<u>312</u>

5.2 Pay

	2019 €000	2018 €000
Pay	16,836	16,332
Higher, special or additional duties allowance	114	113
Other allowances	462	225
Overtime	179	180
Employer's PRSI	1,366	1,259
Total pay	<u>18,957</u>	<u>18,109</u>

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	15	5	30,682	38,696
Other allowances	97	—	4,693	54,252
Overtime	57	7	25,149	14,187
Extra remuneration in more than one category	13	7	28,673	35,511

5.4 Other remuneration arrangements

This account includes expenditure of €299,916 in respect of four officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	39	43,664	41,924
Recovery plans in place	31	29,495	4,437

Note 6 Miscellaneous

6.1 Banking system functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (SI) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under SI no. 395 of 2011 and the NTMA Banking Unit has since been seconded to the Department of Finance. At the direction of the Minister, the costs of the Unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA. Professional advisor costs of €1.3 million were incurred by the NTMA in this regard during 2019.

6.2 Committees and commissions

	2019	2018
	€000	€000
Credit Union Advisory Committee ^a	27	18
Disabled Drivers Appeals Board ^b	318	314
	345	332

Notes ^a The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise regarding:

- improvement of the management of credit unions
- protection of the interest of members and creditors of credit unions and
- other matters relating to credit unions upon which the Minister, the Central Bank or such other persons may be specified by the Minister, may from time to time seek by way of advice from the Committee.

^b The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Board was established in 1989.

6.3 Legal costs

	Number of cases	Legal costs paid by Department €000	Settlements €000	Legal costs awarded €000	2019 Total €000	2018 Total €000
Legal costs	1	315	—	—	315	—
Legal settlements ^a	2	—	24,000	—	24,000	—
Total		315	24,000	—	24,315	—

Note ^a €24 million was paid to meet the cost of legal settlements entered into by the State following advice from its legal representatives. The settlements are in respect of protracted legal proceedings arising from the air travel tax introduced in Budget 2009.

Appendix A Accounts of bodies and funds under the aegis of the Department of Finance

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end of March 2020, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/Department fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Central Bank	2018	19 Mar 2019	29 May 2019	29 May 2019
Credit Institutions (Eligible Liabilities Guarantee) Scheme	2018	20 Sep 2019	23 Sep 2019	23 Sep 2019
Credit Union Fund	2018	12 Jun 2019	21 Jun 2019	21 Jun 2019
Credit Union Restructuring Board	2016	28 Jul 2017	16 Aug 2017	16 Aug 2017
Finance Accounts	2018	18 Jun 2019	20 Jun 2019	17 Jul 2019
Financial Services and Pensions Ombudsman	2018	6 Dec 2019	14 Feb 2020	14 Feb 2020
Intestate Estates Fund Account	2018	16 Dec 2019	23 Dec 2019	27 Dec 2019
Irish Financial Services Appeal Tribunal	2018	13 Mar 2019	13 May 2019	13 May 2019
Irish Fiscal Advisory Council	2018	7 Aug 2019	17 Sep 2019	17 Sep 2019
Local Loans Fund	2018	19 Dec 2019	23 Dec 2019	27 Dec 2019
National Asset Management Agency	2018	7 May 2019	16 May 2019	30 May 2019
National Treasury Management Agency	2018	16 May 2019	1 Jul 2019	1 Jul 2019
Strategic Baking Corporation of Ireland	2018	18 Apr 2019	27 Jun 2019	27 Jun 2019
Sundry Moneys Account	2018	18 Dec 2019	23 Dec 2019	27 Dec 2019

Appropriation Account 2019

Vote 8

Office of the

Comptroller and Auditor General

Introduction

As Accounting Officer for Vote 8, 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 the salaries and expenses of the Office of the Comptroller and Auditor General.

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 €2.622 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 have been applied in the preparation of the account. In addition, the following accounting policies have been adopted.

Accrued audit fee income

Accrued audit fee income represents audits where an opinion had been reported at the year end but the fee had not yet been invoiced.

Work in progress

Work in progress represents the estimated recoverable value associated with work undertaken on audits where a fee is chargeable but where the audit had not been completed at year end. The value of work in progress is calculated as a percentage of the agreed audit fee, based on the status of the audit at year end.

The percentage used is as follows

- cleared for certification 90%
- audit review stage 75%
- fieldwork complete 60%
- final audit in progress 30%
- interim audit completed 15%
- interim audit in progress 10%.

Statement on Internal Financial Control

Responsibility for the 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 as Accounting Officer. 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 for the provision of human resources and payroll processing shared services. 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 Office.

The financial control environment is as follows.

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.
- An Audit Committee advises 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 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, and
- there are systems aimed at ensuring the security of the ICT systems.

Procurement compliance

Expenditure on goods and services including the cost of contracted-in staff amounted to a total of €2.28 million in 2019. 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 operates in accordance with a written charter which I have approved. The internal audit function is provided by a private firm which uses appropriately trained personnel.

The work is informed by analysis of the financial risks to which the Office is exposed and its annual audit plans, approved by me, are based on this analysis. These plans aim to cover the key risks 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.

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 Management Committee (RMC) comprising the three Directors of Audit oversees the risk management process.

A risk register is in place which records the key risks facing the Office. The register is regularly reviewed and updated by the RMC. The risks are graded according to their significance after taking account of mitigating controls and risks treatment actions are developed to ensure that risks are managed to an acceptable level. The results of risk management activities are reported to the Audit Committee.

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, 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.

Significant financial risk

Audit fees are charged for certain financial audits, as provided for in the Comptroller and Auditor General (Amendment) Act 1993. The fees form a significant proportion of the resources of the Office and a number of procedures have been put in place to ensure that costs are recovered for relevant audits. These measures include

- an annual review of the basis on which fees are charged, including a review of the recovery of costs on individual audits over time
- systems which record audit costs, audit progress and billing information
- the monitoring of financial information including audit costs and fee recovery.

Review of effectiveness of controls

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.

Colette Drinan
Accounting Officer
Office of the Comptroller and Auditor General

19 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 8 Office of the Comptroller and Auditor General

Opinion on the appropriation account

The appropriation account for Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2019 has been audited on my behalf by Mazars, Chartered Accountants and Statutory Auditors under section 13 of the Comptroller and Auditor General (Amendment) Act 1993.

On the basis of their audit and report, in my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2019, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform

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

29 April 2020

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act, 1993

Report on the audit of the Appropriation Account

Opinion

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, we have audited the Appropriation Account for Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2019.

In our opinion, the Appropriation Account of the Vote for the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2019 and there are no matters on which we need to report, pursuant to Section 3(10) of the Comptroller and Auditor General (Amendment) Act 1993.

Basis of Opinion

We conducted our audit of the appropriation account of the Office of the Comptroller and Auditor General in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)), applicable law and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the Appropriation Account section of our report. We are independent of the entity in accordance with ethical requirements that are relevant to audits in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. In our opinion, proper accounting records have been kept by the Office of the Comptroller and Auditor General. The appropriation account is in agreement with the accounting records.

Statement on Internal Financial Control

We have reviewed the information contained in the Statement on Internal Financial Control. We have nothing to report in this regard.

Responsibilities of the Accounting Officer

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the appropriation account. She is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the appropriation account.

Auditor's responsibilities for the audit of the Appropriation Account

It is our responsibility to audit the appropriation account in accordance with relevant legal and regulatory requirements and the ISAs. Our objective is to obtain reasonable assurance about whether the appropriation account is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the appropriation account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of *Public Financial Procedures* have been complied with. A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at:

http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. Our audit work has been undertaken so that we can state to the Comptroller and Auditor General those matters we are required to state to him in our opinion and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions we have formed.

Bernard Barron

For and on behalf of

Mazars

Chartered Accountants and Registered Auditors
Harcourt Centre
Block 3
Harcourt Road
Dublin 2

27 April 2020

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Audit and reporting	14,638	13,799	13,059
Gross expenditure	14,638	13,799	13,059
<i>Deduct</i>			
B Appropriations-in-aid	5,981	7,764	6,728
Net expenditure	8,657	6,035	6,331

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	2,622,325	1,596,252

Colette Drinan

Accounting Officer
Office of the Comptroller and Auditor General

19 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	10,871	10,133
Non-pay	2,928	2,926
Gross expenditure	13,799	13,059
<i>Deduct</i>		
Appropriations-in-aid	7,764	6,728
Net expenditure	6,035	6,331
Changes in capital assets		
Purchases cash	(3)	
Depreciation	206	186
Changes in net current assets		
Increase in closing accruals	560	
Increase in stock	(1)	7
Direct expenditure	6,797	6,524
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,255	3,117
Notional rents	22	22
Net programme cost	10,074	9,663

1.1 Net allied services expenditure

The net allied services expenditure is made up of the following amounts associated with Vote 8 services that were borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	30
Vote 12 Superannuation and Retired Allowances	1,523	1,564
Vote 13 Office of Public Works	1,056	995
Vote 18 National Shared Services Office	17	16
Vote 11 Public Expenditure and Reform	175	—
Account of the Central Fund of the Exchequer	454	512
	3,255	3,117

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	877	1,381
Current assets			
Bank and cash	2.2	68	(411)
Stocks		2	1
Prepaid expenses		202	122
Audit fees recoverable	2.3	1,841	2,509
Other debit balances	2.4	145	142
Net exchequer funding	2.6	189	640
Total current assets		<u>2,447</u>	<u>3,003</u>
Less current liabilities			
Accrued expenses		29	57
Other credit balances	2.5	402	371
Total current liabilities		<u>431</u>	<u>428</u>
Net current assets		<u>2,016</u>	<u>2,575</u>
Net assets		<u>2,893</u>	<u>3,956</u>
Represented by:			
State funding account	2.7	<u>2,893</u>	<u>3,956</u>

2.1 Capital assets

	Office equipment	Fixtures, furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2019	1,526	1,932	3,458
Additions	1	2	3
Adjustment ^a	(406)	(252)	(658)
Disposal	(2)	—	(2)
Cost or valuation at 31 December 2019	1,119	1,682	2,801
Accumulated depreciation			
Opening balance at 1 January 2019	1,301	776	2,077
Depreciation for the year	38	168	206
Depreciation on adjustment ^a	(254)	(103)	(357)
Depreciation on disposals	(2)	—	(2)
Cumulative depreciation at 31 December 2019	1,083	841	1,924
Net assets at 31 December 2019	36	841	877
Net assets at 31 December 2018	225	1,156	1,381

Note ^a This adjustment relates to the removal of individual items with values of under €1,000 from the asset register. Most of these items are still in use.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	(121)	(532)
Commercial bank account balance	189	121
	68	(411)

2.3 Audit fees recoverable

at 31 December	2019	2018
	€000	€000
Audit fee debtors	611	229
Accrued audit fee income	694	1,891
Work in progress	536	389
	1,841	2,509

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel expenditure and travel pass scheme	125	127
Recoupable expenditure from co-tenants	20	10
Salary suspense	—	5
	145	142

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	136	116
Pay related social insurance	101	86
Universal social charge	28	25
Professional services withholding tax	21	74
Value added tax	51	64
Local property tax	1	1
	338	366
Payroll deductions held in suspense	64	5
	402	371

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	2,622	1,596
Exchequer grant undrawn	(2,811)	(2,236)
Net exchequer funding	(189)	(640)
Represented by:		
Debtors		
Bank and cash	68	—
Debit balances: suspense	145	142
	213	142
Creditors		
Bank and cash	—	(411)
Credit balances: suspense	(402)	(371)
	(402)	(782)
	(189)	(640)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		3,956	4,149
Disbursements from the Vote			
Estimate provision	Account	8,657	
Surplus to be surrendered	Account	(2,622)	
Net Vote		6,035	6,331
Expenditure (cash) borne elsewhere	1.1	3,255	3,117
Non-cash items – capital asset adjustment	2.1	(301)	—
Non-cash expenditure – notional rent	1	22	22
Net programme cost	1	(10,074)	(9,663)
Balance at 31 December		2,893	3,956

2.8 Commitments

at 31 December	2019	2018
	€000	€000
Procurement of goods and services	20	92

Note 3 Vote Expenditure

All of the allocation for Vote 8 Office of the Comptroller and Auditor General is classified as administration expenditure applied towards a single programme: audit and reporting.

Analysis of administration expenditure

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,527	10,871	10,133
ii	Travel and subsistence	546	611	626
iii	Training and development and incidental expenses	340	491	453
iv	Postal and telecommunications services	100	50	58
v	Office equipment and external IT services	693	438	529
vi	Office premises expenses	217	178	159
vii	Consultancy services and value for money and policy reviews	50	30	7
viii	Legal fees	45	42	135
ix	Contract audit services	1,120	1,088	959
		14,638	13,799	13,059

Note The outturn includes audit committee costs totalling €2,181 (2018: €2,687).

Significant variations

Overall, the expenditure in relation to this programme was €839,000 lower than provided. Significant variations (+/- 25% and €100,000 relative to provision) are explained below.

i Salaries, wages and allowances

Estimate provision: €11.527 million; outturn: €10.871 million

The underspend of €656,000 arose due to a shortfall in the number of serving staff. The average number of staff in the year was 174 compared to a staff complement of 178.

iii Training and development and incidental expenses

Estimate provision: €340,000; outturn: €491,000

The overspend of €151,000 is mainly due to costs of cold reviews carried out during the year and higher than anticipated learning and development costs.

iv Postal and telecommunication services

Estimate provision: €100,000; outturn: €50,000

The underspend of €50,000 is mainly due to lower than anticipated cost of telephone usage.

v Office equipment and external IT services

Estimate provision: €693,000; outturn: €438,000

The estimate includes €180,000 provision for IT shared services fees that did not materialise during the year. Other savings arose as a result of lower than anticipated costs of external IT services.

vii Consultancy services and value for money policy reviews

Estimate provision: €50,000; outturn: €30,000

The estimate includes a provision for the Office to engage external assistance for value-for-money examinations, if required. It is difficult to predict what external assistance might be required in any given year.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated €000	2019	2018
		Realised €000	Realised €000
1 Audit fees, etc.	5,400	7,390	6,301
2 Receipts from additional superannuation contributions from public service remuneration ^a	581	374	427
	5,981	7,764	6,728

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

Significant variations

Overall, income from appropriations-in-aid exceeded the budgeted level by €1.783 million. The variation is the net result of the following.

1 Audit fees, etc.

Estimate: €5.4 million; realised: €7.39 million

The additional receipts of audit fees of €1.99 million were due to earlier than anticipated completion of audits and recovery of prior years' audit fees.

2 Receipts from additional superannuation contributions from public service remuneration

Estimate: €581,000; realised: €374,000

Receipts from additional pension contributions were €207,000 lower than anticipated due to an over estimation. This over estimation also occurred for the 2020 estimate but will be rectified during the 2021 estimate process.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>185</u>	<u>167</u>

5.2 Pay

	2019	2018
	€000	€000
Pay	9,966	9,307
Higher, special or additional duties allowance	19	21
Overtime	2	3
Employer's PRSI	884	802
Total pay	<u>10,871</u>	<u>10,133</u>

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	3	1	10,703	10,951
Overtime	1	—	2,431	2,904

No member of staff received additional payments in more than one category.

5.4 Other remuneration arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fee basis at a total cost of €29,050. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

5.5 Remuneration of senior management

Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid directly out of the Central Fund of the Exchequer, as provided for in Section 14 of the Comptroller and Auditor General (Amendment) Act 1993. The charge on the Central Fund in 2019 in relation to the remuneration of the Comptroller and Auditor General was €193,066 (2018: €185,992). As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

Accounting Officer

The charge to the Vote in 2019 in relation to the remuneration of the Accounting Officer was €156,429 (2018: €144,032).

5.6 Payroll overpayments

	Number of recipients	2019 €	2018 €
Overpayments	10	15,381	13,564
Recovery plans in place	2	1,405	1,953

Note 6 Miscellaneous

6.1 Compensation and legal costs

Number of cases	Legal costs paid by the Office €000	Compensation awarded €000	Legal costs awarded €000	Total	
				2019 €000	2018 €000
—	—	—	—	—	10

Note In 2019 no compensation or legal costs were awarded against the Office.

Appropriation Account 2019

Vote 9

Office of the Revenue Commissioners

Introduction

As Accounting Officer for Vote 9, 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 the salaries and expenses of the Office of the Revenue Commissioners, including certain other services administered by that Office.

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

A surplus of €4.159 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 27 of 2019, have been applied in the preparation of the account with the exceptions listed here.

Capital assets: vehicles and equipment

Depreciation is charged on assets on a full year basis.

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs cutter is depreciated at a rate of 5% per annum 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 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 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 for the provision of human resources and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office in relation to the provision of human resources and payroll shared services.

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

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, including segregation of duties and a system of delegation and accountability. This includes the following elements

- 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
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks, and
- there are appropriate capital investment control guidelines and formal project management disciplines.

A risk management system operates within the Office of the Revenue Commissioners. Mitigations used to manage risk include

- Revenue's governance structures
- environmental scanning to ensure Revenue is aware of influences that affect risk, such as Brexit
- integrated strategic/business planning and risk management system that regularly reviews risks at organisational, divisional and branch level, and
- project management methodologies for all significant projects.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on best practice in purchasing and that procedures are in place to ensure compliance with the relevant guidelines. In 2019, the Office complied with national guidelines and EU regulations with the exception of the following

- €26,380 for the essential delivery of sensitive legal documents. This service will be tendered for to address future requirements.
- €34,452 in relation to transportation and assembly of furniture to facilitate office fit outs during 2019. There was a high demand for new accommodation during 2019 to facilitate new staff recruited for Brexit. Revenue are currently preparing a tender to address future requirements.

- €43,803 relating to the use of stenography services. The service provider is on an Office of Government Procurement (OGP) framework but a tendering exercise was not carried out. This issue will be addressed for future requirements.
- €480,336 in respect of mobile telephony. Following a mini competition, a mobile telephony contract was awarded in March 2020.
- €168,913 relating to long standing contracts for telephonist services. Revenue ceased all such contracts with effect from 30 September 2019. The amount shown is in respect of expenditure up to that date.

It is the policy of my Office to avail of all centrally available frameworks as soon as is practicable and engage with the OGP where we have more specific requirements. Controls will remain in place to ensure compliance with this strategy.

Internal audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a formal written internal audit charter. 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.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the 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 this Office and these have been identified, evaluated and graded according to their likelihood and impact. The risk register details the actions needed to mitigate risks and these actions are integrated in to Revenue's strategic and business planning process. The register is reviewed and updated on a quarterly basis by the Risk Management Committee (RMC) and noted by the Management Advisory Committee (MAC). The Committee also takes account of feedback received from divisional management when determining whether there should be changes to the priority or ranking of a risk.

A Data Protection Unit is in place which has responsibility for the overall management and administration of data protection in Revenue. A Data Protection Officer, whose primary role is to ensure compliance with the General Data Protection Regulation (GDPR) and with Revenue data protection policies, is also in place.

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 MAC, 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 this 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 this Office are 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 require disclosure in the appropriation account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

30 July 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 9 Office of the Revenue Commissioners

Opinion on the appropriation account

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners 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 9 Office of the Revenue Commissioners 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 Office of the Revenue Commissioners 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*.

Non-compliance with procurement rules

I draw attention to the statement on internal financial control which discloses that during 2019 the Revenue Commissioners incurred significant expenditure in relation to goods and services where the procurement arrangements did not comply with procurement guidelines. The statement also sets out the steps taken by the Revenue Commissioners to address the matter.

Seamus McCarthy
Comptroller and Auditor General

31 July 2020

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2019

	2019		2018
	Estimate provision		Outturn
	€000	€000	€000
Programme expenditure			
A Administration and collection of taxes and duties, and frontier management			
	<i>Original</i>	446,067	
	<i>Supplementary</i>	4,104	
		<u>450,171</u>	<u>449,066</u>
			<u>424,789</u>
Gross expenditure		450,171	449,066
			424,789
<i>Deduct</i>			
B Appropriations-in-aid		<u>67,487</u>	<u>70,541</u>
			<u>71,611</u>
Net expenditure			
	<i>Original</i>	378,580	
	<i>Supplementary</i>	4,104	
		<u>382,684</u>	<u>378,525</u>
			<u>353,178</u>
Surplus			
The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.			
		2019	2018
		€	€
Surplus to be surrendered		<u>4,159,000</u>	<u>3,701,000</u>

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

30 July 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	319,115	302,969
Non-pay	129,951	121,820
Gross expenditure	449,066	424,789
<i>Deduct</i>		
Appropriations-in-aid	70,541	71,611
Net expenditure	378,525	353,178
Changes in capital assets		
Purchases cash	(26,573)	
Depreciation	20,374	
Disposals cash	12	
Gain on disposals	(1)	(9,346)
Changes in net current assets		
Increase in closing accruals	3,506	
Decrease in stock	107	2,831
Direct expenditure	375,950	346,663
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	127,516	118,916
Notional rents (non cash)	11,819	11,431
Net programme cost	515,285	477,010

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	112,003	103,982
Vote 13 Office of Public Works	19,038	18,434
Vote 18 National Shared Services Office	657	607
	131,698	123,023
Costs of shared services provided to other Votes		
Services rendered by Revenue without charge ^a	(4,182)	(4,107)
	127,516	118,916

Note ^a In addition to services rendered without charge to other Votes shown here (€4.182 million), services to the value of approximately €1.153 million were also provided without charge to other non-voted bodies. The amounts shown are estimates.

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	90,238	84,514
Current assets			
Bank and cash	2.2	9,656	9,037
Stocks	2.3	1,114	1,221
Prepayments		9,677	11,422
Accrued income		1,821	2,354
Other debit balances	2.4	4,346	3,510
Total current assets		<u>26,614</u>	<u>27,544</u>
Less current liabilities			
Accrued expenses		5,802	5,072
Deferred income		88	63
Other credit balances	2.5	11,897	12,141
Net Exchequer funding	2.6	2,105	406
Total current liabilities		<u>19,892</u>	<u>17,682</u>
Net current assets		<u>6,722</u>	<u>9,862</u>
Net assets		<u>96,960</u>	<u>94,376</u>
Represented by:			
State funding account	2.7	<u>96,960</u>	<u>94,376</u>

2.1 Capital assets

	Vehicles and equipment €000	Office/IT equipment €000	Furniture and fittings €000	Capital assets under development €000	Total €000
Gross assets					
Cost or valuation at 1 January 2019	18,053	430,609	63,775	7,734	520,171
Additions	492	7,088	6,232	12,288	26,100
Seized vehicles appropriated to Revenue	9	—	—	—	9
Assets under development capitalised	—	13,015	—	(13,015)	—
Disposals	(146)	(4,055)	(57)	—	(4,258)
Cost or valuation at 31 December 2019	18,408	446,657	69,950	7,007	542,022
Accumulated depreciation					
Opening balance at 1 January 2019	13,132	367,925	54,600	—	435,657
Depreciation for the year	1,579	16,639	2,156	—	20,374
Depreciation on disposals	(146)	(4,044)	(57)	—	(4,247)
Cumulative depreciation at 31 December 2019	14,565	380,520	56,699	—	451,784
Net assets at 31 December 2019	3,843	66,137	13,251	7,007	90,238
Net assets at 31 December 2018	4,921	62,684	9,175	7,734	84,514

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	9,600	8,964
Commercial bank account balance	56	73
	9,656	9,037

2.3 Stocks

at 31 December	2019 €000	2018 €000
Stationery and small stores	644	870
Equipment/clothing/miscellaneous	466	347
IT consumables	4	4
	1,114	1,221

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Shared building advances	253	192
Travel imprests	6	4
Recoupable travel expenditure	26	28
Advances to OPW for building works, etc.	2,616	1,105
Vote 10 Tax Appeals Commission	195	99
Recoupable salaries	202	34
Recoupable travel pass scheme expenditure	963	825
Other debit suspense items	85	1,223
	4,346	3,510

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	3,490	3,194
Universal social charge	729	709
Pay related social insurance	2,304	1,959
Professional services withholding tax	843	1,478
Value added tax	974	237
Pension contributions	781	831
Local property tax	43	46
Extra Exchequer receipts	—	441
	9,164	8,895
Payroll deductions held in suspense	2,469	2,956
Recoupable expenditure in advance	125	166
Other credit suspense items	139	124
	11,897	12,141

2.6 Net Exchequer funding

	2019	2018
	€000	€000
at 31 December		
	2,105	406
Surplus to be surrendered	4,159	3,701
Exchequer grant undrawn	(2,054)	(3,295)
Net Exchequer funding	2,105	406
Represented by:		
Debtors		
Bank and cash	9,656	9,037
Other debit balances	4,346	3,510
	14,002	12,547
Creditors		
Due to State	(9,164)	(8,895)
Other credit balances	(2,733)	(3,246)
	(11,897)	(12,141)
	2,105	406

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		94,376	87,846
Disbursements from the Vote			
Estimate provision	Account	382,684	
Surplus to be surrendered	Account	(4,159)	
Net vote		378,525	353,178
Expenditure (cash) borne elsewhere	1.1	127,516	118,916
Non cash expenditure – notional rent	1	11,819	11,431
Other non-cash items – seized vehicles		9	15
Net programme cost	1	(515,285)	(477,010)
Balance at 31 December		96,960	94,376

2.8 Commitments

at 31 December	2019	2018
	€000	€000
Procurement of goods and services ^a	22,045	12,928

Note ^a Following a tender process, Revenue rolled out a new ten-year Union Customs Code (UCC) compliant customs software and services contract with effect from 10 May 2018. Revenue's commitment under this contract amounts to €11.258 million of the 2019 total shown above.

2.9 Contingent Liabilities

Revenue has contingent liabilities estimated at €3.457 million (2018: €2.937 million) relating to possible legal and compensation costs.

Note 3 Vote Expenditure

Analysis of administration expenditure

All the programme cost is classified as administration expenditure.

	2019		2018	
	Estimate provision		Outturn	
	€000	€000	€000	
i	Salaries, wages and allowances	322,967	319,115	302,969
ii	Travel and subsistence	5,100	6,041	5,227
iii	Training and development and other day-to-day expenses	25,450	24,976	23,109
iv	Postal and telecommunication services	11,100	9,735	11,295
v	Office equipment and external IT services	58,800	60,120	59,349
vi	Office premises expenses			
	<i>Original</i>	7,700		
	<i>Supplementary</i>	4,104		
		11,804	11,133	7,561
vii	Consultancy services and value for money and policy reviews	50	61	63
viii	Motor vehicles and equipment maintenance	3,100	3,688	3,498
ix	Law charges	11,300	12,962	11,010
x	Compensation and losses	500	1,235	708
		450,171	449,066	424,789

Significant variations

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

vi Office premises expenses

Estimate provision: €7.7 million, outturn: €11.133 million

A supplementary estimate of €4.104 million was required by Revenue to meet critical Brexit infrastructure costs incurred by the Office of Public Works, on behalf of the Revenue Commissioners, the Department of Agriculture, Food and the Marine and the Health Service Executive. The infrastructure was required at Dublin Port, Rosslare Europort and Dublin Airport in preparation for Brexit. The OPW computed that €4.104 million was the portion of the expenditure attributable to the Revenue Commissioners. €761,000 was unspent at the year end.

x Compensation and losses

Estimate provision: €500,000, outturn: €1.235 million

The increase of €735,000 in expenditure on compensation and losses is due to a number of one-off large cases being paid in 2019. Compensation and losses can be difficult to accurately estimate due to irregular and long lead-in nature of payments. See note 6.3.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts for services relating to Pay Related Social Insurance Scheme	37,437	37,437	37,437
2 Fines, forfeitures, law costs recovered	3,000	2,811	3,011
3 Cherished numbers	150	193	165
4 Receipts in respect of Environmental Levy collection	400	405	397
5 Share of SASP collection cost (Single Authorisation for Simplified Procedures)	15,600	18,033	17,264
6 Miscellaneous	1,700	2,836	2,908
7 Receipts from additional superannuation contributions on public service receipts in respect of civil service staff ^a	9,200	8,826	10,429
	67,487	70,541	71,611

Note ^a 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 €3.054 million more than the estimate. Explanations for variances are set out below.

2 Fines, forfeitures, law costs recovered

Estimate: €3 million, realised: €2.811 million

The shortfall of €189,000 is due to the long lead-in nature of the payments making it difficult to forecast. The ongoing effect of the instalment arrangement is still working its way through the collection process.

5 Share of SASP collection cost (Single Authorisation for Simplified Procedures)

Estimate: €15.6 million, realised: €18.033 million

Centralised clearance (currently known as Single Authorisation for Simplified Procedures (SASP)) allows economic operators to declare goods in one EU member state while the goods are physically imported or exported in a different member state. The increase of €2.433 million relates to an increase in activity in other member states which is difficult to forecast. A conservative approach is taken in preparing the estimate.

6 Miscellaneous

Estimate: €1.7 million, realised: €2.836 million

These receipts relate to amounts charged to the Vote in previous years that were subsequently recouped. The majority relate to liquidation cases where amounts are recouped on disbursement by the liquidator, which can take years to complete, and whose timing is difficult to predict. An EU grant amount of €867,000 was received in late 2019 towards the purchase of a new scanner van.

7 Receipts from additional superannuation contributions on public service receipts in respect of civil service staff

Estimate: €9.2 million, realised: €8.826 million

The decrease of €374,000 is due to the change from Pension Related Deductions to Additional Superannuation Contributions from January 2019 which has resulted in lower contributions from certain categories of staff.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	441	424
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994	801	751
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers	787	769
EU Commission (co-ordinated by OLAF) litigation case settlement	—	316
Transferred to Exchequer	(2,029)	(1,819)
Balance as at 31 December	—	441

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>6,708</u>	<u>6,250</u>

The number of staff at year end 2019 includes 84 temporary clerical officers, three Willing Able Mentoring placements and two internships. The majority of the temporary clerical officers were engaged in the administration of Local Property Tax.

5.2 Pay

	2019	2018
	€000	€000
Pay	290,881	278,763
Higher, special or additional duties allowance	5,971	4,274
Overtime	2,446	2,613
Employer's PRSI	<u>19,817</u>	<u>17,319</u>
Total pay	<u>319,115</u>	<u>302,969</u>

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	136	20	19,568	19,568
Overtime and extra attendance	1,926	111	18,440	23,390
Shift and roster allowances	520	79	26,601	26,489
Miscellaneous	198	4	43,330	18,857
Extra remuneration in more than one category	365	132	29,307	29,737

5.4 Performance awards

A total of €100,000 was spent on staff recognition schemes. There were 1,794 individual awards, ranging from €12 to €250.

5.5 Other remuneration arrangements

A total of €126,621 was paid to six Revenue employees in 2019 in compensation for loss of earnings in accordance with Labour Court recommendation 19995 (2018: €4,000 in respect of one employee).

A total of €82,157 was paid to 33 retired civil servants and one external by Revenue in 2019 in respect of interview board payments, training interventions and witness expenses (2018: €57,000 was paid to 30 retired civil servants). These payments were made in accordance with the appropriate Department of Public Expenditure and Reform rates.

This account includes expenditure of €522,000 in respect of 19 officers who were serving outside Revenue for all or part of 2019 and whose salaries were paid by Revenue (2018: €527,000 in respect of eight officers).

This account does not include expenditure in respect of 25 officers who were serving outside Revenue for all or part of 2019 in other Government Departments/Offices and whose salaries were paid by other Government Departments/Offices and so were not recouped by Revenue.

5.6 Payroll overpayments

	Number of recipients	2019 €000	2018 €000
Overpayments	964	1,914	1,809
Recovery Plans in place	475	760	808

38 overpayment recovery plans, in respect of 33 individuals to the value of €23,782 were transferred to 12 various departments during the year.

5.7 Severance/redundancy

Revenue had no expenditure in 2019 relating to severance/redundancy payments.

Note 6 Miscellaneous

6.1 Write-offs

The following sums were written off in the year:

	2019	2018
	€000	€000
Obsolete stock	70	37

6.2 Law charges (subhead A (ix))

	2019	2018
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	5,149	4,245
Counsel fees	3,543	2,673
Other fees and costs:		
Bankruptcy/liquidation costs	3,007	3,326
Court fees	151	94
Miscellaneous costs and rewards	1,112	672
	12,962	11,010

6.3 Compensation and legal costs (subhead A (x))

				2019	2018	
	Number of cases	Legal costs paid by Office €000	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
Claims by employees of the Office						
Legal action including claims pursued via the State Claims Agency	11	13	50	59	122	418
Miscellaneous expenses arising from work-related incidents	13	—	—	9	9	5
Claims by members of the public	24	9	932	163	1,104	285
		22	982	231	1,235	708

6.4 Arbitration and conciliation costs

In 2019, Revenue had no cases where costs arising from arbitration and conciliation proceedings were incurred (2018: €9,047).

6.5 Fraud and suspected fraud

	Number of cases	2019 €000	2018 €000
Fraud ^a	1	5	46
Suspected fraud ^b	—	—	—

In the period since the signing of the appropriation account, the Office was made aware of nil number of new cases of suspected fraud/irregularities.

Note ^a Number of fraud cases are those cases where an internal investigation has been completed, the employee dismissed, and the fraud reported to An Garda Síochána.

^b Number of suspected fraud cases are those cases which are still under investigation internally and a decision has yet to be made into whether the action amounts to fraud.

6.6 EU funding

Under a grant agreement with the EU Commission European Anti-Fraud Office (OLAF), the Office of the Revenue Commissioners were entitled to a grant to a maximum of €515,000, or 80% of the eligible cost for the purchase of a mobile back scatter x-ray scanning van which is used by Customs to scan trucks and containers. The scanner was purchased in 2018 and the first instalment was received in 2018. The second instalment of €257,500 was received in 2019 and is included in category 6 'miscellaneous' in appropriations-in-aid.

Under a grant agreement with OLAF, the Office of the Revenue Commissioners are entitled to a grant to a maximum of €1.735 million or 80% of the eligible cost for the purchase of a second mobile back scatter x-ray scanning van which is used by Customs to scan trucks and containers. The scanner was ordered in 2019 and the first instalment of €867,000 was received in 2019. The first instalment is included in category 6 'Miscellaneous' in appropriations-in-aid. It is expected the second instalment will be received in 2020.

Appendix A Accounts under the aegis of the Office of the Revenue Commissioners

The following table lists other accounts under the aegis of the Office where it has an obligation to present financial statements. It indicates, as at the end of July 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Name of account	Last accounting period	Date of audit report	Date presented to the Oireachtas
Account of the Receipt of Revenue of the State collected by the Revenue Commissioners	2019	17 Apr 2020	27 Apr 2020

Appropriation Account 2019

Vote 10

Tax Appeals Commission

Introduction

As Accounting Officer for Vote 10, 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 the salaries and expenses of the Tax Appeals Commission.

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 €1.485 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 from part of the account.

Legislative change

The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

The Finance (Tax Appeals and Prospectus Regulation) Act 2019 was enacted on 10 December 2019 and the substantive provisions of the Act were activated by Ministerial Order dated 18 December 2019, to enable the appointment by the Minister for Finance of a Chairperson to the Commission. This Act entrusts the Chairperson with the overall responsibility for the management and business of the Commission. The Chairperson will act as the Accounting Officer.

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 27 of 2019, have been applied in the preparation of the account.

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 implemented, maintained and operated by the Commission.

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 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.

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 and Risk Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented and these procedures were formally approved in June 2020.
- There are systems in place to safeguard the assets.

During 2019 the Commission prepared terms of reference for an Audit and Risk Committee and appointed members to this committee in October 2019. The Committee met twice in 2019 and advises me in discharging my responsibilities for the internal financial control system.

Support Services

Procedures in relation to the payment and accounting service were established in 2016 when the Commission was established. A service level agreement (SLA) between the Commission and the Office of the Revenue Commissioners setting out the responsibilities of the parties was signed in 2016. This agreement covered accounts/finance, IT services and Internal Audit. A review took place at the end of 2019 and proposed improvements and amendments have been suggested by the Commission. The Commission hopes to be able to agree these improvements with the Revenue Commissioners in 2020 after the appointment of the Chairperson of the Commission.

With regards to the provision of human resources and payroll shared services, I note the assurance provided to the Revenue Commissioners by the Accounting Officer of the Vote for the National Shared Services Office.

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. Although, these administrative and reporting procedures were fully implemented in 2019 they were not formally approved by the ARC until July 2020. These procedures include the following elements:

- 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
- there are systems aimed at ensuring the security of the Commission's ICT applications, which are hosted on Revenue systems
- the Commission aims to ensure that there is an appropriate focus on good practice in purchasing.

Procurement compliance

The Commission is committed to achieving value for money in the procurement of supplies and services that are essential to the Commission's activities.

The Commission has procedures in place to ensure compliance with current procurement rules and guidelines established by the Office of Government Procurement and during 2019, the Commission complied with these procedures. The Commission 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 and Risk Committee

The Commission established an internal audit function during 2017, with internal audit consultants engaged for this purpose. In 2019, on conclusion of this contract with the appointed consultants, a tender process was undertaken for future internal audit services. The chosen internal auditors were appointed at the end of 2019, and agreed the internal audit plan for the period 2020 to 2021 with the Commission and the Audit and Risk Committee at the first Committee meeting of 2020.

The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up and acted upon.

Risk and control framework

During 2019, the Commission drafted a risk register. The register was presented to the Audit and Risk Committee members and reviewed by them in December 2019. The Commission has drafted a risk management policy and this has been submitted to the Committee for their review. Increased resources were made available to the Commission in 2019 and the Chief Operations Officer has been tasked with implementing systems and risk mitigation procedures to address the major risks identified.

Data breaches

A number of data breaches occurred in the year that were all notified to the Data Protection Commissioner. Each case was deemed low risk and did not incur any sanction from the Data Protection Commissioner. The Commission is putting in place the following actions to strengthen the safeguarding of personal data:

- An augmented footer on all external electronic correspondence, relating to the confidential nature of data.
- New software has been sourced and will be installed to improve the checks required prior to issuing all electronic correspondence. This includes provision to check external email addresses and data containing personal sensitive information.

In 2019, a data protection policy was finalised and a Data Protection Officer was appointed to oversee the overall management and administration of data protection in the Commission. The policy will be approved by the newly appointed Chairperson and formally adopted in 2020.

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, in a timely manner. 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

The Commission's monitoring and review of the effectiveness of the internal financial control is informed by the work of the internal and external auditors and the senior management within the Commission responsible for the development and implementation of the internal financial framework. A review of this took place in 2019. Arising from the review, the Audit and Risk Committee was established, the internal auditors were reappointed after a tender process was completed, and formalised control procedures and frameworks were implemented including the risk and control framework.

Internal financial control issues

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

Impact of the Covid-19 pandemic

The outbreak of the Covid-19 pandemic has created major challenges for the operation of the Tax Appeals Commission and the provision of its services, in particular the holding of hearings and case management conferences. Since March 2020, all hearings were postponed and in accordance with Government guidelines all staff were working remotely. The relevant staff attended the office when required to ensure the continued provision of services during the lock down.

On 4 August 2020, the Commission commenced its return to the office. The Commission resumed the scheduling of hearings and recommenced both physical and remote hearings in mid-August. Strict protocols that are in compliance with HSE guidelines are in place in respect of the conduct of these hearings. Parties are being offered the option to attend a physical hearing in the Commission's offices or to attend by way of remote access using video conference facilities.

Marie-Claire Maney
Accounting Officer
Tax Appeals Commission

28 August 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 10 Tax Appeals Commission 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 10 Tax Appeals Commission 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 Tax Appeals Commission 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*.

Management of tax appeals

Chapter 14 of my report on the accounts of the public services for 2019 examines the Commission's management of tax appeals.

Seamus McCarthy
Comptroller and Auditor General

31 August 2020

Vote 10 Tax Appeals Commission

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Facilitation of hearing of tax appeals	3,348	1,772	1,426
Gross expenditure	3,348	1,772	1,426
<i>Deduct</i>			
B Appropriations-in-aid	140	49	60
Net expenditure	3,208	1,723	1,366

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,484,735	260,170

Marie-Claire Maney
Accounting Officer
Tax Appeals Commission

28 August 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	1,408	1,148
Non-pay	364	278
Gross expenditure	1,772	1,426
<i>Deduct</i>		
Appropriations-in-aid	49	60
Net expenditure	1,723	1,366
Changes in capital assets		
Purchases cash	(48)	
Depreciation	34	
Loss on disposals	6	(8)
	(8)	138
Changes in net current assets		
Decrease/increase in closing accruals/prepayments	(18)	
Increase in stock	(2)	(20)
	(20)	29
Direct expenditure	1,695	1,533
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	536	380
Net programme cost	2,231	1,913

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 10 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	28	28
Vote 13 Office of Public Works	508	352
	536	380

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	74	66
Current assets			
Bank and cash		253	134
Stocks	2.2	7	5
Prepayments		50	34
Total current assets		<u>310</u>	<u>173</u>
Less current liabilities			
Accrued expenses		36	38
Vote 9 Revenue Commissioners		195	99
Net Exchequer funding	2.3	58	35
Total current liabilities		<u>289</u>	<u>172</u>
Net current assets		<u>21</u>	<u>1</u>
Net assets		<u><u>95</u></u>	<u><u>67</u></u>
Represented by:			
State funding account	2.4	<u><u>95</u></u>	<u><u>67</u></u>

2.1 Capital assets

	Office equipment €000	Total €000
Gross assets		
Cost or valuation at 1 January 2019	147	147
Additions	48	48
Disposals	(13)	(13)
Cost or valuation at 31 December 2019	182	182
Accumulated depreciation		
Opening balance at 1 January 2019	81	81
Depreciation for the year	34	34
Depreciation on disposals	(7)	(7)
Cumulative depreciation at 31 December 2019	108	108
Net assets at 31 December 2019	74	74
Net assets at 31 December 2018	66	66

2.2 Stocks

at 31 December	2019 €000	2018 €000
Stationery and small stores	6	5
IT consumables	1	—
	7	5

2.3 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,485	260
Exchequer grant undrawn	(1,427)	(225)
Net Exchequer funding	58	35
Represented by:		
Debtors		
Bank and cash	253	134
	253	134
Creditors		
Vote 9 Revenue Commissioners	(195)	(99)
	58	35

2.4 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		67	234
Disbursements from the Vote			
Estimate provision	Account	3,208	
Surplus to be surrendered	Account	(1,485)	
Net vote		1,723	1,366
Expenditure (cash) borne elsewhere	1.1	536	380
Net programme cost	1	(2,231)	(1,913)
Balance at 31 December		95	67

2.5 Commitments

Global commitments	2019	2018
At 31 December	€000	€000
Procurement of goods and services	115	34
Total of legally enforceable commitments	115	34

2.6 Contingent liabilities

The Commission is involved in a pending legal proceeding which may generate a liability, depending on the outcome of the litigation. Any actual amount or the timing of the potential liability is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

All the programme expenditure is classified as administrative expenditure.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	2,648	1,408	1,148
ii	Travel and subsistence	40	2	4
iii	Training and development and incidental expenses	100	72	98
iv	Postal and telecommunication services	20	23	8
v	Office equipment and external IT services	420	161	116
vi	Office premises expenses	50	13	4
vii	Consultancy and other services	70	93	48
		3,348	1,772	1,426

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €2.648 million, outturn: €1.408 million

The underspend of €1.24 million on salaries, wages and allowances was due to the recruitment of additional staff by the Commission from 14 to 29 taking longer than anticipated.

v Office equipment and external IT services

Estimate provision: €420,000, outturn: €161,000

The underspend of €259,000 on expenditure on office equipment and external IT services expenses was due to the fact that the development of the new case management system did not commence in 2019.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	140	49	60
Total	140	49	60

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

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	29	14

5.2 Pay

	2019 €000	2018 €000
Pay	1,276	1,040
Higher, special or additional duties allowances	1	9
Overtime	5	—
Employer's PRSI	126	99
Total pay	1,408	1,148

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	1	—	1,016	9,519
Overtime	1	—	4,612	—

5.4 Other remuneration arrangements

Overpayments at the year-end were nil (2018: €2,217, one individual).

Appropriation Account 2019

Vote 11

Office of the Minister for Public Expenditure and Reform

Introduction

As Accounting Officer for Vote 11, 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 the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants.

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 €1.978 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, as set out by the Department of Public Expenditure and Reform in Circular 27 of 2019, have been applied in the preparation of the account with the following exceptions:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared between the Department of Public Expenditure and Reform and the Department of Finance, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform when established in 2011. In general, IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform and furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance. Notwithstanding any of the above, the Department of Public Expenditure and Reform has at times, since it was established, purchased certain assets which were for its exclusive use and the depreciation in respect of these is not apportioned.

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 and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Service 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.
- The Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 11.
- 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 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 purchasing and that procedures are in place to ensure compliance with all relevant guidelines. One supply arrangement was reported under Circular 40/2002. It had a total value of €54,853 which was in relation to the Department being required to use a data centre company to ensure connectivity between public bodies within its secure environment.

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 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 management and 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 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.

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

16 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 11 Office of the Minister for Public Expenditure and Reform

Opinion on the appropriation account

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform 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 11 Office of the Minister for Public Expenditure and Reform 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 Public Expenditure and Reform 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

2 September 2020

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2019

	2019	2018	
	Estimate provision €000	Outturn €000	Outturn €000
Programme expenditure			
A Public expenditure and sectoral policy	18,744	18,640	16,513
B Public service management and reform	42,712	40,905	41,100
Gross expenditure	61,456	59,545	57,613
<i>Deduct</i>			
C Appropriations-in-aid	2,463	2,676	4,036
Net expenditure	58,993	56,869	53,577

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €146,000 of unspent allocations in respect of subhead B.10 Civil service learning and development programme, was carried forward to 2020.

	2019	2018
	€	€
Surplus	2,124,445	3,338,062
Deferred surrender	(146,000)	—
Surplus to be surrendered	1,978,445	3,338,062

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

16 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	28,585	29,251
Pay	27,460	25,452
Non pay	3,500	2,910
Gross expenditure	59,545	57,613
<i>Deduct</i>		
Appropriations-in-aid	2,676	4,036
Net expenditure	56,869	53,577
Changes in capital assets		
Purchases cash	(2,713)	
Depreciation	3,328	615
		(2,572)
Changes in net current assets		
Decrease in closing accruals	(897)	
Increase in closing stock	(2)	(899)
		(648)
Direct expenditure	56,585	50,357
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	5,332	5,294
Notional rents	2,449	2,365
Net programme cost	64,366	58,016

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 11 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 7 Finance	815	815
Vote 9 Office of the Revenue Commissioners	375	362
Vote 12 Superannuation and Retired Allowances	3,653	3,134
Vote 13 Office of Public Works	2,157	2,229
Vote 18 National Shared Services Office	42	41
Cost of shared services provided to other Votes	(1,710)	(1,287)
	5,332	5,294

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	9,683	10,298
Current assets			
Bank and cash	2.2	1,009	1,839
Stocks	2.3	23	21
Other debit balances	2.4	316	361
Prepayments		3,659	3,142
Accrued income	2.5	369	—
Total current assets		<u>5,376</u>	<u>5,363</u>
Less current liabilities			
Accrued expenses		308	319
Other credit balances	2.6	1,339	1,264
Net Exchequer funding	2.7	(14)	936
Total current liabilities		<u>1,633</u>	<u>2,519</u>
Net current assets		<u>3,743</u>	<u>2,844</u>
Net assets		<u>13,426</u>	<u>13,142</u>
Represented by:			
State funding account	2.8	<u>13,426</u>	<u>13,142</u>

2.1 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	22,256	120	2	1,205	23,583
Additions	2,437	21	—	255	2,713
Cost or valuation at 31 December 2019	24,693	141	2	1,460	26,296
Accumulated depreciation					
Opening balance at 1 January 2019	13,238	45	2	—	13,285
Depreciation for the year	3,312	16	—	—	3,328
Cumulative depreciation at 31 December 2019	16,550	61	2	—	16,613
Net assets at 31 December 2019	8,143	80	—	1,460	9,683
Net assets at 31 December 2018	9,018	75	—	1,205	10,298

2.2 Bank and cash

	2019	2018
	€000	€000
at 31 December	2019	2018
	€000	€000
PMG balance	1,009	1,839
	<u>1,009</u>	<u>1,839</u>

All PMG accounts transferred to Danske Bank on 1 October 2018. The Department closed its petty cash accounts in 2019.

2.3 Stocks

	2019	2018
	€000	€000
at 31 December	2019	2018
	€000	€000
Stationery	13	10
IT consumables	10	11
	<u>23</u>	<u>21</u>

2.4 Other debit balances

	2019	2018
	€000	€000
at 31 December	2019	2018
	€000	€000
Recoupable salaries	32	16
Recoupable travel expenditure	3	9
Recoupable travel pass scheme expenditure	174	178
Other debit suspense items	107	158
	<u>316</u>	<u>361</u>

2.5 Accrued income

	2019	2018
	€000	€000
at 31 December	2019	2018
	€000	€000
National Lottery Regulator pension contributions	333	—
Institute of Public Administration ASC	36	—
Total accrued income	<u>369</u>	<u>—</u>

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	491	477
Pay related social insurance	227	212
Professional services withholding tax	148	247
Value added tax	250	156
Pension contributions	89	2
Local property tax	3	4
	<u>1,208</u>	<u>1,098</u>
Payroll deductions held in suspense	107	—
Other credit suspense items	24	166
	<u>1,339</u>	<u>1,264</u>

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,978	3,338
Deferred surrender	146	—
Exchequer grant undrawn	(2,138)	(2,402)
Net Exchequer funding	<u>(14)</u>	<u>936</u>
Represented by:		
Debtors		
Bank and cash	1,009	1,839
Debit balances: suspense	316	361
	<u>1,325</u>	<u>2,200</u>
Creditors		
Due to State	(1,208)	(1,098)
Credit balances: suspense	(131)	(166)
	<u>(1,339)</u>	<u>(1,264)</u>
	<u>(14)</u>	<u>936</u>

2.8 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		13,142	10,318
Disbursements from the Vote			
Estimate provision	Account	58,993	
Deferred surrender	Account	(146)	
Surplus to be surrendered	Account	(1,978)	
Net vote		56,869	53,577
Expenditure (cash) borne elsewhere		5,332	5,294
Non-cash items – capital assets adjustments		—	(396)
Non-cash expenditure – notional rent		2,449	2,365
Net programme cost		(64,366)	(58,016)
Balance at 31 December		13,426	13,142

2.9 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	643	599
Capital projects	107	454
Total of legally enforceable commitments	750	1,053

2.10 Matured liabilities

At 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	6	9

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	28,043	27,460	25,452
ii	Travel and subsistence	360	320	287
iii	Training and development and incidental expenses	997	1,161	1,162
iv	Postal and telecommunication services	295	214	198
v	Office equipment and external IT services	1,612	1,446	994
vi	Office premises expenses	405	355	269
vii	Consultancy and other services	30	4	—
		31,742	30,960	28,362

Programme A Public Expenditure and Sectoral Policy

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	9,412	9,648	8,552
A.2	Administration – non pay	1,030	981	443
A.3	Economic and Social Research Institute – administration and general expenses	2,775	2,775	2,775
A.4	Structural funds technical assistance and other costs	1,116	1,104	1,177
A.5	Technical assistance costs of Regional Assemblies	650	650	638
A.6	Peace Programme/Northern Ireland INTERREG	1,175	1,339	833
A.7	Special EU Programmes Body	1,125	961	1,030
A.8	Ireland/Wales and Transnational INTERREG	220	79	131
A.9	Consultancy and other services	396	277	23
A.10	Funding for pensions for bodies under the aegis of the Department	500	542	755
A.11	Irish Government Economic and Evaluation Service	345	284	156
		18,744	18,640	16,513

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €104,000 lower than originally provided.

A.6 Peace Program/Northern Ireland INTERREG

Estimate provision: €1.175 million, outturn: €1.339 million

The excess in expenditure of €164,000 million relative to the estimate provision was due to the timing of SEUPB administered PEACE and INTERREG programmes.

A.7 Special EU Programmes Body

Estimate provision: €1.125 million, outturn: €961,000

The saving in expenditure of €164,000 relative to the estimate provision was due to the timing of SEUPB activities in relation to 2014-2020 programme expenditure which funded SEUPB's PEACE Programme expenditure in subhead A.6

A.8 Ireland/Wales and Transnational INTERREG

Estimate provision: €220,000, outturn: €79,000

The shortfall in expenditure of €141,000 relative to the estimate provision was due to the timing of payments in relation to contributions for the 2014-2020 programme and other payments.

A.9 Consultancy and other services

Estimate provision: €396,000, outturn: €277,000

The saving in expenditure of €119,000 relative to the estimate provision was due to the timing of reviews of OPW Flood Relief Environment Impact Schemes for Ministerial confirmation.

Programme B Public Service Management and Reform

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	18,631	17,812	16,899
B.2	Administration – non pay	2,669	2,519	2,467
B.3	Institute of Public Administration	2,725	2,725	2,725
B.4	Civil service arbitration and appeals procedure	40	32	40
B.5	Consultancy and other services	582	367	302
B.6	Office of the Government Chief Information Officer	12,230	12,445	13,433
B.7	Reform agenda	1,600	1,314	1,599
B.8	Employee Assistance Officer shared service	1,461	1,376	1,347
B.9	Public Service Pay Commission	360	226	307
B.10	Civil service learning and development programme	954	675	1,395
B.11	Single public service pension administration project	290	244	366
B.12	Implementation of Protected Disclosures Act	220	220	220
B.13	Non-profit sector data project	950	950	—
		42,712	40,905	41,100

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €1.807 million lower than provided. Savings in administration expenditure totalled €969,000. The balance of the variance was mainly due to the following.

B.5 Consultancy and other services

Estimate provision: €582,000, outturn: €367,000

The saving in expenditure of €215,000 relative to the estimate provision was due, in the main, to lower costs than expected associated with a court case where the legal process concluded in 2019 as well as the postponement of public service policy consultancy expenditure. There were also a number of smaller savings across the business units in Programme B.

B.7 Reform agenda

Estimate provision: €1.6 million, outturn: €1.314 million

The saving in expenditure of €286,000 relative to the estimate provision was due to a combination of smaller savings over a number of policy and programme areas, particularly in civil service HR resourcing, policy and capacity.

B.9 Public Service Pay Commission

Estimate provision: €360,000, outturn: €226,000

The saving in expenditure of €134,000 relative to the estimate provision was due to the Commission concluding its work mid-year.

B.10 Civil service learning and development programme

Estimate provision: €954,000, outturn: €675,000

The saving in expenditure of €279,000 relative to the estimate provision was due to the later than anticipated completion of the IT platform required for a civil service learning and development service. The work on the IT platform was completed in 2019 and the final retention payment was due in 2020. €146,000 of 2019 capital was carried over into 2020 to finance the final payment.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 EU programmes	729	667	1,924
2 Pension cash flow surpluses	56	85	58
3 Miscellaneous	65	120	81
4 Receipts from additional superannuation contributions on public service remuneration ^a	1,613	1,804	1,973
Total	2,463	2,676	4,036

Note ^a 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 €213,000 more than the original estimate. Explanations for variances are set out below:

4 Receipts from additional superannuation contributions on public service remuneration

Estimate: €1.613 million, realised: €1.804 million

The increase of €191,000 was due, in the main, to deferred payments by the National Lottery Regulator of employee and employer contributions on the resolution of a number of pension matters.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	8
Voluntary surrender of ministerial salaries	19	4
Open Data award refund	—	3
EU Interact III refund	—	5
Transferred to the Exchequer	(19)	(20)
Balance as at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	430	431

5.2 Pay

	2019	2018
	€000	€000
Pay	26,947	26,129
Higher, special or additional duties allowance	275	262
Other allowances	53	145
Overtime	80	51
Employer's PRSI	2,039	1,785
Total pay^a	29,394	28,372

Note ^a The total pay figure is inclusive of pay in subheads A.1, A.4, B.1 and B.8.

The Department does not directly fund the pay costs of any of the bodies under its aegis. The Regulator of the National Lottery is funded by the National Lottery Operator. The pay costs of the Economic and Social Research Institute, the Institute of Public Administration, or the Special EU programmes Body are not funded directly by the Department.

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	40	8	34,389	20,806
Other allowances	9	—	8,984	8,866
Overtime	48	1	11,350	8,931
Extra remuneration in more than one category	7	5	28,469	18,860

5.4 Other remuneration arrangements

This account includes expenditure of €159,582 (2018: €7,969) in respect of three officers who were serving outside the Department for all or part of 2019 and whose salary was paid by the Department.

Under the terms of the AHCPs 1% Programme for Competitiveness and Work (PCW) restructuring agreement, 42 officers (2018: 40) received a total of €106,218 (2018: €90,482) in respect of PCW/seniority allowances.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	24	49,043	49,978
Recovery plans in place	8	12,487	26,806

Five individuals with recovery plans in place to a value of €7,461 transferred to other departments in the year.

5.6 Severance/redundancy

During 2019, one staff member whose employment was terminated was paid a severance payment of €44,259.

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in headings A.4, A.5 and A.6 includes the following payments in respect of activities which are co-financed by the EU.

Heading	Description	2019	2019	2018
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	860	857	927
A.5	Technical assistance costs of Regional Assemblies	650	650	638
A.6	Peace Programme/Northern Ireland INTERREG	1,175	1,339	833
		2,685	2,846	2,398

6.2 Committees, commissions and special inquiries

	Year of appointment	2019	2018
		€000	€000
Permanent commission			
Civil Service Arbitration Board ^a	1950/51	32	23
Fixed purpose commission			
	Year of appointment	Cumulative expenditure to the end of 2019	
Public Service Pay Commission ^b	2017	700	307
		258	330

Note ^a The Civil Service Arbitration Board provides means acceptable both to the State and to its employees for dealing with claims and proposals relating to the conditions of service of civil servants and to secure the fullest co-operation between the State, as employer, and civil servants, as employees, for the better discharge of public business.

^b The Public Service Pay Commission was established to consider public service remuneration matters and report to the Government.

6.3 Contingent liabilities

The Human Rights and Equality Commission Act 2014, by amending Section 3(A) of the European Convention on Human Rights Act 2003, allows people who have been unlawfully detained as a result of judicial error to sue the Minister for Public Expenditure and Reform for compensation.

One case was settled for €10,000 under Section 54 of the 2014 Act. The costs in this case were €14,000. These amounts were paid in early 2020.

At the year end, the Chief State Solicitor's Office was managing two active compensation cases on behalf of the Minister.

6.4 Compensation and legal costs

The Department received a final judgement in its favour in respect of a legal case and costs were partly awarded in favour of the Department. However, the Department was also liable for some costs and the amount determined through the process of assessment and measurement of legal costs by the Office of the Taxing Master was €170,000.

Note 7 Contingency Fund

	2019	2018
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	1,200	1,200

The Contingency Fund is a non-statutory fund formed in 1923. The fund is available for use to facilitate the defraying of urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess.

The procedures in relation to the operation of the Fund are set out in *Public Financial Procedures* (Sections C.1.5 to C.1.12).

The size of the Fund is reviewed every five years. Following a review in 2020, it was decided that the Fund should remain at its existing level.

Appendix A Accounts of bodies and funds under the aegis of the Department of Public Expenditure and Reform

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Economic and Social Research Institute	2018	10 Jul 2019	29 Jul 2019	27 Aug 2019
Institute of Public Administration	2018	20 Sep 2019	13 Oct 2019	27 Nov 2019
Ireland-United States Educational Fund	2018	16 Dec 2019	16 Dec 2019	17 Dec 2019
Regulator of the National Lottery	2018	18 Jun 2019	18 Jul 2019	27 Nov 2019
Special EU Programmes Body	2018	28 Jun 2019	13 Sep 2019	4 Dec 2019
State Property Miscellaneous Deposit Account	2018	16 Dec 2019	16 Dec 2019	17 Dec 2019
Traveller's Protection Fund	2018	17 Jun 2019	21 Jun 2019	9 Jul 2019

Appropriation Account 2019

Vote 12

Superannuation and Retired Allowances

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 12, and am accordingly required 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 pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform; fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Authority and other professional fees, miscellaneous payments, etc.

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 €110.322 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 have been applied in the preparation of the account.

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, all 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.

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

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote 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 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 Department
- there are systems aimed at ensuring the security of the ICT systems.

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 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 management and 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 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.

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

11 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 12 Superannuation and Retired Allowances

Opinion on the appropriation account

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances 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 12 Superannuation and Retired Allowances 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 Public Expenditure and Reform 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

23 September 2020

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2019

	Estimate provision		2019 Outturn	2018 Outturn
	€000	€000	€000	€000
Programme expenditure				
A Superannuation and retired allowances				
<i>Original</i>	609,900			
<i>Supplementary</i>	5,001			
		614,901	598,656	573,180
Gross expenditure				
<i>Original</i>	609,900			
<i>Supplementary</i>	5,001			
		614,901	598,656	573,180
B Appropriations-in-aid				
<i>Original</i>	238,603			
<i>Supplementary</i>	5,000			
		243,603	337,680	252,128
Net expenditure				
<i>Original</i>	371,297			
<i>Supplementary</i>	1			
		371,298	260,976	321,052

Surplus

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

	2019 €	2018 €
Surplus to be surrendered	110,322,479	45,099,294

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

11 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

This note is not applicable. The administration costs of this Vote are borne on Vote 18 – National Shared Services Office. The costs involved in formulation of superannuation policy are borne on Vote 11 – Office of the Minister for Public Expenditure and Reform.

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Current assets			
Bank and cash	2.1	16,080	41,405
Other debit balances	2.2	751	273
Total current assets		<u>16,831</u>	<u>41,678</u>
Less current liabilities			
Other credit balances	2.3	14,737	22,193
Net Exchequer funding	2.4	2,094	19,485
Total current liabilities		<u>16,831</u>	<u>41,678</u>
Net current assets		<u>—</u>	<u>—</u>
Net assets		<u>—</u>	<u>—</u>
Represented by:			
State funding account	2.5	<u>—</u>	<u>—</u>

2.1 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances and cash	16,052	41,399
Other bank account balances	28	6
	<u>16,080</u>	<u>41,405</u>

2.2 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable pensions owed by other departments	269	273
National Shared Services Office ^a	482	—
	<u>751</u>	<u>273</u>

Note ^a In October 2019 an excess amount of €482,000 was provided to the National Shared Services Office. This amount was recovered in 2020.

2.3 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	7,336	16,188
Local property tax	138	322
Universal social charge	1,264	3,020
	<u>8,738</u>	<u>19,530</u>
Voluntary pension deductions held in suspense	4,142	—
Other credit suspense items	1,857	2,663
	<u>14,737</u>	<u>22,193</u>

2.4 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	110,322	45,099
Exchequer grant undrawn	(108,228)	(25,614)
Net Exchequer funding	2,094	19,485
Represented by:		
Debtors		
Bank and cash	16,080	41,405
Debit balances: suspense	751	273
	16,831	41,678
Creditors		
Due to State	(8,738)	(19,530)
Credit balances: suspense	(5,999)	(2,663)
	(14,737)	(22,193)
	2,094	19,485

2.5 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	371,298	
Surplus to be surrendered	Account	(110,322)	
Net vote		260,976	321,052
Net programme cost		(260,976)	(321,052)
Balance at 31 December		—	—

Note 3 Vote Expenditure

Programme A Superannuation and Retired Allowances

		2019		2018	
		Estimate provision	Outturn	Outturn	
		€000	€000	€000	
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	<i>Original</i> 441,664 <i>Supplementary</i> (8,431)	433,233	429,927	403,005
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	<i>Original</i> 42,500 <i>Supplementary</i> 116	42,616	42,912	42,327
A.3	Ex-gratia pensions for widows and children of civil servants, members of judiciary and court officers	<i>Original</i> 370 <i>Supplementary</i> (37)	333	303	352
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	<i>Original</i> 101,600 <i>Supplementary</i> 14,095	115,695	103,406	104,865
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	<i>Original</i> 22,500 <i>Supplementary</i> (675)	21,825	21,297	22,005
A.6	Injury grants and medical fees	<i>Original</i> 385 <i>Supplementary</i> (2)	383	375	325

A.7	Pension related fees and other expenses				
		<i>Original</i>	426		
		<i>Supplementary</i>	<u>(65)</u>		
				361	206
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997			237	41
				400	145
A.9	Pension liabilities of former public services bodies payable under statute			55	54
				<u>614,901</u>	<u>598,656</u>
					<u>573,180</u>

Significant variations

The expenditure outturn varied from the amount originally provided by more than +/- 5% and €100,000 in respect of the following subheads.

A.7 Pension related fees and other expenses

Estimate provision: €426,000, outturn: €237,000

A provision for legal fees remained unused at the 2019 year end resulting in a lower than expected 2019 outturn.

A.8 Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997

Estimate provision: €400,000, outturn: €145,000

This Act provides that individuals who became liable for 'chargeable excess' income tax can choose to repay any chargeable excess over a post retirement period of up to 20 years, but the full amount owing must be paid by the pension administrator to the Collector General within three months of the person's retirement. Where this occurs it is shown as a charge under subhead A.8. The shortfall in expenditure of €255,000 relative to the estimate provision of €400,000 was due to less people exercising their right to create a charge to the Vote than expected.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipt from the Social Welfare Consolidation Act 1993 (No. 38 on 1993) in respect of pension liability of staff	28,000	28,000	28,000
2 Receipts in respect of pension liability of staff on loan, etc.	1,703	933	1,079
3 Contributions to spouses' and children's pension scheme for civil servants and others	18,200	17,239	18,741
4 Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	29,900	33,074	33,062
5 Repayment of gratuities, etc.	700	640	188
6 Purchase of notional service	5,000	5,244	5,230
7 Single Scheme contributions			
	<i>Original</i> 155,000		
	<i>Supplementary</i> 5,000		
	160,000	252,550	165,828
8 Miscellaneous	100	—	—
Total	243,603	337,680	252,128

Significant variations

Overall, appropriations-in-aid were €94.077 million more than the original estimate. Explanations for variances are set out below:

2 Receipts in respect of pension liability of staff on loan, etc.

Estimate: €1.703 million, realised: €933,000

The decrease of €800,000 was due to a decrease in the level of receipts of staff on loan. It is difficult to predict the number of staff on loan year to year.

3 Contributions to spouses' and children's pension scheme for civil servants and others

Estimate: €18.2 million, realised: €17.239 million

The decrease of €1 million was due to lower than expected contributions to spouses' and children's pension scheme for civil servants and others. This can fluctuate from year to year.

4 Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)

Estimate: €29.9 million, realised: €33.074 million

The increase of €3.2 million was due to an underestimation of the level of receipts from the cohort of civil servants appointed on or after 6 April 1995 and before 1 January 2013 and are members of the established scheme. The number in this cohort will decrease as retirements occur. However, the level of contributions is affected by changes in the salary levels of this cohort which may increase in line with career progression.

7 Single Scheme contributions

Estimate: €155 million, realised: €252.5 million

The increase of €97.5 million was largely due to an increased level of receipts in the final months of the year. The amount credited to the Vote in respect to the Single Public Service Pension Scheme represents contributions made by all new public servants who commence employment after 1 January 2013. While there is central oversight of total public service employee numbers, the number of new entrants, the timing of their engagement and the grade and pay level at which they are engaged in individual sectors in any year is managed in those sectors and is subject to wide variation. Due to the nature of recruitment and retirement processes across the public service, a level of variation in estimates versus receipts will remain.

Note 5 Staffing and Remuneration

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 18 – National Shared Services Office. Staff engaged on the formulation of superannuation policy are charged to Vote 11 – Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

	2019	2018
A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances	18,858	17,684
A.2 Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,940	2,888
A.3 Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court offices	20	24
A.5 Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,546	4,594
A.9 Pension liabilities of former public service bodies payable under statute	3	3
	26,367	25,193

5.3 Pension payment agency services

The Department (Vote 12) makes pension payments, on an agency basis, to former staff of the bodies detailed below.

Name of body	Number of pensioners	Gross value (per annum) €m
Vocational Education Committee/Institute of Technology/ Educational Training Board pensions	10,548	293
FÁS/SOLAS pensions	1,548	31

The amounts paid are charged to the Vote for Education and Skills (Vote 26).

5.4 Overpayments of pensions

Overpayments at year end were €161,410 (37 cases), (2018: €146,571 (37 cases)). All of these cases have recoupment plans in place.

Note 6 Miscellaneous

6.1 Abatement of pensions

The Pensions (Abatement) Act 1965 and the Public Service (Single Scheme and other Provisions) Act 2012 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The legislation also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

In 2019, the pensions of 90 retired civil servants were fully or partially abated. The total amount abated in 2019 was €855,410.

6.2 Compensation and legal costs

There were no payments in 2019 or 2018 in respect of claims taken against the Department.

Appropriation Account 2019

Vote 13

Office of Public Works

Introduction

As Accounting Officer for Vote 13, 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 the salaries and expenses of the Office of Public Works (the Office), for services administered by that Office, for payment of certain grants and for the recoupment of certain expenditure.

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 €921,000 is liable for surrender to the Exchequer.

The Office acts as an agent, and incurs expenditure on behalf of other Government Departments and agencies. The expenditure incurred on their behalf is set out in Note 2.10. In addition, the Office provides client services on behalf of the State. This expenditure is set out in Note 1.

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 27 of 2019, have been applied in the preparation of the account, with the exceptions below.

Valuation of capital assets

The Office recognises the value of land and buildings as follows.

- Assessments of market value have been applied to properties where market comparisons are available.
- Prestige properties have been individually valued using the replacement cost method of valuation. This rebuilding cost is based on the application of market rates.
- Where market comparisons are not available, properties acquired or purchased before 1 January 1995 or constructed before 1 January 1997 are valued based on building cost norms and notional site values. Properties purchased since 1 January 1995 or constructed since 1 January 1997 are valued at cost.

The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value.

Capital expenditure in a number of areas is not recognised in Note 2.1 Capital assets as follows.

- Expenditure on improvements of certain buildings is not included. The change in value will be reflected at the next valuation date.
- Expenditure on improvements to leased buildings is not capitalised.
- National monuments and certain national historic properties are not valued.
- Flood relief works are considered infrastructure assets and are not capitalised.
- Artwork acquired after 1 January 2008 is included in the statement of capital assets under the heading fixtures and fittings at historical cost and is not revalued. Artwork acquired prior to 1 January 2008 has not been capitalised.

Depreciation

Depreciation is calculated on an annual basis. The depreciation policy is that a full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal.

Plant and machinery assets are depreciated on a straight line basis over their estimated useful life of between five and 20 years, to a projected residual value.

Artworks and heritage assets are not depreciated.

Buildings are not depreciated on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition.

Capital assets under development

Expenditure on existing properties owned by the Office carried out under Subhead B6 (New works alterations and additions) is capitalised under its relevant asset category in the year the expenditure is incurred save for the exceptions outlined above where capital expenditure is not recognised as a capital asset. Capital expenditure on new developments spanning multiple accounting periods is accounted for as a capital asset under development and is transferred to the relevant asset category on completion.

Property lease payments

The Office recognises payment for goods and services when the goods or services have been provided satisfactorily, the supplier has submitted their account and the instruction for payment has been executed. In the case of property lease agreements, once the lease commences, and the rent is due and payable, then the Office is satisfied the liability has matured. However, where there are legal or compliance difficulties in making such payments to the suppliers, the Office may charge the payment to the Vote and transfer the funds to suspense.

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 Chairman. 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 for the provision of human resources and payroll and travel shared services for civil service grades.

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 Office.

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 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
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- a corporate governance framework for the Office is in place.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with the relevant guidelines. In 2019, the Office complied with procurement guidelines with the exception of 35 instances totalling €2.959 million.

- €140,236 related to one contract for urgent specialised work of a security nature
- €1,189,526 related to payments to eight suppliers where no contract was in place at the time of supply
- €440,207 related to six contracts where the incorrect procurement method was used
- €1,189,307 related to 20 contracts which were procured from a single suitable supplier or a contractor with specialised expertise or due to urgency.

Internal audit and Audit Committee

I confirm that the Office 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 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 recommendations arising from reports of the internal audit function are implemented.

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 Board on an annual 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 management and 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 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 issues

The following internal financial control issue was identified in 2019.

Expenditure on measured term maintenance contract

A measured term maintenance contract entered into in 2014 had an anticipated value estimated at €12 million. The contract term ended in October 2018. In 2019, the Office incurred expenditure of €7.4 million on works placed under the contract prior to the term end.

A replacement measured term maintenance contract entered into in October 2018 had an anticipated value estimated at €15 million. Up to the end of 2019, the Office incurred expenditure of €34.7 million on works placed under this contract. €22 million of this expenditure related to urgent Brexit Infrastructure works.

Maurice Buckley
Accounting Officer
Office of Public Works

25 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 13 Office of Public Works

Opinion on the appropriation account

I have audited the appropriation account for Vote 13 Office of Public Works 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 13 Office of Public Works 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 Office of Public Works 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*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that there was a significant level of non-compliance with national procurement rules in respect of contracts that operated in 2019.

Expenditure under a maintenance contract

Chapter 6 of my report on the accounts of the public services for 2018 examined excess expenditure by the OPW under a maintenance contract in the period 2015–2018. The Accounting Officer has disclosed in the statement on internal financial control that further excess expenditure occurred in 2019 on a replacement maintenance contract.

Seamus McCarthy
Comptroller and Auditor General

25 September 2020

Vote 13 Office of Public Works

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Flood risk management	108,771	99,296	99,244
B Estate management	355,172	355,835	350,639
Gross expenditure	463,943	455,131	449,883
<i>Deduct</i>			
C Appropriations-in-aid	24,205	24,314	26,240
Net expenditure	439,738	430,817	423,643

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €8 million of unspent allocations in respect of the capital elements of Programme A was carried forward to 2020.

	2019	2018
	€	€
Surplus	8,921,440	571,328
Deferred surrender	(8,000,000)	—
Surplus to be surrendered	921,440	571,328

Maurice Buckley
Accounting Officer
Office of Public Works

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	399,146	399,018
Administration pay	43,487	39,895
Administration non pay	12,498	10,970
Gross expenditure	455,131	449,883
<i>Deduct</i>		
Appropriations-in-aid	24,314	26,240
Net expenditure	430,817	423,643
Changes in capital assets		
Purchases cash	(10,592)	
Depreciation	4,748	
Disposals cash	5,464	
Gain on disposal	(90)	(6,780)
Changes in net current assets		
Decrease in closing accruals	(6,569)	
Decrease in stock	135	(6,434)
Direct expenditure	423,913	419,279
Expenditure on services where OPW acts as client	(106,998)	(127,015)
Direct expenditure (excluding services where OPW acts as client)	316,915	292,264
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	(171,059)	(156,795)
Net programme cost ^a	145,856	135,469

Note ^a The net programme cost does not include:

- Notional rents receivable by the OPW on State owned properties are estimated at some €89.4 million. Notional rents payable by OPW are estimated at €3.6 million.
- Amounts have not been included in the statement in respect of notional income from client departments in respect of services currently provided free of charge by the OPW.

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 13 borne elsewhere and costs borne by Vote 13 in respect of other votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	8
Vote 12 Superannuation and Retired Allowances	22,446	21,828
Vote 18 National Shared Services Office	76	69
Apportioned cost of shared services for other votes	<u>(193,589)</u>	<u>(178,700)</u>
	<u>(171,059)</u>	<u>(156,795)</u>

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	3,349,956	3,338,779
Current assets			
Bank and cash	2.2	40,667	20,375
Stocks	2.3	1,712	1,847
Prepayments	2.4	21,646	19,172
Accrued income		3,444	1,076
Other debit balances	2.5	13,846	8,761 ^a
Total current assets		81,315	51,231
Less current liabilities			
Accrued expenses		7,345	9,364
Deferred income		343	52
Other credit balances	2.6	45,592	28,700 ^a
Net Exchequer funding	2.7	8,921	436
Total current liabilities		62,201	38,552
Net current assets		19,114	12,679
Net assets		3,369,070	3,351,458
Represented by:			
State funding account	2.8	3,369,070	3,351,458

Note ^a Other debit balances and other credit balances have been restated on the same basis as the current year which is by client rather than expenditure type.

2.1 Capital assets

	Land and buildings ^a	Plant and machinery	Office equipment	Furniture and fittings	Assets under development ^b	Total ^c
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2019	3,317,031	44,018	26,265	22,367	1,130	3,410,811
Prior year adjustment ^d	620	199	—	(7)	—	812
Additions	6,491	6,919	1,645	815	1,098	16,968
Disposals	(5,251)	(1,909)	(3,097)	(468)	—	(10,725)
Revaluation on disposal	3,615	—	—	—	—	3,615
Cost or valuation at 31 December 2019	3,322,506	49,227	24,813	22,707	2,228	3,421,481
Accumulated depreciation						
Opening balance at 1 January 2019	—	34,020	22,826	15,186	—	72,032
Depreciation on prior year adjustment	—	80	—	—	—	80
Depreciation for the year	—	2,584	1,778	386	—	4,748
Depreciation on disposals	—	(1,809)	(3,084)	(442)	—	(5,335)
Cumulative depreciation at 31 December 2019	—	34,875	21,520	15,130	—	71,525
Net assets at 31 December 2019	3,322,506	14,352	3,293	7,577	2,228	3,349,956
Net assets at 31 December 2018	3,317,031	9,998	3,439	7,181	1,130	3,338,779

Note ^a An analysis of the valuations of land and buildings is given below.

^b Capital assets under development does not include construction projects carried out under Subhead B6 New works, alterations and additions.

^c Expenditure on leased buildings is not capitalised.

^d The prior year adjustment is principally as a result of a cancelled disposal.

Valuation of land and buildings

As set out in the statement of accounting policies and principles, assets are valued using a number of valuation basis. The number of buildings and the valuation basis used is set out below.

Valuation basis	2019		2018	
	Number of buildings	€000	Number of buildings	€000
Market value	286	830,109	287	831,124
Building cost norms	544	718,711	544	718,711
Cost	140	845,780	135	839,290
Prestige properties (replacement cost)	11	927,906	11	927,906
Heritage properties (nil value)	727	—	727	—
	1,708	3,322,506	1,704	3,317,031

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	40,660	20,388
Petty cash	7	8
Orders outstanding	—	(21)
	40,667	20,375

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Engineering stocks	825	910
Heritage depot stocks	801	846
Building materials	30	51
Stationery	32	20
Miscellaneous stocks	24	20
	1,712	1,847

2.4 Prepayments

at 31 December	2019	2018
	€000	€000
Administration	943	658
Flood risk management	1,142	5
Estate management	19,561	18,509
	21,646	19,172

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Agency balances (note 2.10)	12,348	8,603 ^a
Other debit balances	1,498	158
	13,846	8,761

Note ^a Agency balances have been restated on the same basis as the current year which is by client rather than expenditure type.

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	1,063	963
Universal social charge	224	220
Pay related social insurance	941	858
Professional services withholding tax	713	616
Value added tax	5,970	4,189
Pension contributions	260	275
Local property tax	10	10
	9,181	7,131
Agency balances (note 2.10)	23,522	11,966 ^a
Sundry works account	17	—
Property management	10,923	7,543
Percent for art scheme	1,047	850
Miscellaneous heritage	802	726
Payroll deductions held in suspense	—	104
Other credit balances	100	380
	45,592	28,700

Note ^a Agency balances have been restated on the same basis as the current year which is by client rather than expenditure type.

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	921	571
Deferred surrender	8,000	—
Exchequer grant undrawn	—	(135)
Net Exchequer funding	8,921	436
Represented by:		
Debtors		
Bank and cash	40,667	20,375
Debit balances: suspense	13,846	8,761
	54,513	29,136
Creditors		
Due to State	(9,181)	(7,131)
Credit balances: suspense	(36,411)	(21,569)
	(45,592)	(28,700)
	8,921	436

2.8 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		3,351,458	3,342,029
Disbursements from the Vote			
Estimate provision	Account	439,738	
Deferred surrender	Account	(8,000)	
Surplus to be surrendered	Account	(921)	
Net vote		430,817	423,643
Expenditure (cash) borne elsewhere	Note 1.1	22,530	21,905
Allied services	Note 1.1	(193,589)	(178,700)
Client services	Note 1	(106,998)	(127,015)
Net programme cost	Note 1	(145,856)	(135,469)
Asset adjustments		10,708	5,065
Balance at 31 December		3,369,070	3,351,458

2.9 Commitments

a) Global commitments		
At 31 December	2019	2018
	€000	€000
Procurement of goods and services	13,259	10,328
Non-capital grant programmes	1,250	1,500
Capital grant programmes	13,199	12,720
Capital projects	38,996	53,055
Public private partnership projects	391,587	417,748
Total of legally enforceable commitments	458,291	495,351

There were commitments outstanding at the end of 2019 in respect of rental of leased properties and associated service charges. Figures have not been included for such commitments in this account but they are estimated to be €113.6 million in 2020 (2019: €107.6 million).

b) Non-capital grant programmes		
	2019	2018
	€000	€000
Opening balance	1,500	1,750
Grants paid in year	(250)	(250)
Closing balance	1,250	1,500

c) Capital grant programmes		
	2019	2018
	€000	€000
Opening balance	12,720	12,970
Adjustment ^a	769	—
New grant commitments	258	—
Grants paid in year	(548)	(250)
Closing balance	13,199	12,720

Note ^a This adjustment is required to account for grants omitted from the 2019 opening balance.

d) Major capital projects

Major projects during 2019 where the total estimated cost of the individual project is expected to exceed €10 million. Particulars are as follows:

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years ^a	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Flood risk management					
River Dodder (fluvial scheme)	14,055	1,763	2,000	17,818	17,155
Ennis Lower	18,055	118	1,000	19,173	19,000
Bray	42,176	151	250	42,577	42,576
Waterford	15,591	413	96	16,100	16,000
Bandon	22,432	2,532	3,468	28,432	28,432
Skibbereen	24,897	7,292	2,311	34,500	34,500
Clonakilty	7,605	12,398	5,897	25,900	24,100
Ennis South	777	4,631	11,992	17,400	—
Douglas	1,316	2,888	15,296	19,500	—
Athlone	1,963	2,859	5,928	10,750	—
Clare Galway	8,719	1,465	816	11,000	—
Total	157,586	36,510	49,054	243,150	181,763
Estate management					
Miesian Plaza	19,500	1,790	2,151	23,441	23,441
Leinster House	7,703	8,561	377	16,641	14,867
Total	27,203	10,351	2,528	40,082	38,308

Note ^a Project commitments in subsequent years refers to the Office's current estimate of capital costs to completion of project.

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2018 to 2019.

Flood risk management**River Dodder (fluvial scheme)**

Increase in expected total spend: €663,000

The revised estimated total project cost is as a result of necessary additional works identified during the course of the project. In the main, the additional expenditure relates to direct labour costs.

Clonakilty

Increase in expected total spend: €1.8 million

The revised estimated total project cost is due to the vulnerability of some buildings in Clonakilty town centre and the subsequent project redesign required.

Estate management**Leinster House**

Increase in expected total spend: €1.774 million

The revised estimate arose due to additional necessary works identified during the course of the project that were not foreseen. The rectification of significant defects in the building will ensure the building can be safely occupied for future generations.

e) Unitary payments of public private partnership projects

	Cumulative Expenditure to 31 December 2018	Expenditure in 2019	Legally enforceable commitments to be met in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Convention Centre Dublin	350,700	24,123	391,587	766,410	768,448

2.10 Provision of agency services

In addition to expenditure on Vote 13, the Office also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to the Office by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2019 was €112.5 million of which the main areas of expenditure were major capital works (€89 million); schools programme (€1.3 million); maintenance works (€3.2 million) and leasing of accommodation (€19 million).

Agency services account

at 31 December	2019	2018
	€000	€000
Opening balance at 1 January	(3,363)	(14,262)
Payments	112,520	89,005
Receipts	(120,332)	(78,106)
Closing balance ^a	(11,175)	(3,363)

Note ^a The closing credit balance of €11.175 million is made up of debit agency balances (note 2.5) €12.348 million and credit agency balances (note 2.6) €23.522 million.

2.11 Contingent liabilities

The Office is involved in a number of pending legal proceedings and contractual conciliation, which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	41,429	43,487	39,895
ii	Travel and subsistence	1,911	2,332	2,049
iii	Training and development and incidental expenses	1,187	1,229	1,087
iv	Postal and telecommunications services	1,532	1,727	1,445
v	Office equipment and external IT services	5,250	6,095	5,195
vi	Office premises expenses	1,079	975	953
vii	Consultancy services and value for money and policy reviews	266	57	118
viii	Government Publication Services	170	83	123
		52,824	55,985	50,865

Significant variations

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

vii Consultancy services and value for money and policy reviews

Estimate provision: €266,000, outturn: €57,000

The saving of €209,000 was due to the requirement for consultancy services being less than anticipated and the expected spend in relation to equality investigations and market research in 2019 being postponed to 2020.

Programme A Flood risk management

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	10,898	11,567	10,134
A.2 Administration – non pay	2,246	3,430	2,749
A.3 Purchase of plant and machinery	4,150	6,896	4,385
A.4 Hydrometric and hydrological investigation and monitoring	1,255	1,132	1,024
A.5 Flood risk management	73,127	58,289	64,644
A.6 Drainage maintenance	17,095	17,982	16,308
	108,771	99,296	99,244

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €9.475 million lower than originally provided. There was an increase of €1.853 million in administration expenditure for the programme (see above). Non-administration programme expenditure overall was €11.328 million less than originally provided, mainly due to the following.

A.3 Purchase of plant and machinery

Estimate provision: €4.15 million, outturn: €6.896 million

The increase of €2.746 million was as a result of the OPW's investment in new vehicles to reduce emissions and improve safety. The OPW purchased additional plant equipment to aid construction of flood relief schemes and technical equipment for hydrometric operations.

A.4 Hydrometric and hydrological investigation and monitoring

Estimate provision: €1.255 million, outturn: €1.132 million

The saving of €123,000 was mainly due to delays in reaching and maintaining predicted staff numbers in 2019.

A.5 Flood risk management

Estimate provision: €73.127 million, outturn: €58.289 million

The saving of €14.838 million relates to delays around the planning process for a number of major projects. This includes projects submitted for Ministerial approval/consent under the Arterial Drainage Acts, to An Bord Pleanála under Part 10 of the Planning and Development Acts and also projects subject to approval under Part 8 of the Planning and Development Acts. In addition, the expenditure on the Voluntary Home Relocation Scheme was less than anticipated as the application process under the Scheme has not progressed in line with expectations.

A.6 Drainage maintenance

Estimate provision: €17.095 million, outturn: €17.982 million

The increase in spend of €887,000 was due to legal claims settled in the year.

Programme B Estate management

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	30,531	31,920	29,761
B.2	Administration – non pay	9,149	9,068	8,221
B.3	President's household staff	912	797	803
B.4	Grants for certain refurbishment works and services	500	500	500
B.5	Purchase of sites and buildings	3,480	2,561	3,780
B.6	New works, alterations and additions	74,030	74,635	77,690
B.7	Property maintenance and supplies	61,478	64,675	60,720
B.8	Rents	96,520	91,016	90,772
B.9	Service charges and utilities	11,043	12,319	10,724
B.10	Unitary payments	25,000	24,123	24,328
B.11	Heritage services	42,529	44,221	43,340
		355,172	355,835	350,639

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €663,000 higher than provided. The variance was mainly due to the following.

B.3 President's household staff

Estimate provision: €912,000, outturn: €797,000

The saving of €115,000 occurred, in the main, due to staff vacancies in 2019.

B.5 Purchase of sites and buildings

Estimate provision: €3.48 million, outturn: €2.561 million

The underspend of €919,000 relates to property purchases under consideration during the year which did not proceed or were not finalised in 2019.

B.7 Property maintenance and supplies

Estimate provision: €61.478 million, outturn: €64.675 million

The increase in expenditure of €3.197 million was due to the higher cost of providing maintenance services, in particular, maintaining older buildings. In addition, some works were carried out earlier than anticipated and the cost to the Office for a client service was higher than estimated.

B.8 Rents

Estimate provision: €96.52 million, outturn: €91.016 million

The underspend of €5.504 million on rental expenditure is mainly due to timing issues around the acquisition of leases. In addition, a rent review had not concluded within the estimated timeframe.

B.9 Service charges and utilities

Estimate provision: €11.043 million, outturn: €12.319 million

The increase in expenditure of €1.276 million was primarily due to a payment settlement on service charges relating to the previous year for two properties.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Rents, licence fees, etc.	3,150	3,882	4,541
2 Events and facilities management	3,500	5,045	4,412
3 Receipts for Government publication services	630	697	737
4 Recoveries for services carried out on repayment or agency basis	—	—	—
5 Sales at national monuments and historic properties	2,300	1,631	2,475
6 Admission charges at national monuments and historic properties	10,500	8,223	10,057
7 Miscellaneous, including fees, interest and disposals etc.	200	2,837	1,054
8 Receipts from additional superannuation contributions on public service remuneration ^a	3,925	1,999	2,964
Total	24,205	24,314	26,240

Note ^a 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 €109,000 more than the estimate.

Explanations for variances are set out below.

1 Rents, licence fees, etc.

Estimate: €3.15 million, realised: €3.882 million

The increase of €732,000 is primarily due to the early payment of 2020 mast rental income, a timing differences on 2018 rental income and the collection of rental arrears.

2 Events and facilities management

Estimate: €3.5 million, realised: €5.045 million

The increase of €1.545 million was mainly due to higher than expected visitor numbers at three sites Dublin Castle, Kilkenny Castle and Farnleigh combined with an increase in the admission price at two of the sites.

5 Sales at national monuments and historic properties

Estimate: €2.3 million, realised: €1.631 million

The decrease of €669,000 was as a result of no large Phoenix Park event being held in 2019.

6 Admission charges at national monuments and historic properties

Estimate: €10.5 million, realised: €8.223 million

The decrease of €2.277 million was due to the suspension of admission charges at Bru na Boinne/Newgrange while works were in progress at the site. In addition, there was a reduction in visitor numbers at some sites.

7 Miscellaneous, including fees, interest and disposals etc.

Estimate: €200,000, realised: €2.837 million

The increase of €2.637 million is primarily due to €1.241 million in proceeds from sale of State property and a transfer of €334,000 due to the Exchequer on completion of reconciling accounts.

8 Receipts from additional superannuation contributions on public service remuneration

Estimate: €3.925 million, realised: €1.999 million

The difference of €1.926 million was due to a higher than required estimate. The estimates provision for 2020 have now been adjusted to take account of the overestimate.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Civil service grades	803	724
OPW specific grades	1,270	1,049
	2,073	1,773

5.2 Pay

	2019	2018
	€000	€000
Pay		
Civil service grades	40,167	37,057
OPW specific grades	47,143	45,887
Higher, special or additional duties allowance		
Civil service grades	228	210
OPW specific grades	2,137	2,022
Overtime		
Civil service grades	86	81
OPW specific grades	3,225	3,169
Extra attendance, shift and roster		
OPW specific grades	2,497	2,414
Employer's PRSI		
Civil service grades	3,005	2,548
OPW specific grades	5,827	5,561
Total pay	104,315	98,949

Note The total pay figure includes pay for 563 temporary and seasonal staff in 2019 (2018: 551 staff).

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				
Civil service grades	44	7	20,614	20,596
OPW specific grades	1,090	—	9,795	10,292
Overtime				
Civil service grades	26	—	8,957	11,644
OPW specific grades	1,033	85	38,016	54,401
Extra attendance, shift and roster				
OPW specific grades	864	7	13,994	13,233
Extra remuneration in more than one category				
Civil service grades	5	1	10,175	9,409
OPW specific grades	1,072	191	38,691	55,076

5.4 Other remuneration arrangements

Three retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €12,305.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	34	48,216	31,371
Recovery plans in place	14	28,412	14,345

Six individuals with recovery plans in place to the value of €2,193 transferred to other Departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by Office €000	Legal costs awarded €000	Compensation awarded €000	2019	2018
					Total €000	Total €000
Claims by employees						
Personal injury claims						
- settled in 2019	4	26	—	2,051	2,077	564
- settled in a previous year or ongoing	3	14	—	—	14	29
Claims by members of the public						
Personal injury claims						
- settled in 2019	4	39	30	219	288	217
- settled in a previous year or ongoing	20	30	83	—	113	17
Loss or damage claims settled in 2019	14	2	2	356	360	37
		111	115	2,626	2,852	864

6.2 Arbitration and conciliation costs

Expenditure in 2019 includes payments of €6.001 million (2018: €6.732 million) made to contractors and others as a result of conciliation and arbitration proceedings. There were six cases in 2019 (2018: seven). Figures include VAT, legal and professional fees.

6.3 Interest and compensation

Penalty interest and compensation payments amounting to €69,798 were made by the OPW in 2019 under the Prompt Payment of Accounts Act 1997, in respect of late payments (2018: €58,893). The total value of payments made by the OPW in 2019 amounted to €418 million and the total number of reckonable payments were 91,571.

6.4 Write offs

The following sums were written off in the year:

	2019	2018
	€000	€000
Unpaid fees from companies no longer trading	2	—

Appropriation Account 2019

Vote 14

State Laboratory

Introduction

As Accounting Officer for Vote 14, 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 the salaries and expenses of the State Laboratory.

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 €586,865 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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 27 of 2019, have been applied in the preparation of the account except for the following departure in relation to capital assets.

Valuation of capital assets

The State Laboratory does not apply the standard €1,000 threshold for the capitalisation of its capital assets, but applies the aggregate value for groups of assets such as PCs and laptops.

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 State Laboratory.

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 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 the State Laboratory and the National Shared Service Office for the provision of payroll shared services and human resource shared services.

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 the Laboratory.

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 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 State Laboratory
- 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 State Laboratory 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 State Laboratory complied with procurement guidelines but seven contracts to the value of €1,040,544 (excluding VAT) required disclosure in my annual return in respect of circular 40/2002. Three of the contracts, to the value of €107,568 (excluding VAT) involved specialist laboratory consumables and services for which there was only one supplier. Four other contracts were not competitively procured for the following reasons:

- Two contracts to the value of €812,732 (excluding VAT) were for laboratory equipment. Article 32 of Directive 2014/24/EU was invoked because competition was absent for technical reasons.
- One contract to the value of €51,314 (excluding VAT), which was originally awarded under a competitive process, was extended beyond the original contract dates to ensure continued supply in the event of a no-deal Brexit and to avoid a substantial cost increase under a new framework agreement.
- One contract to the value of €68,930 (excluding VAT) was awarded for the implementation of a new email system to an existing ICT support company to reduce the risk to the overall ICT system.

Internal audit and Audit Committee

I confirm that the State Laboratory 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 State Laboratory 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.

Risk and control framework

The State Laboratory 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 laboratory and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a bi-annual 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 management and 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 State Laboratory 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 laboratory responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

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

Ita Kinahan
Accounting Officer
State Laboratory

30 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

Opinion on the appropriation account

I have audited the appropriation account for Vote 14 State Laboratory 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 14 State Laboratory 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 State Laboratory 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

23 June 2020

Vote 14 State Laboratory

Appropriation Account 2019

	Estimate provision €000	2019 Outturn €000	2018 Outturn €000
Programme expenditure			
A Government analytical laboratory and advisory service	10,861	10,831	9,742
Gross expenditure	10,861	10,831	9,742
<i>Deduct</i>			
B Appropriations-in-aid	1,066	1,623	972
Net expenditure	9,795	9,208	8,770

Surplus

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

	2019 €	2018 €
Surplus to be surrendered	586,865	572,989

Ita Kinahan
Accounting Officer
State Laboratory

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	5,646	5,369
Non-pay	5,185	4,373
Gross expenditure	10,831	9,742
<i>Deduct</i>		
Appropriations-in-aid	1,623	972
Net expenditure	9,208	8,770
Changes in capital assets		
Purchases cash	(1,670)	
Depreciation	931	
Disposals cash	465	
Profit on disposal	(27)	(176)
Changes in net current assets		
Increase in closing accruals	428	
Increase in stock	(31)	55
Direct expenditure	9,304	8,649
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,369	1,295
Notional rents	1,688	1,638
Net programme cost	12,361	11,582

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 14 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	—
Vote 12 Superannuation and Retired Allowances	1,320	1,286
Vote 13 Office of Public Works	32	—
Vote 18 National Shared Services Office	9	9
	1,369	1,295

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	2,198	1,897
Current assets			
Bank and cash	2.2	85	112
Stocks	2.3	222	192
Prepayments		493	614
Accrued income		58	140
Other debit balance	2.4	11	15
Net Exchequer funding	2.6	112	61
Total current assets		<u>981</u>	<u>1,134</u>
Less current liabilities			
Accrued expenses		469	245
Other credit balances	2.5	208	188
Total current liabilities		<u>677</u>	<u>433</u>
Net current assets		<u>304</u>	<u>701</u>
Net assets		<u><u>2,502</u></u>	<u><u>2,598</u></u>
Represented by:			
State funding account	2.7	<u><u>2,502</u></u>	<u><u>2,598</u></u>

2.1 Capital assets

	Equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	12,682	558	13,240
Additions	1,669	1	1,670
Disposals	(1,478)	—	(1,478)
Cost or valuation at 31 December 2019	12,873	559	13,432
Accumulated depreciation			
Opening balance at 1 January 2019	10,801	542	11,343
Depreciation for the year	929	2	931
Depreciation on disposals	(1,040)	—	(1,040)
Cumulative depreciation at 31 December 2019	10,690	544	11,234
Net assets at 31 December 2019	2,183	15	2,198
Net assets at 31 December 2018	1,881	16	1,897

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance and cash	82	106
Commercial bank account balance	2	5
Petty cash	1	1
	85	112

2.3 Stocks

at 31 December	2019 €000	2018 €000
Chemicals and laboratory consumables	187	153
Stationery and IT consumables	35	39
	222	192

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel expenditure	1	2
Recoupable travel pass scheme expenditure	8	11
Recoupable cycle to work scheme	2	2
	11	15

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	74	69
Pay related social insurance	50	46
Universal Social Charge	15	15
Local property tax	1	1
Value added tax on intra-EU acquisitions	23	17
	163	148
Payroll deductions held in suspense	45	40
	208	188

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	587	573
Exchequer grant undrawn	(699)	(634)
Net Exchequer funding	(112)	(61)
Represented by:		
Debtors		
Bank and cash	85	112
Debit balances: suspense	11	15
	96	127
Creditors		
Due to State	(163)	(148)
Credit balances: suspense	(45)	(40)
	(208)	(188)
	(112)	(61)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		2,598	2,477
Disbursements from the Vote			
Estimate provision	Account	9,795	
Surplus to be surrendered	Account	(587)	
Net vote		9,208	8,770
Expenditure (cash) borne elsewhere	1.1	1,369	1,295
Non cash expenditure – notional rent	1	1,688	1,638
Net programme cost	1	(12,361)	(11,582)
Balance at 31 December		2,502	2,598

2.8 Commitments

	2019	2018
	€000	€000
At 31 December		
Procurement of goods and services	631	277

Note 3 Vote Expenditure

Analysis of administration expenditure

All programme cost is classified as administration expenditure.

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	6,131	5,646	5,369
ii Travel and subsistence	40	39	37
iii Training and development and incidental expenses	290	288	249
iv Postal and telecommunication services	60	49	68
v Office equipment and external IT services	2,777	3,239	2,527
vi Office premises expenses	1,458	1,507	1,471
vii Consultancy services and value for money and policy reviews	105	63	21
	10,861	10,831	9,742

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts for various analyses, examinations, tests etc.	850	965	754
2 Receipts from additional superannuation contributions on public service remuneration ^a	216	195	218
3 Miscellaneous receipts	—	463	—
Total	1,066	1,623	972

Note ^a 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 €557,000 more than the original estimate. Explanations for variances are set out below:

1 Receipts for various analyses, examinations, tests etc.

Estimate provision: €850,000, outturn: €965,000

The increase of €115,000 was because the income under this heading includes Coroner's fee for analysis of post-mortem samples etc. and as this service is demand led, it is not possible to accurately predict the figure for appropriations-in-aid. The increase in 2019 was due to the large backlog of samples from 2018 that was cleared and results reported during 2019.

3 Miscellaneous receipts

Estimate provision: €0, outturn: €463,000

The amount realised under miscellaneous receipts relates to a refund arising from the return of a piece of laboratory equipment which was purchased in 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	98	93

5.2 Pay

	2019 €000	2018 €000
Pay	5,194	4,944
Higher, special or additional duties allowance	22	23
Overtime	—	3
Employer's PRSI	430	399
Total pay	5,646	5,369

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	1	1	19,902	19,336
Other allowances	3	—	1,154	2,384
Overtime	1	—	—	1,419

No staff member received additional payments in more than one category.

Under the terms of the AHCPs 1% PCW restructuring agreement, Eleven officers received a total of €28,833, in respect of PCW allowances (2018: €29,450).

5.4 Other remuneration arrangements

There were no other remuneration arrangements in 2019.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	2	2,172	2,794
Recovery plans in place		2	5

Ten overpayment recovery plans in respect of ten individuals to the value of €10,534 were recovered in the year.

Appropriation Account 2019

Vote 15

Secret Service

Introduction

As Accounting Officer for Vote 15, 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 the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2019.

A surplus of €266,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 3 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.

Statement on Internal Financial Control

Prescribed arrangements are in place with the Department of Justice and Equality and the Department of Defence for the drawdown of moneys from the Secret Service Vote and for the annual certification by the relevant Ministers of moneys actually expended during the year, as well as balances at year end.

For security reasons, restrictions are in place regarding operations and information about the individual transactions. This places a limitation on the normal direct controls available to me as Accounting Officer of a Vote. In the circumstances, I rely on annual certified statements signed by the Ministers to whom moneys have been issued, which are underpinned by operational controls put in place by their Departments.

Robert Watt
Accounting Officer
Secret Service

5 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 15 Secret Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 15 Secret Service 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 15 Secret Service 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 Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

For the purposes of this audit, I have been furnished with certificates from the Minister for Justice and Equality and the Minister for Defence which support the expenditure from the Vote. 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

18 June 2020

Vote 15 Secret Service

Appropriation Account 2019

	2019		2018
	Estimate provision €000	Outturn €000	Outturn €000
Programme expenditure			
Secret Service	1,250	984	883
	1,250	984	883

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	266,307	116,720

Robert Watt
Accounting Officer
Secret Service

5 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

This note is not applicable in the case of the Secret Service Vote.

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Current assets			
Sub-account balances		262	116
Total current assets		262	116
Less current liabilities			
PMG balance		116	272
Net Exchequer funding	2.1	146	(156)
Total current liabilities		262	116
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.2	—	—

2.1 Net Exchequer funding

	2019	2018
	€000	€000
at 31 December		
Surplus to be surrendered	266	117
Exchequer grant undrawn	(120)	(273)
Net Exchequer funding	146	(156)
Represented by:		
Debtors		
Sub-account balance	262	116
	262	116
Creditors		
PMG balance	(116)	(272)
	(116)	(272)
	146	(156)

2.2 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	1,250	
Surplus to be surrendered	Account	(266)	
Net vote		984	883
Net programme cost		(984)	(883)
Balance at 31 December		—	—

Note 3 Vote Expenditure

The expenditure outturn was €266,000 (21%) lower than the amount provided. The estimate is necessarily conjectural.

Appropriation Account 2019

Vote 16

Valuation Office

Introduction

As Accounting Officer for Vote 16, 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 the salaries and expenses of the Valuation Office and certain minor services.

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

A surplus of €3.406 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 27 of 2019, have been applied in the preparation of the account.

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 Valuation Office. The 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 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

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The payroll function transferred to the National Shared Service Office in June 2017. The CEO of the National Shared Services Office is Accounting Officer for Vote 18, and is responsible for the operation of controls within the shared services centres.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of human resource and payroll shared services.

I rely on a letter of assurance from the CEO of the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Office.

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 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 Valuation 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 in operation.

Procurement compliance

The Valuation 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 Valuation Office complied with procurement guidelines but one contract to the value of €38,210 required disclosure in my annual return in respect of circular 40/2002. This contract relates to an existing IT sub-system that expired in January 2019 and a decision was taken to extend the contract until the new system becomes available in 2021.

Internal audit and Audit Committee

I confirm that the Valuation Office 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 Valuation 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.

Risk and control framework

The Valuation 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 Valuation Office 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 management, 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 issues

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

John O'Sullivan
Accounting Officer
Valuation Office

29 June 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 16 Valuation Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 16 Valuation Office 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 16 Valuation Office 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 Valuation Office 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 16 Valuation Office

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Provision of a State valuation service	12,743	10,099	9,248
B Administration services for the Valuation Tribunal	1,349	711	669
Gross expenditure	14,092	10,810	9,917
<i>Deduct</i>			
C Appropriations-in-aid	1,362	1,486	1,788
Net expenditure	12,730	9,324	8,129

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	3,406,216	2,310,642

John O'Sullivan
Accounting Officer
Valuation Office

26 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	1,094	558
Pay	7,400	7,289
Non-pay	2,316	2,070
Gross expenditure	10,810	9,917
<i>Deduct</i>		
Appropriations-in-aid	1,486	1,788
Net expenditure	9,324	8,129
Changes in capital assets		
Purchases cash	(88)	
Depreciation	118	
Loss on disposal	2	32
Changes in net current assets		
Decrease in closing accruals	(237)	
Increase in stock	—	32
Direct expenditure	9,119	8,234
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	5,644	5,832
Net programme cost	14,763	14,066

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 16 borne elsewhere.

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	4,199	4,008
Vote 13 Office of Public Works	1,431	1,811
Vote 18 National Shared Services Office	14	13
	5,644	5,832

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	217	249
Current assets			
Bank and cash	2.2	271	123
Stocks		20	20
Prepayments		115	70
Accrued income		191	89
Other debit balances	2.3	93	93
Net Exchequer funding	2.5	—	8
Total current assets		<u>690</u>	<u>403</u>
Less current liabilities			
Accrued expenses		128	182
Deferred income		150	186
Other credit balances	2.4	363	224
Net Exchequer funding	2.5	1	—
Total current liabilities		<u>642</u>	<u>592</u>
Net current assets		<u>48</u>	<u>(189)</u>
Net assets		<u>265</u>	<u>60</u>
Represented by:			
State funding account	2.6	<u>265</u>	<u>60</u>

2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	1,687	1,130	2,817
Additions	83	5	88
Disposals	(66)	(1)	(67)
Cost or valuation at 31 December 2019	1,704	1,134	2,838
Accumulated depreciation			
Opening balance at 1 January 2019	1,504	1,064	2,568
Depreciation for the year	103	15	118
Depreciation on disposals	(64)	(1)	(65)
Cumulative depreciation at 31 December 2019	1,543	1,078	2,621
Net assets at 31 December 2019	161	56	217
Net assets at 31 December 2018	183	66	249

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance	38	9
Commercial bank account balance	233	114
	271	123

2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Recoupable travel pass scheme	82	88
Other debit suspense items	11	5
	93	93

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	131	128
Pay related social insurance	73	67
Professional services withholding tax	114	7
Value added tax	—	2
Superannuation	20	—
	<u>338</u>	<u>204</u>
Miscellaneous liabilities	25	20
	<u>363</u>	<u>224</u>

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	3,406	2,311
Exchequer grant undrawn	(3,405)	(2,319)
Net Exchequer funding	<u>1</u>	<u>(8)</u>
Represented by:		
Debtors		
Bank and cash	271	123
Debit balances: suspense	93	93
	<u>364</u>	<u>216</u>
Creditors		
Due to State	(338)	(204)
Credit balances: suspense	(25)	(20)
	<u>(363)</u>	<u>(224)</u>
	<u>1</u>	<u>(8)</u>

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		60	165
Disbursements from the Vote			
Estimate provision	Account	12,730	
Surplus to be surrendered	Account	(3,406)	
Net vote		9,324	8,129
Expenditure (cash) borne elsewhere	1.1	5,644	5,832
Net programme cost	1	(14,763)	(14,066)
Balance at 31 December		265	60

2.7 Commitments

	2019	2018
	€000	€000
At 31 December		
Total of legally enforceable commitments	981	494

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,610	7,400	7,289
ii	Travel and subsistence	271	292	259
iii	Training and development and incidental expenses	885	842	883
iv	Postal and telecommunication services	105	176	136
v	Office equipment and external IT services	777	835	630
vi	Office premises expenses	161	98	112
vii	Consultancy services; value for money and policy reviews	60	73	50
		10,869	9,716	9,359

Significant variations

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

v Office equipment and external IT services

Estimate provision: €777,000, outturn: €835,000.

The overspend resulted from additional costs arising from:

- communications with clients in respect of programme Reval 2019
- upgrade of the Office's valuation database, thereby extending its useful life
- pre-procurement analysis and database cleansing work in advance of the competitive process to procure AXIA, the new valuation system.

Programme A Provision of a State Valuation Service

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A.1 Administration – pay	8,221	7,198	7,108
A.2 Administration – non pay	1,299	1,807	1,582
A.3 Fees to counsel and other legal expenses	73	112	5
A.4 National revaluation projects	3,150	982	553
	12,743	10,099	9,248

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €2.64 million lower than originally provided. €515,000 of this related to administration expenditure and has already been explained.

A.4 National revaluation projects

Estimate provision: €3.15 million, outturn: €982,000

Commencement of a revision outsourcing contract was delayed for a number of months due to industrial action. This resulted in an under spend for 2019.

Programme B Administration Services for the Valuation Tribunal

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B.1 Administration – pay	389	202	181
B.2 Administration – non pay	960	509	488
	1,349	711	669

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 5% and €100,000). Overall, the position in relation to Programme B was €638,000 lower than originally provided.

B.1 Administration – pay

Estimate provision: €389,000, outturn: €202,000

Salary costs were lower than estimated as the staffing numbers were not realised. A review of the Valuation Tribunal has been carried out and additional staff have now been sought for 2020 onwards.

B.2 Administration – non pay

Estimate provision: €960,000, outturn: €509,000

Estimates for the Valuation Tribunal were not realised due to capacity constraints, particularly in the number of hearing rooms available to facilitate simultaneous hearings.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Valuation Tribunal appeal fees	100	431	53
2 Valuation certificates	120	110	107
3 Valuation revision fees	800	671	1,286
4 Fees from appeals to the Commissioner	—	—	—
5 Miscellaneous receipts	65	25	44
6 Receipts from additional superannuation contributions on public service remuneration ^a	277	249	298
	1,362	1,486	1,788

Note ^a 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 €124,000 more than the original estimate. Explanations for variances are set out below:

1 Valuation Tribunal appeal fees

Estimate: €100,000, realised: €431,000

A considerable number of appeals were received in consequent on the issue, by the Valuation Office, of final certificates of valuation in the Reval 2019 phase of the National Revaluation Programme. This resulted in a significant amount being received relating to the appeal fees during that period.

3 Valuation revision fees

Estimate: €800,000, realised: €671,000

A significant amount of revision work was completed by the Office in 2019. Notwithstanding that effort, a delay in the engagement of a contractor involved in the completion of a volume of revision work led to fewer than estimated completed revision cases being submitted before the end of 2019 and a consequent reduction in the anticipated fee income. That project is ongoing.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	134	130

5.2 Pay

	2019	2018
	€000	€000
Pay	6,743	6,649
Higher, special or additional duties allowance	82	103
Other allowances	14	9
Overtime	12	10
Employer's PRSI	549	518
Total pay	7,400	7,289

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	22	—	8,274	11,605
Other allowances	3	—	4,693	4,693
Overtime	10	—	6,660	5,638
Extra remuneration in more than one category	17	1	11,353	11,605

5.4 Other remuneration arrangements

€61,805 in total was paid to four retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

Note 6 Miscellaneous

6.1 Legal fees

				2019	2018
	Number of cases	Legal costs paid by the Office €000	Compensation awarded €000	Legal costs awarded €000	Total €000
Claims by members of the public	2	3	—	85	88
Cost awarded arising from appeals to the Valuation Tribunal	1	—	—	28	28
		3	—	113	116

6.2 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The establishment of the new entity requires primary legislation. The Tailte Éireann Bill to provide for the merger is nearing completion and will be put before the Oireachtas when the timetable permits.

Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority is with the Department of Housing, Planning and Local Government, as is responsibility for the establishment of Tailte Éireann.

The Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013, has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work with the Registrar of Deeds and Titles, the Chief Survey Officer and other members of the Programme Board on planning and design of the necessary infrastructure for the new organisation. DHPLG are providing guidance and support to the Programme Board in relation to the required legislation and other issues relevant to the merger.

Accommodation arrangements for Tailte Éireann have been put in place by the Office of Public Works and will be effected in early 2022.

The Valuation Office will continue to provide any support necessary to bring about the establishment of Tailte Éireann.

When established, Tailte Éireann will be responsible for providing the authoritative property registration system, national mapping and surveying infrastructure and property valuation service for the State. As such, it will be the primary national source of property information and geo-spatial data and will be a leader in the development and delivery of land information services.

Appropriation Account 2019

Vote 17

Public Appointments Service

Introduction

As Accounting Officer for Vote 17, 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 the salaries and expenses of the Public Appointments Service.

The expenditure outturn is compared with the sum 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 €621,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Role of the Board

The Public Appointments Service was established under the Public Service Management (Recruitment and Appointments) Act 2004. It provides for a Chief Executive of the Service, and the appointment of a Board, consisting of eight external members and the Chief Executive in an ex officio basis.

The statutory functions of the Board are more advisory in nature than the traditional functions of State boards and essentially relate to giving advice or guidance to the Chief Executive. In general, they include

- representing the interests of the public service and ensuring that all appropriate service standards are being achieved
- considering and approving plans and strategic objectives put forward by the Chief Executive
- monitoring and advising the Public Appointments Service in the performance of its functions
- ensuring that appropriate review procedures are developed and implemented in relation to recruitment and promotion competitions, having regard to any relevant codes of practice issued by the Commission for Public Service Appointments
- publishing the annual report of the Public Appointments Service.

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 27 of 2019, have been applied in the preparation of the account.

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 Public Appointments Service.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of the Office. 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 rely on a letter of assurance from the accounting officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Public Appointments Service.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Public Appointments Service and the National Shared Service Office for the provision of (e.g. human resource and payroll) 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.

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 Public Appointments Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management discipline.

Non-compliance with procurement rules

The Public Appointments Service 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. Two contracts active during 2019, and with a value of €226,586 required disclosure in the annual 40/02 return to the Department of Public Expenditure and Reform and the Comptroller and Auditor General.

One contract with a value of €156,350 is considered non-competitive but compliant. This contract relates to software and licensing services for which there is only one supplier.

One contract with a value of €70,236 is considered non-competitive and non-compliant. This contract relates to cleaning services. Tendering for this was on hold in 2017 and 2018 pending a decision on the status of the Public Appointment Service's premises. This contract went to tender in 2019 and a new supplier is now in place.

Internal audit and Audit Committee

I confirm that the Public Appointments Service 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 Public Appointments Service 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.

Risk and control framework

The Public Appointments Service 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 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 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 Public Appointments Service has procedures to monitor the effectiveness of its risk management and control procedures. The Public Appointments Service'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 Public Appointments Service responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

An internal audit of procurement recommended that a number of improvements were required to the procurement function in the Public Appointments Service. Subsequent to this a three-year procurement plan has been approved by Management Board, all procurement policies have been reviewed and updated and all contracts are now recorded on the contract register which is regularly reviewed.

No other weaknesses in internal financial control were identified in relation to 2019 that require disclosure in the appropriation account.

Shirley Comerford

Accounting Officer
Public Appointments Service

21 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 17 Public Appointments Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 17 Public Appointments Service 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 17 Public Appointments Service 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 Public Appointments Service 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

24 September 2020

Vote 17 Public Appointments Service

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Civil and public service - redeployment/recruitment/selection				
	<i>Original</i>	15,033		
	<i>Supplementary</i>	470		
			15,503	14,810
				12,558
Gross expenditure				
	<i>Original</i>	15,033		
	<i>Supplementary</i>	470		
			15,503	14,810
				12,558
<i>Deduct</i>				
B Appropriations-in-aid		175	253	314
Net expenditure				
	<i>Original</i>	14,858		
	<i>Supplementary</i>	470		
			15,328	14,557
				12,244

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €150,000 of unspent allocations in respect of capital elements of subhead v. office equipment and external IT services was carried forward to 2020.

	2019	2018
	€	€
Surplus	770,605	1,174,763
Deferred surrender	(150,000)	—
Surplus to be surrendered	620,605	1,174,763

Shirley Comerford

Accounting Officer
Public Appointments Service

21 September 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	8,171	7,161
Non pay	6,639	5,397
Gross expenditure	14,810	12,558
Deduct		
Appropriations-in-aid	253	314
Net expenditure	14,557	12,244
Changes in capital assets		
Purchases cash	(210)	
Depreciation	191	
Loss on disposals	1	(18)
	(18)	232
Changes in net current assets		
Decrease in closing accruals	(38)	
Increase in stock	(5)	(77)
	(43)	(77)
Direct expenditure	14,496	12,399
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,420	3,263
Net programme cost	17,916	15,662

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 17 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	45	45
Vote 12 Superannuation and Retired Allowances	995	1,020
Vote 13 Office of Public Works	2,361	2,188
Vote 18 National Shared Services Office	19	10
	3,420	3,263

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	483	465
Current assets			
Bank and cash	2.2	580	337
Stocks		26	21
Prepayments		234	254
Accrued income		15	84
Other debit balances	2.3	93	573
Total current assets		948	1,269
Less current liabilities			
Accrued expenses		77	204
Other credit balances	2.4	270	283
Net Exchequer funding	2.5	403	627
Total current liabilities		750	1,114
Net current assets		198	155
Net assets		681	620
Represented by:			
State funding account	2.6	681	620

2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Leasehold improvements €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	6,948	744	691	8,383
Additions	191	19	—	210
Disposals	(2)	—	—	(2)
Cost or valuation at 31 December 2019	7,137	763	691	8,591
Accumulated depreciation				
Opening balance at 1 January 2019	6,592	635	691	7,918
Depreciation for the year	172	19	—	191
Depreciation on disposals	(1)	—	—	(1)
Cumulative depreciation at 31 December 2019	6,763	654	691	8,108
Net assets at 31 December 2019	374	109	—	483
Net assets at 31 December 2018	356	109	—	465

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance	526	328
Commercial bank account balance	54	9
	580	337

2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Salary suspense	38	35
Advances to OPW	—	460
Recoupable travel pass scheme	51	77
Other debit balance suspense items	4	1
	93	573

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	154	136
Pay related social insurance	87	75
Local property tax	1	1
Professional services withholding tax	12	25
Value added tax	16	44
	270	281
Credit balances suspense	—	2
	270	283

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	621	1,175
Deferred surrender	150	—
Exchequer grant undrawn	(368)	(548)
Net Exchequer funding	403	627
Represented by:		
Debtors		
Bank and cash	580	337
Debit balances suspense	93	573
	673	910
Creditors		
Due to State	(270)	(281)
Credit balances suspense	—	(2)
	(270)	(283)
	403	627

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		620	775
Disbursements from the Vote			
Estimate provision	Account	15,328	
Deferred surrender	Account	(150)	
Surplus to be surrendered	Account	(621)	
Net vote		14,557	12,244
Expenditure (cash) borne elsewhere	1.1	3,420	3,263
Net programme cost	1	(17,916)	(15,662)
Balance at 31 December		681	620

2.7 Commitments

Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	126	162
Total of legally enforceable commitments	126	162

Note 3 Vote Expenditure

Analysis of administration expenditure

This Vote has one programme concerning civil and public service redeployment, recruitment and selection. All expenditure under this programme is administrative in nature.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	7,933		
	<i>Supplementary</i>	370		
			8,303	7,161
ii	Travel and subsistence		32	24
iii	Training and development and incidental expenses		322	279
iv	Postal and telecommunications services		107	102
v	Office equipment and external IT services			
	<i>Original</i>	1,858		
	<i>Supplementary</i>	(300)		
			1,558	1,518
vi	Office premises expenses		1,799	391
vii	Recruitment costs – research and corporate governance		30	58
viii	Recruitment costs – advertising and testing			
	<i>Original</i>	977		
	<i>Supplementary</i>	400		
			1,377	1,231
ix	Recruitment costs – interview boards		1,975	1,794
			15,503	12,558
			14,810	

Significant variations

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

v Office equipment and external IT services

Estimate provision: €1.858 million, outturn: €1.32 million

Expenditure was lower than anticipated due to timing factors in the sourcing and implementation of a replacement IT system for the PAS recruitment system, STAR. Plans to upgrade the financial system were also delayed and have been deferred to 2020.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Miscellaneous	25	165	118
2 Receipts from additional superannuation contributions on public service remuneration ^a	150	88	196
Total	175	253	314

Note ^a 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 €78,000 more than the estimate were as forecast. Explanations for significant variances are set out below:

1 Miscellaneous

Estimate: €25,000, realised: €165,000

The increase of €140,000 was primarily due to reimbursement by clients of payments made on their behalf by PAS in 2018 falling into 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	190	181

5.2 Pay

	2019 €000	2018 €000
Pay	7,251	6,446
Higher, special or additional duties allowance	123	53
Overtime	116	97
Employer's PRSI	681	565
Total pay	8,171	7,161

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	26	4	16,020	10,174
Overtime	114	1	10,568	9,074
Extra remuneration in more than one category	15	3	17,597	12,610

5.4 Other remuneration arrangements

A total of €35,055 was paid as fees to four members of the Board of the Public Appointments Service in 2019 (2018: €28,239).

Member	Status	Sector	Annual spend	
			2019 €	2018 €
Ms Shirley Comerford	Member (Chief Executive)	Civil servant	—	—
Mr Tom Moran	Chairman	Former civil servant	11,970	7,821
Mr Barry Quinlan	Member	Civil servant	—	—
Dr Eddie Molloy	Member	Private sector	7,695	7,695
Ms Anne Marie Taylor	Member	Private sector	7,695	7,695
Ms Mary Connaughton	Member	Private sector	7,695	5,028
Mr John O' Callaghan	Member	Civil servant	—	—
Mr David Cagney	Member	Civil servant	—	—
Ms Anne O Connor	Member	Public servant	—	—
Total			35,055	28,239

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	2	1,184	—
Recovery plans in place	2	1,184	—

Appropriation Account 2019

Vote 18

National Shared Services Office

Introduction

As Accounting Officer for Vote 18, I am required 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 the salaries and expenses of the National Shared Services Office.

The expenditure outturn is compared with the sums

- a) 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.
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €8.822 million is liable for surrender to the Exchequer.

During the accounting period ending 31 December 2019, the National Shared Services Office operated as a separate civil service office under the aegis of the Department of Public Expenditure and Reform.

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 27 of 2019, have been applied in the preparation of the account except for the following:

Basis of charge for services

The National Shared Services Office applies a service charge for its HR and pensions administration service. The HR shared services 2019 charge (PeoplePoint levy) has distributed a portion of operational costs on a pro-rata basis among each public sector body served (based on their employee headcount). The remainder is borne by the National Shared Services Office.

There is no service charge for payroll shared services. The method is by way of payroll budget suppression on an Exchequer-neutral basis. As public sector bodies come on-board for payroll shared services, a related budget reduction is applied on their Vote. In 2019 payroll suppression was nil.

Vote restructure

For 2019, Vote 18 was restructured to account for expenditure under four main subheads, which correspond to the high level programmes of the National Shared Services Office.

The four programmes are as follows:

- Programme A – NSSO function
- Programme B – HR shared services
- Programme C – Payroll shared services
- Programme D – Finance shared services

Where appropriate, comparative amounts have been reanalysed to reflect the new structure.

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 National Shared Services Office. This Office was established as a civil service body on 1 January 2018. Prior to this it existed on an administrative basis within the Department of Public Expenditure and Reform.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. 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.

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 independent Audit and Risk 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.
- The Statement on Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides finance transaction services on a shared basis to Vote 18.

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. This includes the following elements:

- 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.

Procurement compliance

The National Shared Services 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 NSSO has reported in the 40/2002 return one contract with a non-compliant spend value in the year of €684,608. This contract did not specify a maximum fee value, however the procurement notice had indicated an estimated contract value. The NSSO continued to procure services under this contract beyond the estimated value, due to a misinterpretation of procurement obligations. When this was clarified, use of this contract ceased.

Internal audit and Audit Committee

I confirm that the National Shared Services Office has an internal audit function with appropriately trained personnel. The National Shared Services Office internal audit unit 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.

Risk and control framework

The National Shared Services 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 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 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. These are communicated to those responsible for taking corrective action by management, and 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 National Shared Services Office has procedures to monitor the effectiveness of its risk management and control procedures. The National Shared Services 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 who are responsible for the development and maintenance of the internal financial control framework.

Assurance reports on controls at a service organisation

I have put in place an audit process to provide independent assurance on the operation of controls surrounding the delivery of services by the National Shared Services Office. The audits are conducted by independent auditors in accordance with the International Standard on Assurance Engagement (ISAE 3402) *Assurance Reports on Controls at a Service Organisation*.

HR shared services and payroll shared services achieved ISAE Type II certification in 2020 based on testing performed in 2019. This provides me with the assurance that the control objectives were achieved and operated effectively throughout the period under review.

Internal financial control issues

An incident of internal fraud was detected in 2019. A thorough investigation was conducted in accordance with the National Shared Services Office fraud prevention policy. The investigation concluded that a financial loss of €30,519 was incurred over 2018 and 2019. The Office expects to recoup the amount involved in full.

The National Shared Services Office acknowledges that its system of internal financial controls, at that time, did not prevent this from occurring. A comprehensive review of all internal financial controls has been completed to mitigate against any further control failures and to ensure a robust financial control environment is in operation.

Overpayments

Overpayments to client staff, in respect of which the root cause was attributable to the National Shared Services Office, were made in 805 cases (2018: 1,010 cases) with an estimated value of €831,701 (2018: €974,316). This amounts to 18% (2018: 22%) of the financial value of all overpayments and 16% (2018: 22%) of the number of overall overpayment cases. This is a reduction from 2018.

The National Shared Services Office continues to address the overpayments attributable to the National Shared Services Office through process improvement and automation and improved end to end reporting and monitoring.

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

The National Shared Services Office continually reviews and implements recommendations made by the Comptroller and Auditor General and Internal Audit to strengthen the control environment, particularly in the areas of: payroll overpayments; information technology; fraud and vulnerability; travel and subsistence; and superannuation and pensions.

Hilary Murphy-FaganAccounting Officer
National Shared Services Office

27 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 National Shared Services Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 18 National Shared Services Office 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 18 National Shared Services Office 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 National Shared Services Office 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*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that there was a material level of non-compliance with national procurement rules in respect of a services contract that operated in 2019.

Implementation of financial management shared services

Chapter 5 of my report on the accounts of the public services for 2019 examines the progress made to date by the National Shared Services Office in delivering the financial management shared services project.

Seamus McCarthy
Comptroller and Auditor General

24 September 2020

Vote 18 National Shared Services Office

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A NSSO function			
<i>Original</i>	26,737		
<i>Deferred surrender</i>	1,168		
		27,905	24,582
B HR shared services		10,414	10,115
C Payroll shared services		12,029	12,243
D Finance shared services		6,884	539
Gross expenditure			
<i>Original</i>	56,064		
<i>Deferred surrender</i>	1,168		
		57,232	47,479
<i>Deduct</i>			
E Appropriations-in-aid		5,740	5,833
Net expenditure			
<i>Original</i>	50,324		
<i>Deferred surrender</i>	1,168		
		51,492	41,646

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €1.024 million of unspent allocations in respect of capital elements of subhead A was carried forward to 2020.

	2019	2018
	€	€
Surplus	9,846,470	3,168,962
Deferred surrender	(1,024,000)	(1,168,000)
Surplus to be surrendered	8,822,470	2,000,962

Hilary Murphy-Fagan
Accounting Officer
National Shared Services Office

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	11,285	12,793
Pay	27,783	26,484
Non pay	8,411	7,525
Gross expenditure	47,479	46,802
<i>Deduct</i>		
Appropriations-in-aid	5,833	5,275
Net expenditure	41,646	41,527
Changes in capital assets		
Purchases cash	(5,798)	
Depreciation	4,749	
	(1,049)	(3,293)
Changes in net current assets		
Decrease in closing accruals	(541)	
Increase in stock	(1)	
	(542)	1,852
Direct expenditure	40,055	40,086
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	(9,551)	(9,069)
Notional rents	461	445
Net programme cost	30,965	31,462

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 18 borne elsewhere, and costs borne by Vote 18 in respect of other Votes.

	2019	2018
	€000	€000
Vote 7 Finance	98	98
Vote 9 Office of the Revenue Commissioners	2	—
Vote 11 Public Expenditure and Reform	854	820
Vote 13 Office of Public Works	1,662	1,689
Apportioned cost of shared services for other Votes	(12,167)	(11,676)
Net cost of shared services provided to other votes	(9,551)	(9,069)

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	23,165	23,277
Current assets			
Bank and cash	2.2	32,699	23,688
Stocks	2.3	30	29
Prepayments	2.4	3,194	2,733
Other debit balances	2.5	706	1,092
Total current assets		36,629	27,542
Less current liabilities			
Accrued expenses		650	1,891
Client funding/advance balances	2.6	31,351	22,963
Other credit balances	2.7	1,174	1,040
Net Exchequer funding	2.8	880	777
Total current liabilities		34,055	26,671
Net current assets		2,574	871
Net assets		25,739	24,148
Represented by:			
State funding account	2.9	25,739	24,148

2.1 Capital assets

	IT software and equipment €000	Furniture and fittings €000	Office equipment €000	Capital assets under development €000	Total €000
Gross assets					
Cost or valuation at 1 January 2019	25,856	530	82	15,673	42,141
Additions	324	28	6	4,279	4,637
Cost or valuation at 31 December 2019	26,180	558	88	19,952	46,778
Accumulated depreciation ^a					
Opening balance at 1 January 2019	18,522	272	70	—	18,864
Depreciation for the year	4,682	58	9	—	4,749
Cumulative depreciation at 31 December 2019	23,204	330	79	—	23,613
Net assets at 31 December 2019	2,976	228	9	19,952	23,165
Net assets at 31 December 2018	7,334	258	12	15,673	23,277

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	1,348	725
Other bank account balances	31,351	22,963
	32,699	23,688

2.3 Stocks

at 31 December	2019 €000	2018 €000
Stationery	29	27
IT consumables	1	2
	30	29

2.4 Prepayments

at 31 December	2019	2018
	€000	€000
Software support/licences	2,420	1,947
Hardware maintenance	687	686
Other prepayments	87	100
	3,194	2,733

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Travel pass scheme expenditure	136	102
Office of Public Works	27	499
HR service charges	475	467
Other debit suspense items	68	24
	706	1,092

2.6 Client funded payroll bank account

The National Shared Services Office provides a payroll shared service function to a number of Government departments/offices and agencies. An amount of €30.8 million at 31 December 2019 (2018: €23 million) represents money lodged by these client offices to cover funding for salaries over the new year period. €0.5 million relates to the overfunding of pension payments by Vote 12 Superannuation and Retired Allowances. This amount was repaid in 2020.

The NSSO issued total payments of €5.3 billion in 2019 (2018: €4.83 billion).

2.7 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	289	253
Pay related social insurance	282	263
Professional services withholding tax	238	411
Value added tax	72	45
Pension contributions	122	5
Local property tax	3	3
Universal social charge	61	59
	<u>1,067</u>	<u>1,039</u>
Payroll deductions held in suspense	107	—
Other credit suspense items	—	1
	<u>1,174</u>	<u>1,040</u>

2.8 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	8,822	2,001
Deferred surrender	1,024	1,168
Exchequer grant undrawn	(8,966)	(2,392)
Net Exchequer funding	<u>880</u>	<u>777</u>
Represented by:		
Debtors		
Bank and cash	32,699	23,688
Debit balances: suspense	706	1,092
	<u>33,405</u>	<u>24,780</u>
Creditors		
Due to State	(1,067)	(1,039)
Client funding/advance balances	(31,351)	(22,963)
Credit balances: suspense	(107)	(1)
	<u>(32,525)</u>	<u>(24,003)</u>
	<u>880</u>	<u>777</u>

2.9 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		24,148	24,840
Disbursements from the Vote			
Estimate provision	Account	51,492	
Deferred surrender	Account	(1,024)	
Surplus to be surrendered	Account	<u>(8,822)</u>	
Net Vote		41,646	41,527
Expenditure (cash) borne elsewhere	1.1	(9,551)	(9,069)
Non cash item – capital assets adjustment		—	(2,133)
Non cash expenditure – notional rent		461	455
Net programme cost	1	<u>(30,965)</u>	<u>(31,462)</u>
Balance at 31 December		<u>25,739</u>	<u>24,148</u>

2.10 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	951	2,743
Capital projects	11,146	12,501
Total of legally enforceable commitments	12,097	15,244

b) Major capital projects

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Financial management shared services	20,289	4,281	11,146	35,716	32,790
	20,289	4,281	11,146	35,716	32,790

Significant variations

An explanation is provided below where projected project cost has varied by more than €500,000 compared to 2018.

Financial management shared services

Increase in expected total spend: €2.926 million

The cost increase of €2.9 million arises from additional works of €3.4 million required for the re-planning phase during 2019, offset by €500,000 commitments which existed at the end of 2018 but where the expenditure did not materialise. A review of overall cost to complete will be conducted in 2020 and is expected to impact the expected total spend over the lifetime of the project set out above.

2.11 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	81	139

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	32,866	27,783	26,484
ii	Travel and subsistence	324	166	195
iii	Training and development and incidental expenses	1,474	1,346	1,144
iv	Postal and telecommunication services	1,546	614	604
v	Office equipment and external IT services	7,360	5,660	5,161
vi	Office premises expenses	835	625	421
		44,405	36,194	34,009

Significant variations

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

ii Travel and subsistence

Estimate provision: €324,000, outturn: €166,000

Spend in 2019 was 49% under budget. The underspend was primarily in FSS operations (Programme D) due to the delay in the deployment of the Financial Management Shared Services system.

iv Postal and telecommunication services

Estimate provision: €1.546 million, outturn: €614,000

The underspend was primarily in FSS operations (Programme D) due to the delay in the deployment of the Financial Management Shared Services system.

v Office equipment and external IT services

Estimate provision: €7.36 million outturn: €5.66 million

Spend in 2019 was 23% under budget. The underspend was primarily driven by less than planned IT capital spend and by FSS operations (Programme D) due to the delay in the deployment of the Financial Management Shared Services system.

vi Office premises expenses

Estimate provision: €835,000, outturn: €625,000

The 2019 outturn is below budget. This was mainly driven by planned refurbishment works not completed in the year, and lower than anticipated operational costs.

Programme A National Shared Services Office function

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration pay	8,324	7,130	6,355
A.2	Administration non-pay	6,754	6,167	5,479
A.3	Financial Management Shared Services project			
	<i>Original</i>	11,659		
	<i>Deferred surrender</i>	1,168		
		12,827	11,285	12,793
		27,905	24,582	24,627

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €3.323 million lower than originally provided (including the deferred surrender carried forward from 2018). The variance was mainly due to the following:

A.1 Administration – pay

Estimate provision: €8.324 million, outturn: €7.13 million

The savings in expenditure of €1.2 million was due mainly to unfilled vacancies in the first half of the year, plus a lower than forecast pay bill for Customer Support Services.

A.2 Administration – non pay

Estimate provision: €6.754 million, outturn: €6.167 million

The savings in expenditure of €587,000 was due largely to lower than anticipated spend on learning and development, and facilities.

A.3 Financial Management Shared Services project

Estimate provision: €12.827 million, outturn: €11.285 million

The savings in expenditure of €1.542 million (including the deferred surrender carried forward from 2018) was due largely to delays associated with the development, design and roll out of certain aspects of the project. A review of overall cost to complete will be conducted in 2020.

Programme B HR shared services

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration pay	9,887	9,422	8,677
B.2	Administration non-pay	527	693	421
		10,414	10,115	9,098

Programme C Payroll shared services

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration pay	10,890	10,814	10,493
C.2	Administration non-pay	1,139	1,429	1,360
		12,029	12,243	11,853

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €214,000 higher than originally provided. The variance was mainly due to the following:

C.2 Administration non-pay

Estimate provision: €1.139 million, outturn: €1.429 million

The excess expenditure was due largely to unbudgeted bank charges and negative interest charged on balances held, arising from delays associated with the migration of banking services.

Programme D Finance shared services

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration pay	3,765	417	959
D.2	Administration non-pay	3,119	122	265
		6,884	539	1,224

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme D was €6.345 million lower than originally provided. The variance was due to the FMSS system not going live in 2019 and as a result FSS did not commence operations as planned. FSS staff were redeployed during 2019 to the FMSS project and to other operational areas. The variance was mainly due to the following:

D.1 Administration – pay

Estimate provision: €3.765 million, outturn: €417,000

As the implementation of the FMSS system did not proceed as planned, the operational staff costs envisaged in 2019 were not required. FSS operational staff were redeployed during 2019 to the FMSS project and to other operational areas in the NSSO.

D.2 Administration non-pay

Estimate provision: €3.119 million, outturn: €112,000

Arising out of delays in the implementation of the FMSS system, the anticipated overheads were not incurred by FSS operations.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 HR shared services levy	5,030	5,072	4,454
2 Miscellaneous	170	251	234
3 Receipts from additional superannuation contributions on public service remuneration ^a	540	510	587
Total	5,740	5,833	5,275

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

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	750	746

5.2 Pay

	2019 €000	2018 €000
Pay ^a	27,695	26,177
Higher, special or additional duties allowance	48	77
Other allowances	66	20
Overtime	466	297
Employer's PRSI	2,494	2,267
Total pay	30,769	28,838

Note ^a The total pay figure is distributed across subheads A.1, A.3, B.1, .C.1 and D.1.

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	8	2	13,002	31,194
Other allowances ^a	6	2	34,156	7,509
Overtime	368	2	10,647	8,169
Extra remuneration in more than one category	3	1	10,442	10,117

Note ^a Other allowances include employers' pension contributions in respect of staff seconded to the NSSO.

5.4 Payroll overpayments

at 31 December	Number of recipients	2019 €000	2018 €000
Overpayments	67	88	124
Recovery plans in place	24	61	57

21 overpayments with recovery plans in place to a value of €6,597 transferred to other Departments in the year (2018: six individuals to a value of €5,872).

Note 6 Miscellaneous**6.1 Fraud and suspected fraud**

	Number of cases	2019 €000	2018 €000
Fraud	1	31	—
Suspected fraud	—	—	—

See further information in relation to this case in the statement on internal financial control.

Appropriation Account 2019

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 2019 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 2019 including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.716 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 have been applied in the preparation of the account except for the following:

Depreciation

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office of the Ombudsman.

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

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office (NSSO) for the provision of shared services.

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

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

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 processes. 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. The Office complied with the relevant guidelines with the exception of one contract to the value of €33,341 which was listed in my annual return in respect of Circular 40/2002. However, this concerns a case in which a contract for cleaning services had previously been in place, following a competitive tendering process, but this was continued after expiry as the Office had to relocate premises in December 2019.

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 2016. 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 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 issues

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

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

31 March 2020

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 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 19 Office of the Ombudsman 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 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 *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

27 May 2020

Vote 19 Office of the Ombudsman

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Ombudsman function/Office of the Commission for Public Service Appointments	6,648	5,975	5,496
B Standards in Public Office Commission	2,234	1,722	1,610
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	3,292	2,721	2,623
Gross expenditure	12,174	10,418	9,729
<i>Deduct</i>			
D Appropriations-in-aid	456	416	426
Net expenditure	11,718	10,002	9,303

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,716,274	1,874,057

Elaine Cassidy
Accounting Officer
Office of the Ombudsman

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	7,903	7,327
Non pay	2,515	2,402
Gross expenditure	10,418	9,729
<i>Deduct</i>		
Appropriations-in-aid	416	426
Net expenditure	10,002	9,303
Changes in capital assets		
Purchases cash	(434)	
Depreciation	498	
Profit on disposals	14	78
	78	43
Changes in net current assets		
Decrease in closing accruals	(207)	
Increase in stock	5	(202)
	(202)	(63)
Direct expenditure	9,878	9,283
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,633	2,475
Net programme cost	12,511	11,758

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.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	23
Vote 12 Superannuation and Retired Allowances	1,262	1,287
Vote 13 Office of Public Works	1,328	1,153
Vote 18 National Shared Services Office	13	12
	2,633	2,475

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	942	1,021
Current assets			
Stocks		7	12
Other debit balances		49	40
Prepayments		328	133
Net Exchequer funding	2.4	233	37
Total current assets		617	222
Less current liabilities			
Bank and cash	2.2	9	(294)
Accrued expenses		35	48
Other credit balances	2.3	273	371
Total current liabilities		317	125
Net current assets		300	97
Net assets		1,242	1,118
Represented by:			
State funding account	2.5	1,242	1,118

2.1 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	2,515	436	113	21	3,085
Additions	405	—	2	27	434
Disposals	(179)	(436)	(57)	—	(672)
Brought into use	29	—	—	(29)	—
Cost or valuation at 31 December 2019	2,770	—	58	19	2,847
Accumulated depreciation					
Opening balance at 1 January 2019	1,544	423	97	—	2,064
Depreciation for the year	491	—	7	—	498
Depreciation on disposals	(177)	(423)	(57)	—	(657)
Cumulative depreciation at 31 December 2019	1,858	—	47	—	1,905
Net assets at 31 December 2019	912	—	11	19	942
Net assets at 31 December 2018	971	13	16	21	1,021

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	(9)	287
Other bank account balance	—	7
	(9)	294

2.3 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	126	117
Pay related social insurance	65	58
Professional services withholding tax	19	15
Pension contributions	26	22
	<u>236</u>	<u>212</u>
Payroll deductions held in suspense	30	29
Other credit suspense items	7	130
	<u>273</u>	<u>371</u>

2.4 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,716	1,874
Exchequer grant undrawn	(1,949)	(1,911)
Net Exchequer funding	<u>(233)</u>	<u>(37)</u>
Represented by:		
Debtors		
Debit balances: suspense	49	40
	<u>49</u>	<u>40</u>
Creditors		
Bank and cash	(9)	294
Due to State	(236)	(212)
Credit balances: suspense	(37)	(159)
	<u>(282)</u>	<u>(77)</u>
	<u>(233)</u>	<u>(37)</u>

2.5 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		1,118	1,098
Disbursements from the Vote			
Estimate provision	Account	11,718	
Surplus to be surrendered	Account	(1,716)	
Net vote		10,002	9,303
Expenditure (cash) borne elsewhere	1.1	2,633	2,475
Net programme cost	1	(12,511)	(11,758)
Balance at 31 December		1,242	1,118

2.6 Commitments

at 31 December	2019	2018
	€000	€000
Procurement of goods and services	267	322

2.7 Contingent liability

The Standards in Public Office Commission is liable to pay an applicant's reasonable legal costs, subject to taxing, arising from the settlement of a judicial review case taken against the Commission.

In a further case, a High Court appeal was taken against a decision of the Office of the Commissioner for Environmental Information. An order of the High Court dated November 2019 gives effect to the agreement reached between the parties through which the case has been remitted back to the Office for fresh consideration together with an order that the Office is liable for the appellant's legal costs.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,029	7,903	7,327
ii	Travel and subsistence	61	72	57
iii	Training and development and incidental expenses	398	334	393
iv	Postal and telecommunications services	42	42	40
v	Office equipment and external IT services	1,044	938	816
vi	Office premises expenses	406	152	107
vii	Consultancy services and value for money and policy reviews	434	488	314
viii	Legal fees	750	489	675
ix	Referendum Commission	10	—	—
		12,174	10,418	9,729

Significant variations

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

vi Office premises expenses

Estimate provision: €406,000, outturn: €152,000

The underspend of €254,000 is in respect of a contingency put in place in the event that furniture related costs arising from the Office relocation of premises in December 2019 had to be met from the Ombudsman Vote. The OPW agreed to meet most of this cost from its vote and therefore this amount was not required.

viii Legal fees

Estimate provision: €750,000, outturn: €489,000

The underspend of €261,000 is due to it being very difficult to accurately estimate legal fees. There is a right to appeal decisions under freedom of information and environmental information legislation to the High Court on a point of law. Legal fees can be difficult to predict as they are dependent on the number and timing of court cases and further appeals to higher courts.

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	5,388	4,953	4,579
A.2	Administration – non pay	1,260	1,023	917
		6,648	5,976	5,496

Programme B Standards in Public Office Commission

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,450	1,062	988
B.2	Administration – non pay	784	660	622
		2,234	1,722	1,610

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	2,191	1,888	1,760
C.2	Administration – non pay	1,101	832	863
		3,292	2,720	2,623

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Fixed payment fines under section 21 of the Regulation of Lobbying Act 2015	72	49	87
2 Receipts from additional superannuation contributions on public service remuneration ^a	364	298	322
3 Miscellaneous	20	69	17
Total	456	416	426

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

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Collected	12	3
Transferred to the Exchequer	(4)	(3)
Balance as at 31 December	8	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	132	125

5.2 Pay

	2019	2018
	€000	€000
Pay	7,312	6,815
Higher, special or additional duties allowance	24	20
Overtime and extra attendance	22	13
Employer's PRSI	545	479
Total pay	7,903	7,327

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	4	1	10,913	10,913
Overtime and extra attendance	28	—	3,633	4,576
Extra remuneration in more than one category	3	—	8,327	9,269

5.4 Other remuneration arrangements

This account does not include expenditure in respect of three officers who were serving outside the Office for part of 2019 in other Government Departments/Offices and whose salaries were not recouped by the Office.

Note 6 Miscellaneous

6.1 Recoupment of legal costs

There were two separate cases in which costs were awarded in favour of the Standards in Public Office Commission with regard to successful defences of judicial review cases taken by a councillor and a former county councillor against the Commission concerning investigations it was undertaking. Efforts by the Commission to recover these costs are ongoing.

6.2 Compensation and legal costs

					2019	2018 ^a
	Number of cases	Legal costs paid by Office €000	Compensation awarded €000	Legal costs awarded €000	Total €000	Total €000
Claims by Members of the public						
Office of the Ombudsman	1	23	—	—	23	—
Commission for Public Service Appointments	—	—	—	—	—	67
Office of the Information Commissioner	21	236	—	—	236	277
Office of the Commissioner for Environmental Information	12	86	—	20	106	156
Standards in Public Office Commission	3	66	—	—	66	52
	37	411	—	20	431	552

Note ^a Figures have been restated to account for court cases for which expenditure was incurred in 2018.

Appropriation Account 2019

Vote 20

An Garda Síochána

Introduction

As Accounting Officer for Vote 20, I am required 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 the salaries and expenses of the Garda Síochána, including pensions, etc., for the payment of certain witnesses' expenses, and for payment of certain grants.

The expenditure outturn is compared with the sums:

- (a) granted by Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriation-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €3.135 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 have been applied in the preparation of the account except for the following:

Land and buildings

The Minister for Justice and Equality owns eight Garda stations which are included in the appropriation account of the Office of Public Works (Vote 13).

Land holdings are used by An Garda Síochána at Templemore for student use for recreational purposes. An Garda Síochána is working with the Office of Public Works to ensure that all lands are transferred into State ownership.

Three Garda stations financed by the Garda Vote are included in the appropriation account as detailed in Note 2.1. These developments had not previously been recognised as building assets of An Garda Síochána. The assets were previously disclosed as part of Note 2.8 – Major capital projects only. All other property utilised by An Garda Síochána is owned by the Office of Public Works, and is accounted for in the appropriation account of that Office.

The operating cost statement at Note 1 does not include a computed notional rent amount in respect of properties occupied by An Garda Síochána and owned by the Minister of Justice and Equality or by the Office of Public Works. As a result, the full economic cost of the service provided by An Garda Síochána is not reflected in the operating cost statement.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month recorded in the fixed asset register.

The standard depreciation rates are applied in respect of buildings, office and IT equipment, and furniture and fittings. The following depreciation rates apply to other capital assets

- aircraft: 5% per annum
- boats: 10% per annum
- vehicles: 25% per annum
- major operational software systems: 20% 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 An Garda Síochána. This responsibility is exercised in the context of the resources available to me and my other obligations as the Commissioner of An Garda Síochána. 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.

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.
- An Audit Committee was appointed in 2017 by the Policing Authority to advise me in discharging my duties for the 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 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 An Garda Síochána
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Risk management

The risk management approach aligns with Government policies and is designed to ensure that corporate, executive and local risks that impact on the achievement of the organisation's strategic objectives are managed in line with the organisation's strategy statement and plans. It is supported by a Risk and Policy Governance Board, a dedicated Garda Risk Management Unit, a Risk Champion Network, revised policy and procedures, portal webpage and associated documents.

The Chief Administrative Officer has been appointed as the Chief Risk Officer for An Garda Síochána and chairperson of the Risk and Policy Governance Board. His role includes the identification of corporate risks, championing risk management at all levels, advising the Commissioner of the status and effectiveness of risk management and reporting to the Policing Authority. Membership of the Risk and Policy Governance Board includes a number of Assistant Commissioners and Executive Directors. The Risk and Policy Governance Board meetings are required to be held on at least a quarterly basis. An Garda Síochána has taken steps to mitigate the risks of conflict of interest related to the attendance of the Chief Administrative Officer at Audit Committee meetings as a member of the Audit Committee.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service level agreements between An Garda Síochána and the Financial Shared Services Centre of the Department of Justice and Equity and the National Shared Services Office for the provision of financial and payroll shared services.

I rely on letters of assurance from the Accounting Officers of Vote 24 Justice and Equality and of Vote 18 National Shared Services Office that the appropriate controls are exercised in the provision of shared services to An Garda Síochána.

Non-compliance with procurement rules

An Garda Síochána ensure that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

An Garda Síochána complied with the guidelines with the exception of 72 contracts to the value of €19,520,120 which were listed in my annual return in respect of Circular 40/2002.

- 11 contracts to a value of €2,977,401 related to sole suppliers and security-related services.
- 50 contracts to a value of €15,829,109 were extended beyond the original contract date without competitive procurement which included contracts for IT skilled resources.
- Three contracts to a value of €341,499 in respect of medical services were paid in accordance with the Department of Public Expenditure and Reform sanctioned rates for professional services. A competitive tender for medical services was undertaken with the support of the HSE. The tenders have been awarded and the contracts are now in place.
- In the other eight cases with a value of €372,111, local contract arrangements were in place contrary to national procurement guidelines.

An Garda Síochána has already put contracted arrangements in place for a number of those supplies amounting to €10,993,291 and has taken steps to put tenders in place in 2020 for the remainder.

Internal audit and Audit Committee

I confirm that the An Garda Síochána has an internal audit function with appropriately trained personnel. Its work is informed by analysis of the risks to which An Garda Síochána 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.

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 Executive, 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.

Work on resolving the causes and results of a number of significant control failures in previous periods is ongoing. The following provides an update in relation to those matters.

Garda payroll and pension overpayments

The overpayment of Garda members and staff salaries arises largely from the late notification of sick/maternity leave, retirements, resignations, dismissals, and family friendly application to the Payroll Shared Service Centre. To 31 December 2019, recovery plans have been agreed in respect of 36% of identified overpaid Garda pensions and 53% of identified overpaid Garda members and staff salaries recovery plans have been agreed.

The overpayment of Garda pensions is mainly due to the payment of pensions in advance, rather than in arrears which is the public sector norm. An Garda Síochána requested the Department of Justice and Equity to amend the Pensions Order 1925 to facilitate pension payment in arrears following consultation with the Garda staff associations.

Following a joint audit of overpayments carried out with the NSSO in September 2019, an implementation plan is being put in place.

Summonses issued incorrectly

An examination of 830,687 summonses, issued between 1 January 2006 and 27 May 2016, identified that a total of 146,865 cases of persons who had committed offences had been brought before the courts incorrectly. Of these summonses, 12,074 cases resulted in a penalty being imposed by the courts resulting in loss of driving licence, awarding of penalty points and/or fines for the cases involved. An Garda Síochána is appealing these outcomes, with the consent of plaintiffs, to the Circuit Court. Subject to the determination of the court, any fines imposed will be reimbursed and all records involved will be corrected.

Following consultation with the Courts Service court dates were identified and letters issued in respect of the 12,074 which resulted in a penalty being imposed. These letters contained an 'application for extension of time to appeal' and a 'notice of appeal' which required the person's signature before the An Garda Síochána could progress the matter on their behalf.

In November 2019, An Garda Síochána issued a further letter to 5,863 persons who had not responded previously to correspondence. The persons were informed that in the absence of their consent, An Garda Síochána would not be in position to progress matters any further.

An Garda Síochána is currently liaising with the Courts Service to identify court dates to appeal all remaining matters where a consent form has been received. This figure currently stands at 2,432. This figure will reduce as confirmation of successful appeals is received from Courts Service.

The position at March 2020 is as follows:

Letters sent	12,074
Unable to deliver ¹	1,652
Letters delivered (by post or hand)	10,422
Consent forms received to appeal (summons and charges)	5,395
Appeals successfully conducted	2,818
No appeal required ²	145
Awaiting appeal ³	2,432
Unable to progress any further ⁴	5,027

¹ These letters were returned undelivered and it has not been possible to deliver the letter by hand. Attempts have been made to identify new contact details for the 'persons' affected however following a review of the PULSE system and social welfare enquires, no new contact details have been identified. No further action can be taken in respect of these matters.

² Following consultation with the Courts Service it was identified that no penalty was imposed in respect of 145 cases and therefore it is not necessary to appeal these matters. The person affected has been informed accordingly.

³ This figure includes cases which were previously listed for appeal and where confirmation is awaited that the matters has been successfully appealed.

⁴ The figure of 5,027 includes persons who have failed to respond to any correspondence in respect of this matter, cases where the person has indicated that they do not want any action taken in this matter and cases where the person is now deceased and it is not possible to appeal the matter.

Associated costs have been kept to a minimum and are mainly administrative costs within the court service, the Office of the Director of Public Prosecutions and An Garda Síochána. As the appeals are moved by the Office of the Director of Public Prosecutions and a large number of cases are dealt with at each court sitting, costs are kept to a minimum. As there is no requirement for the person affected to attend the appeal or to be independently represented, there are no additional legal costs in respect of this matter.

Property and evidence management

The Property and Exhibits Management System Part 2 (PEMS2), an electronic tracking system to manage all property in the custody of the organisation, has been deployed to all regions since November 2017. Also, while significant progress has been made in the opening and refurbishment of PEMS stores, there is a legacy backlog of evidential material to be recorded on PEMS system which is being addressed as it was identified as a continuing financial and reputational risk by Internal Audit.

Garda Youth Diversion Bureau/Youth Diversion Programme

An internal review of youth referral incidents deemed suitable for inclusion into the Garda Youth Diversion Programme found a significant volume of cases were not processed to an appropriate conclusion by members of An Garda Síochána in the period January 2010 to July 2017. A victim engagement consultation process was initiated to proactively engage with all concerned external stakeholders.

As a result of the review An Garda Síochána issued a formal apology to the relevant parties concerned in this matter by issuing 7,422 letters of apology. This letter was accompanied by a victim information leaflet to support these individuals. In addition, An Garda Síochána conducted 159 personal visits to victims of serious crime.

Furthermore, the Commissioner approved the formulation and implementation of the *National Youth Referral Review Implementation Action Plan 2019 – 2021* to incorporate the 39 recommendations arising from the work of the Internal Review Group. A Chief Superintendent was appointed to assume overall responsibility for the strategic and operational functions of the newly created Garda Youth Diversion Bureau. In 2019, an additional two units were established under the auspices of the Garda Youth Diversion Bureau namely the Diversion Programme Policy Unit (DPPU) and the Risk and Monitoring Unit (RMU).

Figures at March 2020 on the numbers of Garda members disciplined/being investigated in respect of matters arising from the Youth Diversion Programme Review is detailed in the table below. The review of the discipline is not yet complete with four divisions remaining to be investigated.

An Garda Síochána (Discipline) Regulations 2007 as amended	Number of members
Regulation 10 (minor) disciplinary offence	657
Part 2 (less serious) discipline investigations	69
Part 3 (serious) discipline investigations	3

Review of effectiveness

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

Internal financial control issues

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

JA Harris
Accounting Officer
An Garda Síochána

30 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 20 An Garda Síochána

Opinion on the appropriation account

I have audited the appropriation account for Vote 20 An Garda Síochána 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 20 An Garda Síochána 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 An Garda Síochána 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*.

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 2019.

Seamus McCarthy
Comptroller and Auditor General

23 September 2020

Vote 20 An Garda Síochána

Appropriation Account 2019

	2019		2018
	Estimate provision		Outturn
	€000	€000	€000
Programme expenditure			
A Working with communities to protect and serve			
<i>Original</i>	1,760,076		
<i>Deferred surrender</i>	3,581		
<i>Supplementary</i>	32,379		
		1,796,036	1,729,262
		1,794,042	1,729,262
Gross expenditure		1,796,036	1,729,262
<i>Deduct</i>			
B Appropriations-in-aid			
<i>Original</i>	105,268		
<i>Supplementary</i>	14,879		
		120,147	125,787
		121,288	125,787
Net expenditure			
<i>Original</i>	1,654,808		
<i>Deferred surrender</i>	3,581		
<i>Supplementary</i>	17,500		
		1,675,889	1,603,475
		1,672,754	1,603,475

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. There were no unspent allocations in respect of the capital elements of Subhead 12 to be carried forward to 2020.

	2019	2018
	€	€
Surplus	3,135,356	6,954,187
Deferred surrender	—	(3,581,000)
Surplus to be surrendered	3,135,356	3,373,187

JA Harris
Accounting Officer
An Garda Síochána

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	478,172	475,138
Pay	1,137,561	1,091,799
Non pay	178,309	162,325
Gross expenditure	1,794,042	1,729,262
<i>Deduct</i>		
Appropriations-in-aid	121,288	125,787
Net expenditure	1,672,754	1,603,475
Changes in capital assets		
Purchases cash	(26,715)	
Depreciation	24,448	
Disposals cash	12	
Loss on disposals	124	
Asset brought into use (note 2.1)	(90,763)	(4,247)
Changes in net current assets		
Increase in closing accruals	251	
Increase in stock	(1,267)	(4,500)
Direct expenditure	1,578,844	1,594,728
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	23,175	21,548
Net programme cost	1,602,019	1,616,276

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 20 borne elsewhere net of costs of shared services provided to other votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	75	23
Vote 13 Office of Public Works	19,470	17,949
Vote 18 National Shared Services Office	2,647	2,509
Vote 24 Justice and Equality - Financial Shared Services Centre ^a	2,376	2,268
<i>Less</i>		
Cost of shared services provided by An Garda Síochána to other Votes	(1,393)	(1,201)
	23,175	21,548

Note ^a The costs of superannuation payments made to civilian staff are included in Vote 24 – Department of Justice and Equality and are not recorded in this account as net allied services expenditure.

Other services

An Garda Síochána cooperates with other services in a variety of ways. The costs involved are not reflected in the table above. Key services are:

- Garda transport was made available as escorts to Prison Service personnel conveying prisoners to court.
- Assistance was rendered to An Garda Síochána by the Defence Forces in the disposal of explosive materials, without payment.
- Garda personnel availed of Air Corps aircraft during 2019 without payment. Air Corps support was also provided without charge in relation to the operation of the Garda fixed-wing aircraft and Garda helicopters.

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	168,609	75,050
Current assets			
Bank and cash	2.2	22,988	27,767
Stocks	2.3	9,464	8,197
Prepayments	2.9	11,931	10,271
Accrued income		1,760	1,434
Other debit balances	2.4	23,305	17,501
Total current assets		69,448	65,170
Less current liabilities			
Accrued expenses	2.10	13,110	10,208
Other credit balances	2.5	46,158	41,599
Net Exchequer funding	2.6	135	3,669
Total current liabilities		59,403	55,476
Net current assets		10,045	9,694
Net assets		178,654	84,744
Represented by:			
State funding account	2.7	178,654	84,744

2.1 Capital assets

	Buildings	Aircraft and boats	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000	€000
Gross assets							
Cost or valuation at 1 January 2019	—	19,697	71,806	190,844	7,012	29,101	318,460
Additions	—	174	12,657	9,174	1,792	3,582	27,379
Brought into use ^a	90,763	—	—	15,613	—	(15,613)	90,763
Disposals	—	—	(7,515)	(10,522)	(39)	—	(18,076)
Cost or valuation at 31 December 2019	90,763	19,871	76,948	205,109	8,765	17,070	418,526
Accumulated depreciation							
Opening balance at 1 January 2019	—	15,105	54,135	168,931	5,238	—	243,409
Depreciation for the year	2,622	576	9,484	11,270	496	—	24,448
Depreciation on disposals	—	—	(7,383)	(10,519)	(38)	—	(17,940)
Cumulative depreciation at 31 December 2019	2,622	15,681	56,236	169,682	5,696	—	249,917
Net assets at 31 December 2019	88,141	4,190	20,712	35,427	3,069	17,070	168,609
Net assets at 31 December 2018	—	4,592	17,671	21,912	1,774	29,101	75,050

Note ^a Three divisional headquarters were completed and brought into use in 2019 at a combined cost of €90.763 million. These developments had not previously been recognised as building assets of An Garda Síochána. The assets were previously disclosed as part of note 2.8 Commitments – Major capital projects only.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances and cash	16,223	22,482
Commercial bank accounts ^a	6,765	5,285
	22,988	27,767

^a Note An Garda Síochána maintains 95 divisional/unit imprest bank accounts.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	416	417
Telecommunications stock	1,105	1,137
Clothing	3,440	3,016
Technical Bureau	132	124
United Nations stock	150	135
Armoury	3,549	2,957
Miscellaneous	672	411
	9,464	8,197

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Advances to OPW	(1,708)	(3,273)
Imprests	635	842
Payroll suspense account (Paypath)	23,338	16,170
Cycle to Work scheme	468	385
Other debit suspense items	572	3,377
	23,305	17,501

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income Tax	21,735	20,593
Pay Related Social Insurance	9,838	8,984
Professional Services Withholding Tax	1,149	524
Value Added Tax	815	379
Relevant Contracts Tax	—	1
Road Traffic Act fines	842	1,144
Tax on pension contribution refunds	3	5
Civil Service Pension Scheme	460	323
Garda division account balances	6,765	5,285
	<u>41,607</u>	<u>37,238</u>
Payroll deductions held in suspense	3,845	3,710
Garda Reward Fund (note 5.7)	491	475
Other credit suspense items	215	176
	<u>46,158</u>	<u>41,599</u>

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	3,135	3,373
Deferred surrender	—	3,581
Exchequer grant undrawn	(3,000)	(3,285)
Net Exchequer funding	<u>135</u>	<u>3,669</u>
Represented by:		
Debtors		
Bank and cash	22,988	27,767
Debit balances: suspense	23,305	17,501
	<u>46,293</u>	<u>45,268</u>
Creditors		
Due to State	(41,607)	(37,238)
Credit balances: suspense	(4,551)	(4,361)
	<u>(46,158)</u>	<u>(41,599)</u>
	<u>135</u>	<u>3,669</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		84,744	75,997
Estimate provision	Account	1,675,889	
Deferred surrender		—	
Surplus to be surrendered	Account	(3,135)	
Net vote		1,672,754	1,603,475
Expenditure (cash) borne elsewhere	1.1	23,175	21,548
Net programme cost	1	(1,602,019)	(1,616,276)
Balance at 31 December		178,654	84,744

2.8 Commitments

	2019	2018
	€000	€000
at 31 December		
a) Global commitments		
Procurement of goods and services	54,103	73,536
Capital projects	19,107	20,794
Total of legally enforceable commitments	73,210	94,330

Note The commitments in relation to the procurement of goods and services at the end of 2019 amounted to €54.103 million. The Go Safe commitment was €48.653 million, which consists of a contract in place until April 2023. Other commitments include ICT €3.272 million, purchase of vehicles €764,000, telecommunications €533,000, specialist equipment €484,000, clothing €216,000 and the balance of €181,000 across other subheads.

b) Major capital projects

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Regional/divisional headquarters:					
• Galway	29,945	307	1,911	32,163	32,163
• Kevin Street	33,407	718	4,582	38,707	33,967
• Wexford	26,347	39	575	26,961	26,961
Software system development:					
• MIMS ^a phases 3a, 3b, 5	15,613	1,779	7,408	24,800	24,800
• Schengen	13,487	3,582	4,631	21,700	21,700
	118,799	6,425	19,107	144,331	139,591

Note ^a Major Investigations Management Systems

Significant variations

Galway: The contractor has submitted claims and a conciliator was appointed on 22 January 2020 to review the contractor's claim in conjunction with the OPW.

Kevin Street: Additional claims made by the contractor have been settled by conciliation for €3.25 million. Other legal and technical advisory costs associated with the conciliation process amounted to €355,000. These costs and other contract charges expected to be incurred prior to project completion amount in total to €4.582 million.

Wexford: The final account of €615,000, which includes retentions, has been agreed between the OPW and the contractor.

Military Road: The contract for the development of the Dublin headquarters located at Military Road was signed in February 2020. The contract is for a value of €78.1 million.

2.9 Prepayments

at 31 December	2019	2018
	€000	€000
National digital radio payments	8,278	5,918
ICT payments	2,494	4,178
Other	1,159	175
	11,931	10,271

2.10 Accrued expenses

at 31 December	2019	2018
	€000	€000
ICT	1,785	1,022
Purchase of vehicles	429	486
Specialist equipment	104	92
Travel and subsistence	2,059	1,606
Fuel and maintenance	943	1,225
Station services	1,655	1,228
Go Safe contract	1,124	1,184
Storage and towing	688	642
Communication and other equipment	1,213	714
ICT equipment	68	289
Clothing	211	48
College	425	—
Other	2,151	1,672
Tax ^a	255	—
	13,110	10,208

Note ^a An Garda Síochána have come to an agreement with the Revenue Commissioners on the correct taxation treatment of services provided by the Garda College's canteen and shop. The final agreed figure in respect of the years 2015 to 2019 amounted to €255,000.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

Administrative expenditure set out below has been apportioned across the programme, to present complete programme costing.

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	1,121,909		
	<i>Supplementary</i>	16,572		
			1,138,481	1,137,561
ii	Travel and subsistence			1,091,799
	<i>Original</i>	15,100		
	<i>Supplementary</i>	5,558		
			20,658	20,917
iii	Training and development and incidental expenses			21,243
	<i>Original</i>	11,527		
	<i>Supplementary</i>	12,244		
			23,771	24,413
iv	Postal and telecommunications services			23,554
	<i>Original</i>	39,447		
	<i>Supplementary</i>	10,263		
			49,710	50,522
v	Office equipment and external IT services			45,556
	<i>Original</i>	61,093		
	<i>Supplementary</i>	(2,549)		
			58,544	57,404
vi	Maintenance of Garda premises			43,440
	<i>Original</i>	642		
	<i>Supplementary</i>	420		
			1,062	1,197
vii	Consultancy services and value for money and policy reviews			4,550
	<i>Original</i>	261		
	<i>Supplementary</i>	674		
			935	634
viii	Station services			1,466
	<i>Original</i>	17,801		
	<i>Supplementary</i>	4,893		
			22,694	23,096
ix	Garda Reserve			22,351

<i>Original</i>	1,395			
<i>Supplementary</i>	(1,230)			
		165	126	165
		1,316,020	1,315,870	1,254,124

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €1.122 billion, outturn: €1.138 billion

€4.006 million of the overall excess expenditure of €15.652 million is attributable to salaries and allowances and €11.645 million is related to overtime. The €4.006 million of excess expenditure on salaries and allowances in this subhead is primarily due to the distribution of the budget between the Garda College and the rest of the organisation. Salaries, wages and allowances were €3.876 million under budget in the Garda College subhead. It had been envisaged that staff costs would increase in the Garda College, however costs in the Garda College decreased due to the reduced intake of Garda recruits in 2019. Overall staff numbers across the organisation increased from 16,876 in 2018 to 17,657 in 2019. Overtime exceeded the estimate provision by €11.645 million. The increased requirement in overtime is in part due to the increased recruitment and the subsequent Garda briefing time which is paid from the overtime budget. €9.583 million of overtime expenditure was attributable to policing of the visits of certain foreign dignitaries, €5.775 million of overtime expenditure related to the measures taken to combat organised crime and an additional €1.053 million was spent on Port Security.

ii Travel and subsistence

Estimate provision: €15.1 million, outturn: €20.917 million

The excess of €5.817 million in expenditure on total travel and subsistence (Home and Foreign) was due in part to the increase in Garda members and staff in 2019 when compared to 2018. The total numbers employed increased from 16,876 in 2018 to 17,657 in 2019. In addition there were a number of special operations in relation to organised crime and international security operations. The main excess on Home Travel and Subsistence budgets in the principal Regions/Branches is as follows; the Dublin Metropolitan Region €0.8m, North Western Region €0.63m, Eastern Region €1.3m, Southern Region €0.95m, Security and Intelligence 0.3m, and smaller excesses or savings spread across the other Regions/Branches. In addition, the travel and subsistence element for the policing of the visits of certain foreign dignitaries cost just over €1m. The remaining excess relates to foreign travel.

iii Training and development and incidental expenses

Estimate provision: €11.527 million, outturn: €24.413 million

The excess of €12.886 million in expenditure on training and development and incidental expenses was due to a number of factors including costs associated with the Road Traffic Acts and the demand led nature of many elements of this category. The main cost drivers were; vehicle towing and storage cost €6.235 million in excess of the budget. Expenses of persons detained exceeded its budget by €1.788 million and miscellaneous expenditure had an excess of €5.088 million. Miscellaneous expenditure included €1.791 million in costs associated with the policing of the visit of certain foreign dignitaries.

iv Postal and telecommunications services

Estimate provision: €39.447 million, outturn: €50.522 million

The excess of €11.075 million was primarily due to a payment made in respect of the national digital radio system. Funding of €3.6 million was made available for the mobility project which will enable mobile data stations to be deployed to frontline Garda members, which will allow them to securely access Garda mobile apps such as e-mail and a vehicle look up app.

v Office equipment and external IT services

Estimate provision: €61.093 million, outturn: €57.404 million

The saving of €3.689 million was predominately due to the postponement of certain projects as part of a series of cost cutting measures that were implemented earlier in the year to ensure that An Garda Síochána could deliver a balanced budget in 2019. Due to the timing of the notification of funds being made available (towards the end of 2019), it was not possible in the timeframe provided to proceed with some of the IT projects that were postponed earlier in the year.

vi Maintenance of Garda premises

Estimate provision: €640,000, outturn: €1.197 million

The excess of €0.555 million in expenditure on maintenance of Garda premises was due to meeting the essential maintenance requirements of the Garda estate. The funding provision for the year is not sufficient to cover the combined annual cost of essential maintenance, fire protection systems, and grounds maintenance. Of the total expenditure, €0.734 million was spent on the maintenance of premises including essential maintenance, firearm range maintenance and fire safety. In addition, there was €0.463 million spent on grounds maintenance.

vii Consultancy services and value for money and policy reviews

Estimate provision: €261,000, outturn: €634,000

The excess of €0.373 million in expenditure on consultancy was due to costs for expert reports and advice. €61,500 and €185,176 was spent on reports related to an Economic Crime Bureau investigation and a review of Towing Management respectively. In addition, €157,965 was paid for a section review and taxation advice.

viii Station services

Estimate provision: €17.801 million, outturn: €23.096 million

The excess of €5.295 million in expenditure on station services was due to a number of elements; €2.343 million was related to demands on furniture requirements as a result of the refurbishment and opening of stations and the establishment of new specialist units. Cleaning of stations cost an additional €2.408 million, while provision of Garda medical services had an excess spend of €1.106 million. There were significant price increases across the various elements for 2019, especially cleaning (labour costs). In addition the costs of carpet and floor coverings, previously met by OPW, are now met by An Garda Síochána. The increase in employee numbers also contributed to the excess on this subhead. There was a saving of €0.562 million on utility charges.

ix Garda Reserve

Estimate provision: €1.395 million, outturn: €126,000

The saving of €1.269 million in expenditure on the Garda Reserve was due to the recruitment target not being achieved and a fall of 70 in the number of reserves between 2018 and 2019. Garda reservist members are entitled to an allowance of €1,000 per annum if they perform a minimum of 208 hours over a period of 12 months.

Programme A Working with communities to protect and serve

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	1,121,909		
	<i>Supplementary</i>	16,572		
			1,138,481	1,137,561
A.2	Administration – non-pay			
	Original	147,266		
	Supplementary	30,273		
			177,539	178,309
A.3	Clothing and accessories			
	Original	6,263		
	Supplementary	(2,153)		
			4,110	5,537
A.4	St. Paul's Garda Medical Aid Society		124	124
A.5	Transport			
	<i>Original</i>	29,054		
	<i>Supplementary</i>	844		
			29,898	31,848
A.6	Communications and other equipment			
	<i>Original</i>	29,460		
	<i>Supplementary</i>	647		
			30,107	32,236
A.7	Aircraft			
	<i>Original</i>	1,050		
	<i>Supplementary</i>	513		
			1,563	1,426
A.8	Superannuation, etc.		346,261	343,379
A.9	Witnesses' expenses			
	<i>Original</i>	1,805		
	<i>Supplementary</i>	467		
			2,272	2,155
A.10	Compensation		16,620	14,977
A.11	Witness security programme			
	<i>Original</i>	1,198		
	<i>Supplementary</i>	(1,078)		
			120	200
				653

A.12	Capital building programme				
		<i>Original</i>	21,500		
		<i>Deferred surrender</i>	3,581		
		<i>Supplementary</i>	<u>(8,813)</u>		
				16,268	13,832
					18,957
A.13	Garda College				
		<i>Original</i>	37,566		
		<i>Supplementary</i>	<u>(4,893)</u>		
				32,673	32,458
				<u>1,796,036</u>	<u>1,794,042</u>
					<u>35,611</u>
					<u>1,729,262</u>

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €30.384 million higher than originally provided. The administration expenditure including pay was €46.694 million higher than original estimate which has been explained, however the remaining areas of expenditure incorporated an overall saving of €16.31 million which was mainly due to the following:

A.3 Clothing and accessories

Estimate provision: €6.263 million, outturn: €5.537 million

The saving of €726,000 in expenditure relative to the estimate provision was due to a saving on uniform costs as a result of the reduced intake in the Garda College in 2019. In anticipation of the new uniform being introduced in 2021 there was a reduction in the volume of uniform stock purchased to avoid in becoming obsolete.

A.5 Transport

Estimate provision: €29.054 million, outturn: €31.848 million

The excess of €2.794 million in expenditure relative in the estimate provision was due to an increase in the number of vehicles purchased in 2019. The total Garda fleet at the 31/12/2019 was 2,794 vehicles; at the end of 2019 almost 47% of the fleet was greater than four years old and over 18% is more than six years old. The total investment in the transport fleet in 2019 was €12.702 million.

A.6 Communications and other equipment

Estimate provision: €29.46 million, outturn: €32.236 million

The excess of €2.776 million in expenditure relative to the estimate provision was due to increased expenditure in particular for specialist areas such as the Roads Policing Division. New laser speed guns for intercept detections, were purchased to replace items last purchased in 2003. This will also have the benefit of reducing maintenance costs for these items (€200,000 annually). The total cost associated with the purchase of the laser guns was €924,000. In addition, a security system for Security and Intelligence was purchased for €1.343 million. The balance of saving or excesses were across other subheads within this category.

A.7 Aircraft

Estimate provision: €1.05 million, outturn: €1.426 million

The excess of €376,000 in expenditure relative to the estimate provision was due to increased costs of maintenance and repairs of the Garda helicopters. In total, €941,000 was spent on helicopter repairs and maintenance and €395,000 was spent on parts. In addition, €100,000 was spent on maintenance of the fixed wing aircraft.

A.9 Witnesses' expenses

Estimate provision: €1.805 million, outturn: €2.155 million

The excess of €350,000 million in expenditure relative to the estimate provision was due to increase in operational demand. Some of the excess is due to the cost of retained expert witnesses. The demand led nature of the subhead means that expenditure is difficult to predict with accuracy.

A.10 Compensation

Estimate provision: €16.62 million, outturn: €14.977 million

The saving of €1.643 million relative to the estimate provision was due to the unpredictable nature of the volume of payments and amounts awarded.

A.11 Witness security programme

Estimate provision: €1.198 million, outturn: €200,000

Due to the nature of this subhead, it is very difficult to predict level of expenditure with accuracy and as a result a saving of €998,000 occurred relative to the estimate provision.

A.12 Capital building programme

Estimate provision: €25.081 million, outturn: €13.832 million

The saving of €11.249 million relative to the estimate provision is due to delays on two major capital project works, Fitzgibbon Street and Military Road. Delays have arisen for a number of reasons; the need for plans to be adapted to take account of changes required by An Garda Síochána, build changes required by the OPW, OPW capacity constrains as a result of the high demand for OPW technical services from all Government Departments and agencies, tendering and planning permission delays.

A.13 Garda College

Estimate provision: €37.566 million, outturn: €32.458 million

The saving of €5.108 million in the Garda College relative to the estimate provision was due to a saving in pay related costs of €3.876 million, and non-pay items €1.522 million. The savings were in part due to a reduced intake in 2019 and the distribution of the pay budget between the Garda College and the rest of the organisation. There was an overspend of €286,000 million on overtime in the Garda College.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Contribution to the Garda Síochána spouses' and children's pension schemes			
<i>Original</i>	11,278		
<i>Supplementary</i>	490		
		11,768	11,911
			11,926
2 Contribution to the Garda Síochána pensions scheme			
Original	21,528		
Supplementary	1,284		
		22,812	22,909
			22,733
3 Miscellaneous receipts (note 4.2)			
Original	11,000		
Supplementary	6,069		
		17,069	17,458
			15,303
4 Garda College receipts			
Original	300		
Supplementary	688		
		988	955
5 Firearm fees		10,400	10,663
6 Safety cameras – certain receipts from fixed charges			
Original	14,200		
Supplementary	461		
		14,661	14,668
			14,707
7 Receipts from additional superannuation contributions on public service remuneration ^a			
<i>Original</i>	36,562		
<i>Supplementary</i>	5,887		
		42,449	42,724
			57,658
		120,147	121,288
			125,787

Note ^a 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 €16.02 million more than the forecast. Explanations for variances are set out below:

1 Contribution to the Garda Síochána spouses and children's pension

Estimate: €11.278 million, realised: €11.911 million

The excess of €633,000 was due to an increase in number of serving Gardaí.

2 Contribution to the Garda Síochána pensions schemes

Estimate: €21.528 million, realised: €22.909 million

The excess of €1.381 million was due to an increase in number of serving Gardaí.

3 Miscellaneous receipts

Estimate: €11 million, realised: €17.458 million

Miscellaneous receipts are difficult to forecast accurately. The excess receipts of €6.458 million were mainly due to timing of EU receipts and receipts for non-public duty events.

4 Garda College receipts

Estimate: €300,000, realised: €955,000.

The excess receipts of €655,000 are due to greater than anticipated receipts in the Garda restaurant and shop.

5 Firearm fees

Estimate: €10.4 million, realised: €10.663 million

The excess of €263,000 was due to the timing of receipts.

7 Receipts from additional superannuation contributions on public service remuneration

Estimate: €36.562 million, realised: €42.724 million

The excess of €6.162 million was due to an increase in number of serving Garda members and staff, and the increase in overtime expenditure resulting an increase in additional superannuation contributions.

4.2 Analysis of miscellaneous receipts

	2019	2018
	€000	€000
Payments for non-public duty services rendered by Gardai	5,910	6,556
Repayments of car advances	2	1
Recovery in respect of damage to official vehicles and other Garda property	48	62
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	645	961
Fees for accident and malicious damage reports	757	748
Contribution for living quarters	42	50
Recoupment of witnesses' expenses	2	5
Recoupment of salaries	52	81
Percentage charge to insurance companies for collection of insurance premiums	104	112
EU receipts	3,369	998
Taxi licence fees	251	218
Road Traffic Act – fees charged for motoring offences	2,529	2,056
Fingerprint fees for employment and visa purposes	80	79
Garda masts	1,052	1,046
Carrier liability	865	707
Vetting fees	—	25
Age cards	213	227
Unclassified items	1,537	1,371
	17,458	15,303

4.3 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	1,144	748
Receipts from Road Traffic Act fines	5,000	2,400
Transferred to Exchequer	(5,302)	(2,004)
Balance at 31 December	842	1,144

4.4 Fixed charge notice receipts

Total receipts from fixed charge notices in 2019 were €19.688 million (2018: €17.107 million). Of this, €14.668 million (2018: €14.707 million) was retained to fund the Go-Safe contract. The balance of receipts of €5.0 million (2018: €2.4 million) was paid over to the Exchequer.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Garda members	14,307	14,032
Student Gardaí	405	415
Garda staff	2,945	2,429
	17,657	16,876

5.2 Pay including the Garda College

	2019	2018
	€000	€000
Pay	782,086	743,669
Higher, special or additional duties allowance	431	363
Other allowances	181,031	173,841
Overtime	106,942	118,148
Employer's PRSI	90,981	83,606
Total pay	1,161,471	1,119,627

Note Includes pay for staff employed in the Garda College, charged to subheads A.13.

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	220	5	40,123	30,296
Overtime and extra attendance	14,676	3,441	55,086	64,017
Shift and roster allowances	14,370	8,521	47,848	48,510
Miscellaneous	15,011	274	77,126	73,861
Extra remuneration in more than one category	14,312	12,593	81,588	94,411

5.4 Other remuneration arrangements

In 2019, two retired civil servants in receipt of civil service pensions were re-engaged on various duties at a total cost of €55,745. Appropriate procedures are in place with regard to payments to retired personnel in accordance with Section 52 of the Public Service Pension (Single Scheme and Other Provisions) Act 2012.

5.5 Payroll overpayments

	2019 Number of recipients	2019 €000	2018 Number of recipients	2018 €000
Payroll overpayments	1,037	2,022	1,019	1,874
Recovery plans in place	548	1,070	537	820
Pension overpayments	328	790	339	834
Recovery plans in place	65	281	88	278

Note: The figures above are cumulative and include overpayments still outstanding from previous years. In 2019, four Garda Staff overpayments were written off with a value of €2,035.

5.6 An Garda Síochána Reward Fund

The purpose of the Fund is to pay awards for Garda bravery and an annual contribution for Garda chaplaincy services from moneys received in relation to Garda disciplinary fines.

The following statement shows the total receipts proper to the Fund in the year, the amount of payments in the period and the balance of the Fund at year end.

	2019 €000	2018 €000
Balance brought forward on 1 January	475	468
Receipts	45	55
Payments	(29)	(48)
Balance on 31 December	491	475

Note 6 Miscellaneous

6.1 Commissions and special inquiries

	Year of appointment	Cumulative expenditure to the end of 2019 €000	2019 Outturn €000	2018 Outturn €000
Ronan McLochlainn Commission of Investigation ^a	2014	292	—	4
Farrelly Commission of Investigation ^b	2017	32	—	5
Disclosures Tribunal ^c	2017	2,899	801	1,308
Hickson Commission of Investigation ^d	2018	46	42	4

- Note ^a The Ronan McLochlainn Commission of Investigation is now complete. The purpose of the commission was to investigate a fatal shooting by members of An Garda Síochána.
- ^b The Farrelly Commission of Investigation was established to investigate the treatment of an intellectually disabled person in foster care.
- ^c The Disclosures Tribunal was established to investigate protected disclosures made under Protected Disclosure Act 2014 and certain other matters. Costs are those incurred for legal representation for serving and retired Garda members. The Tribunal's own costs are incurred by the Vote for Justice and Equality.
- ^d The Hickson Commission of Investigation was established to investigate the response to allegations of child sexual abuse against a named individual.

6.2 Statement of losses (Garda vehicles, etc.)

A total of 561 accidents involving Garda vehicles were reported in 2019 (2018: 625). Damage to official vehicles and other costs amounted to €776,600. Compensation totalling €34,102 was recovered.

6.3 Fraud and suspected fraud

	2019 €000	2018 €000
Fraud	—	—
Suspected fraud	15	25

There are 11 detected/alleged fraud instances in 2019 which are currently under Garda investigation (2018: 12).

6.4 Compensation and legal costs

The account includes expenditure in relation to legal costs and compensation awards taken by members and staff on An Garda Síochána and by members of the public.

	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded ^a	2019	2018
					Total	Total
					€000	€000
Claims by members and employees of An Garda Síochána^b						
Under Garda Síochána Compensation Acts 1941-1945	177	6,165	1,573	—	7,738	6,926
Through the State Claims for injuries received while on duty ^c	48	142	173	25	340	459
Legal actions taken by Garda members	—	—	—	—	—	98
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	183	2,768	2,031	18	4,817	3,724
Claims (including by Garda members) resulting from accidents involving Garda vehicles	173	1,341	588	57	1,986	2,874
		10,416	4,365	100	14,881	14,081

At 31 December 2019

- 1,462 claims outstanding under the Garda Síochána Compensation Acts (2018: 1,397)
- 276 civil claims outstanding relating to accidents involving Garda vehicles (2018: 237)
- 1,327 civil claims other than those involving Garda vehicles outstanding (2018: 1,540)

- Note
- ^a Other costs awarded relate to agency fees, investigator fees and medical fees etc.
 - ^b Compensation payments amounting to €96,822 (2018: €115,064) were paid on foot of the Occupational Injuries Benefits Scheme which is administered through the Department of Social Protection. These payments are not included in the table above.
 - ^c These may include part payments over a number of years for individual cases.

6.5 EU projects

There were fourteen EU funded projects in 2019. The funds received in the year are as follows:

	2019	2018
	€000	€000
Atlas 2019	111	—
Internal Security Fund	3,101	526
BroadWay	14	29
Pericles	6	—
PROTAX	25	98
ROXANNE	77	—
Slándáil	—	9
MAGNETO	57	—
QROC	57	—
InspectR	200	—
Proactive	216	—
City Cop	29	—
Safe Ci	9	—
CEPOL	65	130
Total	3,967	792

Atlas 2019 Project to support the activities of the transnational law enforcement network.

- Establish a first ATLAS Centre of Excellence in the area of airplane breaching (AIRCRAFT).
- Improved medical support for victims and own forces in hostile areas (MEDIC).
- Improved tactical skills and approaches to counter related incidents in urban areas (BUILDINGS).
- Enhance the capacities of Special Intervention Units for dealing with drone-related risks as well as robots (INOVATION).
- Improve concepts of marksmen deployment in counter-terrorism operations (SNIPER).
- Develop methods of breach objects and buildings (ENTRY).
- Develop best practice methods to integrate negotiation capabilities during Counter Terrorism operations (NEGO).
- Enhance the cooperation between SIUs in cases of operations related to public means of transport (TRANSPORT).
- Enhance the capabilities of SIUs to lead and coordinate multinational joint operations with regard to the EURO2020 (C4).

The Internal Security Fund is to promote the implementation of an internal security strategy, law enforcement cooperation and the management of the EU's external borders. From 2014 to 2020 the fund is focused on two specific objectives:

- Fight against crime: combating cross-border, serious and organised crime including terrorism and reinforcing coordination and cooperation between law enforcement authorities and other national authorities of EU states, including EUROPOL and other relevant EU bodies, and relevant non-EU and international organisations.
- Managing risk and crisis: enhancing the capacity of EU states and the union for the effective management of security-related risk and crisis, and preparing for protection of people and critical infrastructure against terrorist attacks and other security related threats.

Following the requirements of the BroadMap project, the BroadWay project was undertaken to form a pilot system from a number of deployed prototype systems that will allow the demonstration of interoperable operation across borders in the following settings – land border roaming, long distance roaming, communications groups and all connected countries' incidents.

Pericies is a European project within the Horizon 2020 programme. Pericies objective is to counter and prevent violent radicalisation and extremism, with a special focus on the support for law enforcement agencies. The consortium is formed by fourteen European partners, including five national police agencies. An Garda Síochána is one of five European law enforcement agencies which are participating in the project.

PROTAX is an EU project within the Horizon 2020 programme for the action entitled 'New Methods to Prevent, Investigate and Mitigate Corruption and Tax Crime in the EU'. The objective of the project is to contribute to a European Security Model providing solutions for prevention and prosecution of tax crimes. Based on analysis of current approaches of law enforcement, legal frameworks at member state level and in-depth empirical investigation of human factors, shaping institutional and professional practices of stakeholders PROTAX will develop in close cooperation with practitioner's tool kits for security policy makers, law enforcement agencies and tax authorities.

ROXANNE is an EU project within the Horizon 2020 programme discovering criminal networks and identifying their members is one of the primary aspects of LEAs mission. ROXANNE will contribute towards this goal by bridging the strengths of speech and language technologies (SLTs), visual analysis (VA) and network analysis (NA). ROXANNE will achieve a significant increase in the speed of investigation process and an improvement in identification of individuals by means of speech, in the scope of criminal cases where large amounts of lawfully intercepted communication (with multilingual attributes) are analysed. The technical development will be centred around the ROXANNE platform, which will enhance criminal network analysis capabilities by providing a framework for extracting and actionable intelligence based on speech, language and video technologies.

MAGNETO is an EU project within the Horizon 2020 programme H2020. MAGNETO aims to create technology that will allow law enforcement agencies to analyse and correlate multimedia for organised crime prevention and investigations. By using the MAGNETO platform, LEA will have the ability to fuse and analyse multiple massive heterogeneous data sources, uncover hidden relationships among data items, compute trends for the evolution of security incidents and gaining better awareness and understanding of current or past security-related situations.

The QROC project shares needs and best practice and increases the foresight regarding new innovative technologies for operational centres to improve the public protection. To that aim, the QROC project will build a communication capability between Law Enforcement National Operation Centres (NOC) to share quickly and secure operational data across borders regarding terrorist threats to protect the public. Tangible results based on continuous testing for a new Capability Package (CP), self-assessment tools for NOCs, demonstrations of and innovative technologies, along with education and practical training via a series of table top exercises will increase the efficiency, and the capacity of NOCs.

InspectR (Intelligence Network and Secure Platform for Evidence Correlation and TransfeR) is an EU project within the Horizon 2020 programme. The objective of InspectR will be to develop a shared intelligence platform and a novel process for gathering, analysing, prioritising and presenting key data to help in the predication, detection and management of crime in support of multiple agencies at local, national and international level. This data will originate from the outputs of free and commercial digital forensic tools complemented by online resource gathering.

The City Cop project looks for common features and best practices embraced by successful community policing apps worldwide and aims then to produce a uniquely European solution, including a smartphone app and an on-line portal, to be deployed in every European city, while still retaining its "local flavour".

Slándáil is to improve the use of social media in disaster management by developing a cost effective and ethical social media information for use in a variety of emergency situations.

Proactive is a project for preparedness against CBRNE threats through common approaches between security practitioners and the vulnerable civil society.

Safe Ci (Safer space for Safer Cities) is a two-year project "Safer Space for safer cities" aims at enhancing the protection of public spaces, urban areas and other soft targets via the exchange of best practice. Of particular interest is the increase in the protection against existing the new threats.

Funding is also received each year from CEPOL. CEPOL is an agency of the European Union dedicated to develop, implement and coordinate training for law enforcement officials. In 2019, one training programme entitled Instruments and Systems of European Police Cooperation in English was delivered to law enforcement officials in Ireland. CEPOL provided funding of €162,913 to An Garda Síochána to provide this course.

6.6 Support for representative associations

Included in subhead A.1 is a total of €293,492 (2018: €322,075) in respect of the remuneration of members of An Garda Síochána on special leave with pay to staff representative bodies or assigned to welfare organisations.

In addition representative associations received funding in 2019 of €302,002 (2018: €316,242) as follows.

Representative associations	2019	2018
	€	€
Grant to Association of Garda Superintendents	58,000	58,000
Grant to Association of Chief Superintendents	58,000	58,000
Grant		
Sums charged to staff representative bodies and other welfare organisations for the provision of postal, telecommunications and accommodation services.	186,002	200,242

Appropriation Account 2019

Vote 21

Prisons

Introduction

As Accounting Officer for Vote 21, 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 the salaries and expenses of the Prison Service, and other expenses in connection with prisons, including places of detention and for payment of certain grants.

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 €1.924 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 have been applied in the preparation of the account except for the following:

Land and buildings

The Minister for Justice and Equality owns 13¹ prisons and places of detention, as well as property at the Irish Prison Service College in Portlaoise and property adjacent to the Headquarters building in Longford, and two sites in Dublin: one adjacent to Cloverhill Prison and the other in Thornton.

Land was valued at existing use value or market value (if not in use) by the Valuation Office during 2014. The basis for valuing prison buildings - average replacement cost per cell - remains unchanged. Land at Thornton continues to be valued at historic cost, including investment in infrastructure and services, on the basis that it is a strategic State asset with potential future use value. Its availability has been identified to the Department of Housing, Planning and Local Government and the Land Development Agency. This position will be kept under review on an annual basis.

Prisons land and buildings will be revalued every five years – a revaluation was planned for 2019 but has only commenced in the first quarter of 2020. The output of this revaluation exercise will be reflected in the appropriation account for 2020. Buildings are not depreciated in the years between revaluations, on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition.

With the exception of land and buildings, all other capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

Consumables

Supplies for prisoner meals, cleaning, maintenance and workshops are treated as expensed items and are not counted in stocks.

¹ There are 12 prisons and places of detention operational at present. The Training Unit in the Mountjoy complex does not hold prisoners currently but is expected to be operational again during 2020.

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 Irish Prison Service.

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

The National Shared Services Office provides payroll processing services to the Irish Prison Service.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Irish Prison Service.

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

Non-compliance with procurement rules

The Irish Prison Service 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 in so far as these are within its control. The Irish Prison Service has reported 51 contracts with a value of €18,483,248 in its annual Circular 40/02 return and is compliant with the exception of 26 contracts to value of €14,879,643, as set out below.

- Ten contracts with a value of €12,518,796 in 2019 are considered non-compliant on the basis that they were extended beyond the original contract date as new competitive processes in partnership with the Office of Government Procurement were not fully completed by the year end. To date, replacement contracts have been awarded for three contracts with a value in 2019 of €276,944, two contracts are currently at evaluation stage to a value of €9,299,432 in 2019, with the remaining five contracts being progressed for publication.
- Sixteen contracts with a value of €2,360,847 in 2019 are also considered as non-compliant on the basis that it has been necessary to roll-over beyond the original contract date while updated procurement arrangements are being put in place. Currently, tender specifications are being prepared in ten of these cases and contracts have been awarded in six cases with an associated value of €547,889 in 2019.

The Prison Service has recently implemented a new contract reporting system to ensure that contract end dates are notified at an early stage to allow for the tendering processes to be actioned at an earlier stage.

Internal audit and Audit Committee

I confirm that the Department of Justice and Equality has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed, including risks related to the Irish Prison Service. The annual internal audit plans are approved by the Audit Committee and take account of 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 the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Irish Prison Service 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 for each prison, directorate and for the Irish Prison Service at a corporate level which identify the key risks at prison, directorate and organisation level and these have been identified, evaluated and graded according to their significance. The Corporate Risk Register is reviewed and updated by the Irish Prison Service Risk Management Committee (Executive Management Team) on a quarterly basis and quarterly reviews also take place at prison/directorate 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 management and the Risk Management Committee, 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

The Irish Prison Service'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 Irish Prison Service responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

Arising from recent audit reports, the Irish Prison Service has completed a review of a range of financial, administrative and operating procedures to ensure that they are in line with good practice. The review was carried out by a business review team appointed by the Irish Prison Service in conjunction with the Department of Justice and Equality. The review prioritised administration processes in prisons including sentence calculation, cash management, imprest and Prisoner Assist Programme Fund Accounts with over 40 new standard operating practices (SOPs) implemented, covering approximately 80 administrative activities. The administration staff training syllabus was redeveloped to support the implementation of the SOPs and a training programme has been provided to staff across the Service.

Further review work is being progressed by the Irish Prison Service in relation to ancillary services such as the operation of prison shops ('tuck shops') and the independent voluntary mess committees in the operation of canteen facilities for prison staff provided through prisoner training kitchens. The Prison Service also continues to strengthen its capital management processes.

Aidan O'Driscoll
Accounting Officer
Prisons

25 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 21 Prisons

Opinion on the appropriation account

I have audited the appropriation account for Vote 21 Prisons 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 21 Prisons 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 Justice and of the Irish Prison Service 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*.

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 2019.

Catering and ancillary services in prisons

Chapter 7 of my report on the accounts of the public services for 2019 examines the operation of controls for catering and ancillary services in the prisons network.

Seamus McCarthy
Comptroller and Auditor General

22 September 2020

Vote 21 Prisons**Appropriation Account 2019**

	2019	2018
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison	359,012	357,896
Gross expenditure	359,012	357,896
<i>Deduct</i>		
B Appropriations-in-aid	9,476	10,284
Net expenditure	349,536	339,313

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,923,512	1,114,810

Aidan O'Driscoll
Accounting Officer
Prisons

25 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	85,387	88,953
Pay	255,084	250,065
Non pay	17,425	14,905
Gross expenditure	357,896	353,923
<i>Deduct</i>		
Appropriations-in-aid	10,284	14,610
Net expenditure	347,612	339,313
Changes in capital assets		
Purchases cash	(27,086)	
Depreciation	3,332	
Loss on disposals	534	(23,996)
Changes in net current assets		
Increase in closing accruals	2,197	
Increase in stock	(655)	146
Direct expenditure	325,934	315,463
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	66,587	66,604
Net programme cost	392,521	382,067

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 21 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	270	270
Vote 12 Superannuation and Retired Allowances	65,221	65,262
Vote 13 Office of Public Works	150	145
Vote 18 National Shared Services Office	321	304
Vote 24 Justice and Equality – Financial Shared Services Centre	625	623
	66,587	66,604

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	996,383	972,730
Current assets			
Bank and cash	2.2	6,065	8,325
Stocks	2.3	2,263	1,608
Prepayments		1,589	837
Accrued income		431	70
Other debit balances	2.4	4,348	450
Total current assets		<u>14,696</u>	<u>11,290</u>
Less current liabilities			
Accrued expenses		9,547	6,237
Other credit balances	2.5	10,295	8,735
Net Exchequer funding	2.6	118	40
Total current liabilities		<u>19,960</u>	<u>15,012</u>
Net current liabilities		<u>(5,264)</u>	<u>(3,722)</u>
Net assets		<u>991,119</u>	<u>969,008</u>
Represented by:			
State funding account	2.7	<u>991,119</u>	<u>969,008</u>

2.1 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor Vehicles	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2019	959,087	71,714	748	12,591	4,421	1,048,561
Additions	13,469	2,748	—	1,318	9,551	27,086
Adjustment ^a	—	1,099	45	—	—	1,144
Transfer out ^b	(522)	—	—	—	—	(522)
Disposals	—	(1,831)	(21)	(1,584)	—	(3,436)
Cost or valuation at 31 December 2019	972,034	73,730	772	12,325	13,972	1,072,833
Accumulated depreciation						
Opening balance at 1 January 2019	—	66,626	662	8,543	—	75,831
Depreciation for the year	—	2,049	24	1,259	—	3,332
Depreciation for adjustment	—	699	12	—	—	711
Depreciation on disposals	—	(1,821)	(21)	(1,582)	—	(3,424)
Cumulative depreciation at 31 December 2019	—	67,553	677	8,220	—	76,450
Net assets at 31 December 2019	972,034	6,177	95	4,105	13,972	996,383
Net assets at 31 December 2018	959,087	5,088	86	4,048	4,421	972,730

Note ^a The adjustment relates mainly to prison equipment acquired prior to 2019 and not recorded in the asset register.

^b Land in South Circular Road, Kilmainham, Dublin 8 was transferred to Dublin City Council for a nominal sum.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	5,433	7,853
Vote related bank account balances	632	472
	6,065	8,325

Non-vote bank accounts

The Irish Prison Service holds 23 commercial bank accounts. Moneys in these accounts are managed by the Irish Prison Service separately to the voted funds and relate to prison shops, a Prisoner Assist Fund and an account for prisoner cash. With the exception of gratuity payments to individual prisoners, which originate from the Vote, no moneys due to or paid from the Vote are transmitted through these bank accounts. The amount held at the end of 2019 is €2,855,718 and is not included in the account (2018: €2,341,091). See also Note 6.5.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Uniforms and clothing	2,238	1,588
Miscellaneous	25	20
	2,263	1,608

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Prison imprest accounts	255	266
Payroll suspense account (Paypath)	3,728	—
Other debit suspense items	365	184
	4,348	450

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	4,882	4,599
Pay related social insurance	2,379	2,167
Professional services withholding tax	110	179
Value added tax	1,590	679
Registered contractors tax	2	—
Tax deducted from pension contribution refunds	1	—
	<u>8,964</u>	<u>7,624</u>
Vote related bank account balances	632	472
Payroll deductions held in suspense	659	632
Other credit suspense items	40	7
	<u>10,295</u>	<u>8,735</u>

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,924	1,115
Exchequer grant undrawn	(1,806)	(1,075)
Net Exchequer funding	<u>118</u>	<u>40</u>
Represented by:		
Debtors		
Bank and cash	6,065	8,325
Debit balances: suspense	4,348	450
	<u>10,413</u>	<u>8,775</u>
Creditors		
Due to State	(8,964)	(7,624)
Vote related bank account balances	(632)	(472)
Credit balances: suspense	(699)	(639)
	<u>(10,295)</u>	<u>(8,735)</u>
	<u>118</u>	<u>40</u>

2.7 State funding account

	Note	2019		2018
		€000	€000	€000
Balance at 1 January			969,008	945,158
Disbursements from the Vote				
Estimate provision	Account	349,536		
Surplus to be surrendered	Account	(1,924)		
Net vote			347,612	339,313
Expenditure (cash) borne elsewhere	1		66,587	66,604
Non cash expenditure – asset adjustment	2.1		433	—
Net programme cost	1		(392,521)	(382,067)
Balance at 31 December			991,119	969,008

2.8 Commitments

a) Global commitments

at 31 December	2019 €000	2018 €000
Capital projects	58,127	1,079
Total of legally enforceable commitments	58,127	1,079

b) Major capital projects

	Cumulative expenditure to 31 December 2018 €000	Expenditure in 2019 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2019 €000	Expected total spend lifetime of project 2018 €000
Limerick Prison	1,240	10,629	56,231	68,100 ^a	—
	1,240	10,629	56,231	68,100	—

Note ^a The redevelopment of Limerick Prison includes an extension to a current wing of the prison, a new female facility and a number of other related works. It will also provide a new Probation Service premises which will be part funded, to the value of €3.4 million, by the Office of Public Works.

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	7	3

2.10 Contingent liabilities

The Irish Prison Service is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of litigation. The contingent liabilities include compensation claims relating to in-cell sanitation which are being dealt with by the State Claims Agency on behalf of the Irish Prisons Service. Any actual amount or timing of potential liabilities is uncertain: See Note 6.2.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in Programme A expenditure, to provide complete programme costings.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	256,124	255,084	250,065
ii	Travel and subsistence	1,816	2,208	2,328
iii	Training and development and incidental expenses	3,860	4,343	3,562
iv	Postal and telecommunication services	1,800	1,701	1,653
v	Office equipment and external IT services	6,080	9,173	7,362
vi	Consultancy services and value for money and policy reviews	100	—	—
		269,780	272,509	264,970

Significant variations

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

v Office equipment and external IT services

Estimate provision: €6.08 million, outturn: €9.173 million

The excess of €3.093 million is due to additional capital expenditure related to the upgraded and increased capacity of the Victor CCTV system throughout the prison estate. In addition there were also price increases following recent procurement competitions for ICT services and additional costs relating to software licencing.

vi Consultancy services and value for money and policy reviews

Estimate provision: €100,000, outturn: € nil

There was no requirement for consultancy services in 2019.

Programme A Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€000	€000
A.1 Administration – pay	256,124	255,084	250,065
A.2 Administration – non pay	13,656	17,425	14,905
A.3 Buildings and equipment	49,588	44,778	46,204
A.4 Prisoner services	27,906	28,595	29,973
A.5 Operational services	5,400	6,570	6,789
A.6 Educational services	1,265	1,389	1,227
A.7 Compensation	4,873	3,855	4,560
A.8 Social disadvantage measures (Dormant accounts funded)	200	200	200
	359,012	357,896	353,923

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €1.116 million lower than the estimate. There was an overspend of €2.729 million in relation to administration expenditure (see above) which was offset by savings in other subheads. The variation in the remaining subheads is mainly due to the following:

A.3 Buildings and equipment

Estimate provision: €49.588 million, outturn: €44.778 million

There was a saving of €4.810 million in expenditure on buildings and equipment. A delay in the commencement of the project for the redevelopment of Limerick Prison resulted in a saving of €6.479 million. There were also savings of €2.095 million generated in relation to utility charges. These and other savings of €293,000 were offset by additional expenditure of €4.057 million in relation to maintenance of the prison estate.

A.5 Operational services

Estimate provision: €5.4 million, outturn: €6.57 million

There was excess expenditure of €1.170 million which is mainly due to additional costs for anti-drug detection equipment, essential upgrading of outdated anti-riot and other security-related equipment and increased costs for community support schemes.

A.6 Educational services

Estimate provision: €1.265 million, outturn: €1.389 million

There was excess expenditure of €124,000 due to higher costs than anticipated for necessary replacement of ICT hardware/servers for the Secure Prisoner Access Network in the education area, as older equipment was outdated and not fit for purpose.

A.7 Compensation

Estimate provision: €4.873 million, outturn: €3.855 million

A saving of €1.018 million arises as the level of compensation payments and awards from the Criminal Injuries Compensation Tribunal was less than expected in 2019.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Miscellaneous	305	402	436
2 Dormant account receipts	200	200	200
3 Receipts from additional superannuation contributions on public service remuneration ^a	8,971	9,682	13,974
Total	9,476	10,284	14,610

Note ^a 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 €808,000 higher than the estimate of €9.476 million. The surplus in receipts is mainly due to the following:

3 Receipts from additional superannuation contributions on public service remuneration

Estimate: €8.971 million, realised: €9.682 million

The additional receipts of €711,000 are directly related to payroll costs.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	3,405	3,270

5.2 Pay

	2019 €000	2018 €000
Pay	157,153	158,888
Higher, special or additional duties allowance	389	395
Other allowances	37,846	32,607
Extra attendance and overtime	39,654	39,694
Employer's PRSI	20,042	18,481
Total pay	255,084	250,065

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	76	3	12,565	16,360
Extra attendance and overtime	3,074	1,995	50,519	52,668
Shift and roster allowances	2,861	1,330	19,934	18,594
Miscellaneous	3,168	20	13,076	11,113
Extra remuneration in more than one category	3,089	2,819	67,947	67,812

5.4 Other remuneration arrangements

A total of €66,123 was paid to 22 retired civil servants in receipt of civil service pensions who were employed on various duties. Payments ranged from €202 to €11,104. A total of €43,244 was paid to nine retired members of An Garda Síochána, who were employed by the Irish Prison Service on specific duties during 2019.

Appropriate procedures were in place with regard to payments to retired staff in accordance with Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	227	578,484	480,390
Recovery plans in place	119	398,145	375,530

One overpayment recovery plan in respect of one individual to the value of €3,481 were transferred to another Office in the year. The details listed above include a number of preserved pension cases. A number of additional recovery repayment plans have been put in place to date in 2020.

Note 6 Miscellaneous

6.1 Prison population

The estimated daily average number of prisoners in 2019 was 3,971 (2018: 3,893).

6.2 Compensation and legal costs

The account includes expenditure in relation to compensation and legal costs made to prisoners, staff and members of the public. The table below shows a breakdown of these costs.

					2019	2018
	Number of cases	Legal costs paid by the Prison Service €000	Compensation awarded €000	Legal costs awarded €000	Total €000	Total €000
Claims by prison staff						
Civil claims received for injuries while on duty and other issues involving prison staff	94	—	1,369	164	1,533	2,118
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	36	—	603	—	603	403
Claims by prisoners						
Claims arising out of injuries and other actions involving prisoners	175	526	339	208	1,073	1,687
Claims by members of the public	40	—	515	124	639	346
	345	526	2,826	496	3,848	4,554

Note At 31 December 2019, the State Claims Agency recorded 2,099 claims as outstanding (2018: 2,130 cases). Legal costs incurred by the Irish Prison Service in relation to 11 non-compensation cases amounted to €258,128 (2018: €397,458).
The outstanding claims recorded by the State Claims Agency include 1,950 cases relating to in-cell sanitation. Arising from a related Supreme Court Judgement; the State Claims Agency has put in place a scheme to address these claims. The costs of any compensation awards from this scheme will be paid from the Prisons Vote.

6.3 Prisoner funeral expenses

Ex gratia payments totalling €6,885 were made towards the funeral expenses of four prisoners who died in prison.

6.4 Cash losses

There were no cash losses to report in 2019 (2018: €300).

6.5 Other financial operations within the Irish Prison Service

Separate to the expenditure reflected in the appropriation account, a number of other financial operations arise within the Irish Prison Service in order to carry out its functions. The operations in question relate to a bank account for prisoner cash, prison shops and a Prisoner Assist Programme Fund. The details are as follows:

- **Prisoner cash account** — A bank account is maintained specifically for prisoners' personal cash and is managed by the Prisons Finance and Estates Directorate. As prisoners leave prison, they receive the balance of their personal cash from this account. The balance in the account at 31 December 2019 was €1,135,291 (2018: €1,033,099). This balance at year end includes amounts due to prison shops for purchases in December (typically about €600,000) that will be transferred shortly after month end, to the appropriate prison shop bank accounts. The remainder represents accumulated prisoner balances.
- **Prison shops** — Each prison has an internal shop ('tuck shop') where prisoners can purchase small items such as sweets and soft drinks, etc. The items are paid for from individual prisoners' personal funds. All procurement for the shop is done through the cash generated and is funded from sales to prisoners. Net surplus generated is transferred to the Prisoner Assist Programme Fund to assist prisoner hardship cases. The total of the bank account balances for the 11 prison shops at 31 December 2019 was €741,815 (2018: €576,668). The value of stock on hand was €336,063 (2018: €343,867).
- **Prisoner Assist Programme Fund (PAPF)** — Each prison operates a PAPF account to fund prisoner hardship projects. The funding for the accounts is not from voted funds but rather from the surpluses generated from the prison shops. The total of the bank account balances at 31 December 2019 was €905,509 (2018: €731,324).

In addition, voluntary mess committees (VMCs) are currently operating in eight prisons to coordinate the administration of the operation of canteen facilities for prison staff provided through prisoner training kitchens. VMCs operate as separate and independent entities from the Irish Prison Service. Notwithstanding this, the Irish Prison Service has engaged with each VMC to remind them of their governance obligations and to reinforce to the committees their responsibilities for adherence with policies, procedures, controls and Revenue regulations.

Appropriation Account 2019

Vote 22

Courts Service

Introduction

As Accounting Officer for Vote 22, 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 such of the salaries and expenses of the Courts Service and of the Supreme Court, the Court of Appeal, the High Court, the Special Criminal Court, the Circuit Court and the District Court and of certain minor services as are not charged to the Central Fund.

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 €793,000 is liable for surrender to the Exchequer.

The service is governed by a Board consisting of a chairperson and 17 other members. In accordance with the Courts Service Act 1998, the term of office of the Board is three years. The current Board was established on 9 November 2017. The Board is responsible for determining policies for the Service and for overseeing their implementation. It performs these functions directly and through the committees of the Board.

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:

Valuation of land and buildings

In 2016, the policy was adopted of valuing buildings every five years on the basis of depreciated replacement cost and a programme of valuing buildings on this basis commenced. Depreciated replacement cost is the current cost of replacing the asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. Buildings in use which have not yet been revalued are stated at historic cost. Land and buildings not in use but required for future development are valued at market value.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life, starting in the month placed in service.

Buildings are depreciated at rate of 2% per annum 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 Courts Service. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive Officer. 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 the Courts Service and the Financial Shared Services Centre Killarney for the provision of financial shared services, and the National Shared Services Office for the provision of human resource services and payroll services.

I rely on a letter of assurance from the relevant Accounting Officers of the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Courts Service.

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

Financial control environment

I confirm that a control environment including 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.
- 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 Courts Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Courts Service 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. In total 15 supply arrangements were reported under Circular 40/02 in 2019 with a total value of €2,839,103 (excluding VAT). These are broken down as follows

- Seven contracts with a value of €873,356 are considered non-competitive and non-compliant as the contracts were extended beyond their original contract terms.
 - One instance with a value of €97,829 where procurement is currently underway and is expected to be completed in 2020.
 - One instance with a value of €339,539 arose due to transitional delays in migrating to new service providers.
 - Three items valued at €152,853 will be addressed in 2020.
 - For the remaining two items valued at €283,135, we are awaiting recommendations of a high level working group on the Fines Act to inform the specification for the tender.
- One instance with a value of €151,024 is considered non-competitive but compliant. This was a once off purchase that was required urgently following a security incident in the Family Law Court.
- Seven purchases with a total value of €1,814,723 are considered non-competitive but compliant as they are proprietary purchases.

Audit and Risk Committee

I confirm that the Courts Service has an Audit and Risk Committee. The Committee is a sub-committee of the Courts Service Board. The role of the Committee is to oversee, advise and support the Board and the Chief Executive Officer/Accounting Officer by reviewing the comprehensive of assurances on a range of matters including the integrity of internal financial controls, risk management and financial statements. The Committee operates under a written charter and reports annually to the Courts Service Board. It also reviews and approves the internal audit annual work programme.

Internal audit

I confirm that the Courts Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which has been approved by the Courts Service Board. Its work is informed by analysis of the financial and operational risks to which the Service 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. The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

In 2018 two internal audit reports highlighted deficiencies in the recording procedures used to support extra attendance claims for certain additional remuneration. These deficiencies are being addressed by the use of a new system for the recording and verification of staff hours worked and the establishment of a working group to examine court operational issues.

Governance

Good governance is fundamental to the effective operation of the Service. In line with the Civil Service *Corporate Governance Standard*, the existing Corporate Governance Framework was updated. This sets out the statutory basis within which we operate, including the governance arrangements in place, functions and organisational structure, accountability and audit assurance arrangements. This framework was published in 2016. The Courts Service also has an oversight agreement in place with the Department of Justice and Equality.

The *Code of Practice for the Governance of State Bodies 2016* came into effect in September 2016. The Courts Service has a robust governance framework and is, in addition to its compliance with the Civil Service *Corporate Governance Standard*, compliant with the main features of this code which are kept under review.

Risk and control framework

The Service 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 corporate risk register is in place which identifies the key risks facing the Service. These are evaluated and graded according to their significance. The corporate risk register is reviewed quarterly by the Senior Management Team (SMT) and Audit and Risk Committee. Risk Management is a standing item for the Courts Service Board and the Chief Risk Officer reports to the Board on the operations of risk management. 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 existing controls, planned actions needed to mitigate identified 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 management and the SMT, 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 Service has procedures to monitor the effectiveness of its risk management and control procedures. The service'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 Service 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.

The Service continually reviews and implements recommendations arising from the Comptroller and Auditor General and internal audit to strengthen the control environment, particularly in the areas of ICT infrastructure, business system support applications and procurement. This is a continuous process and the system and its effectiveness is kept under ongoing review.

Other matters of importance

I am conscious of the current unprecedented and challenging times following the outbreak of the Covid 19 pandemic, and the impact it is having on managing the courts and supporting the judiciary. In responding to this we have put in place contingency planning measures for the operation of courts, the judiciary, support services, and our staff. This has included adapting business technology and innovations to maintain essential front line services to both citizens and courts users, in addition to future planning for the resumption of business.

Angela Denning
Accounting Officer
Courts Service

14 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 22 Courts Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 22 Courts Service 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 22 Courts Service 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 Courts Service 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*.

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 2019.

Seamus McCarthy
Comptroller and Auditor General

20 September 2020

Vote 22 Courts Service

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Manage the courts and support the judiciary				
	<i>Original</i>	138,405		
	<i>Deferred surrender</i>	2,500		
			140,905	139,416
				135,003
Gross expenditure		140,905	139,416	135,003
<i>Deduct</i>				
B Appropriations-in-aid		47,781	47,084	49,508
Net expenditure				
	<i>Original</i>	90,624		
	<i>Deferred surrender</i>	2,500		
			93,124	92,332
				85,495

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year.

	2019	2018
	€	€
Surplus	792,780	4,111,785
Deferred surrender	—	(2,500,000)
Surplus to be surrendered	792,780	1,611,785

Angela Denning
Accounting Officer
Courts Service

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	42,642	40,840
Pay	54,543	52,524
Non pay	42,231	41,639
Gross expenditure	139,416	135,003
<i>Deduct</i>		
Appropriations-in-aid	47,084	49,508
Net expenditure	92,332	85,495
Changes in capital assets		
Purchases cash	(7,192)	
Depreciation	7,912	
Loss on disposals	1	2,980
Changes in net current assets		
Decrease in closing accruals	(837)	
Decrease in stock	48	482
Direct expenditure	92,264	88,957
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	53,106	49,308
Notional rents ^a	3,605	3,481
Net programme cost	148,975	141,746

Note ^a Notional rents for OPW owned buildings occupied by the Courts Service.

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	185	180
Vote 12 Superannuation and Retired Allowances	14,729	12,802
Vote 13 Office of Public Works	1,343	1,714
Vote 18 National Shared Services Office	106	101
Vote 20 An Garda Síochána	200	196
Vote 24 Justice and Equity – Financial Shared Services Centre	296	292
Central Fund – Judicial salaries and pensions	36,247	34,023
	53,106	49,308

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	207,247	213,046
Current assets			
Bank and cash	2.2	63	4,530
Stocks	2.3	178	226
Prepayments		2,375	2,712
Accrued income		2,200	1,846
Other debit balances	2.4	3,429	1,406
Total current assets		<u>8,245</u>	<u>10,720</u>
Less current liabilities			
Accrued expenses		2,132	3,329
Other credit balances	2.5	3,359	2,788
Net Exchequer funding	2.6	133	3,148
Total current liabilities		<u>5,624</u>	<u>9,265</u>
Net current assets		<u>2,621</u>	<u>1,455</u>
Net assets		<u>209,868</u>	<u>214,501</u>
Represented by:			
State funding account	2.7	<u>209,868</u>	<u>214,501</u>

2.1 Capital assets

	Land and buildings^{a, b}	IT and office equipment	Furniture and fittings	Capital Assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	269,520 ^b	49,385	32,656	2,930	354,491
Additions	261	1,036	101	5,417	6,815
Brought into use	227	4,187	—	(4,414)	—
Revaluation	(233)	—	—	—	(233)
Adjustment ^c	(6,146)	(31)	—	—	(6,177)
Disposals	—	—	(60)	—	(60)
Cost or valuation at 31 December 2019	263,629	54,577	32,697	3,933	354,836
Accumulated depreciation					
Opening balance at 1 January 2019	66,681	42,941	31,823	—	141,445
Depreciation for the year	5,125	2,614	173	—	7,912
Depreciation on adjustment	(1,679)	(30)	—	—	(1,709)
Depreciation on disposals	—	—	(59)	—	(59)
Cumulative depreciation at 31 December 2019	70,127	45,525	31,937	—	147,589
Net assets at 31 December 2019	193,502	9,052	760	3,933	207,247
Net assets at 31 December 2018	202,839	6,444	833	2,930	213,046

Note ^a Section 26 of the Courts Service Act 1998 provides for the Courts Service to hold legal title in respect of certain land and buildings.

^b The Courts Service currently owns 48 buildings and five sites. Of these, 40 buildings and four sites have been revalued. There were no valuations carried out in 2019. It is our intention to complete valuations of the remaining eight buildings (seven PPP courthouses and the Dundalk courthouse) and one site (Dungloe) in 2020.

^c A review of the fixed asset register in 2019 led to an adjustment being made which in total amounted to a reduction in the net book value of capital assets of €4.468 million.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	(1,324)	3,641
Other vote-related bank account balances ^a	1,387	889
	63	4,530

Note ^a Represents the balances held by the Courts Service at 31 December each year in Exchequer-related bank accounts. Not included are account balances totalling €8.717 million (€7.68 million in 2018) which principally consist of non-Exchequer receipts relating to maintenance lodgements under family law, bail money lodgements and court poor box receipts.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	131	170
Consumables	16	19
Miscellaneous	31	37
	178	226

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Advances to OPW	2,820	1,148
Recoupable salaries	168	20
Other debit suspense items	410	214
Imprests	31	24
	3,429	1,406

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	811	760
Professional services withholding tax	30	39
Value added tax	245	82
Pay related social insurance	419	378
Court fees collected on behalf of other votes	(194)	—
Fines	330	323
Funds for surrender to the Exchequer ^a	1,387	889
	<u>3,028</u>	<u>2,471</u>
Payroll deductions held in suspense	312	316
Other credit suspense items	19	1
	<u>3,359</u>	<u>2,788</u>

Note ^a This balance represents the balances held by the Courts Service at 31 December each year in Exchequer-related bank accounts.

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	792	1,612
Deferred surrender	—	2,500
Exchequer grant undrawn	(659)	(964)
Net Exchequer funding	<u>133</u>	<u>3,148</u>
Represented by:		
Debtors		
Bank and cash	63	4,530
Debit balances: suspense	3,429	1,406
	<u>3,492</u>	<u>5,936</u>
Creditors		
Due to State	(3,028)	(2,471)
Credit balances: suspense	(331)	(317)
	<u>(3,359)</u>	<u>(2,788)</u>
	<u>133</u>	<u>3,148</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		214,501	220,598
Disbursements from the Vote			
Estimate provision		93,124	
Surplus to be surrendered		(792)	
Deferred surrender		—	
Net vote		92,332	85,495
Expenditure (cash) borne elsewhere	1.1	53,106	49,308
Non cash item – transfer of assets	2.1	—	(2,470)
Non cash item – revaluations	2.1	(233)	(165)
Non cash item - adjustment	2.1	(4,468)	—
Non cash expenditure – notional rent	1	3,605	3,481
Net programme cost	1	(148,975)	(141,746)
Balance at 31 December		209,868	214,501

2.8 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services		
ICT	1,699	2,091
Leases ^a	13,607	17,063
Refurbishment loan ^b	9,016	10,809
PPP	717,010	748,780
Total of legally enforceable commitments	741,332	778,743

Note ^a The commitment for leases now includes capital leases which were not previously included. The 2018 lease commitment has been updated accordingly.

^b The loan was taken out to fund refurbishment of the Courthouse at Washington Street, Cork. The principal (capital) element of this loan outstanding at year end, amounting to €7.815 million (2018: €9.915 million) is disclosed under multi-annual capital commitments. The balance of the commitment relates to interest.

b) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Refurbishment loan for Washington Street Courthouse	15,805	1,380	7,815	25,000	25,000

c) Capital cost of Public Private Partnership projects

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Legally enforceable commitments to be met in subsequent years	Project total 2019	Project total 2018
	€000	€000	€000	€000	€000
Criminal Courts Complex	210,453	22,136	361,291	593,880	596,736
PPP bundle ^a	33,224	15,630	355,719	404,573	395,721
Total	243,677	37,766	717,010	998,453	992,457

Note ^a The contract for the PPP bundle of projects provided for claims, in particular in relation to latent defects in historical buildings. In May 2019 agreement was reached with the contractor to pay €8.9 million (excluding VAT) on a phased basis over the three-year period 2019–2021. Expenditure in 2019 (€15.63 million) included €2.44 million paid in relation to these claims. The balance of €6.46 million is included in commitments to be met in subsequent years.

2.9 Matured liabilities

There were matured liabilities of €1,349 at the end of 2019. (There were no matured liabilities undischarged at the end of 2018).

Note 3 Vote Expenditure

Analysis of administration expenditure

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

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
i	Salaries, wages and allowances	56,805	54,543	52,524
ii	Travel and subsistence	3,013	3,388	3,355
iii	Training and development and incidental expenses	6,291	8,261	7,498
iv	Postal and telecommunication services	2,003	3,030	2,876
v	Office equipment and external IT services			
	<i>Original</i>	9,520		
	<i>Deferred surrender</i>	2,500		
		<hr/>	12,020	12,040
vi	Office premises expenses	18,076	14,990	15,509
vii	Consultancy services and value for money and policy reviews	100	522	88
		<hr/>	<hr/>	<hr/>
		98,308	96,774	94,163

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: €6.291 million, outturn: €8.261 million

The overspend of €1.97 million on training and development and incidental expenses was due to the following:

- Increase in interpreting services and associated mileage costs.
- Increase in compensation claims due to the payment of two large compensation settlement payments, alongside the associated legal costs which, by their nature, are difficult to predict.
- Temporary contract support.
- Increase on the VAT rate charged for jury minding and jury meals in Dublin.

The final outturn of €8.261 million was 31% higher than the original estimate.

iv Postal and telecommunication services

Estimate provision: €2.003 million, outturn: €3.03 million

The overspend of €1.027 million on postal and telecommunications was due to the following:

- An increase on standard postal rates and meter costs in February 2019.
- The ongoing delay in the transfer of the Courts Service telephone network from wide area network (WAN) to the Government cloud network which was anticipated to generate savings.

The final outturn of €3.03 million was 51% higher than original estimate.

vii Consultancy services and value for money and policy reviews

Estimate provision: €100,000, outturn: €522,000

The overspend of €422,000 on consultancy services and value for money and policy reviews was due to the following:

- The payment of a number of invoices in 2019 relating to 2018.
- The extension of the consultancy contract in relation to the Long Term Strategic Vision 2030.
- The costs associated with a review of the Courts Services Online System which was not anticipated.
- The final outturn of €522,000 was 422% higher than the original estimate.

Programme A Manage the Courts and Support the Judiciary

	2019		2018
	Estimate provision		Outturn
	€000	€000	€000
A.1 Administration – pay		56,805	54,543
A.2 Administration – non pay			52,524
	<i>Original</i>	39,003	
	<i>Deferred surrender</i>	2,500	
		41,503	41,639
A.3 Courthouses (capital works)		4,880	4,876
A.4 PPP costs		37,717	37,766
		140,905	139,416
			135,003

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated	Realised	Realised
	€000	€000	€000
1 Fees	44,693	43,972	46,222
2 Miscellaneous	1,442	1,448	1,382
3 Receipts from additional superannuation contributions on public service remuneration ^a	1,646	1,664	1,904
Total	47,781	47,084	49,508

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

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Road Traffic Act fines	5,427	5,353
Refunds ^a	(84)	(346)
Other fines ^b	2,831	1,843
Other receipts ^c	170	135
Total transferred to Exchequer	<u>(8,344)</u>	<u>(6,985)</u>
Balance as at 31 December	<u>—</u>	<u>—</u>

- Notes
- ^a There was a decrease in refunds in 2019 compared to 2018 due, in the main, to the large number of Garda Fixed Charge Notice appeal refunds relating to incorrectly issued summonses made in 2018.
- ^b The increase in Other Fines receipts is due to a combination of factors:
- (i) an increase of circa €620,000 in Circuit Court Exchequer Fines in 2019 compared to 2018,
 - (ii) an increase of circa €200,000 in bail transferred to the Exchequer in 2019 compared to 2018, and
 - (iii) fluctuations in fines collection and refunds issued following appeals.
- ^c The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Department of Finance. The 2019 receipts relate to funds lodged in 2012. The balance of these funds as at the 31 December 2019 is €2.968 million.

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following government departments/agencies in respect of fines and fees collected by the Court Service on their behalf in 2019.

	2019	2018
	€000	€000
Balance at 1 January	—	—
Revenue Commissioners		
- Revenue fines ^a	826	848
- excise duty ^b	3,356	4,884
Department of Communications, Climate Action and Environment	27	13
Department of Agriculture, Food and the Marine ^c	268	30
Total transferred	<u>(4,477)</u>	<u>(5,775)</u>
Balance as at 31 December	<u>—</u>	<u>—</u>

- Note
- ^a Moneys collected relate to court fines imposed where the prosecutor is the Revenue Commissioners.
- ^b Moneys collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are received by the Court Service on behalf of the Revenue Commissioners. The reduction in excise duty in 2019 compared with 2018 is due to a reduction in the number of special exemption applications in 2019.
- ^c Fines paid to the Department of Agriculture, Food and Marine were higher in 2019 compared to 2018 due to a number of high value fines received in relation to the Circuit Court in 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	1,080	1,049

5.2 Pay

	2019	2018
	€000	€000
Pay	49,527	47,822
Higher, special or additional duties allowance	161	155
Other allowances	920	951
Overtime	332	295
Employer's PRSI	3,603	3,301
Total pay	54,543	52,524

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	56	3	12,554	22,878
Other allowances	226	14	16,896	19,585
Overtime	172	7	23,680	20,950
Extra remuneration in more than one category	60	13	25,534	22,154

5.4 Other remuneration arrangements

A total of €38,809 was paid in 2019 to three retired civil servants in receipt of civil service pensions who were engaged for short periods during 2019. This amount is made up of remuneration of €16,567 and €22,242 for travel and subsistence expenses. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

Salary costs of €201,277 were recouped from tribunals and government departments in respect of staff on secondments for 2019.

5.5 Salary overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	76	120,527	135,865
Recovery plans in place	20	28,353	14,822

Four individuals with recovery plans in place to a value of €1,672 transferred to other Departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

					2019 Total €000	2018 Total €000
	Number of cases	Compensation awarded €000	Legal costs awarded and paid €000	Legal costs paid by Courts Service €000		
Claims by members of the public	28	474	447	201	1,122	1,080

Note Total payments in respect of third-party legal costs and compensation costs amounted to €921,687. These include payments in respect of proceedings dealt with by State Claims Agency amounting to €313,641 and proceedings in which the Courts Service was a party including proceedings by way of judicial review.

Appendix A State-owned lands and buildings controlled or managed by the Courts Service which do not have valuations

The Courts Service currently manages the following:

- 1 Cork District Court, Anglesea Street, Cork City (PPP)
- 2 Limerick Courthouse, Mulgrave Street, Co. Limerick (PPP)
- 3 Drogheda Courthouse, St. Patrick's Lane, Co. Louth (PPP)
- 4 Mullingar Courthouse, Mount Street, Mullingar, Co. Westmeath (PPP)
- 5 Waterford Courthouse, Catherine Street, Waterford City (PPP)

Appropriation Account 2019

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 2019 for the salaries and expenses of the Property Registration Authority.

The expenditure outturn is compared with the sums

- a) granted by the Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €1.417 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 27 of 2019, have been applied in the preparation of the account except for the following departure in relation to capital assets.

Valuation of capital assets

The Property Registration Authority does not apply the standard €1,000 threshold for the capitalisation of its capital assets.

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 functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for the National Shared Services Office is responsible for the operation of controls within the shared service centre. The Accounting Officer for the National Shared Services Office has put in place an audit process to provide independent assurance on the operation of controls within shared services.

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

Compensation claims

The Property Registration Authority (PRA) operates a title system that confers a State guarantee on the registered title holder of a property. 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 2019 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.

Procurement compliance

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. The Authority complied with the guidelines with the exception of three contracts (in excess of €25,000) to the value of €170,236 (excluding VAT) were listed in my annual return in respect of Circular 40/2002. These are broken down as follows:

- A contract with a value of €61,469, originally awarded through a competitive tender process, was rolled over pending the completion of a new procurement process. A new contract was awarded in July 2019 following a competitive process.
- A contract, with a value of €45,374 originally awarded following a competitive process, had to be rolled over as there are architectural issues potentially preventing the definition of a new requirement. This is expected to be resolved in 2020.
- A contract, with a value of €63,393 was originally awarded under a competitive process under an OGCI0 framework and was rolled over pending the completion of a new procurement process.

Details of these exceptional contracts have been provided as part of information on six contracts with a total value of €495,703 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

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 procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Authority 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 management and 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 Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority'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 Authority 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.

Elizabeth Pope
Accounting Officer
Property Registration Authority

30 March 2020

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 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 23 Property Registration Authority 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 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

9 September 2020

Vote 23 Property Registration Authority

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Manage the Land Registry and the Registry of Deeds				
<i>Original</i>	31,059			
<i>Deferred surrender</i>	56			
			31,115	29,727
Gross expenditure			31,115	29,727
<i>Deduct</i>				
B Appropriations-in-aid		610	639	759
Net expenditure		30,505	29,088	27,507

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year.

	2019	2018
	€	€
Surplus	1,417,409	1,227,029
Deferred surrender	—	(56,000)
Surplus to be surrendered	1,417,409	1,171,029

Elizabeth Pope
Accounting Officer
Property Registration Authority

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	25,301	24,204
Non pay	4,426	4,062
Gross expenditure	29,727	28,266
<i>Deduct</i>		
Appropriations-in-aid	639	759
Net expenditure	29,088	27,507
Changes in capital assets		
Purchases cash	(1,070)	
Depreciation	478	
Loss on disposals	1	(430)
	(591)	
Changes in net current assets		
Decrease in closing accruals	(48)	
Increase in stock	(7)	62
	(55)	
Direct expenditure	28,442	27,139
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	8,291	7,261
Notional rents	2,279	2,451
Net programme cost	39,012	36,851

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.

	2019	2018
	€000	€000
Vote 12 Superannuation and Retired Allowances	7,268	6,256
Vote 13 Office of Public Works	880	865
Vote 18 National Shared Services Office	54	51
Vote 24 Justice and Equality – Financial Shared Service Centre	89	89
	8,291	7,261

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	2,241	1,789
Current assets			
Bank and cash	2.2	2,405	2,521
Stocks	2.3	139	132
Other debit balances	2.4	149	154
Prepayments		493	519
Accrued income		8	6
Total current assets		<u>3,194</u>	<u>3,332</u>
Less current liabilities			
Accrued expenses		129	208
Other credit balances	2.5	2,538	2,587
Net Exchequer funding	2.6	16	88
Total current liabilities		<u>2,683</u>	<u>2,883</u>
Net current assets		<u>511</u>	<u>449</u>
Net assets		<u><u>2,752</u></u>	<u><u>2,238</u></u>
Represented by:			
State funding account	2.7	<u><u>2,752</u></u>	<u><u>2,238</u></u>

2.1 Capital Assets

	Furniture and fittings €000	Office and IT equipment €000	Assets under development €000	Total €000
Gross assets				
Cost at 1 January 2019	3,709	33,854	548	38,111
Additions	19	435	609	1,063
Reclassification ^a	—	24	(24)	—
Adjustment ^b	—	—	(132)	(132)
Disposals	—	(640)	—	(640)
Cost at 31 December 2019	3,728	33,673	1,001	38,402
Accumulated depreciation				
Opening balance at 1 January 2019	3,569	32,753	—	36,322
Depreciation for the year	27	451	—	478
Depreciation on disposals	—	(639)	—	(639)
Cumulative depreciation at 31 December 2019	3,596	32,565	—	36,161
Net assets at 31 December 2019	132	1,108	1,001	2,241
Net assets at 31 December 2018	140	1,101	548	1,789

A comprehensive review of capital asset expenditure resulted in:

- (a) the reclassification of capital assets under development to IT assets, and
- (b) a reduction in the cost of capital assets under development to exclude overhead costs previously capitalised.

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	606	665
Commercial bank accounts	1,799	1,856
	2,405	2,521

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	90	82
IT consumables	37	40
Miscellaneous supplies	12	10
	139	132

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Building charges recoupable	38	35
Payroll deductions held in suspense	111	119
	149	154

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	333	316
Pay related social insurance	195	174
Value added tax	31	29
Extra receipts payable to the Exchequer	1,799	1,856
	2,358	2,375
Payroll deductions held in suspense	180	187
Owed to OPW	—	25
	2,538	2,587

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,417	1,171
Deferred surrender	—	56
Exchequer grant undrawn	(1,401)	(1,139)
Net Exchequer funding	16	88
Represented by:		
Debtors		
Bank and cash	2,405	2,521
Debit balances: suspense	149	154
	2,554	2,675
Creditors		
Due to State	(2,358)	(2,375)
Credit balances: suspense	(180)	(212)
	(2,538)	(2,587)
	16	88

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		2,238	1,870
Disbursements from the Vote			
Estimate provision	Account	30,505	
Surplus to be surrendered	Account	(1,417)	
Net vote		29,088	27,507
Expenditure (cash) borne elsewhere	1	8,291	7,261
Non cash expenditure – notional rent	1	2,279	2,451
Other (non cash) items	2.2	(132)	
Net programme cost	1	(39,012)	(36,851)
Balance at 31 December		2,752	2,238

2.8 Commitments

Global commitments	2019	2018
at 31 December	€000	€000
Procurement of goods and services	424	283

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	—	5

2.10 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

The Vote has one programme concerning the management of the Land Registry and the Register of Deeds. All expenditure under this programme is administrative in nature.

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
i	Salaries, wages and allowances	25,895	25,301	24,204
ii	Travel and subsistence	110	95	74
iii	Training and development and incidental expenses	1,500	1,055	1,119
iv	Postal and telecommunication services	900	785	635
v	Office equipment and external IT services			
	<i>Original</i>	2,117		
	<i>Deferred surrender</i>	56		
		2,173	2,069	1,867
vi	Office premises expenses	512	398	341
vii	Consultancy services and value for money and policy reviews	25	24	26
		31,115	29,727	28,266

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €25.895 million, outturn: €25.301 million

The underspend relates to the inability to fill certain posts until quarter 4 due to delays in the recruitment campaign.

iii Training and development and incidental expenses

Estimate provision: €1.5 million, outturn: €1.055 million

The underspend relates to the small number of Section 120 compensation claims paid in 2019. The timing and outcome of the payment of such claims are difficult to determine.

vi Office premises expenses

Estimate provision: €512,000, outturn: €398,000

There were no significant office maintenance projects undertaken in 2019 leading to a reduced office premises spend.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	610	639	759
Total	610	639	759

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

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Opening balance at 1 January	1,856	2,113
Land Registry fees	68,413	65,374
Registry of Deeds fees	1,377	1,464
Ground rent fees received	75	78
Paid over to Exchequer	(69,922)	(67,173)
Balance as at 31 December	1,799	1,856

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	529	509

5.2 Pay

	2019	2018
	€000	€000
Pay	23,392	22,483
Higher, special or additional duties allowance	19	30
Other allowances	66	67
Overtime	137	101
Employer's PRSI	1,687	1,523
Total pay	25,301	24,204

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	11	—	7,994	7,194
Other allowances	26	—	7,942	7,838
Overtime	102	1	12,618	8,415
Extra remuneration in more than one category	15	3	14,473	12,725

5.4 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	55	198,970	241,157
Recovery plans in place	20	90,236	110,377

Three overpayment recovery plans in respect of three individuals to the value of €1,529 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. 18 Section 120 compensation payments (2018: 11) were paid in 2019, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows:

				2019	2018
	Number of cases	Legal costs paid by the Authority €000	Compensation awarded €000	Legal costs awarded €000	Total €000
Claims under S.120 of the Registration of Title Act 1964	18	—	—	15	15
				15	11

6.2 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 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 establishment of the new entity requires primary legislation. Drafting of the Tailte Éireann Bill to provide for the merger is ongoing. Responsibility for the establishment of Tailte Éireann was transferred to the Department of Housing, Planning and Local Government from 1 January 2018.

Appropriation Account 2019

Vote 24

Justice and Equality

Introduction

As Accounting Officer for Vote 24, 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 the salaries and expenses of the Office of the Minister for Justice and Equality, Probation Service staff and of certain other services, including payments under cash-limited schemes administered by that Office, and payment of certain grants.

The expenditure outturn is compared with the sums

- a) 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 and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €8.978 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 have been applied in the preparation of the account except for the following;

Group accounting for fixed assets

Notes 1 and 2 to the appropriation account reflect fixed asset values and related depreciation charges for assets owned by the Department and a number of the bodies under the aegis of the Department.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset is placed in service. Buildings are depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life. Vehicles and equipment are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life.

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

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

I have provided a letter of assurance to Accounting Officers in receipt of financial shared services from the Department's Financial Shared Services (FSS) centre in Killarney regarding the controls in place.

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 including segregation of duties and a system of delegation and accountability. This includes the following elements

- 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.

Non-compliance with procurement rules

The Department 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 in so far as these are within its control. It utilises a central database to manually cross check expenditure reports drawn from the financial management system to ensure that expenditure is on foot of appropriate procurement procedures. The vast majority of tender competitions are now being run by, or in conjunction with, the Office of Government Procurement (OGP). An annual return is made to the Comptroller and Auditor General and the Office of Government Procurement in compliance with Department of Finance Circular 40/2002.

Forty one contracts with a value of €8,641,259 (excluding VAT) have been included in the 40/02 return as they exceed the reporting threshold of €25,000 (excluding VAT) and were awarded (inter alia) without a competitive process.

The Department is compliant with the exception of 22 contracts to the value of €5,708,769. These contracts are considered non-competitive and non-compliant as they were extended beyond the original contract date without a new competitive process, the details of which are as follows:

- Four contracts with a value of €1,060,874 have now been awarded.
- Sixteen contracts with a value of €4,089,475 are the subject of revised procurement arrangements being put in place by OGP or have commenced preparing tender specifications.
- Two contracts with a value of €558,420 were extended to allow for transition to new systems.

Internal audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of 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 the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

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 and updated 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 appropriate level of management, 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 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

Arising from the recommendations in recent audit reports, the Department is continually reviewing and strengthening financial and other controls in processes in areas such as ICT project management and the administration of grants.

Aidan O'Driscoll

Accounting Officer

Department of Justice and Equality

25 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 24 Justice and Equality

Opinion on the appropriation account

I have audited the appropriation account for Vote 24 Justice and Equality 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 24 Justice and Equality 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 Justice and Equality 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*.

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 2019.

Seamus McCarthy
Comptroller and Auditor General

21 September 2020

Vote 24 Justice and Equality

Appropriation Account 2019

	2019		2018
	Estimate provision		Outturn
	€000	€000	€000
Programme expenditure			
A Leadership in and oversight of justice and equality policy and delivery			
<i>Original</i>	64,540		
<i>Supplementary</i>	<u>(6,507)</u>		
		58,033	56,529
B A safe, secure Ireland			44,733
<i>Original</i>	192,944		
<i>Deferred surrender</i>	942		
<i>Supplementary</i>	<u>(7,630)</u>		
		186,256	180,448
C Access to justice for all			175,935
<i>Original</i>	54,942		
<i>Supplementary</i>	<u>2,596</u>		
		57,538	55,977
D An equal and inclusive society			52,468
<i>Original</i>	30,661		
<i>Supplementary</i>	<u>(2,201)</u>		
		28,460	24,509
E An efficient responsive and fair immigration asylum and citizenship system			21,501
<i>Original</i>	158,291		
<i>Supplementary</i>	<u>67,512</u>		
		225,803	222,620
Gross expenditure		556,090	540,083
<i>Deduct</i>			
F Appropriations-in-aid			
<i>Original</i>	77,664		
<i>Supplementary</i>	<u>20,470</u>		
		98,134	91,105
Net expenditure			85,027
<i>Original</i>	423,714		
<i>Deferred surrender</i>	942		
<i>Supplementary</i>	<u>33,300</u>		
		457,956	448,978
			370,704

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2019	2018
	€	€
Surplus	8,977,803	7,816,484
Deferred surrender	—	(942,000)
Surplus to be surrendered	<u>8,977,803</u>	<u>6,874,484</u>

Aidan O'Driscoll

Accounting Officer
Department of Justice and Equality

25 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	479,591	408,673
Pay	30,551	26,611
Non pay	29,941	20,447
Gross expenditure	540,083	455,731
<i>Deduct</i>		
Appropriations-in-aid	91,105	85,027
Net expenditure	448,978	370,704
Changes in capital assets		
Purchases cash	(7,413)	
Depreciation	4,185	
Loss on disposals	45	
Disposals cash	1	(2,246)
	(3,182)	
Changes in net current assets		
Decrease in closing accruals	(11,108)	
Increase in stock	(316)	162
	(11,424)	
Direct expenditure	434,372	368,620
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	45,648	43,391
Notional rents	4,860	4,693
Net programme cost	484,880	416,704

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 24 borne elsewhere and apportioned cost of the Department's shared services centre.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	307	279
Vote 12 Superannuation and Retired Allowances	37,189	34,755
Vote 13 Office of Public Works	11,849	11,903
Vote 18 National Shared Services Office	221	279
Vote 20 Garda Síochána	204	195
Central Fund – Ministerial pensions	191	186
Costs of shared services provided to other votes	(4,313)	(4,206)
	45,648	43,391

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	25,630	22,448
Current assets			
Bank and cash	2.2	32,119	27,219
Stocks	2.3	1,079	763
Prepayments		12,282	5,101
Accrued income		8,276	4,330
Other debit balances	2.4	1,489	1,184
Total current assets		<u>55,245</u>	<u>38,597</u>
Less current liabilities			
Accrued expenses		7,456	7,377
Deferred income		88	148
Other credit balances	2.5	32,630	27,190
Net Exchequer funding	2.6	978	1,213
Total current liabilities		<u>41,152</u>	<u>35,928</u>
Net current assets		<u>14,093</u>	<u>2,669</u>
Net assets		<u>39,723</u>	<u>25,117</u>
Represented by:			
State funding account	2.7	<u>39,723</u>	<u>25,117</u>

2.1 Capital assets^a

	Buildings	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2019	6,901	1,716	97,539	2,774	7,257	116,187
Additions	—	352	3,697	45	3,319	7,413
Brought into use	—	—	316	—	(316)	—
Disposals ^b	—	(179)	(1,275)	(16)	(37)	(1,507)
Cost or valuation at 31 December 2019	6,901	1,889	100,277	2,803	10,223	122,093
Accumulated Depreciation						
Opening balance at 1 January 2019	1,446	1,067	88,866	2,360	—	93,739
Depreciation for the year	138	256	3,709	82	—	4,185
Depreciation on disposals ^b	—	(179)	(1,266)	(16)	—	(1,461)
Cumulative depreciation at 31 December 2019	1,584	1,144	91,309	2,426	—	96,463
Net assets at 31 December 2019	5,317	745	8,968	377	10,223	25,630
Net assets at 31 December 2018	5,455	649	8,673	414	7,257	22,448

Notes ^a The statement of capital assets reflects assets for the entire Department including a number of agencies in Vote 24 who also prepare separate financial statements.

^b Obsolete IT hardware and software assets were retired from the asset register in 2019. The removal of these assets from the asset register comprises a significant part of the disposals figure in 2019.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	21,799	21,337
Other commercial bank account balances	10,320	5,882
	32,119	27,219

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	124	153
Forensic consumables	421	517
IT consumables	81	48
Resident permits/travel documents	410	—
Miscellaneous	18	18
Equipment/clothing	25	27
	1,079	763

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Advance to the Office of Public Works	19	124
Imprests	56	56
Recoupment of travel pass scheme	787	733
Criminal Assets Bureau receivership	20	35
Payroll suspense account (Paypath)	469	—
Other	138	236
	1,489	1,184

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	2,038	1,772
Pay related social insurance	1,181	1,007
Value added tax	387	271
Professional services withholding tax	2,045	2,134
Balances in departmental accounts	10,320	5,882
	15,971	11,066
Payroll deductions held in suspense	679	662
ESF advance of social inclusion project funding 2014–2020	2,979	2,979
Asylum, Migration and Integration Fund advance payments 2014–2020	12,466	12,014
Emergency resettlement and reach projects	53	53
Extra receipts payable to the Exchequer	25	18
Other	457	398
	32,630	27,190

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	8,978	6,874
Deferred surrender	—	942
Exchequer grant undrawn	(8,000)	(6,603)
Net Exchequer funding	978	1,213
Represented by:		
Debtors		
Bank and cash	32,119	27,219
Debit balances: suspense	1,489	1,184
	33,608	28,403
Creditors		
Due to State	(15,971)	(11,066)
Credit balances: suspense	(16,659)	(16,124)
	(32,630)	(27,190)
	978	1,213

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		25,117	23,033
Disbursements from the Vote			
Estimate provision	Account	457,956	
Surplus to be surrendered	Account	(8,978)	
Net vote		448,978	370,704
Expenditure (cash) borne elsewhere	1.1	45,648	43,391
Non cash expenditure – notional rent	1	4,860	4,693
Net programme cost	1	(484,880)	(416,704)
Balance at 31 December		39,723	25,117

2.8 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	71,974	10,677
Capital projects	2,802	3,562
Total of legally enforceable commitments	74,776	14,239

2.9 Matured liabilities

There were no matured liabilities un-discharged at year end 2019 or in the previous year.

2.10 Contingent liabilities

Please refer to Note 6.1 in relation to commissions and special inquiries.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		Estimate provision		2019	2018
				Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	<i>Original</i>	22,711			
	<i>Supplementary</i>	3,670			
			26,381	26,518	22,640
ii	Travel and subsistence		338	343	397
iii	Training and development and incidental expenses				
	<i>Original</i>	3,867			
	<i>Supplementary</i>	3,000			
			6,867	6,823	6,119
iv	Postal and telecommunication services				
	<i>Original</i>	635			
	<i>Supplementary</i>	1,450			
			2,085	2,391	1,484
v	Office equipment and external IT services				
	<i>Original</i>	6,935			
	<i>Supplementary</i>	2,250			
			9,185	9,534	9,019
vi	Office premises expenses				
	<i>Original</i>	1,633			
	<i>Supplementary</i>	300			
			1,933	2,307	1,272
vii	Consultancy services and value for money and policy reviews		73	135	129
viii	Research		282	279	52
ix	Financial shared services ^a				
	<i>Original</i>	6,560			
	<i>Supplementary</i>	(400)			
			6,160	5,998	5,946
x	Justice and policing transformation programme				
	<i>Original</i>	10,000			
	<i>Supplementary</i>	(3,000)			
			7,000	6,164	—
			60,304	60,492	47,058

Note ^a The figure for 2019 includes salaries for the Financial Shared Services Centre amounting to €4,032,874 (2018: €3,970,764). This cost is charged to programme A – Leadership in and oversight of justice and equality policy and delivery, sub-head A.1 Administration – pay.

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: €3.867 million, outturn: €6.823 million

The excess of €2.956 million compared with the original allocation of €3.867 million is reflected in the supplementary estimate of €3 million for the subhead. The overrun relates mainly to administrative expenses and fees including contracted services of over €2 million.

iv Postal and telecommunications services

Estimate provision: €635,000, outturn: €2.391 million

The excess expenditure of €1.756 million compared with the original allocation of €635,000 is reflected in the supplementary estimate of €1.45 million for the subhead. The overrun is primarily as a result of additional expenditure on the WAN (Wide Area Network) telecommunication links of €805,000, telephony (devices, operating systems and support) of €765,000 and additional infrastructure for the Local Area Network (€186,000) resulting from the expansion of the user base.

v Office equipment and external IT services

Estimate provision: €6.935 million, outturn: €9.534 million

The excess expenditure of €2.599 million compared with the original allocation of €6.935 million, is partly reflected in the supplementary estimate of €2.25 million for the subhead. The overrun resulted from costs linked to: infrastructure upgrades required for the expanding user base and for improved systems' performance (€1.366 million); increased Microsoft licensing costs (€520,000); Website requirements (€356,000); independent security consultancy (€118,000) and the ICT elements of the Transformation Programme for the Department (€239,000).

x Justice and policing transformation programme

Estimate provision: €10 million, outturn: €6.164 million

There is a saving of €3.836 million compared with the original estimate which is reflected in part in a reduction in the subhead of €3 million in the supplementary estimate for the vote in 2019. It was anticipated originally that ancillary support costs additional to the main external support contract would be required in respect of the Justice Transformation Programme, but these were not necessary in 2019 accounting for part of the underspend. Also, elements of the Policing Transformation Programme (A Policing Service for the Future) are funded from this subhead. However, this is a four year programme and in 2019, less expenditure than planned actually arose while the various programme strands were being established and progressed by An Garda Síochána.

Programme A Leadership in and oversight of justice and equality policy and delivery

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
				€000	€000
A.1	Administration – pay				
	<i>Original</i>	9,532			
	<i>Supplementary</i>	440			
			9,972	10,103	9,153
A.2	Administration – non pay				
	<i>Original</i>	15,255			
	<i>Supplementary</i>	(1,397)			
			13,858	13,120	6,202
A.3	Prisons Inspectorate		496	646	538
A.4	Garda Ombudsman Commission		10,658	10,660	9,847
A.5	Office of the Garda Inspectorate		1,295	1,119	1,001
A.6	Office of the Data Protection Commissioner				
	<i>Original</i>	15,280			
	<i>Supplementary</i>	(4,500)			
			10,780	10,448	8,058
A.7	Irish Film Classification Office				
	<i>Original</i>	696			
	<i>Supplementary</i>	(50)			
			646	503	547
A.8	Central Authority		135	72	62
A.9	Legal Services Regulatory Authority		1,001	1,000	1,000
A.10	Property Services Regulatory Authority		2,250	2,591	2,054
A.11	Insolvency Service of Ireland				
	<i>Original</i>	7,440			
	<i>Supplementary</i>	(800)			
			6,640	6,239	6,271
A.12	Judicial Appointments Commission				
	<i>Original</i>	251			
	<i>Supplementary</i>	(200)			
			51	—	—
A.13	Judicial Council		251	28	—
			58,033	56,529	44,733

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €8.011 million lower than (originally) provided. The original estimate of €64.54 million was decreased by €6.507 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

A.3 Prisons Inspectorate

Estimate provision: €496,000, outturn: €646,000

The excess of €150,000 relates to an overspend in non-payroll costs. It primarily relates to the cost of temporary office accommodation in Dublin, external professional support being required and an increase in the number of travel and subsistence claims due to the number of death in custody investigations.

A.5 Office of the Garda Inspectorate

Estimate provision: €1.295 million, outturn: €1.119 million

The saving of €176,000 is mainly attributable to a reduced requirement for consultancy services in 2019, changes to the design and publication of Inspectorate reports as well as the deferring of planned works to the office.

A.6 Office of Data Protection Commissioner

Estimate provision: €15.28 million, outturn: €10.448 million

A saving of €4.832 million arises compared with the original estimate provision of €15.28 million which is reflected in part in a reduction in the subhead of €4.5 million in the supplementary estimate for the vote in 2019. Savings of €1.8 million arose on pay due to the timing of recruitment campaigns and vacancies not being filled. Savings in non-pay expenditure of approximately €3 million are primarily as a result of lower accommodation costs than expected as a new office was not procured in 2019 as planned. Also, less than anticipated legal costs were incurred in 2019.

A.7 Irish Film Classification Office

Estimate provision: €696,000, outturn: €503,000

A saving of €193,000 arises compared with the original estimate provision of €696,000 which is reflected in part in a reduction in the subhead of €50,000 in the supplementary estimate for the vote in 2019. There is a saving on pay of €47,000 as the full complement of staff were not in place throughout the year. The remainder of the underspend of €146,000 is as a result of a decrease of DVD submissions on the previous year along with planned expenditure on research which will now not materialise until 2020.

A.10 Property Services Regulatory Authority

Estimate provision: €2.25 million, outturn: €2.591 million

The excess of €341,000 is mainly due to increased legal costs incurred by the Authority in performing its statutory function. Additional costs of €100,000 arose in relation to a media campaign.

A.11 Insolvency Service Ireland

Estimate provision: €7.44 million, outturn: €6.239 million

A saving of €1.201 million arises compared with the original estimate provision of €7.44 million which is reflected in part in a reduction in the subhead of €800,000 in the supplementary estimate for the vote in 2019. A saving of €831,000 in salaries is due to the ISI not having its full complement of staff throughout 2019 and €370,000 for non-pay expenditure mainly relating to delays in the project for the new case management system.

A.12 Judicial Appointments Commission

Estimate provision: €251,000, outturn: € nil

The saving arises as the Judicial Appointments Commission had not been enacted in legislation in 2019 and thus no expenditure was incurred on this subhead.

A.13 Judicial Council

Estimate provision: €251,000, outturn: €28,000

The saving of €223,000 is primarily due to the fact that the Judicial Council was only established on 17 December 2019 thus leading to an underspend on moneys allocated to it for 2019.

Programme B A safe and secure Ireland

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	<i>Original</i>	8,198			
	<i>Supplementary</i>	1,314			
			9,512	9,505	8,115
B.2	Administration – non pay				
	<i>Original</i>	4,933			
	<i>Supplementary</i>	2,506			
			7,439	7,819	6,622
B.3	Criminal Assets Bureau				
	<i>Original</i>	8,603			
	<i>Supplementary</i>	1,250			
			9,853	9,860	8,832
B.4	Probation Service – salaries, wages and allowances				
	<i>Original</i>	23,905			
	<i>Supplementary</i>	(2,700)			
			21,205	21,042	20,775
B.5	Probation Service – operating expenses				
	<i>Original</i>	3,375			
	<i>Supplementary</i>	700			
			4,075	4,120	3,975
B.6	Probation Service – services to offenders				
	<i>Original</i>	17,532			
	<i>Supplementary</i>	(800)			
			16,732	16,629	16,466
B.7	Community Service Order Scheme				
	<i>Original</i>	3,002			
	<i>Supplementary</i>	(700)			
			2,302	2,220	2,138
B.8	Irish Youth Justice Service		13,169	12,941	12,603
B.9	Funding for services to victims of crime		1,712	1,720	1,712
B.10	Mental Health (Criminal Law) Review Board		401	375	418
B.11	Compensation for personal injuries criminally inflicted		4,282	3,260	6,667
B.12	Legal aid (criminal)				
	<i>Original</i>	61,302			
	<i>Supplementary</i>	6,500			
			67,802	65,092	64,809
B.13	Legal aid – custody issues		3,000	3,201	2,672
B.14	Parole Board		577	361	437

B.15	Crime prevention measures				
		<i>Original</i>	1,197		
		<i>Supplementary</i>	(500)		
				697	411
B.16	Private Security Authority			3,258	3,328
B.17	COSC – domestic, sexual and gender based violence				
		<i>Original</i>	2,738		
		<i>Supplementary</i>	(300)		
				2,438	2,409
B.18	Forensic Science Ireland				
		<i>Original</i>	30,785		
		<i>Deferred surrender</i>	942		
		<i>Supplementary</i>	(15,300)		
				16,427	14,925
B.19	State Pathology				
		<i>Original</i>	975		
		<i>Supplementary</i>	400		
				1,375	1,230
				186,256	180,448
					1,198
					175,935

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €13.438 million lower than (originally) provided. The original estimate of €193.886 million was decreased by €7.63 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

B.3 Criminal Assets Bureau

Estimate provision: €8.603 million, outturn: €9.86 million

The excess of €1.257 million compared with the original allocation of €8.603 million is reflected in the supplementary estimate of €1.25 million for the subhead in 2019. The excess expenditure relates mainly to payroll costs due to the ongoing assignment of additional staffing resources, both permanent and temporary, to the Criminal Assets Bureau in response to increased activity levels. In addition, the procurement of a digital forensics/eDiscovery tool which, when fully operational, will save considerable Bureau man-hours in analysing data, also contributed to the excess expenditure.

B.4 Probation Service – salaries, wages and allowances

Estimate provision: €23.905 million, outturn: €21.042 million

A saving of €2.863 million arises compared with the original estimate provision of €23.905 million which is reflected in part in a reduction in the subhead of €2.7 million in the supplementary estimate for the vote in 2019. The underspend arises as a result of a number of vacancies which existed within the Probation Service in 2019 and delays in filling posts.

B.5 Probation Service – operating expenses

Estimate provision: €3.375 million, outturn: €4.12 million

The excess of €745,000 million compared with the original allocation of €3.375 million is reflected in the supplementary estimate of €700,000 for the subhead. The excess expenditure relates mainly to increased costs associated with delivery of services, primarily ICT and estate facilities and management.

B.6 Probation Service – services to offenders

Estimate provision: €17.532 million, outturn: €16.629 million

A saving of €903,000 arises compared with the original estimate provision of €17.532 million which is reflected in a reduction in the subhead of €800,000 in the supplementary estimate for the vote in 2019. The saving primarily arose due to two accommodation support initiatives commencing later than planned. In addition, the Probation Service also reduced grant funding for community based organisations, in some cases, to take account of funds on hand.

B.7 Community Service Order Scheme

Estimate provision: €3.002 million, outturn: €2.22 million

A saving of €782,000 arises compared with the original estimate provision of €3.002 million which is reflected in a reduction in the subhead of €700,000 in the supplementary estimate for the vote in 2019. The saving arose due to delays in filling a number of community service supervisor vacancies within the Probation Service.

B.11 Compensation for personal injuries criminally inflicted

Estimate provision: €4.282 million, outturn: €3.26 million

The saving of €1.022 million is as a result of two large awards which were made by the Tribunal in 2019 totalling over €1 million which were not accepted in writing by the applicants by the year end and therefore payment could not be made. If these had been accepted, the budget in its entirety would have been expended.

B.12 Legal aid (criminal)

Estimate provision: €61.302 million, outturn: €65.092 million

The excess of €3.79 million compared with the original allocation of €61.302 million is reflected in part in the supplementary estimate for the subhead. The additional requirement arose due to the number and category of criminal matters coming before the courts in which legal aid certificates were issued. Under the Criminal Justice (Legal Aid) Act 1962 the Judiciary are responsible for the granting of legal aid. This is a demand led scheme and the fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme.

B.13 Legal aid – custody issues

Estimate provision: €3 million, outturn: €3.201 million

The excess of €201,000 arose due to the nature of the scheme which is demand led and it is not possible to predict the annual expenditure with accuracy. The fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme.

B.14 Parole Board

Estimate provision: €577,000, outturn: €361,000

The saving of €216,000 arises due to the payroll costs of the staff of the Parole Board being reallocated within the administrative areas of the Department for the latter part of the year. This was as a result of the reorganisation of functions under the Transformation Programme. Also, there was less non payroll expenditure than planned due to the non-establishment of the Parole Board on a statutory basis in 2019.

B.15 Crime prevention measures

Estimate provision: €1.197 million, outturn: €411,000

A saving of €786,000 arises compared with the original estimate provision of €1.197 million which is reflected in part in a reduction in the subhead of €500,000 in the supplementary estimate vote in 2019. The underspend is mainly due to a number of crime prevention initiatives not claiming their full funding allocation or proceeding as anticipated during 2019.

B.17 COSC – domestic, sexual and gender based violence

Estimate provision: €2.738 million, outturn: €2.409 million

A saving of €329,000 arises compared with the original estimate provision of €2.738 million which is reflected in part in a reduction in the subhead of €300,000 (staff costs) in the supplementary estimate vote in 2019. The saving arose mainly due to a number of vacancies which remained unfilled throughout the year. In addition, the remaining underspend is due to a number of initiatives not drawing down their full funding allocation during the period.

B.18 Forensic Science Ireland

Estimate provision: €31.727 million, outturn: €14.925 million

A saving of €16.802 million arises compared with the original estimate provision of €30.785 million (plus deferred surrender of €942,000) which is reflected in part in a reduction in the subhead of €15.3 million in the supplementary estimate for the vote in 2019. There is a total underspend in the capital allocation of €18.352 million due mainly to the delay in the start of construction of the new laboratory at Backweston, Co. Kildare. There is also an underspend of €452,000 on the pay side due to staff resignations/retirements and delays in recruitment of new staff. The underspend in capital and pay was offset in part by an overspend in current expenditure of €2.002 million primarily for the procurement of essential supplies for the Laboratory based on increased workload.

B.19 State Pathology

Estimate provision: €975,000, outturn: €1.23 million

The excess of €255,000 relative to the original estimate provision of €975,000 was met through a supplementary estimate of €400,000. The additional costs arose due to full year costs of additional personnel engaged from late 2018 onwards.

Programme C Access to justice for all

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
C.1	Administration – pay			
	<i>Original</i>	198		
	<i>Supplementary</i>	33		
			231	230
C.2	Administration – non pay			197
	<i>Original</i>	120		
	<i>Supplementary</i>	63		
			183	190
C.3	Magdalen Fund			160
	<i>Original</i>	3,560		
	<i>Supplementary</i>	2,300		
			5,860	4,912
C.4	Commissions and special inquiries			2,044
	<i>Original</i>	7,356		
	<i>Supplementary</i>	(800)		
			6,556	5,937
C.5	Legal Aid Board		40,796	40,796
C.6	Free Legal Advice Centres		98	98
C.7	Coroner Service			98
	<i>Original</i>	2,814		
	<i>Supplementary</i>	1,000		
			3,814	3,814
			57,538	55,977
				52,468

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €1.035 million higher than (originally) provided. The original estimate of €54.942 million was increased by €2.596 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

C.3 Magdalen Fund

Estimate provision: €3.56 million, outturn: €4.912 million

The excess of €1.352 million compared with the original estimate provision of €3.56 million is reflected in part in a supplementary estimate of €2.3 million. The additional expenditure arose due to more redress payments arising than had been originally expected in 2019. In addition, more resources were assigned to ensure that the claims were processed within a reasonable timeframe.

C.4 Commissions and special inquiries

Estimate provision: €7.356 million, outturn: €5.937 million

A saving of €1.419 million arises compared with the original estimate provision of €7.356 million which is reflected in a reduction in the subhead of €800,000 in the supplementary estimate for the vote in 2019. The saving arose mainly due to certain costs, including third party legal costs, not falling due for payment in 2019. In addition less costs were incurred in relation to an Inquiry due to the suspension of hearings pending consultations with parties.

C.7 Coroner Service

Estimate provision: €2.814 million, outturn: €3.814 million

The excess of €1 million compared with the original allocation of €2.814 million is reflected in the supplementary estimate of €1 million for the subhead. The excess is mainly due to additional resourcing requirements related to the size and complexity of the workload of the Dublin Coroner's office. This office is under the remit of the Department since 2017.

Programme D An equal and inclusive society

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	<i>Original</i>	634			
	<i>Supplementary</i>	103			
			737	734	626
D.2	Administration – non pay				
	<i>Original</i>	381			
	<i>Supplementary</i>	196			
			577	603	512
D.3	National Disability Authority				
	<i>Original</i>	4,811			
	<i>Supplementary</i>	(200)			
			4,611	4,270	4,029
D.4	Office for the Promotion of Migrant Integration				
	<i>Original</i>	4,645			
	<i>Supplementary</i>	(1,500)			
			3,145	2,488	2,940
D.5	Social disadvantage measures (dormant accounts funded)		7,000	5,111	4,321
D.6	Grants to national women's organisations		525	525	515
D.7	Traveller and Roma initiatives		3,880	3,069	3,353
D.8	Positive Action for Gender Equality		5,085	4,861	3,094
D.9	Equality and LGBTI initiatives		200	148	—
D.10	Decision support service				
	<i>Original</i>	3,500			
	<i>Supplementary</i>	(800)			
			2,700	2,700	2,111
			28,460	24,509	21,501

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme D was €6.152 million lower than (originally) provided. The original estimate of €30.661 million was reduced by €2.201 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

D.3 National Disability Authority

Estimate provision: €4.811 million, outturn: €4.27 million

The saving of €541,000 is reflected in part in a reduction in the subhead in the supplementary process. €425,000 of the saving is pay related as a result of the delays in filling vacancies. The balance is due to less expenditure than anticipated on certain projects.

D.4 Office for the Promotion of Migrant Integration

Estimate provision: €4.645 million, outturn: €2.488 million

A saving of €2.157 million arises compared with the original estimate provision of €4.645 million which is reflected in a reduction in the subhead of €1.5 million in the supplementary estimate for the vote in 2019. Staff numbers were not increased during 2019 and the payroll costs were re-allocated to the administrative area of the Department during the year contributing in part to a saving of €1.080 million. The savings of €1.077 million in non-payroll expenditure were due to projects not drawing down funds in 2019; costs for the Irish Refugee Protection Programme being less than estimated and the non-implementation of a planned funding programme on integration for local authorities.

D.5 Social disadvantage measures (dormant accounts funded)

Estimate provision: €7 million, outturn: €5.111 million

The saving of €1.889 million arose mainly in relation to projects in the Irish Youth Justice area where funding to commence additional programmes was not fully utilised in 2019. The remainder of the saving arises as projects in the Traveller, Roma and Integration areas did not fully draw down funds allocated for 2019.

D.7 Traveller and Roma initiatives

Estimate provision: €3.88 million, outturn: €3.069 million

A saving of €811,000 arises compared with the original estimate provision of €3.88 million which is reflected in part due to a number of projects not being in a position to claim their full funding allocation in the period.

D.10 Decision support service

Estimate provision: €3.5 million, outturn: €2.7 million

The Assisted Decision Making (Capacity) Act 2015 provides for the establishment of the Decision Support Service within the Mental Health Commission to support decision-making by and for adults with capacity difficulties and to regulate those who provide support to these adults. The saving of €800,000 compared with the original allocation is accounted for by an underspend on costs in relation to an ICT project and less expenditure in relation to specialist (review of non-healthcare codes of practice) and general legal fees than expected.

Programme E An efficient, responsive and fair immigration, asylum and citizenship system

		Estimate provision		2019	2018
				Outturn	Outturn
		€000	€000	€000	€000
E.1	Administration – pay				
	<i>Original</i>	8,605			
	<i>Supplementary</i>	1,380			
			9,985	9,979	8,520
E.2	Administration – non pay				
	<i>Original</i>	5,178			
	<i>Supplementary</i>	2,632			
			7,810	8,209	6,951
E.3	Asylum Migration and Integration Fund		2,500	2,232	1,108
E.4	Irish Naturalisation and Immigration Service				
	<i>Original</i>	71,388			
	<i>Supplementary</i>	3,500			
			74,888	72,601	66,506
E.5	Asylum seekers accommodation				
	<i>Original</i>	70,620			
	<i>Supplementary</i>	60,000			
			130,620	129,599	78,009
			225,803	222,620	161,094

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme E was €64.329 million higher than (originally) provided. The original estimate of €158.291 million was increased by €67.512 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

E.3 Asylum Migration and Integration Fund

Estimate provision: €2.5 million, outturn: €2.232 million

The saving of €268,000 arose as the first tranche payment to one project from the 2019 open call was deferred until 2020. In addition a number of third tranche payments for projects from the 2016 open call were not drawn down.

E.5 Asylum seekers accommodation

Estimate provision: €70.62 million, outturn: €129.599 million

The excess expenditure of €58.979 million is reflected in the supplementary estimate requirement of €60 million. There was a sharp rise in the number of international protection applicants arriving in the State resulting in an overall increase in 2019 of 40%. Consequently, there was significant pressure on direct provision accommodation with the result that there were 7,683 persons in all forms of accommodation, including 1,512 persons in the more costly form of emergency accommodation at the end of 2019. The corresponding figures at end of 2018 were 6,115 in all forms of accommodation including 219 in emergency accommodation.

Note 4 Receipts

4.1 Appropriations-in-aid

		2019		2018
		Estimated	Realised	Realised
	€000	€000	€000	€000
1	Film censorship fees	1,503	1,202	1,261
2	Data protection fees	—	—	234
3	EU receipts			
	<i>Original</i>	16,500		
	<i>Supplementary</i>	6,300		
		22,800	17,843	15,434
4	Miscellaneous receipts	583	1,325	812
5	Immigration registration fees			
	<i>Original</i>	28,000		
	<i>Supplementary</i>	13,000		
		41,000	39,423	33,429
6	Visa fees			
	<i>Original</i>	6,000		
	<i>Supplementary</i>	4,000		
		10,000	9,847	9,552
7	Dormant accounts receipts	7,000	4,873	4,404
8	Private Security Authority fees	2,564	3,444	2,416
9	Nationality and citizenship certificates fees			
	<i>Original</i>	8,500		
	<i>Supplementary</i>	(3,300)		
		5,200	5,368	9,407
10	Legal Services Regulatory Authority – levy on professional bodies	1	—	—
11	Property Services Regulatory Authority fees	2,300	2,250	2,250
12	Insolvency Service of Ireland fees	680	1,083	688
13	Receipts from additional superannuation contributions on public service remuneration ^a			
	<i>Original</i>	4,033		
	<i>Supplementary</i>	470		
		4,503	4,447	5,140
Total		98,134	91,105	85,027

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

Significant variations

Overall, the appropriations-in-aid were €13.441 million higher than (originally) provided. The original estimate of €77.664 million was increased by €20.47 million through the supplementary estimate and the surplus in receipts is mainly due to the following:

1 Film censorship fees

Estimate: €1.503 million, realised: €1.202 million

The shortfall in receipts of €301,000 is primarily due to the continued decrease in DVD submissions for classification.

3 EU receipts

Estimate: €16.5 million, realised: €17.843 million

The original receipts target of €16.5 million was increased by €6.3 million in the supplementary estimate as the Department anticipated additional EU receipts from submitting claims for multiple years to the EU in 2019. While some additional receipts were received, amounts submitted and claimed were not as much as predicted. It is difficult to accurately predict the final amounts to be received from the EU in any particular year as it depends on the timing of the receipts based on claims submitted.

4 Miscellaneous receipts

Estimate: €583,000, realised : €1.325 million

The surplus in receipts of €742,000 is due to the difficulty in predicting the precise amount of receipts under this category which can vary from year to year.

5 Immigration registration fees

Estimate: €28 million, realised: €39.423 million

A surplus of €11.423 million arises compared with the original estimate provision of €28 million which is reflected in an increased allocation of €13 million in the supplementary estimate for the vote in 2019. The increased fee intake represents an increase in non-nationals registered over the course of the year.

This is a figure that is unpredictable as it can be impacted by a number of variables including the economic environment and therefore may easily vary significantly, both up and down, from initial estimates. In 2019 there was a total of 175,506 registrations nationwide. This compares to a figure of 138,472 for 2018.

6 Visa fees

Estimate: €6 million, realised: €9.847 million

A surplus of €3.847 million arises compared with the original estimate provision of €6 million which is reflected in an increased allocation of €4 million in the supplementary estimate for the vote in 2019. The surplus in receipts is due to increased demand for both long-term and short stay visas in 2019 leading to an overall increase of 11% in visa decisions in 2019 (154,000 approx.) compared to 2018

7 Dormant accounts receipts*Estimate: €7 million, realised: €4.873 million*

The shortfall in receipts of €2.127 million arose mainly in relation to projects in the Irish Youth Justice area where funding to commence additional programmes was not fully utilised in 2019. The remainder of the saving arises as projects in the Traveller, Roma and Integration areas did not fully draw down funds allocated for 2019.

8 Private Security Authority fees*Estimate: €2.564 million, realised: €3.444 million*

The surplus receipts of €880,000 arose as a result of increased fees across all areas driven by a vibrant economy, targeted enforcement action and a greater volume of applications and renewals than anticipated.

9 Nationality and citizenship certificates fees*Estimate: €8.5 million, realised: €5.368 million*

A shortfall in receipts of €3.132 million arises compared with the original estimate provision of €8.5 million which is reflected in a reduced allocation of €3.3 million in the supplementary estimate for the vote in 2019. The shortfall was related to the impact of a High Court judgement which effectively stopped the granting of citizenship for a period of time during 2019 with a consequential reduction in income. The High Court judgement was subsequently overturned on appeal by the Court of Appeal.

12 Insolvency Service Ireland fees*Estimate: €680,000, realised: €1.083 million*

The surplus in receipts of €403,000 is primarily as a result of the number of bankruptcy cases that were settled during 2019. It is difficult to estimate the receipts from year to year as it is dependent on the number of bankruptcy cases which are settled and the portfolio of assets in each case.

13 Receipts from additional superannuation contributions on public service remuneration*Estimate: €4.033 million, realised: €4.447 million*

The surplus receipts of €414,000 are directly related to payroll costs and were greater than expected.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	18	7
Receipts from voluntary surrender of salary	25	18
Transferred to the Exchequer	(18)	(7)
Balance as at 31 December	25	18

Note 5 Staffing and Remuneration

The following employee numbers and pay information relates to the Department and its associated State bodies, in Vote 24.

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	1,474	1,369
Agencies	1,531	1,412
Total	3,005	2,781

5.2 Pay

Remuneration of Department staff	2019	2018
	€000	€000
Pay	65,504	60,203
Higher, special or additional duties allowance	109	116
Other allowances	1,641	1,649
Overtime	1,634	1,151
Employer's PRSI	5,293	4,530
Total pay^a	74,181	67,649

Note ^a The total pay figure is distributed across subheads A.1, B.1, C.1, C.4, D.1 and E.1.

Agency remuneration

	2019	2018
	€000	€000
Pay	81,032	74,907
Higher, special or additional duties allowance	116	117
Other allowances	2,356	2,289
Overtime	1,674	1,386
Employer's PRSI	5,391	4,659
Total pay^a	90,569	83,358

Note ^a The total pay figure is distributed across subheads A.3, A.4, A.5, A.6, A.7, A.10, A.11, A.13, B.3, B.4, B.7, B.16, B.18, B.19, C.5, C.7, D.3, D.10 and E.4.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Department staff				
Higher, special or additional duties	29	2	12,565	18,370
Overtime and extra attendance	512	37	33,446	35,440
Shift and roster allowances	204	10	12,623	12,174
Miscellaneous	46	5	20,614	20,614
Extra remuneration in more than one category	173	72	41,145	37,294
Agency staff				
Higher, special or additional duties	18	6	23,982	52,906
Overtime and extra attendance	96	4	24,126	26,341
Shift and roster allowances	1	—	51	—
Miscellaneous	230	38	18,519	53,138
Extra remuneration in more than one category	26	13	30,089	31,208

5.4 Other remuneration arrangements

A total amount of €102,801 was paid to 14 retired civil servants who were in receipt of civil service pensions in 2019. In addition, an amount of €618,234 was paid to 16 former public servants and €296,234 to four former judiciary members who were engaged in various roles in 2019. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and other provisions) Act 2012.

A total amount of €3,269,231 was paid through payroll to 202 individuals in respect of duties performed in relation to various boards, committees and commissions, etc.

The account includes expenditure of approximately €229,000 in respect of four officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

This account does not include expenditure in respect of 20 officers who were serving outside the Department for all or part of 2019 in other Government Departments/Offices and whose salaries were not recouped by the Department.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments ^a	147	713,955	687,028
Recovery plans in place	87	376,422	348,889

14 overpayment recovery plans in respect of 13 individuals to the value of €29,329 were transferred to nine government departments/offices in 2019.

Note ^a This figure excludes overpayment amounts for 32 employees (2018: 30 employees) where the amount due is pending calculation.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	Cumulative expenditure to the end of 2019 €000	2019 €000	2018 €000
Permanent commission				
Criminal Injuries Compensation Tribunal ^a	1974		113	31
Fixed purpose commission				
Morris Tribunal ^b	2002	68,775	2	—
Smithwick Tribunal ^c	2005	19,889	—	404
Location of Victims Remains ^d	2007	7,852	467	388
Ronan MacLochlainn Commission of Investigation ^e	2014	1,192	17	6
Independent Review Mechanism and five inquiries established during 2017 under Section 42 of the Garda Síochána Act 2005 ^f	2014	1,385	322	538
Disclosures Tribunal ^g	2017	5,295	2,329	1,927
Commission on the Future of Policing ^h	2017	1,823	2	1,429
Independent Reporting Commission ⁱ	2017	80	28	52
Hickson Commission of Investigation ^j	2018	174	170	4
Referendum Commissions ^k	2019	2,336	2,336	—
A Study on Familicide and Domestic Homicide Reviews ^l	2019	151	151	—
		108,952	5,937	4,779

Note ^a The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

^b The Morris Tribunal was established in 2002 and it published its final report in 2008. The cost of the Tribunal to date is €68.8 million with expenditure in 2019 amounting to €2,486 with regards to minor administrative costs. There may be remaining costs to be discharged with regard to one third party that have yet to be settled. It is anticipated that any such costs should be discharged before the end of 2020.

^c The Smithwick Tribunal concluded at the end of 2013. There are remaining costs to be discharged with regard to one third party that have yet to be settled.

- ^d The work of the Independent Commission for the Location of Victims Remains is ongoing, with three victims remains still to be recovered. The main costs arise with regard to excavations for remains where sites can be identified. The Commission's activity and associated costs are largely dependent on the information made available to it with regard to the victims whose remains it is seeking to locate. Expenditure in 2019 of €467,115 was incurred and was associated with searches in Bragan, Co. Monaghan and brings the total spend to date to almost €7.9 million. Further payments are anticipated.
- ^e The MacLochlainn Commission of Investigation was established in August 2014. Its terms of reference were to inquire into the circumstances of the fatal shooting of Ronan MacLochlainn on 1 May 1998 by members of An Garda Síochána. The final report of the Commission was published in December 2018. Expenditure of €17,417 was incurred in 2019. Any remaining costs related to the Commission are not expected to be significant.
- ^f Following the work of the Independent Review Mechanism, the Minister for Justice and Equality set up five inquiries under section 42 of the Garda Síochána Act 2005 in 2017 to inquire into five separate Garda investigations. The five inquiries are sharing accommodation and administrative support. Two of these inquiries were concluded in April 2018 and the remaining three are expected to be completed in 2020. Expenditure of €322,000 was incurred in 2019. All remaining costs are expected to be discharged in 2020.
- ^g The Disclosures Tribunal was established in February 2017 with Mr Justice Peter Charleton, a judge of the Supreme Court, as the sole member. The Tribunal was established following a review by Mr Justice Iarfhliath O'Neill of two protected disclosures made to the then Tánaiste alleging a campaign at the highest level in the Garda Síochána to discredit the whistleblower, Sgt Maurice McCabe, who made allegations of wrongdoing in the Gardaí. Judge Charleton laid his Third Interim Report before the Dáil in October 2018. Expenditure of €116,656 was incurred in relation to this module in 2019. It is not possible to accurately estimate the final cost of the first module of the Tribunal as it will depend on a number of factors including the quantum of any third party legal costs which are expected to be discharged in 2020.
- Mr Justice Sean Ryan took up his appointment in December 2018 to conduct the inquiry into the remaining term of reference as provided for in the instrument establishing the Tribunal. It is anticipated that this second module will take approximately 18 months to two years to complete. Expenditure of €2,211,860 was incurred in relation to this module in 2019.
- ^h The Government established the Commission on the Future of Policing in Ireland in May 2017, under the Chairmanship of Ms Kathleen O'Toole, to carry out a comprehensive examination of policing and develop a blueprint for the future of policing in Ireland. The Commission submitted its report to Government in September 2018. Expenditure in 2019 amounted to €2,005 which related to a number of small outstanding payments. The total expenditure of the Commission to date is €1.8 million. No further material expenditure is envisaged.
- ⁱ The Independent Reporting Commission was established in 2017 and will run for a period of five years. It is a four member cross border body established under the 2015 Fresh Start Agreement engaging in wide ranging consultations in order to report annually on the progress in Northern Ireland on implementing the agreed initiatives to counter all forms of paramilitarism. The second report from the IRC was presented to the Irish and UK Governments in October 2019. It is anticipated that the annual cost for the remaining three years will be in the region of €40,000.

- j The Hickson Commission of Investigation was established in November 2018 in response to complaints or allegations of child sexual abuse made against Bill Kenneally and related matters. This Commission was to establish what, if any, level of knowledge of the offences committed by Bill Kenneally was held by a number of organisations including An Garda Síochána, the Roman Catholic Diocese of Waterford, the South Eastern Health Board, Basketball Ireland and certain political figures in the relevant time period. While it was initially expected that the Commission would run for one year with an approximate cost of €1.3 million, initial preparatory work was more significant than expected. Hearings commenced in 2019 but were suspended pending consultations with parties. Further payments are anticipated including fee notes outstanding for 2019.
- k The Referendum Commission incurred costs of €2,336,631 in 2019 in relation to the Divorce Referendum. No further expenditure is expected to be incurred in 2020 in relation to this referendum.
- l The Minister for Justice and Equality appointed Ms Norah Gibbons to lead a Study on Familicide and Domestic Homicide Reviews in May 2019. The Study Group has conducted research and held consultations with a wide range of stakeholders including State agencies, family members of victims and Non-Governmental Organisations (NGOs). The Group is due to report in mid-2020. The study has an overall budget of €500,000 with expenditure of €150,567 incurred in 2019.

6.2 Ex-gratia payments

Ex-gratia payments amounting to €42,498 (2018: €121,824) were made in respect of the non-statutory Legal Aid Scheme for Criminal Assets Bureau type actions. This scheme is applicable to persons who are respondents and/or defendants in any court proceedings brought by, or in the name of, the Criminal Assets Bureau, including court proceedings under the Proceeds of Act 1996, the Revenue Acts and the Social Welfare Acts and applications made by the Director of Public Prosecutions under Section 39 of the Criminal Justice Act 1994.

Ex-gratia payments amounting to €1,714,245 (2018: €1,796,764) were made in respect of the non-statutory Garda Station Legal Aid Advice Scheme. This scheme provides that where a person is detained in a Garda station for the purpose of the investigation of an offence and s/he has a legal entitlement to consult with a solicitor and the person's means are insufficient to enable him/her to pay for such consultation, that consultations with solicitors will be paid for by the State.

Ex-gratia payments totalling €27,182 (2018: €10,487) were made in a number of cases in relation to the Coroners' service. The payments in question relate to the cost of legal representation at inquests into the deaths of persons in State custody.

Ex-gratia payments amounting to €94,256 (2018: €33,158) were made in respect of 27 other cases related to the provision of legal aid in criminal proceedings.

6.3 Drugs Initiative Fund

An amount of €350,183 (2018: €338,066) was received from the Drugs Initiative Fund and is accounted for through a suspense account. The funding is provided under the National Drugs Strategy 2009–2016 and relates to a number of Local Drug Task Force owned projects which are Probation Service supported initiatives.

6.4 Compensation and legal costs

					2019	2018
	Number of cases	Legal costs paid by Department €000	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
Claims by members of the public	414	1,025	6,493	50	7,568	9,365
Claims by employees	3	1	1	1	3	3
	417	1,026	6,494	51	7,571^a	9,368

Note ^a Of the total of €7.571 million, €6.128 million (81%) relates to the immigration areas of the Department. The remaining legal costs were incurred across a number of areas including the Department's Criminal Policy Division, the Data Protection Commission, the Garda Síochána Ombudsman Commission and the Property Services Regulatory Authority.

6.5 Prompt payment of account interest

The amount of prompt payment interest incurred by the Department in 2019 was €5,896 (2018: €3,675).

6.6 EU funding

The outturns shown in Subheads B.6, B.8, D.4, E.3. and E.4 include payments in respect of activities which are co-financed by the EU. Estimates of receipts and actual outturns (recorded in note 4.1, subhead 3) were as follows.

		2019	2019	2018
		Estimate	Outturn	Outturn
		€000	€000	€000
Subhead Description				
ESF - Programme for Employability, Inclusion and Learning (PEIL) 2014–2020 (ESF)	<i>Original</i>	11,200		
	<i>Supplementary</i>	6,300		
		17,500	12,730	6,589
Asylum, Migration and Integration Fund (AMIF) 2014 – 2020		5,300	5,000	8,845
F.3. Other EU receipts		—	113	—
		22,800	17,843	15,434

Note The Department also received advance funding from the EU in 2019 which is administered through suspense accounts.

Appendix A Accounts of bodies and funds under the aegis of the Department of Justice and Equality

The following table lists the bodies under the aegis of the Department. It indicates, as at end March 2020, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Criminal Assets Bureau	2018	20 Dec 2019	24 Dec 2019	27 Jan 2020
Garda Síochána Ombudsman Commission	2018	9 Dec 2019	24 Feb 2020	Pending
Insolvency Service of Ireland	2018	16 Dec 2019	15 Jan 2020	Pending
Legal Aid Board	2018	19 Dec 2019	15 Jan 2020	23 Mar 2020
National Disability Authority	2018	24 Jun 2019	26 Sep 2019	25 Oct 2019
Office of Data Protection Commissioner	2018	28 Aug 2019	9 Sep 2019	9 Sep 2019
Private Security Authority	2018	31 May 2019	10 Jun 2019	9 Jul 2019
Property Services Regulatory Authority	2018	27 Sep 2019	18 Dec 2019	14 Jan 2020
Legal Services Regulatory Authority	2018	16 Dec 2019	10 Jan 2020	11 Mar 2020

Appropriation Account 2019

Vote 25

Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission (IHREC), I am the Accounting Officer for Vote 25. I am required 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 the salaries and expenses of the Irish Human Rights and Equality Commission and for payment of certain grants.

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 €781,000 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.

Depreciation

Leasehold premises improvements are depreciated at a rate of 5% per annum on a straight line basis.

Depreciation is charged on a monthly 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 Irish Human Rights and Equality Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the Commission. 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

Payroll and human resources services are provided to the IHREC on a shared services basis by the National Shared Services Office. 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 payroll and human resources 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.

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 and Risk 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 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 IHREC
- 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

I confirm that the IHREC 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. In 2019, the IHREC complied with the guidelines with the exception of one contract to the value of €74,677 which was rolled over from an existing supply contract. The requirement for the contract ceased in 2019 when the Department of Justice and Equality undertook to provide the service.

Internal audit and Audit and Risk Committee

I confirm that the IHREC has an internal audit function (currently outsourced) 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 IHREC 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 and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit review of IT operations made a number of recommendations on the operating effectiveness of IT systems, however the long term mitigation to the issues outlined in the report was the migration of the Irish Human Rights and Equality Commission to the Department of Justice and Equality ICT Shared Service. On 18 October 2019 IHREC's ICT systems were successfully migrated to the Department of Justice and Equality Shared Service.

The Commission has adopted the Code of Practice for the Governance of State Bodies 2016 which requires audit committees to meet on at least four occasions each year. The IHREC audit committee met four times in 2019.

Risk and control framework

The IHREC 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 IHREC and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by senior management periodically. 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 management and the Commission, where relevant, in a timely manner. 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 IHREC has procedures to monitor the effectiveness of its risk management and control procedures. The IHREC'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 IHREC 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 in 2019 that resulted in, or may result in, a material loss.

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

26 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission 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 25 Irish Human Rights and Equality Commission 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 Irish Human Rights and Equality Commission 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 25 Irish Human Rights and Equality Commission

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Irish Human Rights and Equality Commission function	6,751	5,973	4,664
Gross expenditure	6,751	5,973	4,664
<i>Deduct</i>			
B Appropriations-in-aid	89	92	92
Net expenditure	6,662	5,881	4,572

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	780,875	2,015,982

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

26 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	2,821	2,302
Non pay	3,152	2,362
Gross expenditure	5,973	4,664
<i>Deduct</i>		
Appropriations-in-aid	92	92
Net expenditure	5,881	4,572
Changes in capital assets		
Purchases cash	(99)	
Loss on disposals	17	
Depreciation	175	93
		168
Changes in net current assets		
Increase in closing accruals	131	(18)
Direct expenditure	6,105	4,722
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6	5
Net programme cost	6,111	4,727

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 25 borne elsewhere.

	2019	2018
	€000	€000
Vote 18 National Shared Services	6	5
	6	5

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	1,759	1,852
Current assets			
Prepayments		143	294
Other debit balances	2.3	22	20
Net Exchequer funding	2.5	219	110
Total current assets		<u>384</u>	<u>424</u>
Less current liabilities			
Bank and cash	2.2	127	21
Accrued expenses		116	136
Other credit balances	2.4	114	109
Total current liabilities		<u>357</u>	<u>266</u>
Net current assets		27	158
Net assets		<u><u>1,786</u></u>	<u><u>2,010</u></u>
Represented by:			
State funding account	2.6	<u><u>1,786</u></u>	<u><u>2,010</u></u>

2.1 Capital assets

	Leasehold improvements	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	1,736	297	339	2,372
Additions	10	81	8	99
Disposals	—	(108)	(1)	(109)
Cost or valuation at 31 December 2019	1,746	270	346	2,362
Accumulated depreciation				
Opening balance at 1 January 2019	247	173	100	520
Depreciation for the year	87	54	34	175
Depreciation on disposals	—	(92)	—	(92)
Cumulative depreciation at 31 December 2019	334	135	134	603
Net assets at 31 December 2019	1,412	135	212	1,759
Net assets at 31 December 2018	1,489	124	239	1,852

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	(127)	(218)
Other bank account balances	—	197
	(127)	(21)

2.3 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel pass scheme expenditure	19	16
Payroll paid in advance	3	4
	22	20

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	38	35
Pay related social insurance	31	24
Professional services withholding tax	27	41
Pension contributions	9	—
Value added tax	—	1
Universal social charge	7	8
	<u>112</u>	<u>109</u>
Payroll deductions held in suspense	2	—
	<u>114</u>	<u>109</u>

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	781	2,016
Exchequer grant undrawn	(1,000)	(2,126)
Net Exchequer funding	<u>(219)</u>	<u>(110)</u>
Represented by:		
Debtors		
Debit balances	22	20
	<u>22</u>	<u>20</u>
Creditors		
Due to State	(112)	(109)
Bank and cash	(127)	(21)
Credit balances	(2)	—
	<u>(241)</u>	<u>(130)</u>
	<u>(219)</u>	<u>(110)</u>

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		2,010	2,160
Disbursements from the Vote			
Estimate provision	Account	6,662	
Surplus to be surrendered	Account	(781)	
Net vote		5,881	4,572
Expenditure (cash) borne elsewhere	1.1	6	5
Net programme cost	1	(6,111)	(4,727)
Balance at 31 December		1,786	2,010

2.7 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services ^a	1,558	1,571
Non-capital grant programmes	232	283
Legal and other projects	107	83
Total of legally enforceable commitments	1,897	1,937

Note ^a Lease of premises commitment is €261,818 per year up to 2024.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in programme A expenditure, to provide complete programme costings.

		2019		2018
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	3,658	2,821	2,302
ii	Travel and subsistence	80	62	38
iii	Training and development and incidental expenses	1,927	1,650	1,275
iv	Postal and telecommunication services	122	56	49
v	Office equipment and external IT services	165	443	158
vi	Office premises expenses	500	509	478
vii	Consultancy services and value for money and policy review	299	432	364
		6,751	5,973	4,664

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €3.658 million, outturn: €2.821 million

The decrease of €837,000 on expenditure on salaries, wages and allowances was due to IHREC not reaching full employment within 2019. At the start of the year, IHREC had 49 staff members (FTE). As at 31 December 2019, the IHREC had 58 staff members (FTE). Of these, seven were recruited in the final quarter of the year so the full cost impact will only be seen in 2020.

iii Training and development and incidental expenses

Estimate provision: €1.927 million, outturn: €1.65 million

The decrease of €277,000 on expenditure on training and development and incidental expenses was due to programmatic activity levels being less than had been anticipated as IHREC was operating below its staff complement in 2019.

iv Postal and telecommunication services

Estimate provision: €122,000, outturn: €56,000

The decrease of €66,000 on expenditure for postal and telecommunications services expenses was due to emerging technological improvements and contract upgrades in 2019.

v Office equipment and external IT services

Estimate provision: €165,000, outturn: €443,000

The increase in expenditure of €278,000 on office equipment and external IT services was due to the migration of the Irish Human Rights and Equality Commission (IHREC) to the Department of Justice and Equality ICT Shared Service.

vii Consultancy services and value for money and policy reviews

Estimate provision: €299,000, outturn: €432,000

The increase on expenditure of €133,000 on consultancy services and value for money and policy review was due to increased activity and specialist legal assistance required in human rights litigation services.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	89	77	90
2 Miscellaneous	—	15	2
	89	92	92

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

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>58</u>	<u>49</u>

5.2 Pay

	2019 €000	2018 €000
Pay	2,519	2,059
Higher, special or additional duties allowance	42	30
Employer's PRSI	<u>260</u>	<u>213</u>
Total pay	<u>2,821</u>	<u>2,302</u>

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	6	2	11,741	10,955

Note 6 Miscellaneous

6.1 Compensation and legal costs

IHREC is empowered under Section 40 of the Irish Human Rights and Equality Commission Act 2014 to provide assistance to persons where they are pursuing proceedings under equality and/or human rights law.

During 2018, the Commission decided to grant an indemnity to one Section 40 client in respect of High Court proceedings. This case is ongoing.

Appropriation Account 2019

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote 26, 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 the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by that Office, and for payment of certain grants.

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.

Restructuring of programmes

In previous years, the Department reported under four programmes with capital services included as a separate programme. From 2019, these costs are included in the related programme. The 2019 account has been prepared in accordance with the revised estimate for the Department of Education and Skills and records gross expenditure of €10.4 billion on three programme areas. The 2018 outturn figures have been reallocated across the three programmes to reflect the revised reporting arrangements.

Surplus for the year

A surplus of €6.263 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 by the Department of Public Expenditure and Reform (DPER) in Circular 27 of 2019, have been applied in the preparation of the account.

Depreciation

The Department's policy is to depreciate capital assets on a straight line basis over their estimated useful life. Depreciation is calculated on an annual basis. A full year's depreciation is charged in the year of acquisition with no depreciation charged in the year of disposal. The standard depreciation rates of 10% in respect of furniture and fittings and 20% in respect of office equipment are applied. Land and buildings and assets under development are not depreciated.

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 and the National Shared Service Office for the provision of human resources and payroll shared services.

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.

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

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 including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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
- the Department 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, European Social Fund 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. I have put procedures in place to ensure that recommendations included in internal audit reports are implemented in a timely way.

The ESF Audit Authority is a section within the Internal and EU Audit Unit and is functionally independent and operates in accordance with its own written charter which I have approved. It reports to the Audit Committee and to the European Commission on the conduct of its audit programme in respect of compliance with the regulatory requirements of the European Union in relation to the management, control and audit of ESF funds in Ireland.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with relevant procurement guidelines. The Department complied with the guidelines with the exception of four contracts (in excess of €25,000), totalling €447,868 (ex. VAT) as set out below.

- Two contracts in the value range of €25,000 to €100,000 totalling €109,416 were rolled over for business continuity reasons pending completion of a tendering process.
- Two contracts cumulatively worth €338,452 in the value range of €100,000 to €200,000 where the contract was extended for urgency/business continuity reasons.

All cases are being kept under active review and action is being taken where feasible. The Department is proactively engaged with the procurement reform programme and is taking the opportunity to use centralised contracts and frameworks where appropriate.

The Department has provided details of non-competitive contracts in the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

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 risks are signed off at head of business unit level and noted by the Management Board member responsible for that business area. The register details the controls and actions needed to mitigate risks and the register is used, along with other relevant processes, to ensure that risks are managed or mitigated.

During 2019, the terms of reference of the Risk Committee were revised and cleared by the Secretary General. The purpose of the revision was to revise the scope and membership of the Committee.

The Department's Governance Framework was reviewed and updated during 2019 in order to reflect corporate governance developments since it was first published in May 2016. It is kept under ongoing review.

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 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 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 the Department in relation to 2019 that resulted in losses that require disclosure in the appropriation account.

Payroll Shared Services

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

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within the shared services. This assurance is a combination of

- internal audit work performed by the National Shared Services Office's Internal Audit Unit, and
- audits conducted by firms of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on controls within shared services. These 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 audits on 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.

Education sector corporate governance

During 2019, the Department continued to progress work on strengthening its approach to oversight of governance and accountability arrangements across the education sector, led by a Management Board Committee on Sectoral Governance and Accountability, chaired by myself, as Secretary General. In this time, the Department

- finalised a review process to audit the effectiveness of the internal audit function in four of the Department's aegis bodies with reports issued in 2019. This review examined
 - resourcing of internal audit
 - how internal audit added value to the bodies
 - the level of conformance with best practice in internal audit and
 - assessed compliance by the bodies with the requirements of the *Code of Practice for the Governance of State Bodies 2016*.

Subject to quarterly monitoring by the Department, the findings of this review process continue to be addressed with the bodies to ensure, as appropriate, that remediation steps or appropriate follow-up action is taking place. Lessons of central application from the review process have also been communicated with the Department's 14 other aegis bodies;

- further considered an appropriate subject body to undertake a first Periodic Critical Review (PCR) on an aegis body (the first review will commence in 2020)
- developed a formal compliance assurance return, for completion by the Divisional oversight sections who have charge of the Department's aegis bodies – for roll out in quarter 2 2020.

The Department continues to work with its aegis bodies to ensure that the oversight conditions laid out in the revised Code of Practice for the Governance of State Bodies are satisfied and that robust performance delivery agreements or equivalent are in place in each body. As appropriate, the Department works with its aegis bodies to ensure that time-limited or full derogations from aspects of the Code have been agreed and documented in order to satisfy the code's 'comply or explain' requirements.

Within the wider education sector, sectoral codes of practice aligned to the specific regulatory frameworks of Universities, Institutes of Technology and Education and Training Boards (ETB) are in place. The Education and Training Board sector code was issued to the ETB sector in January 2019 and the Institute of Technology Code of Governance was published in January 2018 and subsequently updated during September 2019. The University Code of Governance was published in September 2019.

The Department continues to avail of membership of a Governance Forum for Civil and Public Servants. The forum, which is run by the Institute of Public Administration, promotes good governance and aids the Department with the supply of timely advice and information supports to enhance good governance.

Public sector reform

In 2019, the Department continued the roll out of its Shared Services Plan for 2017-2020, investigating the opportunities for shared service initiatives across the entire education and training sector and actively participating in the roll out of traditional shared services across the Civil Service. The key projects which have been progressed during 2019 are as follows.

- Payroll shared services for the ETB sector. Three ETBs are now receiving payroll and travel and subsistence services from the Shared Service Centre. It is expected that the roll out of services will continue through 2020 and 2021 with the final ETBs coming on to the service in early 2022.
- Financial shared services for the ETB sector. Following extensive evaluation and negotiation during 2019, procurement is expected to conclude in Q2 2020. The dates for the design, implementation and roll-out of shared services are under review at present.
- HR/Payroll shared services for the higher education sector. In 2019, a revised business case recommending the optimal approach for the sector was completed. The Steering Group and Board have approved the business case subject to the implementation of a 'proof of concept' with one University, one Institute of Technology and one College of Further Education. It is expected to advance the proof of concept through design to implementation in 2020.
- Schools employee data records and payroll shared services project. In 2019 a market engagement and supplier briefing day was undertaken on the possible software solutions available. A 'voice of the customer' review was also conducted to understand the needs of the schools and other users so they can also be reflected in the requirements. It is expected to fully develop the functional and technical specifications in 2020 with a view to going to the market in quarter 4 2020.

- Other significant projects progressed in this area in 2019 included
 - reconfiguration of the ETBs: a review and upgrade of the Shared Services Centre of Excellence providing legal services to the ETB sector and progress on drafting a new Code of Practice for the Governance of ETBs (published on 30 January 2019)
 - Office of Government Procurement (OGP) model: corporate procurement planning (CPP) and the development of multi-annual procurement plans (MAPPs) in the higher education and ETB sectors were rolled out to support the OGP model in 2019. This work has captured useful forecast information which will drive the demand for frameworks and contracts at a central level helping to address the compliance challenges over time
 - apprentice and learner payroll: In 2019 it emerged that an urgent solution was required to allow the sector to process apprentice payroll in a tax compliant manner following a Revenue decision in late 2017 related to the move to PAYE modernisation. Extensive work was carried out on legal and procurement matters ensuring that processing could be completed under one of the Department's contracts in a compliant manner. A project team was mobilised and the apprentice solution went live in March 2020. It is expected to migrate other learners such as those on community based schemes, VTOS and Youthreach over to this solution in Q3 and Q4 of 2020, bringing all apprentices and learners onto the one system.

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills

31 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 26 Education and Skills

Opinion on the appropriation account

I have audited the appropriation account for Vote 26 Education and Skills 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 26 Education and Skills 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 Education and Skills 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*.

Reporting on other matters arising from audit

Chapter 8 of my report on the accounts of the public services for 2019 examines the Department's management of the schools estate.

Seamus McCarthy
Comptroller and Auditor General

7 August 2020

Vote 26 Education and Skills

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	First, second and early years education			
	<i>Original</i>	8,106,258		
	<i>Supplementary</i>	90,099		
			8,196,357	8,244,663
				7,784,469
B	Skills development			
	<i>Original</i>	440,962		
	<i>Supplementary</i>	400		
			441,362	432,548
				361,359
C	Higher education			
	<i>Original</i>	1,734,327		
	<i>Supplementary</i>	9,000		
			1,743,327	1,696,203
				1,664,815
Gross expenditure				
	<i>Original</i>	10,281,547		
	<i>Supplementary</i>	99,499		
			10,381,046	10,373,414
				9,810,643
<i>Deduct</i>				
D	Appropriations-in-aid			
	<i>Original</i>	480,891		
	<i>Supplementary</i>	31,499		
			512,390	511,021
				586,860
Net expenditure				
	<i>Original</i>	9,800,656		
	<i>Supplementary</i>	68,000		
			9,868,656	9,862,393
				9,223,783

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	<u>6,263,475</u>	<u>114,463,727</u>

Seán Ó Foghlú

Accounting Officer
Department of Education and Skills

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Programme cost		
Pay	6,285,088	6,056,794
Non pay	<u>4,088,326</u>	<u>3,753,849</u>
Gross expenditure	10,373,414	9,810,643
<i>Deduct</i>		
Appropriations-in-aid	<u>511,021</u>	<u>586,860</u>
Net expenditure	9,862,393	9,223,783
Changes in capital assets		
Purchases cash	(161,744)	
Depreciation	<u>1,385</u>	(134,449)
Changes in net current assets		
Increase in closing accruals	13,845	
Decrease in stock	<u>16</u>	(5,331)
Direct expenditure	<u>9,715,895</u>	<u>9,084,003</u>
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	28,844	33,517
Notional rents	<u>3,667</u>	<u>4,367</u>
Net programme cost	<u>9,748,406</u>	<u>9,121,887</u>

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 26 borne elsewhere.

	2019 ^a	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners ^b	169	291
Vote 12 Superannuation and Retired Allowances ^c	24,123	27,127
Vote 13 Office of Public Works ^d	4,162	4,702
Vote 18 National Shared Services Office ^e	148	1,149
Central Fund – Ministerial pensions	242	248
	28,844	33,517

- Notes
- a The 2019 net allied services expenditure figures do not include figures related to aegis bodies or agencies of the Department.
 - b The 2018 net allied services expenditure figure includes €105,000 in respect of City of Dublin Education and Training Board, HEAnet, National Council for Special Education and the Teaching Council who are agencies funded under Vote 26.
 - c The 2018 net allied services expenditure figure includes €2.523 million in respect of pension related payments made to staff employed by aegis bodies of the Department.
 - d The 2018 net allied services expenditure figure includes €1.408 million in respect of properties that are occupied by aegis bodies who are funded under Vote 26.
 - e The 2018 net allied services expenditure figure includes €1.013 million in respect of NSSO costs attributable to the processing of VEC/IOT pensioner payments and payments to staff employed by aegis bodies of the Department.

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	279,536	229,172
Current assets			
Bank and cash	2.2	87,014	6,715
Stocks		84	100
Prepayments	2.3	18,888	18,592
Overpayments for recoupment	5.5	6,956	6,604
Secondment costs for recoupment		415	466
Amounts due from the EU		17	72
Other debit balances	2.4	33,454	2,590
Accrued income		5,517	850
Total current assets		152,345	35,989
Less current liabilities			
Accrued expenses		41,854	18,172
Salary recoupment to other departments and agencies		78	43
EU moneys for distribution		196	—
Other credit balances	2.5	119,113	4,051
Net Exchequer funding	2.6	1,176	5,326
Total current liabilities		162,417	27,592
Net current assets		(10,072)	8,397
Net assets		269,464	237,569
Represented by:			
State funding account	2.7	269,464	237,569

2.1 Capital assets

	Land and buildings	Furniture and fittings	Office equipment	Assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	137,571	6,987	21,894	86,956	253,408
Adjustment ^a	468	—	—	9,578	10,046
Additions	41,371	110	1,522	125,268	168,271
Assets brought into use	109,085	—	—	(109,085)	—
Disposals	(126,567)	—	(25)	—	(126,592)
Cost or valuation at 31 December 2019	161,928	7,097	23,391	112,717	305,133
Accumulated depreciation					
Opening balance at 1 January 2019	—	6,690	17,546	—	24,236
Depreciation for the year	—	43	1,343	—	1,386
Depreciation on disposals	—	—	(25)	—	(25)
Cumulative depreciation at 31 December 2019	—	6,733	18,864	—	25,597
Net assets at 31 December 2019	161,928	364	4,527	112,717	279,536
Net assets at 31 December 2018	137,571	297	4,348	86,956	229,172

Note ^a In 2019, the Department conducted a review of assets. The review identified expenditure of €9.578 million in previous years that should have been recognised as capital assets under development. Expenditure of €468,000 in previous years relating to the purchase of two sites should also have been included under land and buildings. This has been corrected by way of an adjustment in 2019.

General information note

There are no State-owned lands or buildings controlled by the Department of Education and Skills without a valuation, with the exception of three properties that transferred to the State under the 2009 Voluntary offers made by religious congregations. Land and buildings owned by the Department are controlled and managed as follows.

1 Transfer of school properties 2019

The Department treats the transfer of the control of an asset to a school authority as a disposal for accounting purposes in this account. Ownership is not transferred. The school properties, or parts thereof, which transferred during 2019 are included in the table below.

Name of school	Valuation ^a
	€000
Kingswood Community College, Tallaght, Dublin 24	20,003
St. Francis of Assisi National School and Belmayne Educate Together National School, Balgriffin, Dublin 13	16,447
St. Brigid's Convent National School and Scoil Mhuire, Haddington Road, Dublin 4	13,551
Galway North Educate Together National School, Claregalway, Co. Galway	8,795
Creagh College, Gorey, Co. Wexford	8,005
Boyne Community School, Trim, Co. Meath	40
Edmund Rice College, Carrigaline, Co. Cork	14,967
Gaelscoil Choilín and Saplings, Mullingar, Co. Westmeath	12,596
Scoil Niamh and Citywest Educate Together National School	17,493
Eureka Secondary School, Kells, Co. Meath	825
Stepaside Educate Together, Stepside, Dublin 18	13,845
Total	126,567

Note ^a The total figure included for technical disposals comprises the cost of the site on which the school is built and the actual costs incurred in bringing the school to its present condition including an accrual for works completed in 2019 not yet paid and for retention monies.

2 Primary Level

There were 3,240 national schools in operation on 31 December 2019. The majority of these schools are denominational and are owned by the relevant diocesan authority. The exceptions are as follows.

- Sites for 39 first-level schools are owned and controlled/managed by the Minister for Education and Skills.
- In the case of 148 schools, the schools are operating on sites or buildings owned or leased by the Department but the school is controlled/managed by the Board of Management. Seven are operating in temporary or permanent accommodation on sites not owned by the Department.

3 Post-primary Level

There are a total of 718 post primary schools. 362 schools are privately owned. The remainder are operating as follows.

- 14 comprehensive schools, 78 community schools and 18 secondary schools owned by the Minister for Education and Skills are controlled/managed by Boards of Management.
- There are 246 post primary schools which are primarily vested in Education and Training Boards under the Education and Training Board Act 2013. 25 of these schools are in the ownership of the Minister for Education and Skills.
- Sites for 18 second-level schools are owned and controlled/managed by the Minister for Education and Skills.

4 Other

Following the enactment of the Children Act 2001, the only outstanding matter relating to one children detention centre is the notification to the Property Registration Authority by the CSSO of the change of ownership of the school property from the Minister for Education to Tusla (The Child and Family Agency). The CSSO have been instructed by the Department to notify the Property Registration Authority of the change of ownership. This property is not included as an asset in Note 2.1 above as the property is not in the control of the Minister, rather it is in the control of the institution's own authority.

The Minister is one of two guarantors of the Middletown Centre for Autism (Holdings) Limited, a company limited by guarantee, which owns and holds a property in Co. Armagh, which is used for the Middletown Centre for Autism.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	86,914	6,373
Commercial bank account balances	97	339
Petty cash	3	3
	87,014	6,715

2.3 Prepayments

at 31 December	2019	2018
	€000	€000
Advance to Waterford Institute of Technology ^a	8,729	9,031
Advance to Bus Éireann – school transport	422	4,211
Rental of temporary school accommodation	3,322	2,182
Other	6,415	3,168
	18,888	18,592

Note ^a Agreement was reached between the Department and Waterford Institute of Technology to defer two of the three repayments of the amount of the advance that was due for repayment in 2019

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Agency payments OPW	16	515
Amounts due from the Redress Special Account	288	—
Payroll suspense (paypath)	30,237	—
Cycle to work scheme	49	56
Energy Building Programme	—	101
Travel pass scheme	342	206
Payroll suspense	900	—
Recoupable salaries	88	172
Schools Broadband Programme	1,440	1,440
Shared offices' costs recoupment	64	93
Superannuation related payovers	3	—
Travel and subsistence advances	4	7
Miscellaneous	23	—
	33,454	2,590

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	65,203	1,187
Pay related social insurance	35,121	691
Universal social charge	10,835	253
Local property tax	283	9
Professional services withholding tax	1,452	634
Relevant contracts tax	—	289
Value added tax	5,078	1
Pension contributions	56	56
	118,028	3,120
Agency payments to OPW	385	8
Amounts due to the Redress Special Account	—	60
Cycle to work scheme	2	1
Education trusts for distribution	39	—
Energy Building Programme	504	—
Exchequer extra receipts	155	848
Payroll suspense	—	—
Superannuation related payovers	—	8
Travel and subsistence advances	—	5
Travel pass scheme	—	1
	119,113	4,051

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	6,264	114,464
Exchequer grant undrawn	(5,088)	(109,138)
Net Exchequer funding	1,176	5,326
Represented by:		
Debtors		
Bank and cash	87,014	6,715
Other debit balances	33,454	2,590
Amounts due from the EU	17	72
	120,485	9,377
Creditors		
Due to State	(118,028)	(3,120)
EU moneys for distribution	(196)	—
Other credit balances	(1,085)	(931)
	(119,309)	(4,051)
	1,176	5,326

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		237,569	161,538
Disbursements from the Vote			
Estimate provision	Account	9,868,656	
Surplus to be surrendered	Account	(6,263)	
Net vote		9,862,393	9,223,783
Expenditure (cash) borne elsewhere	1	28,844	33,517
Non cash item – capital assets ^a		(114,603)	(63,749)
Non cash expenditure – notional rent	1	3,667	4,367
Net programme cost	1	(9,748,406)	(9,121,887)
Balance at 31 December		269,464	237,569

Note ^a The non-cash items include the accounting treatment for the disposal by the Department of construction assets valued at €126.567 million, the net increase in capital accruals €4.607 million, the restatement of the capital assets under development total to incorporate pre 2019 expenditure (€9.578 million), the cost of assets included as additions to the 2019 asset register but not paid for until 2020 (€5.825 million) the transfer of a redress property to the Department (€700,000) under the redress indemnity agreement and the inclusion of sites not previously included in the asset register (€468,000).

2.8 Commitments

at 31 December	2019	2018
	€000	€000
Global commitments		
Procurement of goods and services	7,787	11,398
Non-capital grant programmes ^a	3,968,087	3,878,593
Capital grant programmes ^b	110,100	111,100
Capital projects ^c	335,588	332,281
Public private partnership projects	1,941,499	2,025,360
Total of legally enforceable commitments	6,363,061	6,358,732
Non-capital grant programmes		
	2019	2018
	€000	€000
Opening balance	3,878,593	3,742,515
Grants paid in year	(3,900,481)	(3,746,943)
New grant commitments per 2020 estimates volume	3,968,087	3,878,593
Net grant (under)/overspend	21,888	4,428
Closing balance	3,968,087	3,878,593
Capital grant programmes		
	2019	2018
	€000	€000
Opening balance	111,100	77,200
Grants paid in year	(110,626)	(76,433)
New grant commitments per 2020 estimates volume	110,100	111,100
Net grant (under)/overspend	(474)	(767)
Closing balance	110,100	111,100

Notes ^a Non-capital grant programmes include grants that will be made to aegis bodies and other organisations including schools and colleges to fund current expenditure including pay.

^b Capital grant programmes relate to grants that will be made to aegis bodies for all capital projects, including universities, institutes of technology and education and training boards.

^c Capital projects are those managed and overseen by the Department itself.

Major capital projects**Capital projects involving total expenditure of €10 million or more**

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Primary and post primary schools (subhead A.15)	552,772	199,637	181,695	934,104	758,653
Universities, institutes of technology and other designated institutions of higher education (subhead C.16)	20,755	20,545	7,000	48,300	48,300
Total	573,527	220,182	188,695	982,404	806,953

Significant variations

A schedule of all major capital commitments projects of €10 million or more is provided at Appendix B with an explanation where the projected total expenditure increased/decreased by more than €500,000 from 2018 to 2019.

Unitary payments of Public Private Partnership projects

The Department has to date entered into nine separate contracts to design, build, finance, maintain and operate educational accommodation under the public private partnership (PPP) model. PPPs are structured arrangements between public sector bodies and private sector investors for the purpose of providing infrastructure projects that would otherwise be delivered through traditional procurement mechanisms with all related construction expenditure being made up front. The costs are paid by the Department in the form of monthly unitary charges spread over 25 years, with the first unitary charge payable once construction has been completed. In addition to the table below, a brief summary of each PPP project is provided at Appendix C.

Name of PPP project	Cumulative expenditure to 31 December 2018 €000	Expenditure in 2019 ^a €000	Legally enforceable commitments to be met in subsequent years €000	Project total 2019 €000	Project total 2018 €000
National Maritime College of Ireland PPP	126,948	6,836	53,856	187,640	187,848
Five Pilot Schools Bundle	182,898	10,877	89,273	283,048	287,318
Cork School of Music	101,933	8,295	109,761	219,989	220,270
1st Bundle PPP Schools	81,884	9,140	152,467	243,491	243,852
2nd Bundle PPP Schools	100,341	12,135	223,787	336,263	337,375
3rd Bundle PPP Schools	85,312	14,731	308,569	408,612	410,752
4th Bundle PPP Schools	29,119	7,495	172,345	208,959	209,636
5th Bundle PPP Schools	5,107	10,781	242,692	258,580	253,177
Grangegorman Quads	—	—	588,749	588,749	588,674
	713,542	80,290	1,941,499	2,735,331	2,738,902

Note ^a The expenditure reflected at the end of 2019 relates specifically to capital payments e.g. unitary charges. The expenditure in the table above is included in the overall outturn of subheads A.16 and C.17 of €94.855 million. These subheads also include certain grant payments to PPP classified schools.

Significant variations

An explanation is provided below where projected total expenditure increased/decreased by more than €500,000 from 2018 to 2019.

Indexation

The Department makes monthly unitary charge payments to the relevant PPP company on all operational PPP projects. The unitary charge payment is made up of two elements, a fixed cost element and a variable (indexed) element which changes in line with the Consumer Price All Item Index (CPI). An indexation review date is specified in each contract. Once the indexation factor is determined, the annual unitary charge is calculated by adding the fixed and adjusted variable values.

Refinancing

PPP project funding may be refinanced, with the consent of the State partner, during or after the construction phase. The refinancing gain is shared between the PPP Company and the State partner under terms outlined in the PPP Project Agreement. Refinancing was successfully achieved for Schools Bundle 4 in December 2018 and Schools Bundle 3 in January 2019.

Five Pilot Schools Bundles

The decrease in costs from 2018 to 2019 of €4.270 million relates to the yearly indexation review and a correction to the percentage of the unitary charge on which indexation is applied to the projections.

Schools Bundle 2

The decrease in costs from 2018 to 2019 of €1.112 million arises primarily due to indexation.

Schools Bundle 3

The decrease in costs from 2018 to 2019 of €2.140 million relates to the yearly indexation review as well as refinancing of Schools Bundle 3 in January 2019.

Schools Bundle 4

The decrease in costs from 2018 to 2019 of €677,000 arises primarily due to indexation.

Schools Bundle 5

There are four post primary schools, one primary school and one further education college in the 5th Bundle PPP Project. They are located in Carlow (1 school and 1 Further Education College); Kells, Co. Meath; Bray, Co. Wicklow (two schools) and Wexford.

The contract for the design, build, financing and maintenance of the schools was signed in July 2016 with Inspired Spaces Bundle 5 (Ireland) Ltd. Inspired Spaces appointed Carillion Construction Ltd as the main construction contractor, which further sub-contracted the work to Sammon Contracting Ireland Ltd. Carillion AMBS Ltd was appointed as the facilities management contractor.

The schools were expected to be completed and ready for handover between Quarter 4, 2017 and Quarter 1, 2018. However, the liquidation of both Carillion Construction Ltd and Carillion AMBS Ltd resulted in the termination of the works and facilities management contracts, and delayed service commencement. In June 2018, arrangements were put in place for the appointment of a replacement construction contractor.

Under the PPP contract for Schools Bundle 5, the period of 25 years during which monthly unitary charge payments were to have been made began on the date each school was scheduled to reach service commencement under the contract. However, because of the delay in the delivery of the schools, the actual payment of unitary charges did not commence until significantly later than envisaged, when the schools reached service commencement. As part of a contract restructuring agreed in October 2018, the contract period was extended by four months, i.e. from 318 months to 322 months, with the additional four months added on to the end of the original contract period in 2043. The delay in the delivery of the schools resulted in the unitary charge payments during 2018 being significantly lower than expected. Construction VAT was also lower than the original estimate. The actual delay in delivery of the schools has ranged between 9 months and 18 months.

The increase in costs from 2018 to 2019 of €5.403 million relates to a number of factors, including a contract restructuring following the collapse of Carillion which resulted in the bringing forward of market testing due to the requirement to procure a new services company. Decreases in costs were also achieved through the non-payment of unitary charges due to the delay in delivery of the remaining schools, while the yearly indexation review also reduced projected commitments.

Grangegorman Quads

The Grangegorman PPP Project, which comprises the Central and East Quads, will deliver significant academic infrastructure for Technological University Dublin at Grangegorman. The contract for the design, build, financing and maintenance of the buildings was signed in March 2018. Construction is scheduled to be completed in 2020.

Liquidations and examinerships 2019

The liquidation and/or examinership of Carillion and three other contractors continued to impact on the delivery of projects overseen by the Department during 2019. As regards PPPs, service commencement was achieved on all projects in PPP Schools Bundle 5 by September 2019; this followed the liquidation of Carillion in January 2018. This bundle comprised five school building projects and one further education building project. In respect of non-PPP projects, eight other schools were affected by liquidations/examinerships. The current position of those schools is as follows: five projects are on site and three projects have achieved substantial completion. Seven of these projects are currently expected to be completed this year.

Expenditure on temporary school accommodation

During 2019, capital and current expenditure under subhead A.15.3 (formerly D.3.3) included amounts totalling €29.5 million in respect of rental of temporary premises (2018: €26.2 million).

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	3,806	603
	3,806	603

2.10 Contingent liabilities

Child abuse inquiry and redress schemes

There will be further payments associated with the Residential Institutions Redress Scheme. A further €1 million may arise in respect of the redress scheme which includes a provision for any potential awards pending the dissolution of the Residential Institutions Redress Board. (See note 6.1 for costs to date)

Middletown Centre for Autism

A pension liability in the region of €335,000 as at the end of 2019 may arise in relation to an agreement between the Department of Education for Northern Ireland Local Government Pension Scheme and the Department of Education and Skills. In the agreement, dated 16 November 2007, the Departments guaranteed payment in full of any pension liabilities of Middletown Centre for Autism Ltd in the event that the Centre ceases to exist or is otherwise unable to discharge its pension liabilities. The Centre continues to operate and this liability is not expected to arise in the immediate future.

Schools remediation programme

The Department plans to pursue legal proceedings in relation to structural deficiencies discovered in the schools built by Western Building Systems. The Department has provided funding for remediation of these schools.

In 2018, 40 schools were assessed as requiring remediation work due to the identification of structural deficiencies. Remediation work has taken place on 16 schools allowing for the removal of precautionary measures. The Department is continuing to complete the required remediation work in the remaining schools on a phased basis.

The costs of remediation were met from a contingency provision within the capital budget and through the use of funds in the multi annual capital budget that had originally been earmarked for capital development at Technological University Dublin. The funding required for this project was reduced due to the sale of Dublin Institute of Technology, Kevin Street, the disposal of which raised €140 million.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	66,973	65,570	62,971
ii	Travel and subsistence	1,850	2,056	1,698
iii	Training and development and incidental expenses	1,742	1,837	1,785
iv	Postal and telecommunication services	2,200	2,724	2,816
v	Office equipment and external IT services	7,829	7,100	6,968
vi	Office premises expenses	1,601	1,492	1,820
vii	Consultancy and other services	131	—	121
viii	National Educational Psychological Service	20,756	20,590	19,497
		103,082	101,369	97,676

Significant variations

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

vii Consultancy and other services

Estimate provision: €131,000, outturn: €nil

This allocation is intended to cover the cost of consultancy for business units that do not have their own budget for this type of expenditure. In 2019, there was no requirement to draw from this subhead.

Programme A First, Second and Early Years Education

		2019		2018	
		Estimate provision		Outturn	
		€000	€000	€000	
A.1	Administration – pay		76,799	72,778	70,341
A.2	Administration – non pay		15,306	15,761	15,774
A.3	Salaries, wages and allowances (including incidental payments) of primary school teachers				
	<i>Original</i>	2,497,802			
	<i>Supplementary</i>	17,500			
			2,515,302	2,511,757	2,433,442
A.4	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers				
	<i>Original</i>	1,320,762			
	<i>Supplementary</i>	10,000			
			1,330,762	1,331,603	1,286,534
A.5	Grants to Education and Training Boards in respect of ETB teachers' salaries				
	<i>Original</i>	709,604			
	<i>Supplementary</i>	19,765			
			729,369	727,743	692,008
A.6	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools				
	<i>Original</i>	559,229			
	<i>Supplementary</i>	5,000			
			564,229	564,665	520,290
A.7	Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)		111,338	108,810	105,573
A.8	Superannuation etc. in respect of teaching and non-teaching staff		1,201,435	1,233,319	1,189,109
A.9	School transport services				
	<i>Original</i>	198,669			
	<i>Supplementary</i>	19,972			
			218,641	219,200	200,275

A.10	Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions		460,551	463,139	444,567
A.11	Grants to education bodies working in the primary and post primary sectors				
		<i>Original</i>	96,524		
		<i>Supplementary</i>	9,862		
			106,386	97,988	87,175
A.12	Teacher education		33,238	29,052	30,898
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission		1,721	2,476	1,688
A.14	Miscellaneous grants and services		98,225	95,213	67,297
A.15	Primary and post primary infrastructure				
		<i>Original</i>	641,000		
		<i>Supplementary</i>	8,000		
			649,000	694,683	573,299
A.16	Public private partnership costs		84,055	76,476	66,199
			8,196,357	8,244,663	7,784,469

Significant variations

The following presents an analysis of the programme expenditure of the Vote and outlines the reasons for significant variations (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €138.405 million higher than originally provided. The variance was mainly due to the following:

A.3 Salaries, wages and allowances (including incidental payments) of primary school teachers

Estimate provision: €2,497.802 million, outturn: €2,511.757 million

The increase in expenditure of €13.955 million relative to the original estimate provision was primarily due to

- increases in the level of substitution leave, including maternity, illness and continuous professional development leave, taken by teachers in 2019 (€7.6 million)
- additional costs to fund a teacher supply initiative resulting in the application of the personal rate to teachers who worked as substitutes during a career break backdated to the 2018/2019 school year (€3.2 million)
- a range of other factors including demographic demands for mainstream teacher posts being greater than provided and actual costs due to teachers under public sector pay restoration agreements being greater than provided along with savings on costs associated with home tuition and the July Provision schemes.

A supplementary of €17.5 million was approved for this subhead with some unexpected under spends arising at the year-end, including savings relating to home tuition costs.

A.4 Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers

Estimate provision: €1,320.762 million, outturn: €1,331.603 million

The increase in expenditure of €10.841 million relative to the original estimate provision was primarily due to

- salary costs higher than had been allocated in the original estimate mainly due to increases in the level of substitution costs arising from increases in both paid absences, including maternity, illness and continuous professional development leave, and unpaid absences including parental and maternity leave and demographic demands for mainstream teacher posts being greater than provided (€8.8 million)
- a range of other factors, including actual costs due to teachers under public sector pay restoration agreements being greater than provided.

A supplementary of €10 million was approved for this subhead to provide for these increases in expenditure.

A.5 Grants to Education and Training Boards in respect of ETB teachers' salaries

Estimate provision: €709.604 million, outturn: €727.743 million

The increase in expenditure of €18.139 million relative to the original estimate provision was primarily due to

- the continued rollout of the 2013 single pension scheme which requires pension contributions to be paid directly to the superannuation Vote rather than being retained by ETBs, has resulted in reduced income for ETBs which was previously offset against their payroll costs. In 2019, this resulted in an increased funding requirement for ETBs to compensate for the reduction in income (€8.7 million)
- demographic demands for mainstream teacher posts being greater than provided (€7.7 million)
- re-alignment of six ETB payrolls in 2019 to facilitate migration to the ETB shared services payroll system that is currently being developed. This resulted in an extra pay roll run for 4 of those ETBs (€4 million).

A supplementary of €19.765 million was approved for this subhead to provide for these increases in expenditure.

A.6 Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools

Estimate provision: €559.229 million, outturn: €564.665 million

The increase in expenditure of €5.436 million relative to the original estimate provision was primarily due to

- higher than anticipated salary costs for special needs assistants including additional substitution costs (€4.7 million)
- a range of other factors, including, actual costs due to special needs assistants under public sector pay restoration agreements being greater than provided.

A supplementary of €5 million was approved for this subhead to provide for these increases in expenditure.

A.9 School transport services

Estimate provision: €198.669 million, outturn: €219.200 million

The increase in expenditure of €20.531 million relative to the original estimate provision was primarily due to

- increased number of children with special educational needs seeking school transport from 13,000 in 2018 to over 14,400 in 2019 (€15 million)
- increased costs of transport services to mainstream schools including increases arising from annual procurement of routes, demographic increases resulting in new routes and extensions to existing routes (€7 million)
- this increase was offset somewhat by an increase in pupil contributions in the region of €1.8 million and other savings in the region of €1 million.

A supplementary of €19.972 million was approved for this subhead to provide for these increases in expenditure along with savings in other expenditure areas.

A.11 Grants to education bodies working in the primary and post primary sectors

Estimate provision: €96.524 million, outturn: €97.988 million

A supplementary of €9.862 million was approved for this subhead to provide for increases in the State Examinations Commission (SEC) due to

- reforms of the leaving certificate appeals systems, arising from a High Court case ruling (€3 million)
- accelerated implementation of the new online marking system to assist reforms to the appeals system (€3.5 million)
- extension of leaving certificate timetable by two days to alleviate time pressures of students sitting exams (€300,000)
- demographic factors resulting in an additional number of students taking state exams with associated costs arising (€700,000)
- PSSA-related pay increases to contract exam staff (€1 million)
- various other costs including additional SEC staffing costs (€1.4 million).

These increases in SEC expenditure were mainly offset by savings in grants across a range of other education bodies funded under this subhead including the National Council for Special Education (NCSE), An Chomharile un Oideachas Gaeltachta agus Gaelscolaíochta (COGG) and Educational Research Centre (ERC). This resulted in an overall net increase in expenditure of €1.464 million relative to the original estimate.

A.12 Teacher education

Estimate provision: €33.238 million, outturn: €29.052 million

The decrease in expenditure of €4.186 million relative to the estimate provision was primarily due to

- delayed recruiting to the Junior Cycle for Teachers team and a lower than anticipated uptake for some continuing professional development courses (€1.4 million)
- a phased rollout of support at Senior Cycle was introduced for a number of subjects rather than a full national rollout (€750,000)
- savings arose in respect of the reimbursement of the ICT grant from the Technology and Education subhead, a reduction due to 2019 audit fees recouped from Education Centres and tighter controls on grant allocations to the centres (€700,000)
- savings due to lower than anticipated take up on a number of Centre for School Leadership (CSL) programmes and the split of a CSL evaluation over two years (€630,000)
- Teacher Professional Networks: not all approved network activities progressed as anticipated in 2019 resulting in savings of (€200,000).

A.13 Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission

Estimate provision: €1.721 million, outturn: €2.476 million

The increase in expenditure of €755,000 relative to the estimate provision was primarily due to the outcome of a Supreme Court judgement in December 2018 and the completion of all remaining applications and ancillary issues arising from this judgement.

A.15 Primary and post primary infrastructure

Estimate provision: €641 million, outturn: €694.683 million

The increase in expenditure of €53.683 million relative to the original estimate provision was primarily due to costs to cater for additional capacity to meet demographic needs, the School Remediation Programme and additional temporary school accommodation costs.

Funding of the School Remediation Programme is being met from contingency provision within the capital budget, savings from other capital allocations within the Vote and from the Department's reduced funding requirement for the multi-annual capital development in Technological University Dublin, Grangegorman following the sale of Dublin Institute of Technology, Kevin Street.

A supplementary of €8 million current expenditure was approved for this subhead to provide for additional temporary school accommodation costs.

A.16 Public private partnership costs

Estimate provision: €84.055 million, outturn: €76.476 million

The decrease in expenditure of €7.579 million relative to the estimate provision was primarily due to

- a delay in service delivery of the remaining three schools in Schools Bundle 5 resulting in the unitary charges for this bundle being lower than originally anticipated (€1.9 million)
- inflation levels in 2019 were lower than originally envisaged resulting in lower indexation costs on unitary charges payments across the Pilot Bundle, Schools Bundle 1, 2, 3 and 4 (€900,000)
- lower than anticipated VAT bullet payment in respect of the three remaining schools in Schools Bundle 5 (€600,000)
- lower than anticipated costs with the delivery programme for the extension at Ard Scoil na Mara, Tramore (€600,000)
- reduced unitary charges in respect of agreed service and availability failures across all school bundles (€400,000)
- lower than anticipated costs relating to the refinancing of Schools Bundle 3 (€300,000)
- lower than anticipated costs in respect of minor works and operational costs across the schools bundles (€900,000)
- lower than anticipated drawdown of the ICT and % for Art grants (€240,000)
- delay in the completion of the Pilots Mid Term Review resulted in lower fees than originally anticipated to be paid in 2019 (€100,000)
- remaining savings related to a programme level contingency sum of €1.630 million for unanticipated costs. This was not drawn down.

Programme B Skills Development

	2019		2018	
	Estimate provision		Outturn	
	€000	€000	€000	
B.1 Administration – pay		4,548	5,293	4,380
B.2 Administration – non pay		1,042	1,229	1,059
B.3 Grants to SOLAS in respect of administration and general expenses		24,318	22,373	21,340
B.4 European Social Fund (ESF) and European Globalisation Fund (EGF) supports		525	300	540
B.5 Grants to SOLAS in respect of further education and training activities				
	<i>Original</i>	372,950		
	<i>Supplementary</i>	400		
		373,350	367,566	296,464
B.6 Grant to Quality and Qualifications Ireland (QQI)		4,579	4,516	5,381
B.7 Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)		33,000	31,271	32,170
B.8 Miscellaneous grants and services		—	—	25
		441,362	432,548	361,359

Significant variations

The following presents an analysis of the programme expenditure of the Vote and outlines the reasons for significant variations (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €8.414 million lower than originally provided. The variance was mainly due to the following:

B.3 Grants to SOLAS in respect of administration and general expenses

Estimate provision: €24.318 million, outturn: €22.373 million

The decrease in expenditure of €1.945 million relative to the estimate provision was due to funding retained by the body at the end of 2018 which was offset in the 2019 grant payments in compliance with Circular 13/2014.

B.4 European Social Fund (ESF) and European Globalisation Fund (EGF) supports

Estimate provision: €525,000, outturn: €300,000

The decrease in expenditure of €225,000 relative to the estimate provision was primarily due to there being no EGF programme in operation in Ireland in 2019 and to some planned ESF related expenditure not commencing until late 2019 with the balance of the costs carrying over into 2020.

B.5 Grants to SOLAS in respect of further education and training activities

Estimate provision: €372.950 million, outturn: €367.566 million

The decrease in expenditure of €5.384 million relative to the original estimate provision was primarily due to savings arising from the payment of Vocational Training Opportunities Scheme (VTOS) costs from the National Training Fund (NTF) that were originally profiled for payment from this subhead.

A supplementary of €400,000 was provided following an announcement as part of Budget 2020 to award a 2019 Christmas Bonus payment to Social Welfare recipients which impacted participants on SOLAS funded further education and training programmes in receipt of a training allowance in lieu of benefits. This was paid in early December costing approximately €900,000, of which €400,000 arose in this subhead with the remaining €500,000 paid from the National Training Fund.

B.7 Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)

Estimate provision: €33 million, outturn: €31.271 million

The decrease in expenditure of €1.729 million relative to the estimate provision was primarily due to savings arising from year on year reductions in pension and lump sum payments.

Programme C Higher Education

		2019		2018	
		Estimate provision		Outturn	
		€000	€000	€000	
C.1	Administration – pay		4,382	5,122	4,922
C.2	Administration – non pay		1,005	1,186	1,200
C.3	Grant for general expenses of Higher Education Authority		7,021	7,782	6,488
C.4	General current grants to universities, institutes of technology and other designated institutions of higher education				
		<i>Original</i>	991,926		
		<i>Supplementary</i>	9,000		
			1,000,926	1,004,955	1,007,368
C.5	Training colleges for primary teachers - excluding those funded through the Higher Education Authority		5,857	5,748	5,773
C.6	Dublin Dental Hospital (grant)		11,580	12,226	11,608
C.7	Dublin Institute for Advanced Studies (grant)		6,828	6,882	6,731
C.8	Royal Irish Academy of Music (grant)		3,216	3,216	3,163
C.9	Grants to certain third level institutions		7,844	7,723	7,603
C.10	Superannuation etc. payable to former staff of universities and institutes of technology		115,927	116,606	114,990
C.11	Student support and related expenses		404,450	383,294	394,191
C.12	Research activities		47,600	47,600	40,600
C.13	EU, international and north south activities		7,489	6,992	6,138
C.14	Grangegorman Development Agency		3,157	3,117	2,985
C.15	Miscellaneous grants and services		100	375	94
C.16	Third level infrastructure		90,000	65,000	33,850
C.17	Public private partnership costs		25,945	18,379	17,111
			1,743,327	1,696,203	1,664,815

Significant variations

The following presents an analysis of the programme expenditure of the Vote and outlines the reasons for significant variations (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €38.124 million lower than originally provided. The variance was mainly due to the following:

C.3 Grant for general expenses of Higher Education Authority

Estimate provision: €7.021 million, outturn: €7.782 million

The increase in expenditure of €761,000 relative to the estimate provision was due to HEA administration and programme costs paid in 2019 from this subhead which were originally profiled for payment from the C.4 subhead.

C.4 General current grants to universities, institutes of technology and other designated institutions of higher education

Estimate provision: €991.926 million, outturn: €1,004.955 million

The increase in expenditure of €13.029 million relative to the estimate provision was primarily due to

- additional cost associated with a High Court pay deal settlement, including arrears, in the health sector related to academic medical consultants not originally allocated for in 2019 (€9 million)
- additional grants paid in 2019 to address the ongoing impacts of the reduction and timing of free fee instalments (€5 million).

A supplementary of €9 million expenditure was approved for this subhead to provide for a High Court pay deal settlement and other increases in expenditure which were offset by HEA administration and programme costs paid in 2019 from C.3 that were originally profiled for payment from this subhead (€761,000).

C.6 Dublin Dental Hospital (grant)

Estimate provision: €11.580 million, outturn: €12.226 million

The increase in expenditure of €646,000 relative to the estimate provision was due to increased pay and pension costs in 2019 not originally allocated mainly:

- additional lump sums superannuation costs (€525,000) and
- new entrant academic consultants pay awards costs (€120,000).

C.11 Student support and related expenses

Estimate provision: €404.450 million, outturn: €383.294 million

The decrease in expenditure of €21.156 million relative to the estimate provision was primarily due to savings arising from

- lower number of grant holders in the academic year 2018/2019 compared with the previous academic year reduced by 2,923 from 77,480 to 74,557
- lower numbers applying for the grant for the 2019/2020 academic year, 95,800 applications as at 31 December 2019 versus 98,700 as at 31 December 2018, a reduction of 2,900
- total student awards arising from a result of assessment and appeals as at 31 December 2019 were 76,108 compared with 78,994 awards as at 31 December 2018, a reduction of 2,886.

The number of grant holders are decreasing as employment rates and income levels have been rising in recent years while qualifying income thresholds for grant support have remained constant.

C.13 EU, international and north south activities

Estimate provision: €7.489 million, outturn: €6.992 million

The decrease in expenditure of €497,000 relative to the estimate provision was primarily due to

- lower than anticipated applications to the competitive call for the EU Pilot for the European Universities Initiative (€323,000)
- lower than anticipated expenditure on OECD related projects (€240,000).

These decreases in expenditure were offset by additional costs relating to the delay during 2018 in establishing partnerships between schools under PEACE IV Programme resulting in an unexpected payment arising in 2019 (€137,000).

C.15 Miscellaneous grants and services

Estimate provision: €100,000, outturn: €375,000

The increase in expenditure of €275,000 relative to the estimate provision was primarily due to additional grant funding provided to:

- The National Council for the Blind Ireland, to support third level students with visual impairments and print disabilities (€150,000).
- National Women's Council of Ireland to support the consent framework and Ending Sexual Harassment and Violence in Third-Level Education (ESHTE) (€82,000).
- Transparency International Ireland for a pilot programme to introduce the Integrity at Work (€45,000).

C.16 Third level infrastructure

Estimate provision: €90 million, outturn: €65 million

The decrease in expenditure of €25 million relative to the estimate provision was primarily due to the re-profiling of funds allocated to the Higher Education capital provision for 2019 to address a portion of the costs associated with the schools structural remediation programme. This enabled the Department to meet the costs of the remediation programme from within its overall capital allocation for 2019.

The €25 million re-profiling of Higher Education capital provision was partly facilitated by a €15 million contribution due from the Department of Education and Skills to the Grangegorman project no longer being required in 2019. This was no longer required due to the higher than expected proceeds from the sale by Technological University Dublin of the former Dublin Institute of Technology Kevin Street property.

C.17 Public private partnership costs

Estimate provision: €25.945 million, outturn: €18.379 million

The decrease in expenditure of €7.566 million relative to the estimate provision was primarily due to

- delays in profiled spend on the Higher Education PPP programme resulted in payments being lower than anticipated (€4.2 million)
- lower than anticipated inflation levels in 2019 resulting in lower than projected indexation costs being applied to unitary charges payments across two higher education projects (€800,000) and
- lower than anticipated operational and contingency costs arising across a number of areas.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated		2019	2018
	€000	€000	Realised €000	Realised €000
D.1 Superannuation contributions				
	<i>Original</i>	180,027		
	<i>Supplementary</i>	(7,648)		
			172,379	174,115
D.2 Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts ^a				
	<i>Original</i>	35,025		
	<i>Supplementary</i>	39,147		
			74,172	109,816
D.3 Receipts from additional superannuation contributions on public service remuneration ^b			258,617	292,871
D.4 Secondments/overpayments			3,824	5,057
D.5 Miscellaneous ^a			3,398	5,001
Total			512,390	586,860

Notes ^a A breakdown of EU receipts of €74.185 million under D2 and €370,000 under D5 is provided in the table under Note 6.5 EU funding.

^b 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 €30.130 million higher than the estimate forecast. Explanations for variances are set out below

D.1 Superannuation contributions

Estimate: €180.027 million, realised: €170.623 million

The decrease of €9.404 million relative to the estimate provision was primarily due to:

- The Single Pension Scheme introduced in 2013, which is now remitted directly to the Department of Public Expenditure and Reform, through the Department of Finance, resulting in a reduced amount of receipts paid into this subhead. As teaching staff come under the 2013 scheme replacing contributions from older schemes a shortfall of approximately €9 million has arisen.
- Fewer than anticipated one-off receipts which occur for a variety of reasons, which resulted in a shortfall in receipts of approximately €450,000.

The estimate of €180.027 million approved for this subhead was reduced by €7.648 million in the supplementary estimate to partly take account of anticipated shortfalls in superannuation contributions.

D.2 Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts*Estimate: €35.025 million, realised: €74.185 million*

The increase of €39.160 million relative to the estimate was primarily due to a conservative forecast of potential ESF receipts for drawdown during 2019 which subsequently yielded €73.826 million in ESF receipts by year-end.

The level of receipts in a given year is dependent on the value of the payment applications made to the Commission. Youthreach, Adult Literacy and the Back to Education Initiative are EU co-financed activities. They are pre-financed by the Education Vote and the EU receipts in respect of these activities are claimed from the Commission in arrears, in accordance with the EU regulatory provisions. Payment applications are prepared by the Education and Training Boards and are subject to management verifications by SOLAS and the ESF Managing and Certifying Authorities. The 2019 outturn consists mainly of receipts from two payment applications submitted to the European Commission in June and November 2019.

An increased supplementary of €39.147 million was approved for this subhead to partly take account of additional EU receipts arising from the November 2019 claim.

D.4 Secondments/overpayments*Estimate: €3.824 million, realised: €5.598 million*

The increase of €1.774 million relative to the estimate was primarily due to overpayment recovery receipts being higher than anticipated. It is difficult to accurately predict the level of these receipts as recoupment of overpayments may be on a once-off basis or on a phased basis.

D.5 Miscellaneous*Estimate: €3.398 million, realised: €6.321 million*

The increase of €2.923 million relative to the estimate primarily arose in respect of additional miscellaneous receipts of €2.273 million not originally estimated for, due to the varied nature of receipts in this category and €650,000 higher than anticipated capital receipts in local authority funding.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	848	—
Recoupment of unspent funding from HEA/IRC ^a	716	831
Disposals of assets	—	17
Receipts from conscience money	—	27
Transferred to the Exchequer ^b	(1,409)	(27)
Balance as at 31 December	155	848

Notes ^a During 2019, a total of €716,000 was received from the HEA in respect of unspent grants of the Irish Research Council in prior years which remained unspent. €561,000 was surrendered to the Exchequer in 2019 and the balance of €155,000 was surrendered in 2020.

^b In total, €1.409 million was remitted to the Exchequer in 2019: €561,000 was received from the HEA in 2019 and €848,000 was received in 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end ^a	<u>112,045</u>	<u>109,070</u>

Note ^a The 2018 employee numbers have been restated to include 70 WTE in the Teaching Council (44) and Caranua (26).

The third level posts reported below include only core-funded posts as only these posts are included in the overall count of public sector numbers.

5.2 Departmental staff ^a

	2019	2018
	€000	€000
Pay	76,572	73,652
Higher, special or additional duties allowance	336	293
Other allowances	45	48
Overtime	616	431
Employer's PRSI	<u>5,624</u>	<u>5,219</u>
Total pay	<u>83,193</u>	<u>79,643</u>

Note ^a The financial details in this table relate solely to salaries and allowances paid to employees of the Department and staff in the National Educational Psychological Service.

5.2 Staffing numbers and associated pay related expenditure Vote 26

Category of staff remunerated	Subhead from which funds disbursed		Public sector numbers as at 31 December 2019	Pay related expenditure 2019 €000
First level	A.3	Primary teachers	38,037	2,511,757
	A.6.1	Special needs assistants	12,605	453,304
	A.7.1	Non-teaching staff	247	9,571
Second level	A.4	Secondary teachers	19,951	1,331,603
	A.5	ETB teachers	12,958	727,743
	A.6 (2-3)	Special needs assistants	3,289	111,362
	A.7 (2-4)	Non-teaching staff	2,239	99,239
First and second level subtotal			89,326	5,244,579
Third level	C.3	HEA	77	4,681
	C.4	University/IOT/RIA/ colleges of education	19,310	740,512
	C.6	Dublin Dental Hospital	122	10,112
	C.7	Dublin Institute for Advanced Studies (DIAS)	52	4,152
	C.11	Student grant administration	84	3,851
	C.14	Grangegorman Development Agency	22	1,723
Third level subtotal			19,667	765,031
Department staff	(i)	Administration	1,122	65,569
	(viii)	National Educational Psychological Services	226	17,624
Department subtotal			1,348	83,193
Other	A.11.1	National Council for Curriculum and Assessment (NCCA)	43	3,945
	A.11.4	State Exams Commission (SEC)	166	12,223
	A.11.5	National Council for Special Education(NCSE)	117	6,751
	A.11.7	Educational Research Centre (ERC)	34	1,328
	A.11.9	Creative Ireland	2	170
	A.13.1	Redress Board	5	384
	A.13.2	Commission on Child Abuse	1	268
	A.14	PDST Technology in Education (NCTE)	13	597
	A.14.3.4	Public Service Reform	30	1,274
	B.3.1	SOLAS administration	217	11,260
	B.6	Quality and Qualifications Ireland (QQI)	68	1,979

B.5	Further education – SOLAS (Education and Training Boards)	840	105,246
C.8	Royal Irish Academy of Music (RIAM)	63	3,089
Other subtotal		1,599	148,514
Total		111,940	6,241,317

Notes This table outlines pay related expenditure from the Vote for Departmental teaching and non-teaching staff, and staff of bodies funded from Vote 26 during 2019 along with their whole time equivalent (WTE) numbers as at 31 December 2019. While the table includes the WTE for Further Education and Training staff under subhead B.5, the expenditure figure does not include €13.617 million that was funded from the National Training Fund (NTF) during 2019.

The total pay amount of €6.285 million reported in Note 1 (compared to €6.241 million in Table 5.2 above) includes other pay grants paid from the Vote to cover salary costs of staff not included in the public sector returns of the Department.

A further 105 WTE staff in QQI (B.6), HEA (C.3), DIAS (C.7), RIAM (C.8), Teaching Council and Caranua are paid from private, research or other exchequer funding and not from DES core funding. These staff are not included in public sector numbers in the above table but are included in the overall employee numbers at note 5.1 above.

Circular 27/2019 requires that salary costs paid to agencies under the aegis of the Department are broken down between salary, allowances, overtime and employers PRSI. The Department has not been in a position to provide this information for 2019 but expects to be able to do so for the 2020 account.

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	101	7	24,770	24,765
Other allowances	20	—	5,029	5,704
Overtime	244	4	19,861	20,676
Extra remuneration in more than one category	11	9	20,614	18,803

The details of allowances and overtime payments in this table relate solely to Departmental administrative and National Educational Psychological Service staff.

Sixteen staff in receipt of special service payments under the AHCPS 1% Programme for Competiveness and Work (PCW) restructuring agreement received a total of €41,350 in 2019.

Circular 27/2019 requires that the details of allowances and overtime paid to agencies under the aegis of the Department be shown separately. The Department has not been in a position to provide this information for 2019 but expects to be able to do so for the 2020 account.

5.4 Other remuneration arrangements

31 retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €145,000 (2018: €162,000) which included travel and subsistence costs of €33,000 (2018: €26,000). The payments made were consistent with the principles of the Public Service Pensions (Single Scheme and the other provisions) Act 2012.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Administrative staff salary overpayments			
Overpayments	96	325,264	349,794
Recovery plans in place	38	203,770	127,016

Two overpayment recovery plans were transferred in 2019 to two separate departments. The total value transferred was €2,586.

Teacher/non-teacher and retired personnel overpayments

Overpayments	4,901	5,601,665	5,065,277
Recovery plans in place	742	1,570,701	1,469,000

During the course of 2019, a total of 2,728 overpayment cases were repaid in full with a repayment value of €1.638 million.

Supplementary pension overpayments

Overpayments	133	1,029,461	1,191,994
Recovery plans in place	120	924,980	1,089,821

Overpayments as a result of an under-deduction of the Public Service Pension Reduction

Some 89 pensioners' cases were identified in Q3 2018 where an under-deduction in the public service pension reduction took place resulting in overpayments. The Department of Public Expenditure and Reform (DPER) are leading the resolution to this issue. The Department of Education and Skills continues to liaise with DPER in relation to these overpayments. The final amount has not yet been identified and repayment plans are not yet in place.

5.6 Severance/redundancy

During 2019, a total of 84 individuals were paid redundancy via the Department's teacher payrolls, in the Department's capacity as paymaster for certain schools. The total amount paid was €1.725 million and included payment for both statutory and non-statutory redundancy sums as appropriate. 56 payments of redundancy exceeded €10,000. The highest value sum paid in 2019 was €78,000.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	Cumulative expenditure to 31 December 2019 €000	Expenditure in 2019 €000	Expenditure in 2018 €000
Commission to Inquire into Child Abuse	1999	83,669	1,433	689
Residential Institutions Redress Scheme a, b, c	2002	1,242,715	1,203	1,195
		1,326,384	2,636	1,884

- Notes
- ^a In addition to the overall expenditure of €1.243 billion on the Residential Institutions Redress Scheme at the end of 2019, a further €10 million expenditure was incurred in respect of court settlements pursuant to the 2002 Indemnity agreement, whereby religious congregations are not liable for any cases settled in court and outside of the redress scheme.
- ^b At the end of 2019, the cumulative administration costs for the Residential Institutions Redress Board was €63.1 million and €9.72 million for the Residential Institutions Review Committee.
- ^c The 2018 expenditure has been restated on the same basis as 2019.

Total contributed by religious congregations

Contributions from the 18 religious congregations that managed most of the children's residential institutions have been made under two distinct rounds. They are:

- the legally binding 2002 Indemnity agreement that provided for contributions of €128 million; and
- the 2009 voluntary offers that provided for contributions of €352.61 million.

The additional offers made in the aftermath of the publication of the Ryan Report included cash and properties and were valued by the congregations at €352.61 million.

The table below summarises the total amounts offered under the two rounds and the amounts received to date. These amounts comprise both cash contributions and the value of property transfers.

	Offered (€million)	Realised (€million)
2002 Indemnity agreement	128.00	124.94
2009 Voluntary offers	352.61	113.84*
	480.61	238.78

- * The transfer of 15 properties has been completed but valuations have yet to be obtained in a number of cases.

Total amount outstanding from religious congregations

All cash offered under the 2002 indemnity agreement, amounting to €65 million, has been received. Two properties have yet to fully transfer under the terms of the agreement.

By the end of 2019 voluntary cash contributions, offered in 2009 or subsequent years, amounting to €110.4 million has been received. It is understood that an additional cash contribution of €1 million will be contributed in the period 2020/2021 and if received will go towards the development of the National Children's Hospital as provided for in Section 43 of the Residential Institutions Statutory Fund (RISF) Act 2012. Other contributions may also be received but the amounts involved are not yet known. It is important to note these are voluntary cash contributions.

A total of 15 of the properties offered voluntarily in 2009 have fully transferred and significant progress has been made in relation to the 3 remaining properties. Further work is required to progress the offer by the Congregation of Christian Brothers. This offer included playing fields.

The full 2009 value of the voluntary offers are unlikely to be achieved due to the fact that certain offers were not accepted and the fact that the value of the properties transferred, or disposed of, was in most cases lower than the value placed on them by the congregations. This position may change as remaining property transfers are finalised.

Total future commitments

The Redress Board and the Commission to Inquire into Child Abuse are expected to close during 2021. It is expected that the additional expenditure will be in the order of €3 million.

The legislation establishing the Commission to Inquire into Child Abuse and the Residential Institutions Redress Board provided that the records of individuals would be kept confidential and destroyed on the dissolution of the bodies. However, the Government subsequently decided that the records were of such potential historical significance that they should be retained and sealed in the National Archives. As a result, the Redress bodies cannot be dissolved until the matter of the final destiny of their records is resolved.

Special account established under Section 43 of the RISF Act 2012

Section 43 of the 2012 Act provides that contributions from congregations that are in excess of the €110 million limit set down in Section 29 of that Act are to be placed in a special account in the name of the Minister for Health to be used only for purposes related to the development of a new national paediatric hospital. In 2019 a contribution of €430,000 was placed in this special account.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	2019 Total €000	2018 Total €000
Claims by members of the public	83	455	1,091	516	2,062	1,692
Claims by employees	1	1	45	—	46	—
		456	1,136	516	2,108	1,692

In the course of the day-to-day running of the Department, the total legal costs incurred by the Department in 2019 was €2.508 million (2018: €2.265 million) which includes the legal costs and compensation awards listed above. The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

6.3 Fraud and suspected fraud

	Number of cases	2019 €000	2018 €000
Fraud	3	110	—
Suspected fraud/irregularities	2	1	2
		111	2

In the period between the signature of the appropriation account and the final appropriation account, the Department was made aware of one new case of suspected fraud/irregularities. This case remains under investigation and no value has yet been identified.

6.4 Arbitration and conciliation

Expenditure in 2019 includes payments of €3,621,820 (2018: €6,705,918) ^a made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were 16 cases in 2019 (2018: nine cases). Figures include VAT, legal and professional fees.

Note ^a The amount for 2018 is restated to include all costs relating to arbitration and conciliation, for example settlement and conciliation costs not previously included.

6.5 EU funding

Receipts in relation to EU funding received during 2019 and lodged to appropriations-in-aid is detailed in the table below:

EU funding category	2019 €000	2018 €000
D2.1 ESF pay	50,464	76,376
D2.1 ESF non pay	23,362	33,033
D2.3 EC education projects	359	407
D5.5 Miscellaneous PEACE IV Programme refund ^a	370	31
	74,555	109,847

Note ^a Total EU funding for 2018 has been restated to include receipts of €31,000 received during 2018 under the Peace IV Programme.

2019 European Structural Fund (ESF) receipts:

The receipts in 2019 for the European Social Fund (ESF) Programme for Employability, Inclusion and Learning (PEIL) 2014-2020 arises in the main from two payment applications submitted to the European Commission in June and November 2019. The PEIL programme assists people seeking employment through investment in education, skills and employment supports.

EC education projects:

Receipts in 2019 under EC education projects included compensatory payments for administrative expenses incurred in providing for the Centre for European Schooling, Dunshaughlin, Co. Meath, activities under Ireland's participation in the European Commission's Eurydice information network and the Eurostudent VII project 2018-2021.

PEACE IV Programme refund:

Receipts received in 2019 related to expenditure incurred as part of the PEACE IV programme, which operates on the basis of recoupment of 80% from the Commission. Ireland contributes 21% of overall programme costs, while the Northern Ireland Executive contributes the remainder. The Department of Education and Skills is the Accounting Department for the Shared Education dimension of the programme, which is funded through the North South subhead (C.13) of the Vote, and is delivered in Ireland by Léargas.

**ESF Programme for Employability, Inclusion and Learning 2014-2020 –
position at year end 2019**

	European Social Fund (ESF) €000	Youth Employment Initiative (YEI) €000	Total €000
EU Allocation 2014-2020	544,516	68,145	612,661
Receipts at end 2018	114,623	37,936	152,559
2019 annual pre-financing receipts	645	85	730
2019 interim payment application receipts	139,525	9,522	149,047
Total receipts in 2019	140,170	9,607	149,777
Total receipts at end 2019	254,793	47,543	302,336
Receipts as % of 2014-2020 allocation at year end 2019	47%	70%	49%

Distribution of 2019 ESF Programme Receipts	€000
Department of Education and Skills	74,360
Department of Justice, Equality and Law Reform	12,730
Department of Defence	163
National Training Fund	61,811
Department of Employment and Social Protection	517
Closing balance in suspense account at end 2019	196
Total	149,777

Note: The receipts from interim payment applications account for 90% of the EU allocations due as the Commission retains 10% which is payable after acceptance of the annual accounts and is reflected in the subsequent years balancing amount.

6.6 2019 Direct EU funding to bodies under the Department's aegis

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2019 was as shown below:

Aegis body	2019 €000	2018 €000
National Council for Curriculum and Assessment (NCCA)	11	44
National Council for Guidance in Education (NCGE)	61	76
Higher Education Authority (HEA)	286	252
Quality and Qualifications Ireland (QQI)	754	694
Irish Research Council (IRC)	435	5,264
Léargas ^a	16,020	13,582
	17,567	19,912

Note ^a Funding for Léargas relates to education only related programmes. The 2018 amount has been restated to include non-youth funding received from the EU.

Aegis body	Purpose of funding	2019 €000
National Council for Curriculum and Assessment (NCCA)	SUSKIDS, a project to enable professionals and families to transfer sustainable knowledge and skills to Down Syndrome individuals	11
National Council for Guidance in Education (NCGE)	Euroguidance Centre	61
Higher Education Authority (HEA)	Promotion and administration of the Erasmus+ programme	286
Quality and Qualifications Ireland (QQI)	Secretariat to EQUAVET (the European Quality Assurance in Vocational Education and Training) in addition to being the national centre for both EUROPASS and NARIC	754
Irish Research Council (IRC)	Humanities in the European Research Area (HERA), Christ-Era programme and Marie Skłodowska-Curie Actions (MSCA) COFUND Postdoctoral Fellowship Programme	435
Léargas	Erasmus+, Eurodesk, ECVET, E twinning Epale and Euroguidance	16,020

6.7 Write-offs

The following sums were written off in the year

	2019	2018
	€000	€000
Legacy travel and subsistence imprest payments	—	2
Payroll overpayments	39	77
	39	79

6.8 Late payment interest

	2019	2018
	€000	€000
Total net interest paid	7	5

6.9 Educational trusts

Educational trusts totalling €2.2 million were invested on behalf of the Department in a common investment fund under the stewardship of the Charities Regulator at the close of 2019 (2018: €1.91 million). The Minister for Education and Skills remains the trustee of these educational trusts.

6.10 Post balance sheet event Covid-19

Since the end of the reporting period, the economy and educational operations have been significantly impacted by the effects of the COVID-19 pandemic. However, there is no impact on the financial statements 2019. The Department is participating in the central co-ordination structures in relation to Covid-19 to ensure a joined-up approach across Government. The education and training system's response is aligned to our core national priority of saving lives, while being focused on ensuring continuity of education for learners, including a particular focus on more vulnerable students.

The Department has put in place a range of steering and engagement structures to support the education and training system in navigating these new challenges:

- The Department's Management Board has been meeting frequently to ensure there is a timely and senior level consideration and co-ordination of developments across and within the sector.
- In the school sector, stakeholder engagement groups have been set up to engage with school management bodies, school administration and continuity of teaching and learning. One outcome of these engagements was the decision to postpone the leaving certificate examination and to offer an option for students to apply for calculated grades.
- In the tertiary sector (higher and further education), a steering group on tertiary education was established to ensure a coherent approach to the challenges presented for Ireland and for the sector by the Covid-19 pandemic. A number of working groups have been established to focus on the different issues emerging from the steering group.

The response to the Covid-19 challenges will have financial implications for the Department in 2020 and beyond. However, these are not quantifiable at this point.

Appendix A Accounts of bodies and funds under the aegis of the Department of Education and Skills

The following table lists the bodies under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Universities/Colleges ^a				
University College Cork (UCC)	2017	2 Apr 19	24 Apr 19	24 Jun 19
University College Dublin (UCD)	2018	15 Oct 19	11 Nov 19	7 Jan 20
National University of Ireland Galway (NUIG)	2018	23 Jul 19	31 Jul 19	30 Sep 19
National University of Ireland (NUI)	2018	10 Dec 19	17 Dec 19	17 Feb 20
Trinity College Dublin (TCD)	2018	29 Mar 19	2 Apr 19	29 May 19
University of Limerick (UL)	2018	17 Dec 19	15 Jan 20	13 Mar 20
Dublin City University (DCU)	2018	19 Dec 19	13 Jan 20	12 Mar 20
National University of Ireland Maynooth (NUIM)	2018	15 Apr 19	17 Apr 19	17 Jun 19
Mary Immaculate College, Limerick	2018	8 Oct 19	29 Oct 19	19 Dec 19
St Angela's College of Education, Sligo	2018	30 Oct 19	15 Jan 20	13 Mar 20
National College of Art and Design (NCAD)	2018	7 Feb 20	17 Feb 20	13 Mar 20
Institutes of Technology ^b				
Athlone	2018	10 Jul 19	29 Jul 19	24 Sep 19
Cork	2018	9 Oct 19	8 Nov 19	3 Jan 20
Dublin	2018	20 Sep 19	30 Sep 19	28 Nov 19
Dundalk	2018	20 Dec 19	9 Jan 20	9 Mar 20
Dun Laoghaire Institute of Art, Design and Technology	2018	1 Nov 19	7 Nov 19	17 Dec 19
Galway-Mayo	2017	18 Dec 18	21 Dec 18	13 Feb 19
Blanchardstown	2018	14 Nov 19	22 Nov 19	16 Jan 20
Carlow	2018	27 Nov 19	5 Dec 19	3 Feb 20
Sligo	2018	10 Dec 19	20 Dec 19	19 Feb 20
Tallaght	2018	14 Nov 19	21 Nov 19	17 Jan 20
Tralee	2018	23 Dec 19	9 Jan 20	9 Mar 20
Letterkenny	2018	19 Nov 19	26 Nov 19	22 Jan 20
Limerick	2018	12 Nov 19	2 Dec 19	24 Jan 20
Waterford	2018	24 Dec 19	9 Jan 20	9 Mar 20

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Education and Training Boards (ETBs)				
Cavan and Monaghan	2018	15 May 19	21 May 19	16 Sep 19
City of Dublin	2018	26 Nov 19	28 Nov 19	21 Feb 20
Cork	2018	28 Jun 19	16 Jul 19	16 Sep 19
Donegal	2018	27 Jun 19	4 Jul 19	16 Sep 19
Dublin and Dún Laoghaire	2018	18 Dec 19	19 Dec 19	21 Feb 20
Galway and Roscommon	2018	7 Aug 19	18 Oct 19	20 Nov 19
Kerry	2018	30 Oct 19	8 Nov 19	16 Dec 19
Kildare and Wicklow	2018	24 Dec 19	9 Jan 20	9 Mar 20
Kilkenny and Carlow	2018	7 Aug 19	12 Aug 19	4 Dec 19
Laois and Offaly	2018	30 Jun 19	16 Jul 19	16 Sep 19
Limerick and Clare	2018	23 Dec 19	8 Jan 20	28 Feb 20
Longford and Westmeath	2018	25 Jun 19	9 Jul 19	16 Sep 19
Louth and Meath	2018	26 Nov 19	29 Nov 19	18 Dec 19
Mayo, Sligo and Leitrim	2018	19 Dec 19	30 Dec 19	21 Feb 20
Tipperary	2018	29 Nov 19	4 Dec 19	3 Feb 20
Waterford and Wexford	2018	13 Dec 19	17 Dec 19	5 Feb 20
Aegis bodies				
SOLAS	2018	10 May 19	30 May 19	22 Jul 19
Grangegorman Development Agency	2018	29 Nov 19	17 Dec 19	3 Mar 20
Higher Education Authority (HEA)	2018	28 Jun 19	2 Jul 19	22 Aug 19
National Council for Curriculum and Assessment (NCCA)	2018	30 Sep 19	30 Oct 19	31 Oct 19
National Council for Special Education (NCSE)	2018	12 Sep 19	9 Oct 19	23 Sep 19
Quality and Qualifications Ireland (QQI)	2018	19 Dec 19	9 Jan 20	10 Feb 20
State Examinations Commission (SEC)	2018	3 Dec 19	6 Dec 19	16 Dec 19
The Teaching Council	2018	12 Mar 19	31 May 19	To be laid
Educational Research Centre	2019	3 Mar 20	3 Mar 20	To be laid
Caranua	2018	6 Dec 19	9 Dec 19	To be laid
Redress Special Account	2018	21 Nov 19	28 Nov 19	9 Dec 19
Dublin Institute for Advanced Studies (DIAS)	2018	3 Jul 19	9 Aug 19	8 Oct 19
Royal Irish Academy of Music (RIAM)	2018	18 Dec 19	9 Jan 20	9 Mar 20
Royal Irish Academy (RIA)	2017	19 Dec 18	15 Jan 19	13 Mar 19
Other				
National Training Fund (NTF)	2018	29 Nov 19	6 Dec 19	18 Dec 19

Notes ^a Period of account 1 October to 30 September

^b Period of account 1 September to 31 August

Appendix B Major capital commitment projects involving total expenditure of €10 million or more

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018	
	€000	€000	€000	€000	€000	
Subhead A.15						
1	Hansfield Educate Together Secondary School, Dublin 15 ^{a, b}	17,329	40	187	17,556	17,350
2	Gaelscoil na nDeise, Carrickphierish Campus, Waterford	14,648	522	52	15,222	14,774
3	St Colmcille's, Dublin 16	16,275	—	342	16,617	16,617
4	Ardgillan Community College, Balbriggan, Co. Dublin	13,638	15	103	13,756	13,662
5	Temple Carrig Secondary School, Wicklow	12,804	—	391	13,195	12,925
6	St John's Primary School, Rathmullen ^{a, b}	12,810	—	1,545	14,355	14,241
7	Coláiste Ghlór na Mara, Balbriggan, Co. Dublin ^{a, b}	14,714	—	222	14,936	14,908
8	Bremore Educate Together Balbriggan, Co. Dublin ^{a, b}	22,602	62	1,393	24,057	23,810
9	Le Chéile Secondary School, Mulhuddart, Dublin 15 ^{a, b}	19,802	—	336	20,138	19,802
10	Portlaoise Parish School, County Laois ^{a, b}	16,270	—	723	16,993	17,027
11	Newpark Comprehensive Blackrock, County Dublin ^{a, b}	14,036	—	481	14,517	14,042
12	Carrigaline Post Primary School, County Cork ^{a, b}	14,500	—	213	14,713	14,580
13	Dún an Rí College, Kingscourt, Cavan	14,930	—	293	15,223	15,191
14	Limerick Educate Together, Mungret, Limerick ^{a, b}	12,484	19	205	12,708	12,689
15	St Aidan's Parish School, Enniscorthy, Co. Wexford	10,262	531	435	11,228	10,375
16	Michael Street National School, New Ross, Co. Wexford ^{a, b}	11,057	2	415	11,474	11,478
17	Sancta Maria College, Rathfarnham, Co. Dublin ^{a, b}	8,510	3,335	4,611	16,456	16,419
18	Clonkeen College, Blackrock, Co. Dublin ^{a, b}	12,816	—	76	12,892	12,893

		Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
		€000	€000	€000	€000	€000
19	Kinsale Community College, Co. Cork ^{a, b}	11,148	706	64	11,918	11,298
20	Christian Brothers Secondary School, Thomas Street, Wexford ^{a, b, c}	15,253	190	393	15,836	16,067
21	Arklow Vocational School, Co. Wicklow	12,269	18	163	12,450	12,449
22	Senior College Dún Laoghaire, Main Street, Blackrock, Co. Dublin	10,474	—	664	11,138	11,138
23	Scoil Phobail, Clifden, Co. Galway ^{a, b}	10,137	161	152	10,450	10,303
24	St. Fintina's Longwood, Co. Meath	10,351	122	117	10,590	10,533
25	Scoil Naofa Oilbhear Pluinthead, Malahide, Co. Dublin ^{a, b}	7,538	3,919	3,861	15,318	13,532
26	Stewarts School, Palmerstown, Dublin 20 ^{a, b}	9,150	5,697	1,345	16,192	15,694
27	Kingswood Community College, Tallaght, Dublin 24 ^{a, b}	12,318	8,244	17	20,579	18,806
28	Coláiste Mhuire, Knockbeg, Carlow ^{a, b}	10,772	5,257	451	16,480	15,892
29	Presentation College, Athenry, Co. Galway	18,159	2,082	381	20,622	20,321
30	Pobalcoláiste Chú Chulainn, Dundalk, Co. Louth ^{a, b}	16,324	15	1,145	17,484	17,469
31	Maynooth Post Primary Schools, Co. Kildare ^{a, b}	16,323	8,346	26,452	51,121	38,466
32	Gaelscoil Teach Giuise, Tallaght, Dublin 24 ^{a, b}	11,787	20	22	11,829	11,809
33	Mercy Convent Primary School, Naas, Co. Kildare ^{a, b}	5,289	987	4,479	10,755	10,453
34	St. Mochta's National School, Clonsilla, Dublin 15 ^{a, b}	9,573	2,758	170	12,501	12,025
35	Stepaside Educate Together National School, Co. Dublin ^{a, b}	10,063	149	161	10,373	10,355

		Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
		€000	€000	€000	€000	€000
36	Tullamore College, Tullamore, Co. Offaly ^{a, b}	11,318	196	12	11,526	11,511
37	Holy Family Special School, Cootehill, Co. Cavan ^{a, b, c}	2,290	3,976	9,067	15,333	13,528
38	CBS Primary School, New Road, Ennis, Co. Clare ^{a, b}	1,539	9,730	323	11,592	11,314
39	St. Francis of Assisi National School, Belmayne, Balgriffin, Dublin 13 ^{a, b}	9,189	3,094	5	12,288	12,005
40	Saplings Mullingar, Lynn Road, Mullingar, Co. Westmeath ^{a, b}	769	11,406	508	12,683	12,339
41	Citywest Educate Together National School, Fortunestown Lane, City West, Dublin 24 ^{a, b}	457	13,530	457	14,444	13,624
42	Galway North Educate Together National School, Thomas Hynes Road, Newcastle, Co. Galway ^{a, b}	575	13,816	856	15,247	15,134
43	Gairmscoil Mhuire, Athenry, Co. Galway ^{a, b}	578	19,068	2,687	22,333	21,815
44	Lusk Community College, Lusk, Co. Dublin ^{a, b}	5,499	6,440	3,581	15,520	14,362
45	Davis College, Mallow, Co. Cork	2,010	4,788	3,700	10,498	10,045
46	Coláiste Chiaráin, Croom, Co. Limerick	1,153	10,343	7,269	18,765	17,974
47	Ardee Community School, Ardee, Co. Louth ^e	9,751	544	32	10,327	10,095
48	Scoil Bhríde National School, Knockmay, Portlaoise, Co. Laois ^e	9,863	68	127	10,058	10,039
49	SN Lusca, Lusk, Co. Dublin ^e	9,176	1,692	94	10,962	9,290

		Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
		€000	€000	€000	€000	€000
50	St. Columba's Boys National School, Knocklyon, Dublin 16 ^e	7,359	4,306	546	12,211	10,051
51	Ballyhaunis Community School, Ballyhaunis, Co. Mayo ^e	9,636	1,393	99	11,128	10,138
52	St. Patrick's School, Bohreen Hill, Enniscorthy, Co. Wexford ^{a, d}	385	6,404	8,520	15,309	14,979
53	Clonakilty Community College, Clonakilty, Co. Cork ^f	159	3,892	7,326	11,377	—
54	Powerstown Educate Together National School, Tyrrelstown, Dublin 15 ^{a, d}	10,796	—	220	11,016	11,017
55	Swords Post Primary, Swords, Co. Dublin ^f	107	15,137	7,243	22,487	—
56	Naas Community College, Naas, Co. Kildare ^f	1,151	1,105	21,370	23,626	—
57	Coláiste Chiaráin, Summerhill, Athlone, Co. Roscommon ^f	223	12,653	11,318	24,194	—
58	Drumcondra/ Marino National School, Drumcondra, Dublin 9 ^f	46	4,479	5,901	10,426	—
59	Gaelcholaiste Charrig Ui Leighin, Carrig Ui Leighin, Co. Corcaí ^f	2,041	5,778	29,257	37,076	—
60	St. Paul's National School, Navan, Co. Meath ^f	287	2,602	9,117	12,006	—
		552,772	199,637	181,695	934,104	758,653

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018	
	€000	€000	€000	€000	€000	
Subhead C.16						
1	Dublin City University/St. Pat's F Block	6,155	8,845	—	15,000	15,000
2	University of Limerick Library	14,600	1,700	—	16,300	16,300
3	National Children's Hospital (Higher Education Facilities)	—	10,000	7,000	17,000	17,000
		20,755	20,545	7,000	48,300	48,300
Subtotal A.15						
		552,772	199,637	181,695	934,104	758,653
Subtotal C.16						
		20,755	20,545	7,000	48,300	48,300
Total						
		573,527	220,182	188,695	982,404	806,953

- Notes
- a Cumulative expenditure to 31 December 2018 has been restated to include fees other than design team fees that were not previously recorded as expenditure in the major capital commitments table. These fees have been introduced to ensure that project costs recorded under major capital commitments are aligned to project costs that are recorded in capital assets under development.
 - b Expected total spend lifetime of project has been restated to reflect the additional fees explained in footnote a.
 - c Cumulative expenditure to 31 December 2018 has been restated to include prior year expenditure that was not previously reported.
 - d Two school projects were introduced to the table in 2019 following a review of capital projects. These projects, each with an estimated total cost of over €10 million should have been included previously.
 - e Five new schools' projects were introduced to the table following a review to align expenditure with capital assets under development.
 - f Seven new schools' projects commenced during 2019.

Significant variations-Subhead A.15

An explanation is provided below where projected total expenditure increased/decreased by more than €500,000 from 2018 to 2019:

15 St Aidan's Parish School, Enniscorthy, Co. Wexford

Increase in expected total spend: €853,000

The increase in commitment of €853,000 was due primarily to change orders relating to additional works to sloped embankment, deep fill screed, additional structural bracing of existing building, attenuation tank and windows.

- 19 Kinsale Community School, Kinsale, Co. Cork**
Increase in expected total spend: €620,000
The increase in commitments of €620,000 was due primarily to change orders relating to LED lighting, blockwork and modifications to heating.
- 25 Scoil Naofa Oilbhear Pluincead, Malahide, Co. Dublin**
Increase in expected total spend: €1.786 million
The increase in commitments of €1.786 million was due primarily to change orders relating to revised roof finishes and soil contamination.
- 27 Kingswood Community College, Tallaght, Dublin 24**
Increase in expected total spend: €1.773 million
The increase in commitments of €1.773 million was due primarily to change orders relating to additional works to PE Hall Access, window modifications, concrete finishes, internal and external signage, external ball court fencing, additional barriers to flat roof rooflights and parapet/electrical conduit painted decoration, LED lighting and additional temporary accommodation.
- 28 Coláiste Mhuire, Knockbeg, Co. Carlow**
Increase in expected total spend: €588,000
The increase in commitments of €588,000 was due primarily to change orders including additional temporary accommodation, emergency heating, temporary toilet block, remediation of extensive dry rot, replacement of lime plaster and replacement of structural joists.
- 31 Maynooth Post Primary Schools, Co. Kildare**
Increase in expected total spend: €12.655 million
The increase in commitments of €12.655 million was due primarily to costs associated with the need to retender the construction contract as a result of the liquidation of Sammon Contracting Ireland Ltd.
- 37 Holy Family Special School, Cootehill, Co. Cavan**
Increase in expected total spend: €1.805 million
The increase in commitments of €1.805 million was due to a variety of change orders relating to LED lighting and water drainage.
- 41 Citywest Educate Together National School, Fortunestown Lane, City West, Dublin 24**
Increase in expected total spend: €820,000
The increase in commitments of €820,000 was due primarily to change orders relating to removal of soil on site, water contamination, increase in CCTV and works necessary for the grant of a Disability Access Cert.
- 43 Gairmscoil Mhuire, Athenry, Co. Galway**
Increase in expected total spend: €518,000
The increase in commitment of €518,000 was due primarily to change orders which included security on site, foul sewer additional requirements and conditions of planning to build footpaths.

- 44 Lusk Community College, Lusk, Co. Dublin**
Increase in expected total spend: €1.158 million
The increase in commitment of €1.158 million was due to change orders necessary following the need for additional temporary accommodation and also changes in requirements in lighting, windows, metalwork room and SNU decant.
- 46 Coláiste Chiaráin, Croom, Co. Limerick**
Increase in expected total spend: €791,000
The increase in commitment of €791,000 was due primarily to change orders relating to unforeseen ground conditions.
- 49 SN Lusca, Lusk, Co. Dublin**
Increase in expected total spend: €1.672 million
The increase in commitment of €1.672 million was due primarily to a variety of change orders relating to temporary power supply, boiler replacement, adjustment to boundary and conciliation.
- 50 St. Columba's Boys National School, Knocklyon, Dublin 16**
Increase in expected total spend: €2.16 million
The increase in commitment of €2.16 million was due primarily to a variety of change orders relating to temporary power supply, boiler replacement, adjustment to boundary and conciliation.
- 51 Ballyhaunis Community School, Ballyhaunis, Co. Mayo**
Increase in expected total spend: €990,000
The increase in commitment of €990,000 was due primarily to a variety of change orders arising from a conciliation process.

Appendix C Information Note on Public Private Partnerships Projects (PPPs)

National Maritime College

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Five Pilot Schools PPP

The five post primary schools in the Pilots School PPP bundle are located in Dunmanway and Ballincollig, Co. Cork; Tubbercurry, Co. Sligo; Clones, Co. Monaghan and Shannon, Co. Clare. The contract for the Five Pilot Schools PPP was signed with Jarvis Projects Ltd in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools); Banagher and Ferbane (both in Co. Offaly) was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post primary schools and one primary school in Burkeen, Wicklow Town, Co. Wicklow; Athboy, Co. Meath; Kildare Town, Co. Kildare; Abbeyfeale, Co. Limerick and Bantry, Co. Cork (two schools) was signed with Maquarie Partnerships for Ireland in June 2010. These schools became operational between July 2011 and October 2011.

3rd Bundle PPP Schools

There are seven post primary schools and one primary school in the 3rd Bundle PPP Project. They are located in Ballinamore, Co. Leitrim; Letterkenny, Co. Donegal; Gorey, Co. Wexford; Doughiska, Co. Galway (2 schools); Doon, Co. Limerick; Tramore, Co. Waterford and Athlone, Co. Westmeath. The contract for the design, build, financing, operation and maintenance of the schools was signed with BAM PPP in November 2012. All eight schools became operational between November 2013 and May 2014.

4th Bundle PPP Schools

There are four post primary schools in the 4th Bundle PPP Project. They are located in Tulla, Co. Clare; Skibbereen, Co. Cork; Dundalk, Co. Louth and Carrick-on-Suir, Co. Tipperary. The contract for the design, build, financing, operation and maintenance of four post primary schools was signed with BAM PPP in December 2014. These schools became operational between March and May 2016.

5th Bundle PPP Schools

There are four post primary schools, one primary school and one further education college in the 5th Bundle PPP Project. They are located in Carlow (1 school and 1 IFE); Kells, Co. Meath; Bray, Co. Wicklow (2 schools) and Wexford. The contract for the design, build, financing and maintenance of the schools was signed in July 2016 with Inspired Spaces Bundle 5 (Ireland) Ltd. Two schools in Bray and one in Wexford achieved service commencement in 2018. The school in Kells achieved service commencement in June 2019, the remaining school and IFE in Carlow achieved service commencement in July and August 2019 respectively.

Grangegorman Quads PPP Project

The Grangegorman PPP Project, which comprises the Central and East Quads, will deliver significant academic infrastructure for Technological University Dublin at Grangegorman. The contract for the design, build, financing and maintenance of the buildings was signed in March 2018. Construction is now well advanced and is scheduled for completion by mid-2020.

Appendix D Direct funding from Vote 26 to Education and Training Boards (by subhead) ^a

The following table lists the direct funding to Education and Training Boards (ETBs) during 2019 by subhead with comparative figures for 2018.

	2019	2018
	ETB	ETB
	funding	funding
	amount	amount
	€000	€000
Programme A - First, Second and Early Years Education		
A.3 Salaries, wages and allowances (including incidental payments) of primary teachers	85	27
A.5 Grants to Education and Training Boards in respect of ETB teachers' salaries	727,743	692,008
A.6 Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools	40,594	36,691
A.7 Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)	78,928	75,514
A.8 ETB pensions	243	—
A.9 School transport services	738	632
A.10 Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions	83,374	76,039
A.11 Grants to education bodies working in the primary and post primary sectors	382	95
A.12 Teacher education	1,948	1,944
A.14 Miscellaneous grants and services	9,045	6,194
A.15 Primary and post primary infrastructure ^b	92,250	84,328
A.16 Public private partnership costs (PPP) ^b	665	136
Programme A Total paid to ETBs	1,035,995	973,608
Programme C - Higher Education		
C.11 Student support and related expenses	356,701	371,588
Programme C Total paid to ETBs	356,701	371,588
Grand total paid to ETBs	1,392,696	1,345,196

Notes ^a This table comprises funding provided to ETBs directly from Vote subheads. It does not include funding provided via SOLAS from either Exchequer resources or the National Training Fund.

^b Subhead A.15 Primary and Post Primary Infrastructure formerly recorded under subhead D.3 Building, equipment and furnishing of primary and post primary schools and subhead A.16 Public private partnership schools formerly recorded under D.5 Public private partnership (PPP). These costs are now also reflected in the 2018 ETB funding amount column.

Appropriation Account 2019

Vote 27

International Co-operation

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

Surplus

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

	2019 €	2018 €
Surplus to be surrendered	1,410,728	1,087,489

Niall Burgess
Accounting Officer
International Co-operation

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Programme cost	511,166	486,524
Pay	17,642	15,597
Non pay	14,793	12,338
Gross expenditure	543,601	514,459
<i>Deduct</i>		
Appropriations-in-aid	1,186	1,240
Net expenditure	542,415	513,219
Changes in capital assets		
Purchases cash	(737)	
Depreciation	557	(180)
		(358)
Changes in net current assets		
Decrease in closing accruals	(400)	
Increase in stock	(1)	25
Direct expenditure	541,834	512,886
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	23	19
Net programme cost	541,857	512,905

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.

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Vote 18 National Shared Services Office	23	19

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	11,819	11,639
Current assets			
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
Total current assets		<u>8,418</u>	<u>8,293</u>
Less current liabilities			
Accrued expenses		520	263
Other credit balances	2.3	993	298
Bilateral and other co-operation fund (grant) account	7	5,388	6,616
Total current liabilities		<u>6,901</u>	<u>7,177</u>
Net current assets		<u>1,517</u>	<u>1,116</u>
Net assets		<u>13,336</u>	<u>12,755</u>
Represented by:			
State funding account	2.5	<u>13,336</u>	<u>12,755</u>

2.1 Capital assets

	Land and buildings	Equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
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
Accumulated Depreciation					
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
Net assets at 31 December 2019	10,487	499	98	735	11,819
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 ^a	340	302
	6,105	(1,464)

Note ^a 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
Amounts due to the State		
Professional services withholding tax	97	105
Value added tax	8	1
	<u>105</u>	<u>106</u>
Other credit balances	888	192
	<u>993</u>	<u>298</u>

2.4 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,411	1,087
Exchequer grant undrawn	<u>(1,441)</u>	<u>(9,282)</u>
Net Exchequer funding	<u>(30)</u>	<u>(8,195)</u>
Represented by:		
Debtors		
Bank and cash	6,105	(1,464)
Debit balances: suspense	246	183
	<u>6,351</u>	<u>(1,281)</u>
Creditors		
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>(30)</u>	<u>(8,195)</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	<u>(1,411)</u>	
Net vote		542,415	513,219
Expenditure borne elsewhere	1	23	19
Net programme cost	1	<u>(541,857)</u>	<u>(512,905)</u>
Balance at 31 December		<u>13,336</u>	<u>12,755</u>

2.6 Commitments

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

Note ^a 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.

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€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
	33,729	32,435	27,935

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
	544,926	543,601	514,459

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 ^a	650	529	581
Total	1,100	1,186	1,240

Note ^a 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	<u>280</u>	<u>249</u>

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	<u>414</u>	<u>380</u>
Total pay	<u>17,642</u>	<u>15,597</u>

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)

	2019	2018
	€000	€000
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
	40,621	41,125

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

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

	2019	2018
	€000	€000
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	5,388	6,616

Appropriation Account 2019

Vote 28

Foreign Affairs and Trade

Introduction

As Accounting Officer for Vote 28, 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 the salaries and expenses of the Office of the Minister for Foreign Affairs and Trade, and for certain services administered by that Office, including grants and contributions to International Organisations.

The expenditure outturn is compared with the sum 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 €15.330 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 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 adjusted as follows

- improvements to land and buildings since 2005 are reflected at cost
- land and buildings acquired since 2005 are also reflected at cost
- three mission properties are included on the basis of valuations conducted in 2011.

Depreciation

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

Buildings are not depreciated.

Foreign exchange transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of each month. Foreign exchange transactions completed by headquarters are recorded at the rate at date of settlement of the transaction.

Accruals, prepayments, commitments and stocks at diplomatic missions

Accruals, prepayments, commitments and stocks do not include amounts in respect of the Department's diplomatic missions other than those relating to property rental.

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. 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 level agreement between this Department and the National Shared Service Office for the provision of payroll and human resource function.

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 and, in particular, that

- there is segregation of duties and 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.

Non-compliance with procurement rules

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. Thirty contracts, with a value of €4,757,287 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, as follows

- Sixteen contracts with a value of €1,447,193 are considered non-competitive and non-compliant. Five contracts were extended beyond the original contract date without a competitive process, primarily while revised arrangements are being put in place by the Office of Government Procurement (€774,742). Five contracts had previously been awarded but exceeded the relevant thresholds that required a competitive process (€276,882). Six contracts had previously been awarded under a competitive process but were extended while revised arrangements are being put in place by the Department (€395,569). These will be tendered during 2020.
- Fourteen contracts with a value of €3,310,094 are considered non-competitive but compliant. Eleven related to provision of proprietary ICT services (€2,975,660) and three related to situations where there was a single suitable supplier available (€334,434). These contracts will be reviewed by my Department's procurement team during 2020.

Capital assets

Over recent audits, the Office of the Comptroller and Auditor General has commented on weakness in the Department's fixed asset register.

During 2019, a full review of all the Department's remaining fixed asset registers commenced. This review is to update and enhance the information recorded in the Department's fixed asset registers and reconcile it to the trial balance. It was intended to complete this full review during 2019 and reflect any adjustments in the 2019 appropriation account. At 31 December 2019 this review is ongoing with a number of mission fixed asset registers ready for adjustment. As the project is not complete the Department decided not to make any adjustment in the 2019 appropriation account but to make a comprehensive adjustment in the 2020 appropriation account when the project is complete. To date, the project has identified fully depreciated assets no longer in use and items incorrectly classified as fixed assets that will need to be removed from the registers and the trial balance. These items are fully depreciated and, as a result, will not impact on the Department's statement of financial position.

There are fully depreciated assets, with an original cost of €61.5 million, recognised in capital assets (Note 2.1) that are not recorded in the asset register as they had a nil net book value when the fixed asset register was first established. These fully depreciated assets are included in this ongoing review of the fixed asset registers and may result in their removal from the capital assets note or being added to a fixed asset register to facilitate tracking in the future.

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. The annual 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.

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 and updated 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 residual level.

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

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated in a timely manner to those responsible for taking corrective action and to management and the Management Board. 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 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 controls were identified in relation to 2019 that resulted in, or may result in, a material loss.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

7 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

Opinion on the appropriation account

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade 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 28 Foreign Affairs and Trade 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*.

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 2019.

Seamus McCarthy
Comptroller and Auditor General

9 September 2020

Vote 28 Foreign Affairs and Trade

Appropriation Account 2019

	Estimate provision		2019	2018
	€000	€000	Outturn €000	Outturn €000
Programme expenditure				
A To serve our people at home and abroad to promote reconciliation and co-operation ("Our People")		83,155	78,039	77,998
B Protect and advance our values and interests in Europe ("Our Place in Europe")		30,163	29,360	26,556
C To work for a more just, secure and sustainable world ("Our Values")				
	<i>Original</i>	52,636		
	<i>Supplementary</i>	12,000		
		64,636	61,782	42,515
D Promote our economic interests internationally ("Our Prosperity")		39,853	41,476	32,657
E Strengthen our capacity to deliver our goals ("Our Influence")				
	<i>Original</i>	51,644		
	<i>Supplementary</i>	2,000		
		53,644	55,727	48,340
Gross expenditure				
	<i>Original</i>	257,451		
	<i>Supplementary</i>	14,000		
		271,451	266,384	228,066
<i>Deduct</i>				
F Appropriations-in-aid				
	<i>Original</i>	44,952		
	<i>Supplementary</i>	13,999		
		58,951	69,213	65,685
Net expenditure				
	<i>Original</i>	212,499		
	<i>Supplementary</i>	1		
		212,500	197,171	162,381

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	<u>15,329,537</u>	<u>30,517,006</u>

Niall Burgess

Accounting Officer
Department of Foreign Affairs and Trade

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	75,333	51,956
Pay	101,952	91,420
Non pay	89,099	84,690
Gross expenditure	266,384	228,066
<i>Deduct</i>		
Appropriations-in-aid	69,213	65,685
Net expenditure	197,171	162,381
Changes in capital assets		
Purchases cash	(3,673)	
Disposals cash	42	
Profit on disposals	(17)	
Depreciation	3,626	(5,014)
Changes in net current assets		
Increase in closing accruals	56	
Increase in closing prepayments	(4,894)	
Increase in stock	(1,446)	6,075
Direct expenditure	190,865	163,442
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	24,322	21,105
Notional rents	2,953	2,851
Net programme cost	218,140	187,398

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 28 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	60	60
Vote 12 Superannuation and Retired Allowances	17,014	15,366
Vote 13 Office of Public Works	6,787	5,227
Vote 18 National Shared Services Office	144	121
Vote 20 An Garda Síochána	309	213
Central Fund – Ministerial Pensions	372	371
Costs of shared services provided to other Votes	(364)	(253)
	24,322	21,105

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	168,527	168,505
Current assets			
Bank and cash	2.2	1,306	(4,649)
Stocks	2.3	9,884	8,438
Prepayments	2.4	10,803	5,909
Other debit balances	2.5	7,580	5,387
Net Exchequer funding	2.7	(5,918)	2,571
Total current assets		<u>23,655</u>	<u>17,656</u>
Less current liabilities			
Accrued expenses		2,310	2,254
Other credit balances	2.6	2,968	3,309
Total current liabilities		<u>5,278</u>	<u>5,563</u>
Net current assets		<u>18,377</u>	<u>12,093</u>
Net assets		<u>186,904</u>	<u>180,598</u>
Represented by:			
State funding account	2.8	<u>186,904</u>	<u>180,598</u>

2.1 Capital assets

	Land and buildings	Motor vehicles	Furniture and fittings	Office equipment	Assets under development ^b	Total
	€000	€000	€000	€000	€000	€000
Gross assets ^a						
Cost or valuation at 1 January 2019	159,293	2,922	45,434	76,890	1,492	286,031
Transfers	—	—	—	743	(743)	—
Additions	—	393	242	1,845	1,193	3,673
Disposals	—	(343)	—	—	—	(343)
Cost or valuation at 31 December 2019	159,293	2,972	45,676	79,478	1,942	289,361
Accumulated depreciation						
Opening balance at 1 January 2019 ^a	—	2,150	44,782	70,594	—	117,526
Depreciation for the year	—	414	188	3,024	—	3,626
Depreciation on disposals	—	(318)	—	—	—	(318)
Cumulative depreciation at 31 December 2019	—	2,246	44,970	73,618	—	120,834
Net assets at 31 December 2019	159,293	726	706	5,860	1,942	168,527
Net assets at 31 December 2018	159,293	772	652	6,296	1,492	168,505

- Note ^a Included in capital assets are fully depreciated assets with a historical cost of €61.476 million which were not included in the fixed asset register as they had no book value when the fixed asset register was established. These assets are fully depreciated and are included in the accumulated depreciation figure. A project is currently underway to assess this historic asset listing and include assets still in use in the fixed asset register. Any adjustment to capital assets will be made in the 2020 appropriation account.
- ^b Assets under development represents assets for the Passport Service Reform Programme currently in progress. These assets represent projects that were not complete at 31 December 2019.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	(10,510)	(13,153)
Commercial bank accounts	2,762	1,205
Mission bank balances and cash	9,054	7,299
	1,306	(4,649)

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Passport books and cards	9,280	8,250
Protocol stocks	53	55
Stationery	512	73
Prepaid postage	4	5
IT consumables	35	55
	9,884	8,438

2.4 Prepayments

at 31 December	2019	2018
	€000	€000
Mission rents	2,036	1,309
Contributions to international organisations	7,559	2,946
Other prepayments	1,208	1,654
	10,803	5,909

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Departmental and agency accounts	5,602	3,674
Imprest and personal suspense accounts	1,070	1,023
Salary advance accounts	13	11
Sundry ^a	895	679
	7,580	5,387

Note ^a Sundry debtors include payroll control accounts of €658,977; honorary consul debtors of €222,004; and other balances of €14,415.

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	1,049	905
Pay related social insurance	726	596
Universal social charge	219	199
Local property tax	8	7
Value added tax	57	84
Professional services withholding tax	82	70
	2,141	1,861
Sundry creditors ^a	827	1,448
	2,968	3,309

Note ^a Sundry creditors include amounts due to third party creditors of €628,000 and suspense accounts of €199,000.

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	15,329	30,517
Exchequer grant undrawn	(9,411)	(33,088)
Net Exchequer funding	5,918	(2,571)
Represented by:		
Debtors		
Bank and cash	1,306	(4,649)
Other debit balances	7,580	5,387
	8,886	738
Creditors		
Due to State	(2,141)	(1,861)
Other debit balances	(827)	(1,448)
	(2,968)	(3,309)
	5,918	(2,571)

2.8 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		180,598	181,659
Disbursements from the Vote			
Estimate provision	Account	212,500	
Surplus to be surrendered	Account	(15,329)	
Net vote		197,171	162,381
Expenditure (cash) borne elsewhere	1.1	24,322	21,105
Non cash expenditure – notional rent	1	2,953	2,851
Net programme cost	1	(218,140)	(187,398)
Balance at 31 December		186,904	180,598

2.9 Commitments

Commitments include those amounts for which the Department may be legally liable in 2020 and subsequent years under binding enforceable contracts and relate to property rental payments abroad and commitments to purchase equipment.

at 31 December	2019	2018
	€000	€000
The amount is analysed as follows:		
Equipment and other administrative costs	150	683
Lease commitments ^a	91,937	55,710
Total commitments	92,087	56,393

Note ^a Property lease commitments are offset by prepayments. Prepaid rents amounted to €2.036 million (2018: €1.309 million) which is included in the prepayments figure of €10.803 million (Note 2.4).
Lease commitments at 31 December 2019 reflect total future commitments under legally binding lease agreements.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	100,723	101,952	91,420
ii	Travel and subsistence	6,844	7,784	7,123
iii	Training and development and incidental expenses	3,748	5,550	5,222
iv	Postal and telecommunication services	5,786	7,274	5,938
v	Office equipment and external IT services	28,328	21,932	25,995
vi	Office premises expenses	37,319	35,149	30,051
vii	Consultancy services and value for money and policy reviews	100	58	53
viii	Promotional support and accommodation	10,297	11,352	10,309
		193,145	191,051	176,111

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €100.723 million, outturn: €101.952 million

The increase of €1.229 million on expenditure on salaries, wages and allowances was mainly due to the allocation of additional staffing for the passport service customer hub to address the significant increase in customer queries resulting for the increase in passport applications.

iii Training and development and incidental expenses

Estimate provision: €3.748 million, outturn: €5.55 million

The increase of €1.802 million on expenditure was mainly due to a range of additional expenditure during the year including increased staff training and development, state/official entertainment due to higher level of Presidential and State visits, increased mission operating costs, legal settlements (see note 6.1) and foreign exchange revaluation losses.

iv Postal and telecommunications services

Estimate provision: €5.786 million, outturn: €7.274 million

The additional spend of €1.488 million resulted from a significant increase in postage costs associated with the significant increase in the volume of passport applications.

Programme A Our people

		2019		2018
		Estimate	Outturn	Outturn
		provision		
	€000	€000	€000	€000
A.1	Administration – pay	26,585	26,909	24,161
A.2	Administration – non pay	36,497	33,866	38,069
A.3	Fulbright Commission	404	404	434
A.4	Emergency consular assistance	79	9	13
A.5	Support for Irish emigrant services	12,595	12,360	11,772
A.6	North-South and Anglo-Irish co-operation	3,745	3,729	3,097
A.7	International Fund for Ireland	2,650	150	150
A.8	Diaspora affairs	600	612	302
		83,155	78,039	77,998

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €5.116 million lower than provided. The variation of €2.307 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following:

A.7 International Fund for Ireland

Estimate provision: €2.65 million, outturn: €150,000

The decrease in expenditure of €2.5 million was due to the operating environment of the International Fund for Ireland not requiring the disbursement of the grant for programme expenditure for 2019.

Programme B Our place in Europe

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B.1 Administration – pay	23,146	23,428	21,006
B.2 Administration – non pay	5,634	4,608	4,154
B.3 Actions consequent on Title V of the Treaty of European Union	418	420	522
B.4 EU engagement	965	904	874
	30,163	29,360	26,556

Programme C Our values

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C.1 Administration – pay	12,502	12,655	11,381
C.2 Administration – non pay	5,331	4,360	4,458
C.3 Contributions to international organisations			
	<i>Original</i> 34,803		
	<i>Supplementary</i> 12,000		
		46,803	44,767
		64,636	61,782
			26,676
			42,515

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €9.146 million higher than originally provided. Administration expenditure was €818,000 less than provided and has already been explained. The balance was due to the following:

C.3 Contributions to international organisations

Original estimate: €34.803 million, outturn: €44.767 million

The increase of €9.964 million was due to higher than anticipated mandatory contributions to international organisations, primarily the UN. It reflects decisions by the UN General Assembly to increase the previously agreed 2019 UN regular budget and, in July 2019, to invoice in full the 2019/2020 budgets of some peacekeeping missions. The supplementary estimate was granted to cover the increased cost.

Programme D Our prosperity

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
D.1 Administration – pay	20,499	20,749	18,554
D.2 Administration – non pay	11,809	12,579	6,852
D.3 Promoting Ireland	4,316	4,869	3,995
D.4 Contributions to national and international organisations	3,229	3,279	3,256
	39,853	41,476	32,657

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme D was €1.623 million higher than provided. The variation of €1.02 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following:

D.3 Promoting Ireland

Estimate provision: €4.316 million, outturn: €4.869 million

As part of the Department's Brexit response and preparations, additional activities promoting Ireland were undertaken across the mission network resulting in the excess expenditure of €553,000.

Programme E Our influence

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
E.1 Administration – pay	17,991	18,211	16,318
E.2 Administration – non pay	33,151	33,685	31,158
E.3 Information services			
	<i>Original</i> 502		
	<i>Supplementary</i> 2,000		
	2,502	3,831	864
	53,644	55,727	48,340

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme E was €4.083 million higher than originally provided. The variation of €754,000 in administration expenditure has already been explained. The balance of the variance was mainly due to the following:

E.3 Information services

Estimate provision: €502,000, outturn: €3.831 million

The overspend of €3.329 million arose from additional public information campaigns in relation to Brexit awareness and preparedness and promotion of the online passport application process. The supplementary estimate was granted to cover the increased cost.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Passports, visa and other consular services			
	<i>Original</i> 41,020		
	<i>Supplementary</i> 13,999		
		55,019	61,699
2 Repayments of repatriation and maintenance advances		30	—
3 VAT refunds to diplomatic missions		750	834
4 Miscellaneous		500	619
5 Receipts from additional superannuation contributions on public service remuneration ^a		2,652	2,533
Total		58,951	65,685

Note ^a 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 €24.261 million more than the estimate. Explanations for variances are set out below:

1 Passports, visa and other consular services

Estimate: €41.02 million, realised: €65.295 million

Income was ahead by €24.275 million due to the continued significant increase in passport applications. As the passport service is a demand led service it is difficult to project with certainty the level of applications or application mix that will be received in any given year.

3 VAT refunds to diplomatic missions

Estimate: €750,000, realised: €936,000

Income was ahead by €186,000 due to higher than anticipated VAT and sales tax refunds from foreign governments to missions overseas.

4 Miscellaneous

Estimate : €500,000, realised: €638,000

Income was ahead by €138,000. This relates to a range of receipts by the Department including refund of security deposits on rented properties, payroll overpayment refunds, refunds from Government departments/offices and other miscellaneous items. It is difficult to project with certainty the level of these receipts in any given year.

5 Receipts from additional superannuation contributions on public service remuneration

Estimate: €2.652 million, realised: €2.344 million

The shortfall of €308,000 arose as receipts were less than anticipated due to changes in the deduction rates.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	1,745	1,546

5.2 Pay

	2019 €000	2018 €000
Pay	91,557	82,434
Redundancy and severance	95	52
Higher, special or additional duties allowance	119	149
Other allowances	146	182
Overtime	962	1,003
Employer's PRSI	5,370	4,510
Foreign social security/health insurance (missions)	3,703	3,090
Total pay	101,952	91,420

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	28	2	20,613	23,318
Other allowances	123	—	9,375	10,181
Overtime	405	19	39,055	31,870
Extra remuneration in more than one category	63	27	41,318	34,236

5.4 Other remuneration arrangements

Payments totalling €7,452 (2018: €7,421) were paid to three (2018: two) retired civil servants whose services were retained on specialised tasks.

5.5 Overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	77	188,299	255,567
Recovery plans in place	27	101,004	120,736

5.6 Severance payments/redundancy

Severance payments amounting to €28,870 (2018: nil) was paid to two (2018: nil) locally employed staff at embassies abroad.

Severance payments amounting to €66,311 (2018: €51,890) was paid to one (2018: two) former ministerial staff member. No early payment of pension, additional added years of notional service, or any other enhancement to the accrued pension terms has been granted.

Note 6 Miscellaneous

6.1 Compensation and legal costs

Legal costs paid during the year are categorised as follows:

	Number of cases	Legal costs paid by Department €000	Legal costs awarded €000	Compensation awarded €000	2019	2018
					Total €000	Total €000
Claims by employees of the Department	2	130	—	169	299	69
Claims by members of the public	6	34	—	17	51	32
		164	—	186	350	101

6.2 Historical adjustment and write off

	2019 €	2018 €
Suspense account balances	—	8,912
Amounts owed by honorary consuls	—	36,959
	—	45,871

Appendix A Accounts of Bodies and Funds under the Aegis of the Department of Foreign Affairs and Trade

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
Ireland–United States Commission for Educational Exchange (Fulbright Commission) ^a	1 Oct 2018 - 30 Sep 2019	27 Feb 2020	28 Feb 2020	11 Mar 2020

Note ^a The Department provides an annual grant to the Fulbright Commission, which is financed jointly by the Irish and US Government and supports study, research, teaching and other educational activities between Ireland and the United States. The Commission receives annual funding from the Department and further funding from other sources.

Appropriation Account 2019

Vote 29

Communications, Climate Action and Environment

Introduction

As Accounting Officer for Vote 29, 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 the salaries and expenses of the Office of the Minister for Communications, Climate Action and Environment, including certain services administered by that Office, and for payment of certain grants.

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, and
- provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €59.017 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, as set out by the Department of Public Expenditure and Reform in Circular 27 of 2019, have been applied in the preparation of the account, except for the following:

Depreciation

The Department calculates depreciation on an annual basis with a full year's depreciation charged to each asset in the year of acquisition.

Motor vehicles are depreciated over five years at 20% per annum. Certain bespoke IT systems and specialist seabed survey equipment assets are depreciated over ten years at 10% per annum, while all other office/IT equipment is depreciated over five years at 20% 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 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 and the National Shared Services Office for the provision of human resources and payroll shared services. I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal controls are as follows:

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 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 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.

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, jointly approved by me and the Audit Committee, 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.

Procurement

The Department 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. In 2019, the Department complied with the guidelines with the exception of 36 contracts (in excess of €25,000) totalling €9,895,276 (excluding VAT) as set out below:

- 12 contracts (€5,495,213 excluding VAT) relate to contracts for expert advisory services for the National Broadband Plan (NBP) which were extended beyond original contract terms in order to finalise the contract negotiations in respect of the NBP.
- One contract (€2,330,000 excluding VAT) relates to a contract for the management and operation of the National Digital Research Centre which was extended beyond original contract terms pending the completion of an updated procurement competition to provide these services. This competition is ongoing and is expected to be completed in 2020.
- Nine contracts (€878,020 excluding VAT) relate to various services contracts which were extended beyond their original contract terms. Each of these contracts was reviewed by the Department in 2019 and steps have been taken, in each case where it was possible and appropriate, to bring these contracts into compliance with competitive procurement rules as quickly as possible.
- 14 contracts (€1,192,043 excluding VAT) were awarded without following competitive tendering processes and relate to the procurement of goods and services which ensured delivery of the Department's policies and objectives. The Department has reviewed the circumstances in which these contracts were awarded with a view to putting compliant contracts in place, where possible, and to prevent the award of similar, non-compliant contracts arising in future.

The Department has provided details of these exceptional contracts as part of the 56 contracts with a total value €14,378,178 (excluding VAT) that are included on the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform. Of the €14,378,178 (excluding VAT) committed in respect of the foregoing non-competitive procurements, an amount of €5,310,526 (excluding VAT) was paid in 2019, with a balance of €9,067,652 (excluding VAT) being carried into 2020.

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 and updated by the Management Board on a bi-annual 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 management and 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 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 require disclosure in the Appropriation Account.

Mark Griffin

Accounting Officer

Department of Communications, Climate Action and Environment

3 April 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 29 Communications, Climate Action and Environment

Opinion on the appropriation account

I have audited the appropriation account for Vote 29 Communications, Climate Action and Environment 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 29 Communications, Climate Action and Environment 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 Communications, Climate Action and Environment 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*.

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 2019.

Remediation of landfill sites

Chapter 9 of my report on the accounts of the public services for 2019 presents an overview of expenditure in respect of the remediation of landfill sites.

Seamus McCarthy

Comptroller and Auditor General

18 September 2020

Vote 29 Communications, Climate Action and Environment

Appropriation Account 2019

	Estimate Provision		2019 Outturn	2018 Outturn
	€000	€000	€000	€000
Programme expenditure				
A Communications				
<i>Original</i>	81,632			
<i>Deferred surrender</i>	15,000			
		96,632	25,142	27,515
B Broadcasting		264,904	260,363	253,105
C Energy		175,372	185,275	153,297
D Natural resources		24,565	20,792	20,794
E Inland fisheries		34,568	34,095	34,198
F Environment and waste management				
<i>Original</i>	83,660			
<i>Supplementary</i>	1			
		83,661	61,503	63,456
Gross expenditure				
<i>Original</i>	664,701			
<i>Deferred surrender</i>	15,000			
<i>Supplementary</i>	1			
		679,702	587,170	552,365
<i>Deduct</i>				
G Appropriations-in-aid		242,711	236,493	237,297
Net expenditure				
<i>Original</i>	421,990			
<i>Deferred surrender</i>	15,000			
<i>Supplementary</i>	1			
		436,991	350,677	315,068

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €27.296 million of unspent 2019 capital allocations in respect of Subhead A.3 was carried forward to 2020.

	2019	2018
	€	€
Surplus	86,313,414	34,014,630
Deferred surrender	(27,296,000)	(15,000,000)
Surplus to be surrendered	<u>59,017,414</u>	<u>19,014,630</u>

Mark Griffin

Accounting Officer

Department of Communications, Climate Action and Environment

3 April 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	555,318	521,188
Pay	24,173	23,503
Non pay	7,679	7,674
Gross expenditure	587,170	552,365
<i>Deduct</i>		
Appropriations-in-aid	236,493	237,297
Net expenditure	350,677	315,068
Changes in capital assets		
Purchases cash	(422)	
Depreciation	1,000	
	578	93
Changes in net current assets		
Increase in closing accruals	865	
Decrease in stock	88	(502)
Direct expenditure	352,208	314,659
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	15,974	15,558
Notional rents	1,584	1,530
Net programme cost	369,766	331,747

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 29 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	4	56
Vote 12 Superannuation and Retired Allowances	12,191	11,500
Vote 13 Office of Public Works	3,687	3,907
Vote 18 National Shared Services Office	37	38
Central Fund - Ministerial pensions	55	57
	15,974	15,558

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	1,888	2,439
Current assets			
Bank and cash	2.2	43,981	30,414
Stocks	2.3	173	261
Prepayments		1,419	600
Accrued income		428	560
Other debit balances	2.4	168	122
Total current assets		46,169	31,957
Less current liabilities			
Accrued expenses		2,228	575
Other credit balances	2.5	5,399	4,824
Net Exchequer funding	2.6	38,750	25,712
Deferred income		—	101
Total current liabilities		46,377	31,212
Net current assets		(208)	745
Net assets		1,680	3,184
Represented by:			
State funding account	2.7	1,680	3,184

2.1 Capital assets ^a

	Office furniture	Office and IT equipment	Specialist equipment and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	1,347	21,923	6,177	29,447
Additions	51	86	285	422
Adjustments ^b	—	—	630	630
Disposals	(2)	(103)	(12)	(117)
Cost or valuation at 31 December 2019	1,396	21,906	7,080	30,382
Accumulated depreciation				
Opening balance at 1 January 2019	1,248	20,760	5,000	27,008
Depreciation for the year	24	433	543	1,000
Adjustments ^b	—	—	603	603
Depreciation on disposals	(2)	(103)	(12)	(117)
Cumulative depreciation at 31 December 2019	1,270	21,090	6,134	28,494
Net assets at 31 December 2019	126	816	946	1,888
Net assets at 31 December 2018	99	1,163	1,177	2,439

Note ^a State-owned land and buildings controlled or managed by the Department, including those which do not have valuations, are set out in Appendix A.

^b Following a review of over 8,000 assets in 2019, the Department identified six assets with a value of €630,000 purchased by the Department prior to 2019, that had been omitted from capital asset additions in previous years. An adjustment of €603,000 was required in respect of accumulated depreciation on these assets up until 31 December 2018. The net adjustment of €27,000 is matched by an equivalent adjustment to the State funding account (see Note 2.7).

2.2 Bank and cash

Bank and cash represents the balances held at year end in the Department's Paymaster General account.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Geological Survey Ireland	157	239
Stationery	16	22
	173	261

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Salaries of seconded staff	108	6
Other suspense	60	116
	168	122

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Withholding tax	563	536
Value added tax	171	323
Relevant contract tax	1	—
Extra Exchequer receipts (note 4.3)	261	—
Contributory pension scheme	—	2
PAYE/PRSI	576	563
	1,572	1,424
Due to the Environmental Protection Agency (note 4.3)	1,459	1,257
Emergency call answering service	1,755	1,464
Payroll	72	56
Other	541	623
	3,827	3,400
	5,399	4,824

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	59,017	19,015
Deferred surrender	27,296	15,000
Exchequer grant undrawn	(47,563)	(8,303)
Net Exchequer funding	38,750	25,712
Represented by:		
Debtors		
Bank and cash	43,981	30,414
Debit balances: suspense	168	122
	44,149	30,536
Creditors		
Due to State	(3,031)	(2,681)
Credit balances: suspense	(2,368)	(2,143)
	(5,399)	(4,824)
	38,750	25,712

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		3,184	2,775
Disbursements from the Vote			
Estimate provision	Account	436,991	
Deferred surrender	Account	(27,296)	
Surplus to be surrendered	Account	(59,018)	
Net vote		350,677	315,068
Expenditure (cash) borne elsewhere	1	15,974	15,558
Other (non-cash) items	2.1	27	—
Non cash expenditure – notional rent	1	1,584	1,530
Net programme cost	1	(369,766)	(331,747)
Balance at 31 December		1,680	3,184

2.8 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	1,682	984
Capital grant programmes	142,540	54,604
Capital projects and programmes	2,812,308	47,589
Total of legally enforceable commitments	2,956,530	103,177

b) Capital grant programmes^a

At 31 December	2019	2018
	€000	€000
Opening balance	54,604	34,224
Grants paid in year	(46,238)	(31,200)
New grant commitments	134,174	51,618
Grants cancelled	—	(38)
Closing balance	142,540	54,604

C) Major capital projects where the project value exceeds €10 million

Programme/project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
National postcodes	25,101	1,510	5,900	32,511	30,981
National Broadband Plan	—	—	2,764,000	2,764,000	—
INFOMAR ^a	47,243	3,969	7,444	58,656	61,543
Tellus ^b	16,024	3,363	2,690	22,077	23,475
	88,368	8,842	2,780,034	2,877,244	115,999

Note ^a INFOMAR is a national survey programme which maps the Irish seabed and provides key baseline data for Ireland's marine sector.

^b Tellus is a national survey programme which gathers geophysical and geochemical data across Ireland via airborne geophysical surveying using a low-flying aircraft and ground-based geochemical surveying soil, stream water and stream sediment.

Significant variations

An explanation is provided below in relation to any major commitment where the expected total spend has changed by more than €500,000 compared to 2018.

National postcodes

Increase in expected total spend: €1.53 million

The increase reflects the inclusion of the final year commitments under the current contract for the Eircodes project which will run to 2023.

National broadband plan

Increase in expected total: €2.764 billion

The increase reflects new commitments under the 25 year national broadband plan contract which was signed by the Minister in November 2019.

INFOMAR

Decrease in expected total: €2.887 million

The reduction reflects a reassessment of contractual arrangements for the INFOMAR project which resulted in the removal of commitments which had previously been reported in error.

Tellus

Decrease in expected total: €1.398 million

The reduction reflects a reassessment of contractual arrangements for the Tellus project which resulted in the removal of commitments which had previously been reported in error.

2.9 Land remediation

The Department incurs costs in relation to State-owned mines in Avoca and Silvermines. Expenditure relates to land remediation works and environmental monitoring at both sites which is reported under Subhead D4 (mining services).

	Expenditure to end 2018	Expenditure in 2019	Contractual commitments	Total
	€000	€000	€000	€000
Avoca	3,780	100	685	4,565
Silvermines	11,190	—	—	11,190
Environmental monitoring	1,430	128	149	1,707
	16,400	228	834	17,462

2.10 Cyber security

The Department is responsible for cyber security policy in Ireland and for coordinating the governmental emergency response to any national level cyber security incidents. The Department discharges these responsibilities through the National Cyber Security Centre. Expenditure relating to Cyber Security is reported under subhead A5 of the communications programme.

	2019	2018
	€000	€000
Cyber security	<u>1,570</u>	<u>2,072</u>

2.11 Contingent liabilities

There is potential for financial liabilities to arise in 2020 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	26,249	24,173	23,503
ii	Travel and subsistence	941	932	979
iii	Training and development and incidental expenses	1,389	1,356	1,221
iv	Postal and telecommunication services	600	394	370
v	Office equipment and external IT services	3,194	2,148	2,640
vi	Office premises expenses	963	923	830
vii	Consultancy services and value for money and policy reviews	1,800	1,738	1,417
viii	Equipment, stores and maintenance	296	188	217
		35,432	31,852	31,177

Significant variations

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

iv Postal and telecommunications services

Estimate provision: €600,000, outturn: €394,000

The savings of €206,000 relative to the estimate provision reflects lower than estimated costs for ongoing telecommunication services, primarily due to the deferral of the Department's IT upgrade from 2019 to 2020.

v Office equipment and external IT services

Estimate provision: €3.194 million, outturn: €2.148 million

The savings of €1.046 million relative to the estimate provision relates to the replacement of IT hardware being deferred to 2020.

viii Equipment, stores and maintenance

Estimate provision: €296,000, outturn: €188,000

The savings of €108,000 relative to the estimate provision arose due to the transfer of costs relating to some project-related equipment from the Department's administrative budget to the natural resources programme subhead D5 (GSI services).

Programme A Communications

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
A.1 Administration – pay		6,796	6,258	6,085
A.2 Administration – non pay		1,750	1,522	1,340
A.3 Information and communications technology programme				
	<i>Original</i>	62,190		
	<i>Deferred surrender</i>	15,000		
		77,190	8,030	11,182
A.4 Multimedia developments		4,282	4,412	4,521
A.5 Information society		6,614	4,920	4,387
		96,632	25,142	27,515

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €71.49 million lower than originally provided. €766,000 of this related to administration expenditure and has already been explained and the balance of the variance of €70.724 million was mainly due to the following:

A.3 Information and communications technology programme

Estimate provision: €77.19 million, outturn: €8.03 million

The savings of €69.16 million relative to the estimate provision was due, in the main, to the extended duration of the complex procurement process for the rollout of the National Broadband Plan. The procurement process concluded in 2019 and the contract was signed in November 2019.

A.5 Information society

Estimate provision: €6.614 million, outturn: €4.92 million

The savings of €1.694 million relative to the estimate provision was due to lower than anticipated expenditure in respect of the demand-led Digital Skills for Citizens and Trading Online Voucher schemes.

Programme B Broadcasting

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,160	1,068	1,038
B.2	Administration – non pay	381	337	243
B.3	Grant to Raidió Telefís Éireann in respect of broadcasting licence fees	199,322	196,547	188,567
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	11,384	11,969
B.5	Deontas i Leith Theilifís na Gaeilge	36,233	36,233	36,775
B.6	Broadcasting fund	15,351	14,794	14,513
		264,904	260,363	253,105

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €4.541 million lower than provided. €136,000 related to administration expenditure and the balance of the variance of €4.405 million was mainly due to the following:

B.3 Grant to Raidió Telefís Éireann in respect of broadcasting licence fees

Estimate provision: €199.322 million, outturn: €196.547 million

The saving of €2.775 million relative to the estimate provision arose because grant payments to RTÉ are based on the proceeds from television licence sales, which were lower than anticipated in 2019.

B.4 Payment to An Post for collection of broadcasting licence fees

Estimate provision: €12.457 million, outturn: €11.384 million

The savings of €1.073 million relative to the estimate provision relates to the vote neutral payment to An Post, based on television licence sales income, which was lower than anticipated in 2019.

Programme C Energy

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	4,856	4,472	4,348
C.2	Administration – non pay	1,846	1,573	1,435
C.3	Sustainable Energy Authority of Ireland – administration and general expenses	17,504	17,382	11,017
C.4	Sustainable energy programmes	141,110	151,206	127,778
C.5	Energy research programmes	9,700	10,319	8,433
C.6	Gas services	65	56	39
C.7	Subscriptions to international organisations	290	267	247
C.8	Renewable energy compliance	1	—	—
		175,372	185,275	153,297

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €9.903 million higher than provided. €657,000 of this related to an underspend on administration expenditure and the balance of the variance of €10.56 million was mainly due to the following:

C.4 Sustainable energy programmes

Estimate provision: €141.11 million, outturn: €151.206 million

The excess of €10.096 million relative to the estimate provision relates to additional expenditure in 2019 on a number of demand-led grant programmes including Warmer Homes, Better Energy Homes, Electric Vehicles and Solar Pilot schemes.

C.5 Energy research programmes

Estimate provision: €9.7 million, outturn: €10.319 million

The excess of €619,000 relative to the estimate provision was due to additional expenditure on the renewable energy Research, Development and Demonstration (RD&D) programme arising from the introduction of multi-annual funding arrangements. These new arrangements allow for an increase in the scale and depth of the projects that can now be funded under the scheme which will have a greater impact on the achievement of Ireland's energy and climate related targets.

Programme D Natural Resources

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
D.1 Administration – pay	6,344	5,843	5,681
D.2 Administration – non pay	3,162	2,522	2,657
D.3 Petroleum services	504	314	342
D.4 Mining services	2,750	330	915
D.5 GSI services	11,670	11,649	11,081
D.6 Subscriptions to international organisations	135	134	118
	24,565	20,792	20,794

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme D was €3.773 million lower than provided. €1.141 million of this related to administration expenditure and the balance of the variance of €2.632 million was mainly due to the following:

D.3 Petroleum services

Estimate provision: €504,000, outturn: €314,000

The savings of €190,000 relative to the estimate provision was due to lower than expected contributions to the vote neutral Petroleum Infrastructure Programme Fund due to a reduction in the number of frontier licences held.

D.4 Mining services

Estimate provision: €2.75 million, outturn: €330,000

The savings of €2.42 million relative to the estimate provision relates to 1) lower than expected compensation payments made to private land owners as a result of less than anticipated extraction activity by mining companies, and legal delays in settling compensation cases, 2) delays in relation to remediation works at Avoca and 3) delays in acquiring a site as part of the rehabilitation of Silvermines.

Programme E Inland Fisheries

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
E.1 Administration – pay	830	764	743
E.2 Administration – non pay	453	363	405
E.3 Inland fisheries	33,285	32,968	33,050
	34,568	34,095	34,198

Programme F Environment and Waste Management

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
F.1 Administration – pay	6,263	5,768	5,608
F.2 Administration – non pay	1,591	1,362	1,594
F.3 Environmental Protection Agency	36,921	38,761	35,303
F.4 Carbon Fund	5,105	607	599
F.5 International climate change commitments	2,500	2,500	4,500
F.6 Landfill remediation	8,500	6,956	10,250
F.7 Climate initiatives	1,850	2,017	1,208
F.8 Subscriptions to international organisations	3,000	3,037	2,971
F.9 National dialogue	—	—	—
F.10 Waste management initiatives	2,930	495	1,423
F.11 Climate Action Fund	15,000	—	—
F.12 Just Transition Fund			
	<i>Original</i>	—	—
	<i>Supplementary</i>	1	—
		1	—
		83,661	61,503
			63,456

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme F was €22.158 million lower than originally provided. €724,000 of this related to administration expenditure and the balance of the variance of €21.434 million was mainly due to the following:

F.3 Environmental Protection Agency

Estimate provision: €36.921 million, outturn: €38.761 million

The excess of €1.84 million relative to the estimate provision was due to the delayed payment in 2019 of the EPA's final drawdown request for 2018.

F.4 Carbon Fund

Estimate provision: €5.105 million, outturn: €607,000

The savings of €4.498 million relative to the estimate provision was due to the anticipated bilateral purchase of carbon credits from another Member State not proceeding.

F.6 Landfill remediation

Estimate provision: €8.5 million, outturn: €6.956 million

The savings of €1.544 million relative to the estimate provision was due to delayed progress on the Kerdiffstown Landfill Remediation Project.

F.7 Climate initiatives

Estimate provision: €1.85 million, outturn: €2.017 million

The excess of €167,000 relative to the estimate provision was due to additional research being commissioned to inform the finalisation of the Climate Action Plan.

F.10 Waste campaign

Estimate provision: €2.93 million, outturn: €495,000

The savings of €2.435 million relative to the estimate provision was due to a delay in finalising arrangements for the rollout of a financial scheme to support vulnerable people with the disposal of medical incontinence waste.

F.11 Climate Action Fund

Estimate provision: €15 million, outturn: nil

The savings of €15 million relative to the estimate provision arose due to a longer than expected verification process for projects under the Climate Action Fund.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Proceeds of fines in respect of inland fishery offences	50	23	13
2 Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960	8,795	7,113	10,630
3 Petroleum Infrastructure Support Group	437	314	332
4 Broadcasting licence fees	227,130	222,725	219,295
5 Geological Survey Ireland income	300	558	704
6 Rent on properties in GPO	223	77	204
7 Miscellaneous receipts (note 4.2)	1,070	1,297	1,190
8 Pension contribution from agencies	732	636	832
9 Receipts from additional superannuation contributions on public service remuneration ^a	3,581	3,377	4,097
10 Dormant accounts receipts	393	373	—
Total	242,711	236,493	237,297

Note ^a 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 €6.218 million less than the original estimate. Explanations for variances are set out below:

2 Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960

Estimate: €8.795 million, realised: €7.113 million

The shortfall of €1.682 million was due to reduced licence fee income as a result of a number of frontier exploration licences expiring in 2019 and a reduction in income generated from the sale of petroleum data.

3 Petroleum Infrastructure Support Group

Estimate: €437,000, realised: €314,000

The shortfall of €123,000 was due to lower than expected contributions from holders of frontier exploration licences. In 2019, the Department received a total of 18 contributions from licence holders which as was lower than anticipated due to 1) a number of licences having been relinquished during the year and 2) fees being suspended in some cases while applications and issues were in the process of being assessed.

4 Broadcasting licence fees*Estimate: €227.13 million, realised: €222.725 million*

The shortfall of €4.405 million was due to lower than expected sales of television licences. 1,025,534 were sold in the year which was 22,056 licences less than the 2019 target.

5 Geological Survey Ireland income*Estimate: €300,000, realised: €558,000*

The increase of €258,000 was due to the earlier than expected receipt of grant income for EU-funded marine projects and the approval and receipt of new grant income for groundwater climate work.

6 Rent on properties in GPO*Estimate: €223,000, realised: €77,000*

The shortfall of €146,000 was due to the delayed receipt of 2019 rental income until January 2020.

7 Miscellaneous*Estimate: €1.07 million, realised: €1.297 million*

The increase of €227,000 was due to higher than expected costs recouped from other bodies.

9 Receipts from additional superannuation contributions on public service remuneration*Estimate: €3.581 million, realised: €3.377 million*

The shortfall of €204,000 was due to less than expected contributions from agencies being received in 2019.

4.2 Miscellaneous receipts

	2019	2018
	€000	€000
Costs recovered from other bodies	347	234
Royalties in respect of metropolitan area networks	927	877
Other	23	79
Total	1,297	1,190

4.3 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Receipts from emissions trading scheme ^a	122,798	140,813
Receipts from fines on breaches of emission trading ^b	261	—
Galway Mayo telecommunications duct	117	96
EU Carbon Fund	—	98
Voluntary surrender of Ministerial salaries	15	16
Transferred to the Exchequer	<u>(122,930)</u>	<u>(141,023)</u>
Balance as at 31 December	<u>261</u>	<u>—</u>

Note ^a Ireland's gross share of receipts arising from auctioning of allowances in EU Emissions Trading System (ETS) in 2019 amounted to €124.26 million. €1.46 million is deducted for the Environmental Protection Agency's administrative expenses, resulting in a net receipt of €122.8 million for return to the Exchequer.

^b The Department received €261,271 from the EPA on 23 December 2019 in respect of fines it had collected from two Irish companies during the year following breaches of the emissions trading scheme. This balance was paid in full to the Exchequer in February 2020.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	383	395
Agencies ^a	861	1,098
	1,244	1,493

Note ^a The agencies included here are the Digital Hub Development Agency, Sustainable Energy Authority of Ireland, Inland Fisheries Ireland, the Loughs Agency and the Environmental Protection Agency. Agency pay details following relate to the same agencies.

5.2 Pay

Remuneration of all staff (Department and agencies)	2019	2018
	€000	€000
Pay	70,139	67,535
Higher, special or additional duties allowance	217	239
Other allowances	1,480	1,464
Overtime	53	53
Employer's PRSI	6,501	6,047
Total pay	78,390	75,338

Note The remuneration arrangements refer to the pay element of subheads A.1, A.4, B.1, C.1, C.3, D.1, E.1, E.3, F.1 and F.3. These figures include non-voted moneys to ensure compliance with Department of Public Expenditure and Reform guidelines (Circular 17/2013).

Remuneration of Department staff

	2019	2018
	€000	€000
Pay	22,255	21,670
Higher, special or additional duties allowance	80	58
Other allowances	61	106
Overtime	34	30
Employer's PRSI	1,743	1,639
Total pay	24,173	23,503

Remuneration of agency staff

	2019	2018
	€000	€000
Pay	47,884	45,865
Higher, special or additional duties allowance	196	181
Other allowances	1,360	1,358
Overtime	19	23
Employer's PRSI	4,758	4,408
Total pay	54,217	51,835

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Department staff				
Higher, special or additional duties	21	2	14,186	17,124
Other allowances	11	3	20,614	19,424
Overtime	31	—	4,469	3,076
Extra remuneration in more than one category	7	1	14,245	7,677
Agency staff				
Higher, special or additional duties	41	—	9,116	9,120
Other allowances	330	1	12,000	11,500
Overtime	20	—	3,065	3,000
Extra remuneration in more than one category	26	1	10,114	11,000

5.4 Other remuneration arrangements

Two public sector workers in receipt of public sector pensions were engaged on a permanent basis. One was employed in June 2019 and resigned in November 2019. The second remains employed with the Department and the Defence Forces are managing abatement of this pension consistent with the principles of the Public Service (Single Scheme and Other Provisions) Act 2012.

This account includes expenditure of €346,749 in respect of six officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	28	91,207	120,744
Recovery plans in place	12	67,588	86,557

Two overpayment recovery plans in respect of two individuals to the value of €2,498 were transferred to other departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	2019	2018
					Total	Total
					€000	€000
Claims by employees	1	—	25	—	25	—
Claims by external organisations/ individuals	4	—	164	66	230	155
		—	189	66	255	155

6.2 EU funding

The outturn shown in subheads C.4 and D.5 include payments in respect of projects which are co-financed by the EU. Estimates of receipts and actual outturns (recorded in note 4.1, subhead 5) were as follows.

	2019	2019	2018
	Estimate	Outturn	Outturn
	€000	€000	€000
EMODnet, European Maritime and Fisheries Fund	135	135	135
Cherish, INTERREG Ireland-Wales Programme 2014-2020	325	219	173
ERA MIN2, Horizon 2020	27	18	60
ERA NET, Horizon 2020	—	—	92
Total	487	372	460

Note: The Department also received advance funding of €133,087 from the EU in 2019 in respect of projects which are administered through suspense accounts (2018: €335,618).

Note 7 Miscellaneous accounts

7.1 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2019.

	2019	2018
	€000	€000
Balance at 1 January	5,918	6,211
Receipts	314	335
Payments	(141)	(628)
Balance at 31 December	6,091	5,918

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by the Department. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and 'land based' research in Irish offshore areas. Receipts in relation to the PIP Fund are recorded as appropriations-in-aid and paid into the fund via subhead D.3.

The Fund is administered by the Petroleum Affairs Division of the Department.

7.2 Energy Efficiency National Fund

Statement of the receipts and payments of the Energy Efficiency National Fund for the year ended 31 December 2019.

	2019	2018
	€000	€000
Balance at 1 January	20,968	31,810
Receipts	—	—
Investments	—	(10,842)
Balance at 31 December	20,968	20,968

The Energy Efficiency National Fund (EENF) was established in 2014 under the provisions of the European Union (Energy Efficiency Obligation Scheme) Regulations 2014 (SI 131 of 2014). The objectives of the Fund are to 1) support the delivery of energy efficiency improvement programmes and other energy efficiency measures, and 2) promote the development of a market for energy efficiency improvement measures. The Government provided €35 million from the Carbon Revenue Levy Fund to the EENF.

A total of €14.03 million of funding from the EENF has been invested in Ireland Energy Efficiency Investments plc (IEEI). The State investment in IEEI is matched by private sector funding. The Minister, along with the other investors, is represented on an investment advisory committee and all shareholders receive annual reports and interim financial statements on IEEI's performance. The Minister, in consultation with the Minister for Public Expenditure and Reform, decided not to invest any further funding in IEEI beyond May 2018. At 31 December 2019, the State's investment in IEEI was valued at €11.593 million.

Following approval by Government, the Minister, with the consent of the Minister for Public Expenditure and Reform, decided to wind up the EENF and assign the remaining moneys to the Climate Action Fund. No moneys have been paid from the EENF for use by the Climate Action Fund. The remaining balance in the EENF at 31 December 2019 was €20.968 million.

Appendix A Schedule of lands and buildings

The Minister owns the following General Post Office (GPO) properties:

1. GPO Building
2. GPO Arcade
3. 1-6 Post Office Buildings
4. 24-30 Henry Street

These properties are managed under leases and/or licences granted by the State.

The Minister owns the Galway Fishery in Galway City and the Owenea/Owentocker Fishery in Co. Donegal, both of which are managed by Inland Fisheries Ireland.

The Minister also has a beneficial interest in the metropolitan area networks (MANs), the construction of which was funded jointly with certain local authorities and the European Regional Development Fund.

Appendix B Accounts of bodies and funds under the aegis of the Department of Communications, Climate Action and Environment

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
An Post	2018	29 Mar 2019	29 Mar 2019	29 Apr 2019
Commission for Communications Regulation ^a	2018	29 Mar 2019	13 May 2019	9 Jul 2019
Digital Hub Development Agency	2018	26 Jun 2019	26 Aug 2019	10 Mar 2020
Broadcasting Authority of Ireland	2018	28 Jun 2019	29 Aug 2019	29 Oct 2019
RTÉ	2018	30 Apr 2019	30 Apr 2019	28 Jun 2019
TG4	2018	11 Jun 2019	11 Jun 2019	2 Sep 2019
Bord na Móna	2018	26 Jun 2019	26 Jun 2019	23 Jul 2019
Commission for the Regulation of Utilities ^b	2018	21 Jun 2019	5 July 2019	—
Eirgrid ^c	2018	21 Dec 2019	11 Feb 2019	15 Apr 2019
ESB	2018	1 Mar 2019	22 Feb 2019	20 Mar 2019
Irish National Petroleum Corporation	2018	6 Jun 2019	18 Jun 2019	12 Jul 2019
National Oil Reserves Agency	2018	27 Jun 2019	28 Jun 2019	15 Jul 2019
Sustainable Energy Authority of Ireland	2018	28 Jun 2019	3 Jul 2019	25 Jul 2019
Inland Fisheries Ireland ^b	2018	19 Dec 2019	24 Jan 2020	—
Loughs Agency ^b	2018	26 Jun 2019	7 Jan 2020	—
Environmental Protection Agency	2018	30 Jun 2019	7 Oct 2019	27 Nov 2019
Environment Fund	2018	10 Dec 2019	10 Dec 2019	17 Dec 2019

Note ^a Period of account 1 July 2017 to 30 June 2018.

^b Annual report and accounts for 2018 not yet laid before the Oireachtas.

^c Period of account 1 October 2017 to 30 September 2018.

Appropriation Account 2019

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, 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 the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office and for payment of certain grants and subsidies and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums

- a) 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, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €78.629 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, as set out by the Department of Public Expenditure and Reform in Circular 27 of 2019, have been applied in the preparation of the account with the exception of the following:

Capital assets

A schedule of all land and buildings administered by the Department is appended to the account, at Appendix A. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

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.

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

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Department and the National Shared Service Office for the provision of payroll and human resource function.

I reply 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 including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with relevant guidelines and legislation. Nevertheless, 98 contracts with a value of €14,283,712 that were awarded without a competitive process are declared on the Circular 40/2002 return as expenditure against those contracts exceeds the reporting threshold of €25,000 (as set out in Circular 40/2002).

- Procurement with a value of €10,489,674 was undertaken without a competitive process but is considered compliant as the justification for awarding these contracts without a competitive process falls within the exceptions to open/competitive procurement permitted in national and EU legislation.
- The remaining procurement with a value of €3,794,038 was also undertaken without a competitive process but is not considered compliant as the contracts were not subject to an independent review prior to the award of the contract.

The Department is committed to substantially reducing the level of non-compliant procurements undertaken and has continued to work closely with the Office of Government Procurement and the Education Procurement Service to procure specific procurement needs. Where appropriate, the Department has engaged with centrally available frameworks. Within the Department, procurement resources are targeting key areas of non-compliance in a planned, methodical manner.

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

The Department has a number of mechanisms to review and evaluate its financial management and control systems on an ongoing basis. These include its Accreditation Review Group, its Audit Committee and its risk management system.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the internal audit unit, the European Court of Auditors, the EU Commission and by an independent certifying body – a professional accountancy firm – which certifies the annual EAGF and EAFRD accounts. In 2019, the Department was subject to approximately 2,353 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts, as required by Council Regulation 1306/2013.

Risk and control framework

In 2017, an internal audit report of the Department's risk management system found that over time weaknesses had developed in the governance structure surrounding risk management, that the risk database had some technical issues which lead to a potential deficiency in control and that the level of activity engaged in risk management and the monitoring or risk management in the Department was below optimum levels.

Significant action had been taken since then in implementing the internal audit report recommendations.

- Governance structures have been strengthened by re-establishing the previously disbanded Risk Committee, to meet quarterly and by deploying additional resources to the Risk Office. Risk Office monitoring and reporting procedures have been implemented.
- A new Risk Management System is being deployed in DAFM. Risk Office members participated in a cross-departmental user-group in the Department of Public Expenditure and Reform (DPER), which advised on the functionality required from a SharePoint Risk Management System – the resultant system was signed over the DAFM in February 2020.
- Work has commenced to populate this new system, with initial emphasis on identifying high level risks, through discussion with the Management Board. Both organizational and divisional level risks are now on the system.
- The provision of staff training in relation to DAFM's Risk Management Policy and use of the eRisk system commenced in the first half of 2020. Phone, email and help document aids have been provided in place of workshops due to Covid-19 restrictions.
- Quarterly anti-fraud reporting and monitoring procedures have been implemented and a fraud register is maintained in Finance Division.

- The risk policy for the Department was revised and approved by the Management Board in July 2020.

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 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.

Significant financial risks

Brexit

The UK's decision to leave the EU creates potentially very significant challenges for the agri-food sector, and for the Department. The sector's exposure to the UK market, and the highly integrated nature of Irish/UK supply chains, leaves it particularly vulnerable to the effects of Brexit, given the potential for tariffs on the trade of agri-food products as well as the additional costs and delays that would arise from the imposition of import controls and export certification requirements.

The Department incurred significant costs associated with Brexit in 2019. These arose in respect of the Department's share of the cost of providing new physical infrastructure in Dublin and Rosslare ports associated with the carrying out of significantly increased official controls on agri-food goods, together with the related recruitment of additional staff and the provision of enhanced IT infrastructure. Infrastructure costs were apportioned across the relevant Departments in agreement with OPW and paid by way of supplementary estimate, while staffing and IT costs were met from voted expenditure notified to DPER as part of the estimates process. Other expenditure in respect of Brexit support measures for the agri-food industry continued during 2019 through the Strategic Banking Corporation of Ireland and the banking sector, as leveraged by initial funding from the Department.

Weaknesses in control over fixed assets

A dedicated asset management unit was formed in January 2017. The unit has been charged with verifying the Department's asset registers. This work encompasses the checking for existence, categorisation, the capturing of capital assets under construction and full asset detailing. As the categories of assets are verified by the unit, adjustments may be made to the asset register as appropriate. The asset verification project is progressing as scheduled for completion in 2021.

ICT security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. Documented back up/recovery procedures are in place for all critical data, including the use of secure off-site storage services and disaster recovery facilities. The Department had dedicated IT security co-ordination and cyber-security units and is proactive in the development and promotion of information security. ICT security arrangements are subject to review by the IT Audit Section and of the Internal Audit Unit. In addition, the Department, in its role as a paying agency on behalf of the European Union, is subject to an annual accreditation audit. In 2016, the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT security. As part of this certification process, the Department has been subject to bi-annual audits to ensure continued compliance with ISO 27001:2013 Information Security standard.

Review of effectiveness

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 controls were identified in relation to 2019 that resulted in, or may result in, a material loss.

Brendan Gleeson

Accounting Officer

Department of Agriculture, Food and the Marine

23 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

Opinion on the appropriation account

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine 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 30 Agriculture, Food and the Marine 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 Agriculture, Food and the Marine 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*.

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 2019.

Financial management and reporting for fishery harbour centres

Chapter 10 of my report on the accounts of the public services for 2019 examines the progress made to date by the Department in implementing recommendations contained in special report number 82, which relates to the financial management and reporting for fishery harbour centres.

Seamus McCarthy
Comptroller and Auditor General

24 September 2020

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Food Safety, Animal, Plant Health and Animal Welfare				
	<i>Original</i>	247,057		
	<i>Supplementary</i>	<u>26,784</u>		
			273,841	261,782
				221,536
B Farm/Sector Support and Controls				
	<i>Original</i>	841,057		
	<i>Deferred surrender</i>	22,000		
	<i>Supplementary</i>	<u>30,409</u>		
			893,466	874,064
				823,173
C Policy and Strategy				
	<i>Original</i>	361,789		
	<i>Supplementary</i>	<u>5,431</u>		
			367,220	356,672
				370,120
D Seafood Sector				
	<i>Original</i>	146,097		
	<i>Supplementary</i>	<u>(2,200)</u>		
			143,897	142,603
				131,424
Gross expenditure				
	<i>Original</i>	1,596,000		
	<i>Deferred surrender</i>	22,000		
	<i>Supplementary</i>	<u>60,424</u>		
			1,678,424	1,635,121
				1,546,253
<i>Deduct</i>				
E Appropriations-in-aid				
	<i>Original</i>	292,317		
	<i>Supplementary</i>	<u>41,000</u>		
			333,317	388,443
				471,783
Net expenditure				
	<i>Original</i>	1,303,683		
	<i>Deferred surrender</i>	22,000		
	<i>Supplementary</i>	<u>19,424</u>		
			1,345,107	1,246,678
				1,074,470

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €19.8 million of unspent allocations in respect of capital elements of the Vote was carried forward to 2020 (Note 6.7).

	2019	2018
	€	€
Surplus	98,429,934	200,171,768
Deferred surrender	(19,800,000)	(22,000,000)
Surplus to be surrendered	<u>78,629,934</u>	<u>178,171,768</u>

Brendan Gleeson

Accounting Officer

Department of Agriculture, Food and the Marine

23 September 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	1,361,106	1,308,711
Pay	180,355	172,628
Non pay	93,660	64,914
Gross expenditure	1,635,121	1,546,253
<i>Deduct</i>		
Appropriations-in-aid	388,443	471,783
Net expenditure	1,246,678	1,074,470
Changes in capital assets		
Purchases cash	(4,789)	
Gain on disposal	(7)	
Disposals cash	12	
Depreciation	4,531	(253)
		(895)
Changes in net current assets		
Decrease in closing accruals	(39,205)	
Increase in stock	(236)	(39,441)
		61,944
Direct expenditure	1,206,984	1,135,519
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	77,168	78,064
Notional rents	7,898	7,713
Net programme cost	1,292,050	1,221,296

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 30 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	2	13
Vote 12 Superannuation and Retired Allowances	72,722	72,912
Vote 13 Office of Public Works	3,826	4,548
Vote 18 National Shared Services Office	344	321
Central Fund – Ministerial pensions	274	270
	77,168	78,064

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	12,647	12,408
Current assets			
Bank and cash	2.2	45,747	55,896
Stocks	2.3	2,320	2,084
<i>Accrued income:</i>			
EAFRD funding due from the EU		165,262	152,227
Other amounts due from the EU		6,924	340
Scheme overpayments	6.2	2,640	2,281
Due for services		7,416	6,203
Prepayments	2.4	33,615	22,333
Other debit balances	2.5	7,765	960
Total current assets		<u>271,689</u>	<u>242,324</u>
Less current liabilities			
Other credit balances	2.6	22,431	25,338
Accrued expenses		5,926	12,658
Net Exchequer funding	2.7	31,081	31,518
Total current liabilities		<u>59,438</u>	<u>69,514</u>
Net current assets		<u>212,251</u>	<u>172,810</u>
Net assets		<u>224,898</u>	<u>185,218</u>
Represented by:			
State funding account	2.8	<u>224,898</u>	<u>185,218</u>

2.1 Capital assets^a

	IT equipment	Motor vehicles and other machinery	Furniture and fittings	Office and other equipment	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	140,895	7,097	14,581	90,849	253,422
Additions	2,860	296	134	1,499	4,789
Disposals	(69)	(297)	—	(594)	(960)
Transfers to Fishery Harbour Centres Fund	—	(51)	2	—	(49)
Cost or valuation at 31 December 2019	143,686	7,045	14,717	91,754	257,202
Accumulated depreciation					
Opening balance at 1 January 2019	134,849	5,732	14,059	86,374	241,014
Depreciation for the year	2,378	445	112	1,596	4,531
Depreciation on disposals	(68)	(297)	—	(590)	(955)
Transfers to Fishery Harbour Centres Fund	—	(35)	—	—	(35)
Cumulative depreciation at 31 December 2019	137,159	5,845	14,171	87,380	244,555
Net assets at 31 December 2019	6,527	1,200	546	4,374	12,647
Net assets at 31 December 2018	6,046	1,365	522	4,475	12,408

Note ^a State-owned land and buildings controlled or managed by the Department do not have valuations. These are listed in Appendix A.

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances	45,345	54,963
Commercial bank account balances	402	933
	45,747	55,896

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Laboratory supplies and chemicals	479	515
Stationery supplies	279	78
Computer supplies	11	9
Veterinary supplies	1,158	1,025
Livestock	244	284
Agricultural stock	111	137
Cleaning supplies	9	9
Oil stocks	29	27
	2,320	2,084

2.4 Prepayments

at 31 December	Note	2019	2018
		€000	€000
Contributions to World Food Programme	6.5	22,300	19,000
Research, quality and certification grants		6,456	—
Information management technology		3,000	2,837
Subscriptions		1,341	184
Other		518	312
		33,615	22,333

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Salaries advances	46	41
Imprests and recoupable travel costs	203	180
Advance payments to OPW	6,354	669
Beef data and genomics programme	—	70
Other	1,162	—
	7,765	960

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	2,602	2,394
Pay related social insurance	1,564	1,393
Withholding tax	1,291	1,224
Value added tax	1,428	1,345
Relevant contracts tax	1	—
Pension contributions	1,105	538
Local property tax	23	25
Universal social charge	529	517
	<u>8,543</u>	<u>7,436</u>
Securities	2,527	2,720
Pesticides licencing fees	270	240
EU advances	8,845	8,672
Reimbursement due to EU	—	7
Miscellaneous	2,246	1,312
Other	—	4,951
	<u>22,431</u>	<u>25,338</u>

2.7 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	78,629	178,172
Deferred surrender	19,800	22,000
Exchequer grant undrawn	(67,348)	(168,654)
Net Exchequer funding	<u>31,081</u>	<u>31,518</u>
Represented by:		
Debtors		
Bank and cash	45,747	55,896
Debit balances: suspense	7,765	960
	<u>53,512</u>	<u>56,856</u>
Creditors		
Due to State	(8,543)	(7,436)
Credit balances: suspense	(13,888)	(17,902)
	<u>(22,431)</u>	<u>(25,338)</u>
	<u>31,081</u>	<u>31,518</u>

2.8 State funding account

	Note	2019		2018
		€000	€000	€000
Balance at 1 January			185,218	247,059
Disbursements from the Vote				
Estimate provision	Account	1,345,107		
Deferred surrender	Account	(19,800)		
Surplus to be surrendered	Account	(78,629)		
Net vote			1,246,678	1,074,470
Expenditure (cash) borne elsewhere	1		77,168	78,064
Non cash items – transferred assets	2.1		(14)	(792)
Non cash expenditure – notional rent	1		7,898	7,713
Net programme cost	1		(1,292,050)	(1,221,296)
Balance at 31 December			224,898	185,218

2.9 Commitments

Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	39,457	118,488
Non-capital grant programmes	558,905	857,980
Capital grant programmes	609,011	697,528
Major capital project	561	2,674
Total of legally enforceable commitments	1,207,934	1,676,670

Non capital grant commitments

	Due 2020	Subsequent years	2019 Total	2018 Total
	€000	€000	€000	€000
Green, low-carbon agri-environment scheme	206,898	96,870	303,768	528,866
Food research	15,242	56,495	71,737	65,363
Beef data genomics programme	47,952	9,180	57,132	102,138
Locally led schemes – current	14,292	29,219	43,511	40,840
Sheep welfare	24,812	3,167	27,979	45,360
World Food Programme	700	25,000	25,700	—
Grants to the organic sector	11,000	4,500	15,500	34,794
Knowledge transfer	5,000	1,000	6,000	31,000
European Maritime and Fisheries Fund – current	3,554	2,000	5,554	5,659
European innovation partnership	641	757	1,398	1,942
School milk and fruit	111	333	444	555
Agri-environment options scheme	109	—	109	898
Rural environment protection scheme	72	—	72	168
Early retirement scheme	—	—	—	330
Continuous professional development	—	—	—	67
Total of legally enforceable commitments	330,383	228,521	558,905	857,980

Capital grants programme commitments

	2019 €000	2018 €000
Opening balance	697,528	721,301
Grants paid in year	(192,966)	(176,293)
New commitments	172,640	166,137
Grants decommitments	(68,191)	(13,617)
Closing balance	609,011	697,528

Capital grant programme commitments

	Due 2020 €000	Subsequent years €000	2019	2018
			Total	Total
			€000	€000
Afforestation	82,670	423,016	505,686	563,843
Targeted agriculture modernisation schemes	74,394	—	74,394	105,358
Fisheries	14,820	2,124	16,944	22,353
Food Innovation Hub	6,000	1,150	7,150	—
Capital investment grants	500	1,578	2,078	1,612
Horticulture scheme	1,385	—	1,385	1,744
European Maritime and Fisheries Fund – capital	1,357	—	1,357	1,573
Locally led schemes – capital	17	—	17	25
Johnstown Castle redevelopment programme	—	—	—	1,020
Total of legally enforceable commitments	181,143	427,868	609,011	697,528

Major capital project commitments

Project	Cumulative expenditure to 31 December 2018 €000	Expenditure in 2019 €000	Project commitments in subsequent years €000	Expected total lifetime spend of project 2019 €000	Expected total lifetime spend of project 2018 €000
Haulbowline remediation project	22,647	2,113	561	25,321	25,321

2.10 Contingent liabilities

Haulbowline remediation project

On foot of a Government decision dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28 May 2015 approved a total scheme budget of €61 million for the project. The amount of expenditure incurred by the Department for the project up to the end of 2019 is €25 million. The most recent projection for completion of the Haulbowline remediation project is 2022.

EU operations

1. The Department is aware of a temporary suspension under Ireland's EMFF Operational Programme due to the delayed implementation of the EU points system required under EU Regulations.

While Ireland is make every effort to comply with the obligations under the EU control regulations, in 2018 the European Commission suspended recoupment payments to Ireland for control and enforcement expenditure and was withholding €9.618 million in suspended payments at the end of 2019.

The Minister has since introduced regulations which fully meet the relevant requirements in relation to sea fishing boat licence holders. In December 2019, the previous Government approved the Heads of a Bill to legislation for the separate points system for masters of fishing boats. Once certain legal issues are finalised, it is intended that a further Government Decision will be sought on how to proceed with this Bill.

EU regulations provide that the Commission must release the suspended payments when Ireland becomes fully compliant with the points system requirements.

2. The Department is aware of a potential sanction in relation to matters identified around controls in the system used to weigh pelagic catches and catches of blue fin tuna. As the Sea Fisheries Protection Authority, which is legally responsible for operational control, is engaged in an ongoing process with the Commission around this matter, the actual or timing of any potential liabilities, if any, is uncertain.
3. The Department is also aware of a potential disallowance in relation to certain aspects of the allocation of entitlements under the basic payments scheme. As the Department is engaged in an ongoing formal clearance of accounts process with the Commission, the actual amount or timing of any potential liabilities is uncertain.
4. The Department is also aware of a potential disallowance in relation to a DG AGRI audit visit of 18 to 22 November 2019 concerning the EAFRD non-IACS schemes. As the Department is engaged in an ongoing process with the Commission around this matter, the amount or timing of any potential liabilities, if any, is uncertain.

Other

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

			2019		2018
			Estimate provision	Outturn	Outturn
			€000	€000	€000
i	Salaries, wages and allowances				
		<i>Original</i>	183,077		
		<i>Supplementary</i>	(2,000)		
			181,077	180,355	172,628
ii	Travel and subsistence		7,999	9,002	8,624
iii	Training and development and incidental expenses		6,547	5,305	5,102
iv	Postal and telecommunication services		4,954	4,547	4,713
v	Office equipment and external IT services		39,611	37,106	33,599
vi	Office premises expenses				
		<i>Original</i>	7,820		
		<i>Supplementary</i>	30,424		
			38,244	30,715	5,972
vii	Consultancy services and value for money and policy reviews		208	92	129
viii	Supplementary measures to protect the financial interests of the EU		852	760	567
ix	Laboratory services		6,200	6,133	6,208
			285,692	274,015	237,542

Significant variations

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

vi Office premises expenses

Estimate provision: €7.82 million, outturn: €30.715 million

The increase in expenditure of €22.895 million relative to the original estimate provision was due to the Department incurring significant costs associated with Brexit in 2019. These arose in respect of the Department's share of the cost of providing new physical infrastructure in Dublin and Rosslare ports associated with the carrying out of significantly increased official controls on agri-food goods.

vii Consultancy services and value for money and policy reviews

Estimate provision: €208,000, outturn: €92,000

The shortfall in expenditure of €116,000 relative to the estimate provision was due to a combination of planned consultancies no longer being needed and planned reviews not being undertaken in 2019.

Programme A Food Safety, Animal and Plant Health and Animal Welfare

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	104,315		
	<i>Supplementary</i>	(1,140)		
			103,175	102,764
A.2	Administration – non pay			
	<i>Original</i>	44,110		
	<i>Supplementary</i>	30,424		
			74,534	65,979
A.3	Food safety, animal health and plant health and animal welfare			
	<i>Original</i>	98,632		
	<i>Supplementary</i>	(2,500)		
			96,132	93,039
			273,841	261,782
				86,962

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme A was €14.725 million higher than originally provided. The increase of €20.318 million in administration expenditure has already been explained. The balance of the variance of €5.593 million was mainly due to the following:

A.3 Food safety, animal health and plant health and animal welfare

Estimate provision: €98.632 million, outturn: €93.039 million

The decrease in expenditure of €5.593 million relative to the original estimate was due to a combination of factors. Savings were made under grants to support the new electronic tagging of sheep as the uptake for the scheme was lower than anticipated. Savings were also made under the control of horses scheme. Further savings were made as prudent provisions for scrapie, BSE and fallen animal cases were not fully required and a lower than projected amount was paid to Animal Health Ireland for the training of private veterinary practitioners.

Programme B Farm/Sector Support and Controls

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay			
	<i>Original</i>	54,195		
	<i>Supplementary</i>	<u>(591)</u>		
			53,604	52,103
B.2	Administration – non pay		20,343	18,600
B.3	Agri-environmental schemes			
	<i>Original</i>	229,500		
	<i>Supplementary</i>	<u>7,000</u>		
			236,500	256,860
B.4	Areas of natural constraint scheme		250,000	228,666
B.5	Development of agriculture and food (farm)			
	<i>Original</i>	78,395		
	<i>Supplementary</i>	<u>7,000</u>		
			85,395	72,510
B.6	Beef sustainability schemes			
	<i>Original</i>	67,800		
	<i>Supplementary</i>	<u>18,000</u>		
			85,800	47,451
B.7	Knowledge transfer		25,000	21,665
B.8	Animal welfare scheme for sheep		18,000	17,650
B.9	Early retirement scheme		220	830
B.10	Forestry and bio energy			
	<i>Original</i>	81,428		
	<i>Deferred surrender</i>	<u>22,000</u>		
			103,428	94,509
B.11	Control and other support scheme costs		12,351	9,305
B.12	Other schemes			
	<i>Original</i>	3,825		
	<i>Supplementary</i>	<u>(1,000)</u>		
			2,825	3,024
			893,466	823,173
			874,064	

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the net expenditure in relation to Programme B was €33.007 million higher than originally provided. An underspend of €2.055 million in administration expenditure has already been explained. The offsetting overspend of €35.062 million was mainly due to the following:

B.5 Development of agriculture and food (farm)

Estimate provision: €78.395 million, outturn: €83.65 million

The increase in expenditure in expenditure of €5.255 million relative to the original estimate was due to a €7.026 million increase under the TAMS II scheme. This was partly offset by savings of €1.071 million in the organic processing investment grant scheme as applications were less than forecast. Savings of €400,000 also occurred in the waste processing scheme as an anticipated claim was not submitted. Further savings of €166,000 occurred under the horticulture scheme due to applicants not proceeding with approved investments and others not being completed in time for payment in 2019. Additional funding was provided by supplementary estimate and virement.

B.6 Beef sustainability schemes

Estimate provision: €67.8 million, outturn: €87.108 million

The increase in expenditure of €19.308 million relative to the original estimate was due to the commencement of the Beef Exceptional Aid Measure which was an EU scheme introduced in July 2019 as an exceptional aid measure for the Irish beef sector in response to market conditions. Additional funding was provided by supplementary estimate and virement and from savings within subhead where expenditure on beef data and genomics programme and beef environmental efficiency pilot was less than provisions for these schemes.

B.7 Knowledge transfer

Estimate provision: €25 million, outturn: €22.167 million

The shortfall in expenditure of €2.833 million relative to the estimate was due to withdrawals from the scheme and participants not meeting the full requirements of the programme.

B.10 Forestry and bio energy

Estimate provision: €103.428 million, outturn: €89.732 million

The shortfall in expenditure of €13.696 million relative to the estimate provision (including deferred surrender from 2018) was mainly due to a saving of €10.349 million in the afforestation scheme as it is demand led and demand was down on previous years. There was also a saving of €2.799 million for the support schemes due to a reduction in applicants for the road scheme. This reduction is due to issues relating to the planning permission for forest road entrances onto a public road. Relevant legislation was passed by the Oireachtas in February 2020, and should now lead to an increase in applications.

B.11 Control and other support scheme costs

Estimate provision: €12.351 million, outturn: €14.213 million

The increase in expenditure of €1.862 million relative to the estimate was due to an increase of €3.554 million for payments in respect of conformity decisions. This was offset by savings of €1.449 million due to there being no intervention stock purchases during the year and also savings of €739,000 due to lower interest rates on short term borrowings necessary to fund EAGF payments prior to reimbursement by the Commission. There was an increase of €475,000 in the cost of the land parcel identification system upgrade as more digitisation than anticipated was needed. Additional funding was provided through virement.

B.12 Other schemes

Estimate provision: €3.825 million, outturn: €2.09 million

There was a saving of €1.735 million relative to the original estimate as expenditure on the fodder schemes introduced in response to the 2018 fodder crisis was lower than provided for, due to the return to normal grass growing conditions towards the end of 2018 and better grazing conditions over the winter.

Programme C Policy and Strategy

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
C.1	Administration – pay			
	<i>Original</i>	15,446		
	<i>Supplementary</i>	(169)		
			15,277	15,216
C.2	Administration – non pay		5,267	4,771
C.3	Research, quality and certification			
	<i>Original</i>	28,461		
	<i>Supplementary</i>	(2,900)		
			25,561	25,161
C.4	Development and promotion of agriculture and food (non farm)			
	<i>Original</i>	20,340		
	<i>Supplementary</i>	(6,900)		
			13,440	7,550
C.5	Teagasc grant			
	<i>Original</i>	141,232		
	<i>Supplementary</i>	(3,000)		
			138,232	134,673
C.6	An Bord Bia grant		46,619	44,844
C.7	Horse and Greyhound Racing Fund		84,000	84,000
C.8	Cedra Rural Innovation and Development Fund		1,500	1,486
C.9	Food aid donations – World Food Programme			
	<i>Original</i>	3,000		
	<i>Supplementary</i>	20,000		
			23,000	25,300
C.10	Brexit resilience measures		—	—
				19,000
C.11	Other services			
	<i>Original</i>	15,924		
	<i>Supplementary</i>	(1,600)		
			14,324	13,671
			367,220	356,672
				370,120

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the net expenditure in relation to Programme C was €5.117 million lower than originally provided. The variation of €726,000 in administration expenditure has already been explained. The balance of the variance of €4.391 million was mainly due to the following:

C.3 Research, quality and certification

Estimate provision: €28.461 million, outturn: €25.161 million

The shortfall in expenditure of €3.3 million relative to the original estimate was due to a combination of a lower than anticipated level of applications in the 2019 Research Stimulus Fund call and delays in the submission of tranche claims on previously funded projects.

C.4 Development and promotion of agriculture and food (non farm)

Estimate provision: €20.34 million, outturn: €7.55 million

The shortfall in expenditure of €12.79 million relative to the original estimate was mainly due to savings of €9.845 million in supports for food companies to meet potential demand in advance of the initial scheduled Brexit departure in March 2019 and funds to assist food companies to improve competitiveness. Due to the extension of the Brexit deadline to 2020 and the overall uncertainty surrounding Brexit demand for the schemes remained low. Additional savings of €1.583 million were made under the LEADER Food Initiative as uptake was slower than anticipated and savings of €1.068 million were also made in grants to companies to optimise their production facilities as it wasn't always possible to complete the works within the 12 month timeframe.

C.5 Teagasc grant

Estimate provision: €141.232 million, outturn: €134.673 million

The shortfall in expenditure of €6.559 million relative to the original estimate was due to a saving in of €4.85 million in relation to the drawdown of grant-in-aid for the Food Innovation Hub due to planning delays and a saving of €1.709 million in relation to the drawdown of grant-in-aid for superannuation costs due to lower than expected retirement costs.

C.9 Food aid donations – World Food Programme

Estimate provision: €3 million, outturn: €25.3 million

The increase in expenditure of €22.3 million relative to the estimate was due to the Executive Director of World Food Programme writing to the Department to ask if Ireland would consider an early disbursement of the 2020 allocation. The Department agreed to an early payment of €22.3 million of the 2020 allocation, with payment being made in December 2019, and this amount is included in prepayments in the statement of financial position.

C.11 Other services

Estimate provision: €15.924 million, outturn: €13.671 million

The shortfall in expenditure of €2.253 million relative to the original estimate was mainly due to savings arising from the provision for legal payments not being required during the year and legal cases not concluded in 2019.

Programme D Seafood Sector

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
D.1	Administration – pay			
	<i>Original</i>	9,121		
	<i>Supplementary</i>	(100)		
			9,021	8,986
D.2	Administration – non pay		4,471	3,816
D.3	Fisheries			
	<i>Original</i>	42,488		
	<i>Supplementary</i>	(1,600)		
			40,888	41,562
D.4	Marine Institute grant			
	<i>Original</i>	35,429		
	<i>Supplementary</i>	(500)		
			34,929	34,926
D.5	Bord Iascaigh Mhara grant		38,293	38,195
D.6	Sea Fisheries Protection Authority		13,795	13,005
D.7	Haulbowline remediation project		2,500	2,113
			143,897	142,603
				131,424

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the net expenditure in relation to Programme D was €3.494 million lower than originally provided. The variation of €790,000 in administration expenditure has already been explained. The balance of the variance of €2.704 million was mainly due to the following:

D.6 Sea Fisheries Protection Authority

Estimate provision: €13.795 million, outturn: €13.005 million

The shortfall in expenditure of €790,000 relative to the estimate provision was due to the following reasons: a saving of €187,000 arose in expected pensions payments as estimates were based on employees' minimum retirement dates, however less than were eligible decided to retire. Non-pay savings of €603,000 arose due the delay in receipt of expected invoices and the delay in the completion of IT project work.

D.7 Haulbowline remediation project

Estimate provision: €2.5 million, outturn: €2.113 million

The shortfall in expenditure of €387,000 relative to the estimate provision was due to a combination of aspects of expenditure as budgeted not being incurred until 2020 or not arising. Cork County Council act as agent of the Minister on the project and is responsible for the progression of all operational aspects of the remediation and costs are then reimbursed by the Department on a matured liability basis.

Note 4 Receipts

4.1 Appropriations-in-aid

	Subhead	2019		2018	
		Estimated	Realised	Realised	
		€000	€000	€000	
1	Recoupment of salaries etc. of officers on loan to outside bodies	600	690	556	
2	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	187	9	
3	Refunds from veterinary inspection fees for inspection at poultry and other meat plants	A.3	15,436	19,531	19,804
4	Receipts from veterinary fees for live exports	A.3	613	664	666
5	Receipts from fees for dairy premises inspection services	A.3	6,500	8,143	7,405
6	Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	A.3	670	602	671
7	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	C.3	1,856	2,766	3,155
8	Receipts from farmer contributions towards the cost of eradicating bovine disease	A.3	7,000	7,637	7,508
9	Land Commission receipts		350	380	285
10	Other receipts		2,470	3,129	2,807
11	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	B.11	975	300	1,239
12	Intervention stock losses, etc	B.11	—	960	880

	Subhead	2019		2018	
		Estimated	Realised	Realised	
		€000	€000	€000	
13	EAFRD (European Agricultural Fund for Rural Development)				
	<i>Original</i>	205,000			
	<i>Supplementary</i>	41,000			
		246,000	299,533	387,280	
14	Veterinary Fund	A.3	9,200	9,279	10,274
15	Other Guarantee receipts from EU (Agriculture)	B.11	36	36	36
16	Proceeds of fines and forfeitures in respect of sea fisheries	D.3	100	292	7
17	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	D.3	100	188	151
18	EU recoupment in respect of expenditure on the conservation and management of fisheries	D.3	1	—	—
19	Aquaculture licence fees	D.3	412	578	592
20	EU receipts for EMFF	D.3	30,000	23,030	13,596
21	EFF (Fisheries) 2007-2013	D.3	—	—	2,641
22	Receipts from Sustainable Food Systems Ireland		200	74	75
23	Receipts from additional superannuation contributions on public service remuneration ^a		10,797	10,444	12,146
	Total		333,317	388,443	471,783

Note ^a 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 €96.126 million greater than the original estimate. Explanations for variances are set out below:

2 Forfeited deposits and securities under EU intervention, export refund, etc. arrangements

Estimate: €1,000, realised: €187,000

The increase of €186,000 was due to three relatively large security forfeitures on licences and given their nature revenue from this source would be difficult to predict.

3 Refunds from veterinary fees for inspection at poultry and other meat plants

Estimate: €15.436 million, realised: €19.531 million

The increase of €4.153 million was due to an increase in activity levels in the poultry and other meat plant sector again in 2019.

5 Receipts from fees for dairy premises inspection services

Estimate: €6.5 million, realised: €8.143 million

The increase of €1.643 million was due to an increase year on year in receipts due to further growth in milk production.

7 Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm

Estimate: €1.856 million, realised: €2.766 million

The increase of €910,000 was mainly due to an increase in registration fees received for plant protection products and biocidal products. There was also an increase in inspection fees which is predicated on external market factors and therefore income will vary from year to year.

8 Receipts from farmer contributions towards the cost of eradicating bovine disease

Estimate: €7 million, realised: €7.637 million

The increase of €637,000 was due to an increase in both milk processing and the numbers of animals slaughtered or exported, compared to the numbers forecast.

10 Other receipts

Estimate: €2.47 million, realised: €3.129 million

The main component of this subhead are pension contributions remitted from state agencies. The increase of €659,000 was mainly due to pension contributions that Teagasc collect from funded research programmes where contractors are employed to conduct the research.

11 Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures

Estimate: €975,000, realised: €300,000

The decrease of €675,000 was due to the lower than anticipated levels of intervention activity as all intervention stock was sold in March/April 2019 resulting in a lower associated cost and consequently lower than estimated associated cost recovery from the EU.

12 Intervention stock losses, etc

Estimate: € nil, realised: €960,000

The increase of €960,000 was due to the revenue under this subhead being derived from provisions under Article 55 of EU Regulation 1306/2013 whereby Member states are entitled to retain 20% of irregularities recovered under EAGF. Revenue from this is difficult to predict as it is dependant of debts incurred and recoveries in the year.

13 EAFRD (European Agricultural Fund for Rural Development)

Estimate: €205 million, realised: €299.533 million

The increase of €93.299 million was mainly due to the timing of advance payments under the ANC scheme being made in September 2019 rather than in October, as previously forecast. This resulted in a greater December 2019 EAFRD receipt rather than an expected 2020 receipt. This increase in receipts was only partly provided for in the supplementary estimate as payment of full amount in 2019 was not assured until after supplementary process.

16 Proceeds of fines and forfeitures in respect of sea fisheries*Estimate: €100,000, realised: €292,000*

The increase of €192,000 was due to the nature of these receipts being variable depending on detections and the subsequent fines paid.

19 Aquaculture licence fees*Estimate: €412,000, realised: €578,000*

The increase of €166,000 was due to an increase in the number of licensed aquaculture sites in recent years.

20 EU receipts for EMFF*Estimate: €30 million, realised: €23.03 million*

The decrease of €6.97 million was due to the ongoing suspension of EMFF funds for control and enforcement. Ireland has made a number of attempts to implement a points system in respect of serious infringements of the rules of the CFP by licence holders but the matter is ongoing and while the recoupment of funds expended on control and enforcement was claimed in 2019, the Commission has temporarily suspended payment to Ireland until the implementation of processes and controls under Ireland's EMFF Operational Programme has been carried out.

22 Receipts from Sustainable Food Systems Ireland*Estimate: €200,000, realised: €74,000*

The decrease of €126,000 was due to the fact that Sustainable Food Systems Ireland (SFSI) receipts are related to annual expenditures on the SFSI project, with reimbursement coming from each of the participating agencies (Enterprise Ireland, Teagasc, Bord Bia and Food Safety Authority of Ireland) and the expenditure being reimbursed was lower than projected.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Interest on refund of overpaid sugar levies	—	428
Clearance of suspense accounts	—	550
1% superlevy surplus	705	—
Proceeds of SFPA fleet sale	419	—
Transferred to the Exchequer	(1,124)	(978)
Balance as at 31 December	<u>—</u>	<u>—</u>

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	3,358	3,176
Agencies ^a	1,609	1,520
	4,967	4,696

Note ^a The agencies under the aegis of the Department are Bord Bia, Bord Iascaigh Mhara, Marine Institute, Sea-Fisheries Protection Authority and Teagasc.

5.2 Pay

Remuneration of Department staff	2019 €000	2018 €000
Pay	163,536	156,844
Higher, special or additional duties allowances	242	264
Other allowances	1,528	1,514
Overtime	3,011	3,235
Shift allowances	659	562
Employer's PRSI	11,671	10,491
Total pay	180,647	172,910

Agency remuneration

	2019 €000	2018 €000
Pay	79,470	77,059
Higher, special or additional duties allowances	979	818
Other allowances	588	111
Overtime	162	145
Gratuity payments	307	117
Employer's PRSI	3,551	2,762
Total pay	85,057	81,012

Note The allowances, overtime and other remuneration details in notes 5.3 through to 5.5 below relate only to the Department's staff, paid directly from the Vote under programmes A to D. Detailed information in relation to the remuneration arrangements of the Department's associated State bodies is available from the relevant annual reports or directly from the State bodies concerned.

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 allowances	81	2	12,410	11,932
Shift allowances	117	21	20,741	18,990
Other allowances	627	9	20,614	20,596
Overtime	785	81	28,171	38,893
Extra remuneration in more than one category	347	172	39,614	42,531

5.4 Other remuneration arrangements

In total €1,534,809 (gross) was paid to 68 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	299	746,314	475,222
Recovery plans in place	128	392,782	312

Note 6 Miscellaneous

6.1 EU funding

Council regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes.

The Departments activities include measures fully funded by the EAGF and activities co-financed by the EAFRD and from the Vote.

Programme B includes expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programmes C and D includes expenditure in respect of activities co-financed by the EU through European Maritime Fisheries Fund, 2014-2020 (EMFF). Programme B includes a charge to the Vote of €5.745 million for EU Funding which has been disallowed due to conformity clearance decisions and late payments.

The account includes interest of €161,486 paid on short-term borrowings of €725 million borrowed in 2018 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2019 along with interest.

A total of €750 million in short-term funds were borrowed in 2019 to fund EAGF Guarantee expenditure pending EU recoupment in 2020. These loans are reflected in the financial statements of the European Agricultural Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), Irish operations.

EU-funded income and expenditure managed by the Department of Agriculture, Food and the Marine

	2019	2018
	€m	€m
Direct payment/basic payment scheme	1,204	1,208
Intervention/aid to private storage ^a	(12)	19.5
Other market supports ^b	61.8	4.5
Other	(3)	(3)
Co-funded receipts (measures co-funded by the EU) ^c		
	2019	2018
	€m	€m
EAFRD Rural Development Programmes	299	387
Veterinary fund	9	10
Other co-financing receipts	1	1
Fisheries		
EFF – European Fisheries Fund 2007-2013 and EMFF – European Maritime and Fisheries Fund 2014 – 2020 ^{d, e}	23	16
	1,582.8	1,643

- Notes
- ^a €12.6 million was as a result of sales of skimmed milk powder in stock.
 - ^b Increase was due to the Exceptional Aid Measure BEAM of €48.3 million.
 - ^c Only the EU co-funding on these programmes is shown in this table.
 - ^d EMFF receipts of €8.8 million are held in a suspense account (EU advances) in accordance with public financial procedures.
 - ^e Under EU Regulation 908/2014 Article 28, amounts recovered are declared and netted against the scheme expenditure where the liability for recovery arose.

6.2 Scheme overpayments

	2019	2018
	€000	€000
Scheme overpayments at 1 January	2,281	1,087
Adjustment for early retirement scheme	(6)	(7)
Overpayments raised in the year	15,506	20,260
Corrections	(816)	(3,355)
Recoveries	(14,058)	(15,522)
Write-offs (note 6.3)	(267)	(182)
Scheme overpayments at 31 December	<u>2,640</u>	<u>2,281</u>

6.3 Write-offs

The following sums were written off in the year	2019	2018
	€	€
Scheme overpayments:		
Afforestation schemes	22,060	41,758
Rural environment protection scheme	229,546	96,277
Miscellaneous EU premia and area based schemes	13,121	36,391
Miscellaneous Vote premia	846	7,965
Private veterinary practitioners	1,174	—
	<u>266,747</u>	<u>182,391</u>
Customers:		
Dispute in relation to administration of scheme	—	14,827
Customers no longer trading ^a	1,630,294	18,475
Aquaculture licences expired/surrendered and not renewed	7,429	28,061
Other reasons	6	2,035
	<u>1,637,729</u>	<u>63,398</u>

- Note ^a A review of legacy debt was undertaken in 2019 – this resulted in the identification of a large number of debtors who were no longer trading, and where no further means of collection was possible. This has increased the level of write-offs in the year.

6.4 Compensation and legal costs

					2019	2018
	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	Total €000	Total €000
Claims by employees of the Department	13	26	90	19	135	412
Claims by members of the public	22	138	423	1,004	1,565	841
		164	513	1,023	1,700	1,253

6.5 Food aid donations

The World Food Programme – Ireland Strategic Partnership Agreement 2019 – 2021, was signed by World Food Programme (WFP) Executive Director and the Department in December 2018. This agreement outlined increased support for WFP throughout this period, subject to annual budget appropriations by Dáil Éireann. The three-year agreement outlined a minimum of €20 million in multilateral contributions per year, with the three-year total allocated under the agreement at least €70 million.

This allocation is made in continued support of the current strategic objectives of the World Food Programme, namely:

- to end hunger, by protecting access to food
- to improve nutrition
- to achieve food security
- to support implementation of Sustainable Development Goals (SDG)
- to partner for SDG results.

The Executive Director of WFP wrote to the Department to ask if Ireland would consider an early disbursement of the 2020 allocation. The Department agreed to an early payment of €22.3 million of the 2020 allocation, with payment being made in December 2019, and this amount is included in prepayments in the statement of financial position.

The Food and Agriculture Organisation (FAO) is the main specialised agency of the United Nations that leads international efforts to end worldwide hunger; to achieve food security for all; and to make sure that people have regular access to enough high quality food to lead active, healthy lives.

Subscriptions and additional voluntary contributions to FAO are used to provide aid to 130 countries to help them in the development of sustainable agriculture and food systems. Ireland's (DAFM) contribution to FAO in 2019 amounted to €2.605 million (2018: €4.259 million).

6.6 Ex-gratia payments

An ex-gratia payment of €50,000 was made to Cherry Orchard Equine Centre towards the purchase of farm machinery for their equine education & training centre.

Ex-gratia payments totalling €250,000 were made to the Irish Equine Centre as support towards the costs associated with achieving and maintaining World Organisation for Animal Health reference laboratory status.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2019	2018
	€	€
Irish Shows Association Ltd	82,500	82,500
Macra na Feirme	75,000	75,000
Irish Country Women's Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
Irish Draught Horse Society	4,000	4,000
Agricultural Science Association	—	2,000

6.7 Deferred surrender

Deferred surrender comprises savings in 2019 of €19.8 million in capital expenditure, in the following subheads, that were carried over to 2020.

B.10	Forestry	€12.6 million
C.4	Development and promotion of agriculture and food (non farm)	€5.4 million
C.5	Teagasc grant	€1.8 million

Note 7 Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2019

	2019	2018
	€000	€000
Balance at 1 January	—	—
Receipts (subhead C.7)	84,000	80,000
Payments		
Horse Racing Ireland	67,200	64,000
Bord na gCon	16,800	16,000
Balance at 31 December	<u>—</u>	<u>—</u>

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

Property	Area (Hectares)
Cork	
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	2.0
Land Commission non-agricultural land, Annagannihy	56.5
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Forest plot, Letterkenny	0.2
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Cooloo	52.1
Lands, Teagasc College, Athenry	14.0
Forest plot, Ballinaninch	60.7
Forest plot, Oughterard	7.0

Kerry

Land Commission non-agricultural lands	
Glanlea	4.0
Ballydunlea	284.6
Forest plot, Kenmare	0.2

Kildare

Stacumny Cottage, Backweston	—
Lands, Backweston	150.0

Kilkenny

Regional Veterinary Laboratory, Kilkenny	0.9
Lands, Kildalton Teagasc College, Pilltown	18.0

Laois

Forest plot, Durrow	2.2
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Limerick

Dairy Science Laboratory, Limerick	3.2
Regional Veterinary Laboratory, Limerick	1.2
Forest plot, Adare	3.0

Longford

Land Commission non-agricultural land, Rossbeg	79.0
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Mayo

Land Commission non-agricultural lands	
Ballymacraha	12.1
Derry	34.8
Forest plot, Foxford	3.0

Offaly

Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5

Roscommon

Land Commission non-agricultural lands	
Ballynahouna/Ballaghcullia	4.6
Cloonakillig	0.7
Cloonshanvill	22.4
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	4.4
Cleaheen	0.6

Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plot, Lough Key	32.0

Sligo

Regional Veterinary Laboratory, Sligo	1.4
Land Commission non-agricultural land, Cloonkeelaun	244.0
Forest plot, Benbulbin	0.5

Tipperary

Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	2.5
Forest plots, Kilsheelan	1.9

Westmeath

Regional Veterinary Laboratory, Athlone	1.7
Forest plot, Castlepollard	0.2
Forest plot, Lough Ennel	14.5

Wexford

Forest plot, Forth	4.8
Forest plots, Gorey	11.1

Wicklow

Forest plot, Shelton	0.2
Forest plot, Avonmore	1.0
Forest plot, Enniskerry	4.0
Forest plot, Glendalough	7.6
Forest plot, Saggart	1.4
Forest plot, Glen of Imaal	3.0

Property at fishery harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.

Appendix B Accounts of bodies and funds under the aegis of the Department of Agriculture, Food and the Marine

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Aquaculture Licences Appeals Board	2018	27 Nov 2019	3 Feb 2020	18 Jun 2020
Bord Bia	2018	2 Oct 2019	8 Nov 2019	4 Dec 2019
Bord na gCon	2018	4 Sept 2019	4 Sept 2019	23 Oct 2019
Bord Iascaigh Mhara	2018	23 Oct 2019	22 Nov 2019	19 Mar 2020
Coillte Teoranta ^a	2018	28 Mar 2019	29 Mar 2019	21 May 2019
European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund – Irish Operations	2018	22 Dec 2019	6 Jan 2020	7 Jan 2020
Fishery Harbour Centres Fund	2018	20 Dec 2019	6 Jan 2020	31 Mar 2020
Horse Racing Ireland	2018	30 Jun 2019	12 July 2019	23 Sep 2019
Irish National Stud Company Ltd ^b	2018	25 Mar 2019	23 Apr 2019	8 May 2019
Marine Institute	2018	9 Dec 2019	16 Dec 2019	28 May 2020
National Milk Agency ^c	2018	20 Mar 2019	28 Aug 2019	17 Sep 2019
Sea Fisheries Protection Authority	2018	30 Jun 2019	30 Jul 2019	10 Oct 2019
Teagasc	2018	26 Jun 2019	2 Jul 2019	19 Jul 2019
The Public Trustee of Ireland	2018	5 Apr 2019	5 Apr 2019	27 May 2019

Notes ^a Coillte, as a self-financing commercial state body, is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 31 of the Forestry Act 1988 under which it was established.

^b Irish National Stud Company Ltd is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 25 of the National Stud Act, 1945 under which it was established.

^c National Milk Agency is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 18 of the Milk (Regulation of Supply) Act 1994.

Appropriation Account 2019

Vote 31

Transport, Tourism and Sport

Introduction

As Accounting Officer for Vote 31, 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 the salaries and expenses of the Office of the Minister for Transport, Tourism and Sport, including certain services administered by that Office, for payment of certain grants and certain other services.

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, and
- provided for capital supply services in 2019 out of unspent 2018 appropriation, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €21.223 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 have been applied in the preparation of the account.

(a) Statement of capital assets: valuation of land and buildings

Land and buildings are valued at cost and are not depreciated.

(b) Depreciation

The Department's policy is to depreciate assets from the date of purchase with no depreciation provided in the year of disposal. Depreciation is charged at the following rates

- land and buildings — no depreciation
- furniture and fittings — 10%
- office equipment — 20%
- motor vehicles — 20%
- specialist equipment — 20%

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

25 March 2020

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

The Accounting Officer for the National Shared Services Office has provided me with a letter outlining the progress made in the development of the audit assurance process. This letter addresses the framework of governance and controls in place and includes the reports of audits conducted into the operation of controls within the shared services environment.

I rely on this letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

I have fulfilled my responsibilities in relation to the requirements of the employee services management agreement (ESMA) between this Department and the National Shared Services Office for the provision of payroll and human resource 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.

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 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
- with respect to its management procedures, the Finance Division of the Department has been certified as compliant with ISO 9001:2015 standard up to February 2023.

Procurement compliance

The Department 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.

In 2019, the Department complied with the guidelines with the exception of payments totalling €458,154 which are listed in my annual return in respect of Circular 40/02. Details are as follows:

- One contract with a total value of €332,828 relating to the replacement and maintenance of legacy emergency radio telecommunications equipment was extended beyond the original contract date without a new competitive process having been completed by the year end date.
- One contract with a total value of €95,398 related to the ongoing maintenance and development of the Road Transport Operator Licensing system which is required in order to comply with EU legislation.
- One contract with a total value of €29,928 related to the National Search and Rescue (SAR) Framework Review Group, established to address issues arising from safety recommendations from the Air Accident Investigation Unit and later the Marine Casualty Investigation Board which required immediate and effective follow-up to a tight timeframe. The Group drafted Ireland's National Search and Rescue (SAR) plan and a final report was produced in June 2019.

Attention is also drawn to a prior year procurement regarding vehicles for the Coast Guard fleet. This Department's examination of the matter identified that the procurement process was not robust. The Department is however satisfied that the vehicles purchased have been and continue to be fully utilised by the IRCG in supporting its cliff rescue operations and other search and rescue activities.

An internal audit was completed in 2020 to assess the adequacy of the control framework that supports the procurement and contracting practices within the Coast Guard. There were a number of findings which are being addressed by management within the Coast Guard.

In 2019, the Department carried out a procurement gap analysis to assess procurement capability, activity and compliance in the Department in order to identify gaps in existing current systems and procedures in place and to suggest how these shortcomings should be addressed.

In its conclusion, the gap analysis identified significant scope for better communications, ensuring the availability of training, actively monitoring compliance, assisting divisions in finding value, proactively identifying and addressing procurement breaches, and generally assisting in fulfilling the Department's obligations in relation to the National Public Procurement Policy Framework.

The report, approved by Management Board in early 2020, included a comprehensive suite of recommendations covering:

- Appointment of a procurement officer
- Functions of the procurement officer
- Corporate governance matters
- Measuring and monitoring compliance
- Communications
- Training requirements
- Corporate governance of agencies as regards procurement.

Work has begun on the implementation of the report recommendations and a procurement officer has been in place since the start of this year.

Enhancing controls over local and regional roads grant payments

Expenditure under Subhead B3 includes grants of €484 million for the improvement and maintenance of local and regional roads. The Department is responsible for the grant programme but between 2009 and 2013 the National Roads Authority (NRA, now Transport Infrastructure Ireland - TII) assumed responsibility for administering the grants on behalf of the Department. TII's control procedures included the monitoring of progress on road improvement works by the TII's engineers and inspectors.

In 2013, TII indicated that it was no longer in a position to undertake this work. The Department resumed responsibility for these grants in 2014 but for administrative efficiency, it uses the Authority, as agent, to issue the payments to the local authorities. The Department's Road Division conducts administrative checks on expenditure but up to 2017, project inspections were not undertaken.

Following the re-instatement of the Road Engineering Inspectorate, a programme of project/grant programme inspections under the Principal Advisor's direction has been in operation since early 2018. There has also been increased oversight of the appraisal of project proposals and regional and local road maintenance and improvement programmes. The Department also continues to work with local authorities and the Road Management Office (the local authority shared service) with a view to ensuring that the data on the MapRoad pavement management system is as accurate and consistent as possible.

Enhancing oversight arrangements

Total funding provided to bodies under the aegis of the Department was €2.098 billion in 2019.

The Department monitors its oversight arrangements of its agencies through a framework oversight plan. Some key enhancements introduced under the framework oversight plan are:

- clarification of Departmental roles and responsibilities in relation to agency oversight
- formal reporting structures to the Management Board giving a 'whole of Department' perspective on compliance of the Department's agencies with their reporting responsibilities under the *Code of Practice for the Governance of State Bodies*. Reports to the Management Board on the commercial agencies and non-commercial agencies were presented in July 2019 and September 2019, respectively
- improved access to financial expertise in assisting with monitoring and oversight arrangements, provided by a financial advisor seconded to the Department
- dissemination of a standard template to assist line divisions in developing performance delivery agreements (PDAs) and oversight agreements (OS) or shareholder expectation letters with agencies.

The development and implementation of the new framework oversight plan has satisfactorily addressed the issues identified in 2017 and both the Management Board and the Internal Audit Unit are assured in respect of the measures now put in place.

Ensuring the timely replacement of Córas Iompair Éireann (CIE) Board members

During 2018, the Department's internal audit made a recommendation that CIE Board member vacancies should be anticipated and planned to ensure there are no resource and skills shortages. Following this recommendation, the Department streamlined and amalgamated the recruitment of Board members of CIE and its subsidiaries into one recruitment drive which was managed by the Public Appointments Service.

In quarter two 2019, three directors were appointed to the Board of Bus Átha Cliath; three to the Board of Bus Éireann; and one to the Board of Iarnród Éireann. A further three appointments were subsequently made by the Government to the CIE Board. Following these ten appointments, there are currently no vacancies on the CIE or subsidiary company boards.

Information security arrangements - patching and life cycle management

As part of its audit into information technology security arrangements in 2019, internal audit recommended the Information and Communications Technology (ICT) Refresh Programme should be prioritised to ensure that the ICT estate is brought up to date and maintained going forward. Where there are instances where unsupported or unpatched operating systems remain, short-term mitigation plans should be established and approved to minimise the associated risks.

In quarter four 2019, the Department commenced implementation of an immediate patching regime prior to upgrades and the initiation of a server upgrade programme.

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 the former Secretary General approved. Its work is informed by analysis of the financial risks to which the former Secretary General 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 the former Secretary General 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 the Secretary General and the Audit Committee. Procedures are in place to ensure that the reports of the internal audit function are followed up.

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

The register is reviewed and updated by the Management Board three times a year, with the other quarter dedicated to system maintenance and improvement. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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 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 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.

Ken Spratt

Accounting Officer

Department of Transport, Tourism and Sport

22 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 31 Transport, Tourism and Sport

Opinion on the appropriation account

I have audited the appropriation account for Vote 31 Transport, Tourism and Sport 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 31 Transport, Tourism and Sport 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 Transport, Tourism and Sport 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

24 September 2020

Vote 31 Transport, Tourism and Sport

Appropriation Account 2019

			2019	2018
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Civil aviation				
	<i>Original</i>	36,767		
	<i>Deferred surrender</i>	1,000		
			37,767	34,842
				28,142
B Land transport				
	<i>Original</i>	1,907,981		
	<i>Deferred surrender</i>	4,374		
	<i>Supplementary</i>	2,200		
			1,914,555	1,905,825
				1,691,046
C Maritime transport and safety				
	<i>Original</i>	103,068		
	<i>Deferred surrender</i>	3,000		
			106,068	96,278
				90,909
D Sports and recreation services				
	<i>Original</i>	125,362		
	<i>Deferred surrender</i>	5,324		
	<i>Supplementary</i>	800		
			131,486	106,017
				118,558
E Tourism services				
	<i>Original</i>	168,655		
	<i>Deferred surrender</i>	4,668		
	<i>Supplementary</i>	7,000		
			180,323	158,230
				134,270
Gross expenditure				
	<i>Original</i>	2,341,833		
	<i>Deferred surrender</i>	18,366		
	<i>Supplementary</i>	10,000		
			2,370,199	2,301,192
				2,062,925
<i>Deduct</i>				
F Appropriations-in-aid			24,964	25,791
				26,347
Net expenditure				
	<i>Original</i>	2,316,869		
	<i>Deferred surrender</i>	18,366		
	<i>Supplementary</i>	10,000		
			2,345,235	2,275,401
				2,036,578

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €48.611 million of unspent allocations in respect of the capital elements of subheads A.3, B.2, B.5, B.8, C.3, D.3, D.4, D.7, E.6 and E.7 was carried forward to 2020.

	2019	2018
	€	€
Surplus	69,833,781	23,179,599
Deferred surrender	(48,611,000)	(18,366,000)
Surplus to be surrendered	<u>21,222,781</u>	<u>4,813,599</u>

Graham Doyle

Accounting Officer

Department of Transport, Tourism and Sport

25 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	2,258,833	2,018,315
Pay	33,756	30,726
Non pay	8,603	13,884
Gross expenditure	2,301,192	2,062,925
<i>Deduct</i>		
Appropriations-in-aid	25,791	26,347
Net expenditure	2,275,401	2,036,578
Changes in capital assets		
Purchases cash	(4,638)	
Disposals cash	118	
(Profit)/loss on disposals	(47)	
Depreciation	4,173	
	(394)	(1,016)
Changes in net current assets		
Decrease in closing accruals	(1,680)	
Decrease in stock	48	
	(1,632)	(1,444)
Direct expenditure	2,273,375	2,036,150
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	20,076	18,019
Notional rents	4,005	3,757
Net programme cost	2,297,456	2,057,926

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following actual amounts in relation to Vote 31 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	46	148
Vote 12 Superannuation and Retired Allowances	13,190	12,608
Vote 13 Office of Public Works	6,375	4,814
Vote 18 National Shared Services Office	57	52
Central Fund – Ministerial pensions	408	397
	20,076	18,019

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	11,992	11,598
Current assets			
Bank and cash	2.2	66,983	18,819
Stocks	2.3	1,052	1,100
Prepayments		3,456	2,410
Other debit balances	2.4	754	764
Total current assets		<u>72,245</u>	<u>23,093</u>
Less current liabilities			
Accrued expenses		1,934	2,568
Other credit balances	2.5	1,555	1,386
Net Exchequer funding	2.6	66,182	18,197
Total current liabilities		<u>69,671</u>	<u>22,151</u>
Net current assets		<u>2,574</u>	<u>942</u>
Net assets		<u>14,566</u>	<u>12,540</u>
Represented by:			
State funding account	2.7	<u><u>14,566</u></u>	<u><u>12,540</u></u>

2.1 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Specialist equipment	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2019	840	20,846	480	15,755	25,030	62,951
Additions	740	1,204	66	1,099	1,529	4,638
Disposals	—	(8,101)	(330)	(528)	—	(8,959)
Cost or valuation at 31 December 2019	1,580	13,949	216	16,326	26,559	58,630
Accumulated depreciation						
Opening balance at 1 January 2019	—	18,300	410	12,022	20,621	51,353
Depreciation for the year	—	1,103	43	1,513	1,514	4,173
Disposals	—	(8,101)	(330)	(457)	—	(8,888)
Cumulative depreciation at 31 December 2019	—	11,302	123	13,078	22,135	46,638
Net assets at 31 December 2019	1,580	2,647	93	3,248	4,424	11,992
Net assets at 31 December 2018	840	2,546	70	3,733	4,409	11,598

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	66,878	18,555
Commercial bank accounts	105	264
	66,983	18,819

Motor tax bank account

The Department holds a bank account to allow for the collection and allocation of motor tax and the transfer of the proceeds to the Exchequer. With the exception of funding bank charges, no moneys due to or paid from the Vote are transmitted through this bank account. The amount held at the end of 2019 is €91,343 (2018: €16,784).

2.3 Stocks

at 31 December	2019	2018
	€000	€000
IT consumables	80	84
Specialised consumables (Irish Coast Guard)	972	1,016
	1,052	1,100

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
OPW agency services	587	632
Other	167	132
	754	764

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax and universal social charge	550	478
Pay related social insurance	279	232
Professional services withholding tax	137	87
Value added tax	414	370
Relevant contract tax	63	107
Pension charges	55	49
Extra Exchequer receipts	33	—
	1,531	1,323
Other	24	63
	1,555	1,386

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	21,223	4,814
Deferred surrender	48,611	18,366
Exchequer grant undrawn	(3,652)	(4,983)
Net Exchequer funding	66,182	18,197
Represented by:		
Debtors		
Bank and cash	66,983	18,819
Debit balances: suspense	754	764
	<u>67,737</u>	<u>19,583</u>
Creditors		
Due to State	(1,531)	(1,323)
Credit balances: suspense	(24)	(63)
	<u>(1,555)</u>	<u>(1,386)</u>
	<u>66,182</u>	<u>18,197</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		12,540	13,921
Disbursements from the Vote			
Estimate provision	Account	2,345,235	
Deferred surrender	Account	(48,611)	
Surplus to be surrendered	Account	(21,223)	
Net vote		2,275,401	2,036,578
Expenditure (cash) borne elsewhere	1	20,076	18,019
Non cash expenditure – notional rent	1	4,005	3,757
Capital asset adjustments-land and buildings		—	(1,809)
Net programme cost	1	(2,297,456)	(2,057,926)
Balance at 31 December		14,566	12,540

2.8 Commitments

Global commitments		
at 31 December	2019	2018
	€000	€000
Procurement of goods and services	178,072	246,111
Non capital grant programmes	128	114
Capital grant programmes	168,334	113,664
Total of legally enforceable commitments	346,534	359,889
Commitments under procurement subheads		
	2019	2018
	€000	€000
Search and rescue helicopter services	155,000	212,114
Airports	15,343	22,571
Vehicle/driving licencing	4,847	10,298
Climate Change Unit	50	469
Air Accident Investigation Unit	252	—
Information technology	20	105
Internal audit	25	—
ITF Presidency 2020	22	—
Strategic research	—	67
Coast Guard services	2,513	487
	178,072	246,111
Non-capital grant commitments		
	2019	2018
	€000	€000
Opening balance	114	—
Grants paid in year	(136)	(29)
New grant commitments	150	143
Grants cancelled	—	—
Closing balance	128	114
Capital grant commitments		
	2019	2018
	€000	€000
Opening balance	113,664	148,621
Grants paid in year	(54,493)	(39,976)
New grant commitments	110,404	6,726
Grants cancelled	(1,241)	(1,707)
Closing balance	168,334	113,664

Major capital projects

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Pairc Uí Chaoimh	28,500	1,500	—	30,000	30,000
	28,500	1,500	—	30,000	30,000

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	532	188

2.10 Contingent liabilities

The Department is involved in a number of legal cases. The Department cannot predict the outcome of such cases.

During 2019, the Department paid final legal settlement costs of €1,195,544 relating to a long running legal case, Smith v Meade. These final settlement costs cover costs incurred by FBD Insurance due to proceedings in the High Court, Court of Appeal, Supreme Court and European Court of Justice.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	35,891	33,756	30,726
ii	Travel and subsistence	1,377	1,474	1,346
iii	Training and development and incidental expenses	2,273	3,196	9,020
iv	Postal and telecommunication services	519	296	360
v	Office equipment and external IT services	2,779	2,182	1,498
vi	Office premises expenses	664	892	579
vii	Consultancy services and value for money and policy reviews	1,399	563	1,081
		44,902	42,359	44,610

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: €2.273 million, outturn: €3.196 million

Higher than estimated costs were primarily due to the payment of €1.195 million as part of a legal settlement of a long running legal case (Smith v Meade).

iv Postal and telecommunications services

Estimate provision: €519,000, outturn: €296,000

The decrease of €223,000 on expenditure on postal and telecommunications services was due to lower than expected postal and telecommunications costs. No single factor has led to an outturn lower than the estimate.

vi Office premises expenses

Estimate provision: €664,000, outturn: €892,000

Costs were higher than estimated, primarily due to increased staff hiring by the Department.

vii Consultancy services and value for money and policy reviews

Estimate provision: €1.399 million, outturn: €563,000

Costs were lower than estimated due to fewer consultancy programmes than estimated in the land transport programme as well as unused contingency, which was retained in the case of a hard Brexit requiring urgent activity in key sectoral areas.

Programme A Civil aviation

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
A.1	Administration - pay		3,589	3,376
A.2	Administration - non pay		1,280	741
A.3	Regional airports			
	<i>Original</i>	21,700		
	<i>Deferred surrender</i>	1,000		
			22,700	21,789
A.4	Miscellaneous aviation services		10,198	8,936
			37,767	34,842
				28,142

Significant variations

The following outlines the reasons for significant variations in programme expenditure (5% and €100,000). Overall, the expenditure in relation to Programme A was €2.925 million lower than originally estimated including the deferred surrender, representing a variance of 8%.

A.2 Administration - non pay

Estimate provision: €1.28 million, outturn: €741,000

The underspend arose primarily due an underspend in the consultancy allocation.

A.4 Miscellaneous aviation services

Estimate provision: €10.198 million, outturn: €8.936 million

Overall the expenditure for miscellaneous aviation services was €1.262 million lower than provided due to a combination of factors. Ireland is a member of the Eurocontrol en-route charging scheme. In common with most Eurocontrol member states, Ireland exempts certain classes of flights from payment of the en-route charge. The Department refunds the costs incurred by the IAA in providing these air navigation services from moneys provided by the Exchequer, in accordance with Section 45(1) (c) of the Irish Aviation Act 1993. The underspend in 2019 of €819,000 arose as fewer flights by exempt classes of aircraft took place, resulting in a lower than estimated requirement to reimburse the IAA. Ireland's contribution to Eurocontrol's general budget, our subscriptions to the International Civil Aviation Organisation (ICAO) and our subscriptions to the European Civil Aviation Conference (ECAC) are calculated on the basis of formulae which include variables that are not fully clear until during the year. This gives rise to slight variations in outturns. In 2019 the variation between estimate and outturn was €259,000. Finally, the cost of an aviation insurance policy was €184,000 less than profiled.

Programme B Land transport

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration - pay		13,280	12,152	11,676
B.2	Administration - non pay		3,358	3,862	9,403
B.3	Road improvement/maintenance		1,060,052	1,060,280	930,418
B.4	Road safety agencies and expenses				
	<i>Original</i>	5,365			
	<i>Supplementary</i>	617			
			5,982	5,982	5,216
B.5	Vehicle and driver licencing expenses				
	<i>Original</i>	21,900			
	<i>Deferred surrender</i>	1,870			
			23,770	23,206	19,821
B.6	Smarter travel and carbon reduction				
	<i>Original</i>	7,000			
	<i>Deferred surrender</i>	1,965			
			8,965	5,641	697
B.7	Public service provision payments				
	<i>Original</i>	302,363			
	<i>Deferred surrender</i>	39			
	<i>Supplementary</i>	583			
			302,985	307,985	295,573
B.8	Public and sustainable transport				
	<i>Original</i>	480,755			
	<i>Deferred surrender</i>	500			
			481,255	469,864	408,585
B.9	Public transport agencies and expenses				
	<i>Original</i>	13,830			
	<i>Supplementary</i>	1,000			
			14,830	16,793	9,599
B.10	Miscellaneous services		78	60	58
			1,914,555	1,905,825	1,691,046

Significant variations

The following outlines the reasons for significant variations in programme expenditure (5% and €100,000). Overall, the expenditure in relation to Programme B was €6.53 million less than originally estimated including the deferred surrender, representing a variance of 0.3 %. The variance was mainly due to the following.

B.4 Road safety agencies and expenses

Estimate provision: €5.365 million, outturn: €5.982 million

The variance is a supplementary grant of €617,000 which was approved and sanctioned for the Medical Bureau of Road Safety (MBRS) in 2019 for the purchase of portable breath testing (PBT) devices.

B.6 Smarter travel and carbon reduction

Estimate provision: €8.965 million, outturn: €5.641 million

The Electric Small Public Service Vehicle (eSPSV) Grant Scheme provides grants towards the transition of taxis, hackneys and limousines away from fossil fuels and towards electric vehicles. As this is a relatively new technology in the transport sector, and particularly in the SPSV sector, uptake of the grant scheme was slower than expected in 2019. The level of the grant on offer has increased in 2020, and together with the increased variety of models and increased vehicle range in the EV market, it is expected that a higher number of SPSVs will avail of the Scheme this year.

In addition, due to the difficulty in procuring double deck right hand drive alternatively-fuelled buses, only nine hybrid buses for the Dublin Bus fleet were funded under the Green Public Transport Fund in 2019. It is expected that, in line with the NTA's Medium Term Bus Fleet Technology Pathway, the number of hybrid buses in the urban bus fleet will significantly increase in 2020 with a target of 100 hybrid buses this year.

B.9 Public transport agencies and expenses

Estimate provision: €13.83 million, outturn: €16.793 million

As part of the supplementary estimate process, an additional €1 million was provided to subhead B 9.2 to be utilised by the NTA for the following:

- €100,000 for additional general administrative expenditure;
- €450,000 allocated to the NTA for ICT infrastructure (licensing and system updates);
- €450,000 for rental costs associated with additional accommodation which is required to be paid in advance under the terms of their rental contracts.

An additional €1.963 million was paid in December, to cover a shortfall in the 2019 admin grant.

Programme C Maritime transport and safety

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
C.1 Administration – pay		15,433	14,515	12,291
C.2 Administration - non pay		3,492	3,185	2,891
C.3 Maritime administration and Irish Coast Guard				
	<i>Original</i>	84,057		
	<i>Deferred surrender</i>	3,000		
		87,057	78,488	75,638
C.4 Miscellaneous services		86	90	89
		106,068	96,278	90,909

Significant variations

The following outlines the reasons for significant variations in programme expenditure (5% and €100,000). Overall, the expenditure in relation to Programme C was €9.79 million lower than originally estimated including the deferred surrender, representing a variance of 9%. The variance was mainly due to the following.

C.3 Maritime administration and Irish Coast Guard

Estimate provision: €87.057 million, outturn: €78.488 million

The underspend on capital arose primarily due to building work which did not take place due to delays in planning permission. This was to include both new builds in Greystones and Westport and renovations to Coast Guard Unit buildings around the coast. There was also an underspend regarding the purchase and upgrade of search and rescue related equipment. The tender process for replacing the Coast Guard boats was due to be completed in 2019 but carried over into 2020.

Programme D Sports and recreation services

		2019		2018	
		Estimate provision		Outturn	
		€000	€000	€000	
D.1	Administration - pay		2,153	2,025	1,844
D.2	Administration - non pay		528	444	434
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)				
	<i>Original</i>	42,580			
	<i>Deferred surrender</i>	2,500			
			45,080	35,080	33,949
D.4	Grants for provision and renovation of swimming pools				
	<i>Original</i>	4,100			
	<i>Deferred surrender</i>	2,824			
			6,924	432	1,377
D.5	Sport Ireland (part funded by National Lottery)				
	<i>Original</i>	62,201			
	<i>Supplementary</i>	800			
			63,001	63,036	75,954
D.6	Dormant accounts funding for sports measures		5,000	5,000	5,000
D.7	Large scale sport infrastructure fund		8,800	—	—
			131,486	106,017	118,558

Significant variations

The following outlines the reasons for significant variations in programme expenditure (5% and €100,000). Overall, the expenditure in relation to Programme D was €24.669 million lower than originally estimated including the deferred surrender, representing a variance of 19%. The variance was mainly due to the following.

D.3 Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)

Estimate provision: €45.08 million, outturn: €35.08 million

With over 3,700 separate outstanding grants it is impossible to accurately predict the exact timing of the draw down of Sports Capital Programme grants. Factors such as the weather (affecting construction and pitch drainage works) and the availability of matching funding can affect the speed of progress on projects and the subsequent draw down of grants. In addition, in 2019 other work pressures on the section, including the assessment of 2,337 applications under the 2018 round of the programme, limited the division's ability to chase the draw down of previous grants. Also the fact that the 2018 allocations were not made until close to year end meant that no allocation from that 2018 round could be drawn down in 2019. With €57 million in new grants allocated in 2019 it is expected that all of the available subhead for 2020 will be distributed to clients in the year.

D.4 Grants for provision and renovation of swimming pools

Estimate provision: €6.924 million, outturn: €432,000

Drawdown was less than expected in 2019 due to slow progress in the finalisation of the legal requirements for Lucan and University of Limerick pools. Only one payment in the sum of €431,720 was made for a historical balance and retention to Dun Laoghaire Rathdown County Council for Loughlinstown Pool. It is expected that the available funds of €4.7 million in 2020 will be fully expended to fund retention payments for completed projects (€800,000 Dunmanway, Castlebar, Clara) and to fund payments for projects where the legal requirements are expected to be finalised in 2020 (€3.9 million Lucan Swimming Pool and University of Limerick pools).

D.7 Large scale sport infrastructure fund

Estimate provision: €8.8 million, outturn: €0

The large scale sport infrastructure fund opened for applications on 19 November 2018 and the closing date for receipt of applications was 17 April 2019. Applicants were given an opportunity to provide corrected and amended documentation, where necessary, in support of applications. The detailed evaluation process was completed in early January 2020 when provisional allocations were announced. As no allocations were made in 2019, expenditure was not incurred.

Programme E Tourism services

		2019		2018	
		Estimate provision	Outturn	Outturn	
		€000	€000	€000	
E.1	Administration - pay		1,436	1,688	1,536
E.2	Administration - non pay		353	370	361
E.3	Fáilte Ireland				
	<i>Original</i>	68,885			
	<i>Supplementary</i>	1,000	69,885	56,985	62,616
E.4	Tourism Ireland Limited - grant for administration and general expenses		16,138	16,138	15,301
E.5	Tourism Marketing Fund				
	<i>Original</i>	47,583			
	<i>Supplementary</i>	6,000	53,583	53,583	41,788
E.6	Tourism product development				
	<i>Original</i>	20,960			
	<i>Deferred surrender</i>	4,068	25,028	19,067	9,413
E.7	Greenways				
	<i>Original</i>	13,300			
	<i>Deferred surrender</i>	600	13,900	10,399	3,255
			180,323	158,230	134,270

Significant variations

The following outlines the reasons for significant variations in programme expenditure (5% and €100,000). Overall, the expenditure in relation to Programme E was €15.093 million lower than originally estimated including the deferred surrender, representing a variance of 9%. The variance was mainly due to the following.

E.3 Fáilte Ireland

Estimate provision: €68.885 million, outturn: €56.985 million

Fáilte Ireland did not require the complete drawdown of the 2019 provision due to cash balance on hand at the start of the year.

E.5 Tourism Marketing Fund

Estimate provision: €47.583 million, outturn: €53.583 million

An additional €6 million supplementary funding was allocated to Tourism Ireland in 2019 to deal with difficulties in our source markets caused by Brexit related uncertainty. This funding was fully drawn down in 2019.

E.6 Tourism product development

Estimate provision: €25.028 million, outturn: €19.067 million

In 2019, there was a variation of €5.961 million in programme expenditure an amount for which formal Department of Public Expenditure and Reform sanction has been sought to carry over this amount into 2020. This variation arose due to slower than anticipated progress in certain externally led projects supported by Fáilte Ireland and earmarked for funding drawdowns in 2019. Specifically, there were delays in the progress of several large grants scheme projects due to procurement and planning-related issues, as well as delays in some Fáilte Ireland strategic partnership projects (with Coillte and with the National Parks Wildlife Service) caused by tender process/availability of suitably-qualified quantity surveyors and land ownership issues.

E.7 Greenways

Estimate provision: €13.9 million, outturn: €10.399 million

Funding to a number of greenways under the new strategy for the future development of national and regional greenways was awarded later than originally intended in 2019 and there was consequently a delay in drawdown for a number of projects awarded funding.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated provision €000	2019	2018	
		Realised €000	Realised €000	
Administration				
1	Receipts from additional superannuation contributions on public service remuneration ^a	3,220	3,457	3,903
Civil aviation				
2	Irish Aviation Authority refund of subscriptions to international organisations	7,007	6,748	6,285
3	Irish Aviation Authority recoupment of rents, etc.	394	394	394
4	Irish Aviation Authority payment for associated costs	2,760	2,455	2,938
Land transport				
5	Road transport licence fees	800	971	872
6	Miscellaneous land transport receipts	4,688	5,299	5,637
Maritime transport and safety				
7	Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919	450	557	580
Tourism services				
8	Tourism Ireland pension receipts	190	298	311
Sports services				
9	Sport Ireland pension receipts	85	88	86
10	Dormant accounts	5,000	5,000	5,000
Miscellaneous receipts				
11	Miscellaneous receipts	370	524	341
Total		24,964	25,791	26,347

Note ^a 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 €827,000 higher than the estimate. Explanations for the variances are as follows.

1 Receipts from additional superannuation contributions on public service remuneration

Estimate: €3.22 million, realised; €3.457 million

The increase of €237,000 was due to increased recruitment within the Department which resulted in increased additional superannuation contributions.

4 Irish Aviation Authority payment for associated costs*Estimate: €2.76 million, realised; €2.455 million*

The Department recoups costs from the Irish Aviation Authority for an insurance policy, salaries, travel and subsistence costs etc. where these relate to policy areas such as air navigation policy and air safety policy. While the €305,000 lower than expected outturn reflects the actual amounts due from the IAA, this variance was partly offset by a saving of €184,000 in insurance costs at A.4.1 in the programme allocation.

5 Road transport licence fees*Estimate: €800,000, realised; €971,000*

The amount received in licence fees is affected by the level of activity in the sector and in the economy as a whole. Fees are paid not only for licence applications but also for adding vehicles to existing haulage licences to increase fleets. Fees received in 2018 amounted to €872,000 as against an estimate of €700,000. In that context, it was considered apt to raise the estimate for 2019 to €800,000. In fact, fees received in 2019 exceeded that estimate by €171,000, as activity increased.

6 Miscellaneous land transport receipts*Estimate: €4.688 million, realised; €5.299 million*

Increased receipts were due to the inclusion of the European Regional Development Fund (ERDF) Interreg VA receipts into F7.4 in 2019. The Department contributes to projects (currently two, a multi-modal hub in Derry and three greenways) under the ERDF Interreg VA Programme. The EU subsequently refund up to 85% of the expenditure on these projects, which is now accounted for as appropriations-in-aid under F7.4 ERDF Interreg VA Programme.

7 Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919*Estimate: €450,000, realised; €557,000*

Increased receipts were due to increased numbers of seafarers applying for certification as well as continued survey activity.

8 Tourism Ireland pension receipts*Estimate: €190,000, realised; €298,000*

Tourism Ireland pension receipts figure were up as the pension scheme rules were amended increasing the level of pension contributions payable by Tourism Ireland staff. The Department will work with the Department of Public Expenditure and Reform to reflect a higher appropriations-in-aid in future years.

11 Miscellaneous receipts*Estimate: €370,000, realised; €524,000*

The increase in income is mainly due to the sale and replacement of Irish Coast Guard assets.

4.2 Extra Exchequer receipts

	2019	2018
	€000	€000
Balance at 1 January	31	166
Shannon Development rents ^a	10	11
Sports capital grant refunds ^b	62	31
Receipt from Bus Éireann for school transport	—	156
EU receipt for CCRP (City Centre Re-signalling Project) ^c	1,575	441
Road Safety Authority pension contributions and notional service ^d	472	478
Dividend by Dublin Airport Authority ^e	40,000	37,400
EU receipt for funding of research into Intelligent Transport Systems and Service	—	45
EU receipt for multimodal travel information services	—	72
EU receipt for Connecting Europe Facility programme- Intelligent Transport Systems Forum ^f	60	—
EU receipts for Connecting Europe Facility programme: C - Roads Platform and a C-ITS pilot in Ireland ^g	359	—
NELS project- Loran-C maritime navigation system ^h	87	—
Commission for Railway Regulation ⁱ	18	—
National Transport Authority – Sustainable Transport ^j	13	—
National Transport Authority- Bus Market Opening ^k	8,000	
Voluntary surrender of pay	24	31
Transferred to the Exchequer	(50,678)	(38,800)
Balance at 31 December	33	31

- Note ^a Rents collected by the Shannon Airport Authority (SAA) on behalf of the Minister.
- ^b Grant funding returned to the Vote because, following an examination by the Department, it concluded that the funding was drawn down in 2006 in contravention of the terms and conditions of the Sports Capital Programme.
- ^c Moneys received from Innovation and Networks Executive Agency of the European Commission in relation to the City Centre Re-signalling Project (CCRP). The CCRP is a central element of the upgrading of rail services to allow for further capacity enhancement within the Greater Dublin Area and the delivery of the overall DART expansion programme. This work will accommodate additional train paths to provide a minimum of 17 trains per hour per direction in the critical city centre area.
- ^d The Department acts as the intermediary in making the annual pay-over of the pension contributions deducted from RSA staff. These pay-overs are made to the Department of Public Expenditure and Reform.
- ^e Dividend received in respect of shareholding in Dublin Airport Authority for the 2018 financial year.

- f This is an interim payment received from the European Commission for the EU Intelligent Transport System (ITS) Platform under its Connecting Europe Facility programme. This platform is a forum where partners from the private and public sector of almost all EU Member States will cooperate in order to foster current and future ITS deployments in Europe in a harmonised way.
- g This is a pre-financing payment received from the European Commission under the Connecting Europe Facility programme, which provides EU co-funding to projects in the transport, energy, and telecommunications sectors. This is a pilot project which will aim at building knowledge in relation to C-ITS Services and also inform all involved stakeholders about a range of C-ITS services. The C-ITS pilot will be deployed on the North Sea–Mediterranean Core Network corridor.
- h This receipt is the final payment under an International Agreement concerning the establishment and operation of the civil Loran-C maritime navigation system in North West Europe and the North Atlantic (the NELS Agreement).
- i Moneys received from the Commission for Railway Regulation for previously advanced funding for the International Railway Safety Council (IRSC) conference. The initial estimated costs were not incurred.
- j Moneys received from the National Transport Authority (NTA) for unused funding initially provided to Dun Laoghaire Rathdown County Council by the NTA in relation to a sustainable transport measures project, which has since ended.
- k In 2018, the NTA requested funding from the Department to the value of €8 million towards working capital costs to facilitate the expansion of operations for the Bus Market Opening (BMO) in 2019. The working capital requirement for BMO arose from the gross cost contract arrangement with Go Ahead and Bus Éireann for BMO routes whereby the NTA collects all fare revenues and bears the associated revenue risk. The working capital requirement was driven by a combination of the timing difference between the contractual payments to the relevant operators and the subsequent drawdown from the Department and also an amount to mitigate the revenue risk to the NTA of the annual estimated fare revenue in the event that forecasted revenues were lower than expected. These funds were refunded to the Exchequer during 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	608	557
Agencies:		
Commission for Aviation Regulation	23	18
Fáilte Ireland	392	341
Medical Bureau of Road Safety	43	37
National Transport Authority	128	97
Commission for Railway Regulation	13	14
Road Safety Authority	417	389
Tourism Ireland	168	160
Transport Infrastructure Ireland	265	254
Sport Ireland	46	40
	2,103	1,907

5.2 Pay – Department and Agency

Remuneration of Department staff	2019	2018
	€000	€000
Pay	29,597	27,022
Higher, special or additional duties allowance	638	535
Other allowances	629	595
Overtime	537	574
Employer's PRSI	2,355	2,000
Total pay	33,756	30,726
Agency remuneration	2019	2018
	€000	€000
Pay	81,289	74,548
Higher, special or additional duties allowance	243	203
Other allowances	461	420
Overtime	822	1,096
Employer's PRSI	7,460	6,876
Total pay ^a	90,275	83,143

Note ^a The total pay figure is distributed across subheads B.3, B.9, D.5, E.2 and E.4.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019 €	2018 €
Department staff				
Higher, special or additional duties	114	52	37,515	21,805
Other allowances	79	—	9,382	35,422
Overtime	104	14	20,899	21,690
Extra remuneration in more than one category	72	59	40,823	44,574
Agency staff				
Higher, special or additional duties	58	5	46,764	37,749
Other allowances	119	2	15,514	15,559
Overtime	251	12	19,496	27,867
Extra remuneration in more than one category	80	26	24,487	29,745

5.4 Other remuneration arrangements

Three retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €9,261. Pension abatement rules were applied as appropriate.

This account includes expenditure of €408,911 in respect of four officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

This account does not include expenditure in respect of four officers who were serving outside the Department for all or part of 2019 in other Government Departments/Offices and whose salaries were not recouped by the Department.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	51	97,296	131,814
Recovery plans in place	21	54,816	54,216

Four overpayment recovery plans, in respect of two individuals, to the value of €4,639 were transferred to other Departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs of the Department €000	Legal costs awarded €000	Compensation awarded €000	2019	2018
					Total €000	Total €000
Claims by employees	—	—	—	—	—	116
Claims by members of the public	7	443	1,224	—	1,667	6,696
		443	1,224	—	1,667	6,812

6.2 National Lottery funding

Total expenditure of €98.116 million (€109.9 million in 2018) under subheads D.3 and D.5 was part funded by the National Lottery.

A full list of payments to grantees under subhead D.3 is available on the Department's website, www.dttas.ie

6.3 EU funding

The outturn shown in Subhead B.8 public and sustainable transport includes payment in respect of activities which are co-financed from the ERDF.

Estimates of expenditure and actual outturns are as follows

Subhead description	2019	2019	2018
	Estimate €000	Outturn €000	Outturn €000
B.8 Public and sustainable transport	2,536	1,917	420

Appendix A Accounts of bodies and funds under the aegis of the Department of Transport, Tourism and Sport

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at 31 March 2020, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Bus Éireann	2018	3 Apr 2019	9 Jul 2019	19 Jul 2019
Bus Átha Cliath	2018	3 Apr 2019	22 Jul 2019	22 Jul 2019
Commission for Aviation Regulation	2018	28 Jun 2019	26 Jul 2019	8 Oct 2019
Commission for Railway Regulation	2018	4 Dec 2019	28 Jan 2020	5 Feb 2020
Córas Iompair Éireann (CIE)	2018	3 Apr 2019	26 Apr 2019	1 May 2019
Dublin Airport Authority	2018	21 Mar 2019	22 Mar 2019	30 Apr 2019
Dublin Port Company	2018	1 Apr 2019	4 Apr 2019	18 Jul 2019
Galway Harbour Company	2018	11 Mar 2019	20 Mar 2019	18 Jul 2019
Iarnród Éireann	2018	3 Apr 2019	26 Jun 2019	19 Jul 2019
Irish Aviation Authority	2018	3 Apr 2019	3 Apr 2019	16 Apr 2019
Marine Casualty Investigation Board	2018	28 Jun 2019	19 Jul 2019	15 Aug 2019
Medical Bureau of Road Safety	2018	30 Sep 2019	14 Oct 2019	Not yet presented
National Tourism Development Authority – Fáilte Ireland	2018	30 Jun 2019	2 Jul 2019	16 Oct 2019
National Transport Authority	2018	21 Jun 2019	2 Jul 2019	8 Aug 2019
Port of Cork	2018	18 Apr 2019	26 Apr 2019	18 Jul 2019
Port of Waterford Company	2018	28 Mar 2019	8 Apr 2019	18 Jul 2019
Road Safety Authority	2018	27 Jun 2019	22 Aug 2019	Not yet presented
Shannon Foynes Port Company	2018	29 Mar 2019	25 Apr 2019	18 Jul 2019
Shannon Group	2018	22 Mar 2019	27 Mar 2019	29 Apr 2019
Sport Ireland	2018	21 Dec 2018	9 Jan 2019	15 Mar 2019
Tourism Ireland	2018	8 Aug 2019	15 Aug 2019	16 Oct 2019
Transport Infrastructure Ireland	2018	28 Jun 2019	3 Jul 2019	11 Sep 2019

Appropriation Account 2019

Vote 32

Business, Enterprise and Innovation

Introduction

As Accounting Officer for Vote 32, 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 the salaries and expenses of the Office of the Minister for Business, Enterprise and Innovation, including certain services administered by that Office, for the payment of certain subsidies and grants and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums

- a) granted by the Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €54.275 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €42.15 million will be carried over for spending in 2020 and €12.125 million will be surrendered 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.

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 and the National Shared Services Office for the provision of payroll and human resource 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 the 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 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 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 purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of six contracts entered into the value of €538,646 (ex VAT) which were listed in my annual return in respect of Circular 40/2002. Details of the non-compliant contracts are as follows.

- One contract involved the purchase of translation services to the amount of €75,681 required by the Department's industrial relations bodies. Whilst it was not possible to conclude an Office of Government Procurement (OGP) procurement for this service in 2019, a competitive procurement process for the required service was initiated in March 2020.
- The second contract involved the extension of contract support and maintenance for a critical ICT system in the Department's Companies Registration Office to the amount of €265,424. The contract was extended for a further year in September 2019 as it was essential to ensure that the Office retained support in respect of any system loss particularly for the period required to complete the development of its new IT System Refresh Project.
- The third contract involved the purchase of necessary office stationery for the Department to the amount of €44,333. The general OGP framework relating to the procurement of stationery goods and supplies had experienced particular difficulties due to huge market fluctuation, which made prices unsustainable. OGP has commenced work to bring forward a second generation framework which has yet to be rolled out. In the absence of a guiding framework, urgent business needs of the Department and our Offices continued to be needed to be met. Accordingly, there was necessary procurement of some stationery in the second part of 2019 across the Department and its Offices. The Department will obviously engage with the second generation framework in the future procurement of such goods and services as soon as it is finalised.

- The fourth contract involved the purchase of essential security services for one of the Department's regulatory bodies to the amount of €81,184. It was necessary to extend this contract by 12 months as there was an unanticipated delay in the completion of the OGP procurement process for such services. On completion of the OGP process, the contract was then terminated.
- The fifth contract involved the hiring of rooms by one of the industrial relations bodies operating under the aegis of the Department for the purposes of investigating industrial relations cases in the southern region of the country to the amount of €29,624. The Department is engaging with the OPW to secure permanent new premises in the region concerned to enable the body to host such investigations which it is hoped will become available in the course of 2020. In the interim the body undertakes a regular exercise approximately every six weeks whereby it seeks quotes for the hire of rooms suitable for its investigations/hearings.
- The sixth contract related to the need to secure essential and specialist legal expertise for one of the industrial relations bodies operating under the aegis of the Department to the amount of €42,400. The body concerned experienced certain difficulties in recruiting a member of staff with the necessary expertise in this area. In the interim it was essential that the body continued to be able to access legal support. Accordingly, a contract was entered into with an individual who had unique and specialist skills and the necessary experience to provide the required legal support to the body. The body has recently succeeded in recruiting a staff member with the necessary legal expertise and the agreement with the contractor is being terminated.

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 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.

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 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 management and 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 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.

Dr Orlaigh Quinn

Accounting Officer

Department of Business, Enterprise and Innovation

31 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Business, Enterprise and Innovation

Opinion on the appropriation account

I have audited the appropriation account for Vote 32 Business, Enterprise and Innovation 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 32 Business, Enterprise and Innovation 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 Business, Enterprise and Innovation 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

23 September 2020

Vote 32 Business, Enterprise and Innovation

Appropriation Account 2019

	2019		2018
	Estimate provision		Outturn
	€000	€000	€000
Programme expenditure			
A Jobs and Enterprise Development			
<i>Original</i>	465,986		
<i>Deferred surrender</i>	20,800		
<i>Supplementary</i>	<u>(7,054)</u>		
		479,732	439,362
B Innovation			392,272
<i>Original</i>	398,440		
<i>Deferred surrender</i>	6,800		
<i>Supplementary</i>	<u>11,279</u>		
		416,519	411,206
C Regulation			368,697
<i>Original</i>	85,811		
<i>Supplementary</i>	<u>(4,224)</u>		
		81,587	78,700
			<u>76,001</u>
Gross expenditure			
<i>Original</i>	950,237		
<i>Deferred surrender</i>	27,600		
<i>Supplementary</i>	<u>1</u>		
		977,838	929,268
<i>Deduct</i>			
D Appropriations-in-aid		53,272	58,977
			<u>57,725</u>
Net expenditure			
<i>Original</i>	896,965		
<i>Deferred surrender</i>	27,600		
<i>Supplementary</i>	<u>1</u>		
		924,566	870,291
			<u>779,245</u>

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €42.15 million of unspent allocations in respect of capital elements of subhead A.7, A.8, A.16, B.4, B.5 & B.9 were carried forward to 2020.

	2019	2018
	€	€
Surplus	54,274,812	39,715,758
Deferred surrender	(42,150,000)	(27,600,000)
Surplus to be surrendered	<u>12,124,812</u>	<u>12,115,758</u>

Dr Orlaigh Quinn

Accounting Officer

Department of Business, Enterprise and Innovation

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	893,271	802,046
Pay	27,262	26,095
Non-pay	8,735	8,829
Gross expenditure	929,268	836,970
<i>Deduct</i>		
Appropriations-in-aid	58,977	57,725
Net expenditure	870,291	779,245
Changes in capital assets		
Purchases cash	(1,818)	
Depreciation	1,838	
Loss on disposals	1	21
		(424)
Changes in net current assets		
Decrease in closing accruals	(134)	
Decrease in stock	32	(102)
		2,218
Direct expenditure	870,210	781,039
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	23,779	24,044
Notional rents (non-cash)	2,847	2,857
Net programme cost	896,836	807,940

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 32 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	96	97
Vote 12 Superannuation and Retired Allowances	19,432	18,786
Vote 13 Office of Public Works	3,814	4,711
Vote 18 National Shared Services Office	102	101
Central Fund – Ministerial pensions	335	349
	23,779	24,044

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	7,502	7,523
Current assets			
Bank and cash		47,246	12,549
Stocks	2.2	199	231
Other debit balances	2.3	862	909
Prepayments		1,764	1,504
Accrued income		520	571
Total current assets		<u>50,591</u>	<u>15,764</u>
Less current liabilities			
Accrued expenses		762	1,113
Deferred income		4,306	3,880
Other credit balances	2.4	4,430	3,822
Net Exchequer funding	2.5	43,678	9,636
Total current liabilities		<u>53,176</u>	<u>18,451</u>
Net current assets		<u>(2,585)</u>	<u>(2,687)</u>
Net assets		<u>4,917</u>	<u>4,836</u>
Represented by:			
State funding account	2.6	<u>4,917</u>	<u>4,836</u>

2.1 Capital assets

	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	35,635	3,789	2,348	41,772
Additions	604	82	1,132	1,818
Brought into use in year	693	—	(693)	—
Disposals	(3,554)	(647)	—	(4,201)
Cost or valuation at 31 December 2019	33,378	3,224	2,787	39,389
Accumulated depreciation				
Opening balance at 1 January 2019	30,908	3,341	—	34,249
Depreciation for the year	1,765	73	—	1,838
Depreciation on disposals	(3,553)	(647)	—	(4,200)
Cumulative depreciation at 31 December 2019	29,120	2,767	—	31,887
Net assets at 31 December 2019	4,258	457	2,787	7,502
Net assets at 31 December 2018	4,727	448	2,348	7,523

2.2 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	127	157
IT supplies	64	56
Cleaning materials	8	18
	199	231

2.3 Other debit balances

at 31 December	2019	2018
	€000	€000
Advances to OPW	227	109
Miscellaneous debit balances	502	575
Recoupable expenditure:		
Travel	37	
Shared services	96	
	133	225
	862	909

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	946	1,466
Pay related social insurance	517	56
Local property tax	7	—
Professional services withholding tax	106	82
Value added tax on intra EU acquisitions	79	79
Universal social charge	179	—
	<u>1,834</u>	<u>1,683</u>
Share of patent renewal fees payable to the European Patents Office	1,720	1,618
Staff pay-overs	147	81
Employers pension liability	92	40
Recoupable salaries	133	142
Other miscellaneous balances	504	258
	<u>4,430</u>	<u>3,822</u>

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	12,125	12,116
Deferred surrender	42,150	27,600
Exchequer grant undrawn	(10,597)	(30,080)
Net Exchequer funding	<u>43,678</u>	<u>9,636</u>
Represented by:		
Debtors		
Bank and cash	47,246	12,549
Other debit balances	862	909
	<u>48,108</u>	<u>13,458</u>
Creditors		
Due to State	(1,834)	(1,683)
Other credit balances	(2,596)	(2,139)
	<u>(4,430)</u>	<u>(3,822)</u>
	<u>43,678</u>	<u>9,636</u>

2.6 State funding account

	Note	2019		2018
		€000	€000	€000
Balance at 1 January			4,836	6,530
Disbursements from the Vote				
Estimate provision	Account	924,566		
Deferred surrender	Account	(42,150)		
Surplus to be surrendered	Account	(12,125)		
Net vote			870,291	779,245
Fit-out costs and furniture provided by OPW			—	100
Expenditure (cash) borne elsewhere	1.1		23,779	24,044
Non cash expenditure – notional rent			2,847	2,857
Net programme cost	1		(896,836)	(807,940)
Balance at 31 December			4,917	4,836

2.7 Commitments

a) Global commitments ^a	2019	2018
at 31 December	€000	€000
Procurement of goods and services	190,494	148,454
Non-capital grant programmes	1,550	1,241
Capital grant programmes	1,819,969	1,471,877
Total of legally enforceable commitments	2,012,013	1,621,572

Note ^a Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

b) Non-capital grant programmes	2019	2018
	€000	€000
Opening balance	1,241	1,025
Grants paid in year	(13,103)	(11,321)
New grant commitments	13,494	11,556
Grants cancelled	(82)	(19)
Closing balance	1,550	1,241
c) Capital grant programmes	2019	2018
	€000	€000
Opening balance	1,471,877	1,411,456
Grants paid in year	(566,665)	(519,433)
New grant commitments	995,310	716,027
Grants cancelled	(80,553)	(136,173)
Closing balance	1,819,969	1,471,877

d) Major capital projects

Capital grants involving total expenditure of €10 million or more are shown below.

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018*
	€000	€000	€000	€000	€000
Agency commitments					
IDA Ireland (A5)	1,666	22,060	68,600	92,326	80,526
Enterprise Ireland (A7)	322,843	50,352	133,705	506,900	454,807
Science Foundation Ireland (B4)	290,407	74,631	423,079	788,117	454,434
Enterprise Ireland (B4)	32,657	5,755	25,144	63,556	40,095
Department commitments					
Programme for Research in Third Level Institutions (PRTL) (B5)	153,188	3,727	610	157,525	155,970
INTERREG (A10)	2,457	4,277	14,266	21,000	21,000
	803,218	160,802	665,404	1,629,424	1,206,832

*Excludes projects completed by end 2018.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2018 to 2019, an explanation is as follows:

IDA Ireland (A5)

Increase in expected total spend: €11.8 million

During 2019 a new grant in the category was approved for a client company totalling €11.8 million.

Enterprise Ireland (A7)

Increase in expected total spend: €52 million

The increase was due to a net increase in the value of the commitment on two projects by €1 million and four new projects with a value of €51 million.

Science Foundation Ireland (B4)

Increase in expected total spend: €334 million

The increase principally relates to twelve new research centre projects in 2019 creating a commitment of €335 million offset by a decrease in the value of one project totalling €1 million.

Programme for Research in Third Level Institutions (B5)

Increase in expected total spend: €1.6 million

The increase principally relates to an increase in the value of the commitment for one project.

2.8 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	128	301

2.9 Contingent liabilities

The Credit Guarantee Scheme (CGS) which became operational in 2012, provides a State guarantee through the Department to accredited lenders (Allied Irish Bank, Bank of Ireland and Ulster Bank Ireland) of 80% on eligible loans or performance bonds to viable micro, small and medium-sized enterprises (SMEs). The Guarantee is paid by the State (the 'guarantor') to the lender on the unrecovered outstanding principal balance on a scheme facility in the event of a borrower defaulting on the scheme facility repayments.

Capita Asset Services were the operator and manager of the Credit Guarantee Scheme since it was launched in late 2012. In October 2016, following on from a Government decision on the issue, the Strategic Banking Corporation of Ireland became the new operator of the Credit Guarantee Scheme.

The new Credit Guarantee Scheme was made by statutory instrument in 2017. The revised scheme was launched in July 2018. The combined figures reflect a total of both the current revised scheme and the closed legacy scheme. At 31 December 2019, a total of €30.2 million in loans outstanding was covered by the Credit Guarantee Scheme loan fund. In the event of default by an SME, the accredited lender makes a claim in relation to the unrecovered principal balance. The total maximum exposure for the Department in relation to loans outstanding at 31 December 2019 is a total of €5.147 million.

SMEs availing of the scheme pay a premium of up to 2% per annum to the Department (see Note 4.1) and claims against the guarantee are paid to participating lenders and are paid out of subhead A.9. The amounts paid to SBCI to operate the scheme are also paid out of this subhead.

A summary of receipts and payments related to this are set out below.

	2019	2012-2019
	€000	€000
Receipts in relation to premiums paid by SMEs	415	2,535
Scheme expenditure		
Payments to SBCI scheme administration	(341)	(2,439)
Claims paid	—	(745)
Total cost of scheme	(341)	(3,184)
Net cost of scheme	74	(649)

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		Estimate provision		2019	2018
				Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
		<i>Original</i>	29,039		
		<i>Supplementary</i>	(448)		
			28,591	27,262	26,095
ii	Travel and subsistence		856	889	863
iii	Learning and development and incidental expenses		1,300	1,628	1,660
iv	Postal and telecommunication services		300	370	408
v	Office equipment and external IT services		4,010	4,099	3,958
vi	Office premises expenses		980	771	745
vii	Consultancy services and value for money and policy reviews		1,300	755	1,108
viii	Advertising and information resources		250	223	87
			37,587	35,997	34,924

Significant variations

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

vii Consultancy services and value for money and policy reviews

Estimate provision: €1.3 million, outturn: €755,000

A number of consultancy projects that had been approved for funding in 2019 did not proceed as anticipated due to delays/cancellations/reprioritisation.

Programme A Jobs and Enterprise Development

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	<i>Original</i>	10,114			
	<i>Supplementary</i>	(213)			
			9,901	9,468	9,268
A.2	Administration – non pay		2,866	2,776	2,856
A.3	Agency legacy pensions				
	<i>Original</i>	41,040			
	<i>Supplementary</i>	(500)			
			40,540	39,741	38,912
A.4	InterTrade Ireland				
	<i>Original</i>	9,145			
	<i>Supplementary</i>	500			
			9,645	9,901	8,125
A.5	IDA Ireland				
	<i>Original</i>	193,670			
	<i>Deferred surrender</i>	20,800			
	<i>Supplementary</i>	(2,100)			
			212,370	199,470	161,780
A.6	NSAI – grant for administration and general expenses		6,646	5,854	6,157
A.7	Enterprise Ireland				
	<i>Original</i>	153,077			
	<i>Supplementary</i>	(8,000)			
			145,077	119,431	111,220
A.8	Local enterprise development		37,931	37,931	33,416
A.9	Temporary partial credit guarantee scheme		500	341	648
A.10	Matching funding for INTERREG				
	<i>Original</i>	3,000			
	<i>Supplementary</i>	1,200			
			4,200	4,277	1,031
A.11	Subscriptions to international organisations, etc.		1,840	2,122	1,840
A.12	Commissions, committees and special inquiries		1	—	—
A.13	Legal costs and other services		155	13	19

A.14	Future growth loan scheme					
		<i>Original</i>	6,000			
		<i>Supplementary</i>	<u>2,000</u>			
				8,000	8,031	17,000
A.15	Humanitarian relief scheme					
		<i>Original</i>	1			
		<i>Supplementary</i>	<u>59</u>			
				60	6	—
				<u>479,732</u>	<u>439,362</u>	<u>392,272</u>

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €47.424 million lower than originally provided (inclusive of deferred surrender). This was due mainly to the following.

A.4 InterTrade Ireland

Estimate provision: €9.145 million, outturn: €9.901 million

The variances comprises of:

- €500,000 of capital funding allocated in the supplementary estimates process in late 2019 for ITI's Brexit Advisory Service
- increase in pension payments.

A.5 IDA Ireland

Estimate provision: €214.47 million, outturn €199.47 million

The outturn was €15 million less than originally provided principally because of an underspend of €17 million on the property allocation due to a number of factors including delays in client projects, planning permission delays and additional site survey requirements. While there was also savings on pay of €1 million because of vacancies in 2019, there was a non-pay excess of €3 million in respect of an international investment campaign focused on delivering the message that Ireland is open for business post Brexit.

A.6 NSAI – grant for administration and general expenses

Estimate provision: €6.646 million, outturn: €5.854 million

The underspend of €792,000 was primarily due to savings on the NSAI's 2019 pay allocation and reflected difficulties and delays on filling a number of staffing vacancies in the Authority.

A.7 Enterprise Ireland

Estimate provision: €153.077 million, outturn: €119.431 million

The outturn was €33.646 million less than originally provided due to additional contribution by Enterprise Ireland (EI) to its own capital programme, a slower than expected drawdown on its Regional Enterprise Development Fund, delays in receiving grant claims and delays in the drawdown from its Seed and Venture Capital Programme. EI's additional contribution to its capital programme was a result of unanticipated increase in the own resource income that it generated in 2019.

A.9 Temporary partial credit guarantee scheme

Estimate provision: €500,000, outturn: €341,000

The allocation of €500,000 is to cover claims under the Scheme and operator costs for the year. As operator of the Credit Guarantee Scheme, the Strategic Banking Corporation of Ireland is required to hold insurance. During the year, the operator of the Scheme reduced the proportion of its overall costs allocated to the Credit Guarantee Scheme. This reduced the operational costs for the year.

A.10 Matching funding for INTERREG

Estimate provision: €3 million, outturn: €4.277 million

Accurate forecasting for INTERREG can be problematic because it is a multiannual (seven-year) programme and the Special EU Programmes Body (SEUPB, the managing authority) are working with different accounting years that do not match up. The projects in the early years of the current round of the programme were slow to get off the ground due to political uncertainty concerning Brexit. This had a knock on effect on the drawdown of funds. Whilst all projects are now underway, the delay has meant that the funding required in the later years of the programme has had to be increased. However DBEI's total funding commitment of €21 million for the seven year period of the current programme has not changed.

A.11 Subscription to international organisations, etc.

Estimate provision: €1.84 million, outturn: €2.122 million

There was an increase in Ireland's membership fee paid to the World Trade Organisation (WTO) because the fee is calculated on the basis of a member's share of total value of trade, which in Ireland's case has continued to increase.

A.13 Legal costs and other services

Estimate provision: €155,000, outturn: €13,000

It is prudent vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was less than has been estimated.

A.14 Future Growth Loan Scheme

Estimate provision: €6 million, outturn: €8.031 million

The excess spend of €2.031 million reflects the fact that the uptake of the Future Growth Loan Scheme far exceeded expectations.

Programme B Innovation

		2019		2018	
		Estimate provision		Outturn	
		€000	€000	€000	
B.1	Administration – pay		7,664	7,290	6,933
B.2	Administration – non pay		2,674	2,443	2,657
B.3	Patents Office		3,033	3,165	2,899
B.4	Science and Technology Development Programme				
	<i>Original</i>	316,674			
	<i>Deferred surrender</i>	6,800			
	<i>Supplementary</i>	2,550			
			326,024	326,034	317,362
B.5	Programme for Research in Third Level Institutions (PRTLl)				
	<i>Original</i>	24,300			
	<i>Supplementary</i>	1,999			
			26,299	26,299	18,300
B.6	Subscriptions to international organisations, etc.				
	<i>Original</i>	23,934			
	<i>Supplementary</i>	6,730			
			30,664	30,556	20,543
B.7	Commissions, committees and special inquiries		1	—	—
B.8	Legal costs and other services		160	4	3
B.9	Disruptive Technologies Innovation Fund		20,000	15,415	—
			416,519	411,206	368,697

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €5.966 million greater than originally provided (inclusive of deferred surrender). This was mainly due to the following.

B.5 Programme for Research in Third Level Institutions (PRTLl)

Estimate provision: €24.3 million, outturn: €26.299 million

Additional funding of €1.999 million was used to discharge outstanding liabilities owed under cycle 5 of the PRTLl Programme.

B.6 Subscriptions to international organisations, etc.

Estimate provision: €23.934 million, outturn €30.556 million

The excess of €6.6 million was due to an additional provision of €5 million provided to support programs under the European Space Agency and also an additional €1.7 million to support additional programmes under the European Southern Observatory. This excess was slightly offset by an underspend of €100,000 on a number of other organisations e.g. European Molecular Biology Conference.

B.8 Legal costs and other services

Estimate provision: €160,000, outturn: €4,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

B.9 Disruptive Technologies Innovation Fund

Estimate provision: €20 million, outturn: €15.415 million

This fund is one of the headline funds identified under the National Development Plan. The fund which is intended to be a €500 million fund over the lifetime of NDP, is focused on transforming business models through technology in a broad range of areas and disciplines and will focus on driving collaboration between Ireland's research and industry base. The complex nature of the fund, involving almost 100 partners, resulted in contract discussions taking longer than anticipated. Consequently, several projects did not commence in 2019 as had been expected.

Programme C Regulation

		Estimate provision		2019 Outturn	2018 Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	<i>Original</i>	11,261			
	<i>Supplementary</i>	(235)			
			11,026	10,504	9,894
C.2	Administration – non pay		3,456	3,516	3,316
C.3	Workplace Relations Programme				
	<i>Original</i>	19,120			
	<i>Supplementary</i>	(1,115)			
			18,005	18,066	17,554
C.4	Grants for trade union education and advisory services – cash-limited		900	900	900
C.5	Health and Safety Authority – grant for administration and general expenses				
	<i>Original</i>	19,783			
	<i>Supplementary</i>	(375)			
			19,408	19,297	19,075
C.6	Trade union amalgamations		60	—	—
C.7	Office of the Director of Corporate Enforcement				
	<i>Original</i>	6,057			
	<i>Supplementary</i>	(1,400)			
			4,657	4,300	3,702

C.8	Competition and Consumer Protection Commission				
		<i>Original</i>	12,577		
		<i>Supplementary</i>	<u>(500)</u>		
				12,077	11,842
C.9	Personal Injuries Assessment Board				
		<i>Original</i>	115		
		<i>Supplementary</i>	<u>251</u>		
				366	408
C.10	Consumer support			70	67
C.11	Companies Registration Office and Registry of Friendly Societies – grant for administration and general expenses				
		<i>Original</i>	7,875		
		<i>Supplementary</i>	<u>(850)</u>		
				7,025	7,064
C.12	Irish Auditing and Accounting Supervisory Authority			2,112	1,442
C.13	Subscriptions to international organisations, etc.			1,320	1,118
C.14	Commissions, committees and special inquiries			256	80
C.15	Legal costs and other services			849	96
				81,587	78,700
					76,001

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €7.111 million lower than originally provided. This was due mainly to the following

C.3 Workplace Relations Programme

Estimate provision: €19.12 million, outturn: €18.066 million

The underspend of €1.054 million was due to a number of factors including the following:

- an underspend in relation to the superannuation & pensions for members of the Labour Court was due to a provision being made for the payment of pensions and gratuities in respect of members who were eligible for retirement but who did not opt for retirement in 2019
- an underspend in relation to the Labour Court was due to the difficulties filling a number of vacancies that arose during the year
- with the establishment of the Workplace Relations Commission in October 2015, the Employment Appeals Tribunal (EAT) ceased to accept new claims and appeals. These historic cases have been put on hold by one or both parties due to proceedings in the Higher Courts, which has constrained the EAT in concluding same, resulting in an underspend in 2019

- the 2019 WRC pay saving arose due to delayed recruitment of adjudicators, staff vacancies and slower than expected arrival of An Garda Síochána within the remit of the WRC.

C.7 Office of the Director of Corporate Enforcement

Estimate provision: €6.057 million, outturn: €4.3 million

The underspend of €1.76 million was due to a number of staff retirements and delays in replacing staff that transferred out of the Office of the Director of Corporate Enforcement. In addition, in the non-pay allocation for the year there was an underspend relating to the legal costs associated with case work. The costs arising during the year in this respect were less than anticipated although some will fall to be paid in 2020. Additionally, provision was made in the Office's 2019 allocation to allow for the establishment of the ODCE as a statutory independent agency. Due to the delay in progressing the legislation through the Oireachtas to establish the new Agency on a statutory footing, the allocated provision was not required in 2019.

C.8 Competition and Consumer Protection Commission

Estimate provision: €12.577 million, outturn: €11.842 million

The underspend of €735,000, included savings on pay due to difficulties in filling vacancies and a number of seconded staff returning to their parent body. This underspend was offset to some degree by an excess of expenditure in non-pay administration costs, which was principally due to Brexit related communications, ICT updates, additional expenditure on legal cases and an increase in rental costs.

C.9 Personal Injuries Assessment Board

Estimate provision: €115,000, outturn: €408,000

The excess of €293,000 arose because of unexpected retirements during 2019 which had not been factored into the Board's 2019 allocation.

C.11 Companies Registration Office and Registry of Friendly Societies

Estimate provision: €7.875 million, outturn: €7.064 million

The underspend of €811,000 was made up of savings of €273,000 in pay and €538,000 in non-pay. The €273,000 pay underspend was principally due to difficulties and delays in recruiting. The €538,000 non-pay underspend was principally due to a number of factors including:

- the delay in the implementation of the Register of Beneficial Ownership
- delays in progressing the Office's ICT Refresh Project
- savings in areas such as cleaning/security, advertising and enforcement letters.

C.12 Irish Auditing and Accounting Supervisory Authority

Estimate provision: €2.112 million, outturn: €1.442 million

The underspend of €670,000 was due to the estimate being based on IAASA having a full complement of staff to carry out its statutory functions. However, delays were experienced in recruiting certain grades of staff in 2019 which resulted in a saving on the subhead.

C.13 Subscriptions to international organisations, etc.

Estimate provision: €1.32 million, outturn: €1.118 million

The contribution for membership to the International Labour Organisation is paid for in Swiss Francs and a weak exchange rate against the Euro resulted in savings.

C.14 Commissions, committees and special inquiries

Estimate provision: €256,000, outturn: €80,000

The underspend of €176,000 principally arose due to:

- reduced activity by Joint Labour Committees resulting in an underspend of €66,000
- the Company Law Review Group was only reconstituted in July 2018 with a consequent drop in the number of plenary and subcommittee meetings. This together with savings in the cost of legal research work resulted in an under spend of €64,000
- miscellaneous savings by Business Regulation Group, Sales Law Review Group, Future of Work Initiative (EAT research projects) and Company Law Inquiries resulted in further underspend of €46,000.

C.15 Legal costs and other services

Estimate provision: €849,000, outturn: €96,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
Employment Rights and Industrial Relations			
1 Receipts from the Social Insurance Fund	250	162	379
2 Employment permit fees	11,000	13,517	10,761
3 Employment agency licenses	355	411	396
4 WRC fixed penalty notices	22	6	16
5 WRC court award costs	20	26	15
Insurance and Company Law			
6 Companies Registration Office	16,200	17,567	19,189
7 Registry of Friendly Societies	45	46	43
Trade, Competition and Market Rights			
8 Receipts under the Trade Marks Act 1963 and Patents Act 1964	9,000	9,873	9,858
9 Occasional trading licenses	1	—	—
10 Competition and Consumer Protection Commission	508	523	550
11 Merger notifications	320	376	752
Other			
12 ODCE legal	50	1	8
13 Miscellaneous	200	326	998
14 Enterprise policy ^a	5,675	5,764	3,568
15 Competition and Consumer Protection Commission ^b	2,077	1,884	1,591
16 PIAB superannuation	1,133	1,129	1,189
17 HSA superannuation	306	—	176
18 Temporary Loan Guarantee Scheme	500	415	524
19 Expert Group on Future Skills Needs	507	453	460
20 Receipts from additional superannuation contributions on public service remuneration ^c	5,103	6,498	7,252
Total	53,272	58,977	57,725

- Notes
- a Enterprise policy shows amounts received from current and former enterprise agencies in relation to staff pension contributions and INTERREG-ERDF reimbursement. The agencies are InterTrade Ireland, IDA, EI, SFI and the former SFADCo.
 - b Receipts under this line are in part-recoupment of the expenditure under subhead C.8.
 - c 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 €5.705 million more than the original estimate. Explanations for variances are set out below:

2 Employment permit fees

Estimate: €11 million, realised: €13.517 million

The excess of €2.517 million in receipts was due to the fact that there was an increase of approximately 22% in the total number of permits issued. There was also an increase of 13% in applications received compared to 2018. This reflects the growing demand from industry in meeting skills shortages.

6 Companies Registration Office

Estimate: €16.2 million, realised: €17.567 million

The excess of €1.367 million in receipts was due to a combination of reasons principally an increase in companies being incorporated together with a higher level of compliance.

8 Receipts under the Trade Marks Act 1963 and Patents Act 1964

Estimate: €9 million, realised: €9.873 million

The increase of €873,000 was primarily due to fee income from the renewal of European patent applications being greater than anticipated.

13 Miscellaneous

Estimate: €200,000, realised: €326,000

Due to the nature of miscellaneous receipts it is difficult to accurately estimate such receipts in any one year. A significant portion of the receipts (€179,587) related to the Patents Office's participation in some European Patent Office and European Intellectual Property Office co-operation activities and programmes.

15 Competition and Consumer Protection Commission (CCPC)

Estimate: €2.077 million, realised: €1.884 million

The shortfall of €275,000 was primarily due to the carrying forward of a significant surplus of levy funds collected in 2018. The legislation providing for the imposition of levies by the CCPC (Central Bank (Reform) Act 2010) provides for the carrying forward of any deficit or surplus from one year into the next. The shortfall was offset by an €82,000 increase in payroll costs due to the need to recruit additional staff to replace those that returned to the Central Bank.

17 HSA superannuation*Estimate: €306,000, realised: €nil*

The shortfall arose as the HSA did not remit any superannuation contribution to the Department in 2019. The Authority experienced a number of retirements during the year and it used the superannuation contributions due to be remitted to the Department to finance the lump sums of those retirees.

20 Receipts from additional superannuation contributions on public services remuneration*Estimate: €5.103 million, realised: €6.498 million*

The 2019 estimate provision was reduced from the 2018 provision to reflect the fact that additional superannuation contribution (ASC), which replaced pension related deduction, only applies to pensionable remuneration rather than all remuneration as was the case for PRD. Additionally, the ASC has more variable contribution threshold bands, which were also expected to result in reduced returns. The actual amount collected exceeded the expectation due to the increases in the numbers employed by the Department/agencies and the resultant reduced vacancy rates.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	190
Local Enterprise Offices – current ^a	131	89
Local Enterprise Offices – capital	—	2
Personal Injuries Assessment Board (PIAB) ^b	9,000	—
IAASA – excess payroll recoupment	—	180
Miscellaneous	—	8
Transferred to the Exchequer	<u>(9,131)</u>	<u>(469)</u>
Balance as at 31 December	<u>—</u>	<u>—</u>

Notes ^a Local Enterprise Offices (LEO) – current: this related to unused funds for subhead A.8 and LEO pension monies in 2018.

^b PIAB generates its funding income from fees charged to claimants and respondents. In accordance with an audit recommendation, the PIAB (Amendment) Act 2019 set out the policy of revenue reserves to be followed by PIAB. The Act also obliges PIAB to submit monies in excess of its prescribed reserves threshold to the Minister for the benefit of the exchequer. In advance of the final determination of PIAB's requisite revenue reserves threshold, the sum of €9 million was forwarded to the Department in recognition of PIAB's legal obligation under the 2019 Act.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department and offices:		
Department	475	468
Patents Office	42	43
Workplace Relations Commission	174	175
Office of Director of Corporate Enforcement	35	39
Companies Registration Office	115	106
Labour Court	31	31
	872	862
Agencies ^a	1,615	1,543
	2,487	2,405

^a Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that, aside from a pension provision, is not in direct receipt of Exchequer funding.

5.2 Pay

Department, offices and agencies	2019 €000	2018 €000
Pay	164,724	157,074
Higher, special or additional duties allowance	2,467	867
Other allowances	3,450	2,535
Overtime	896	436
Employer's PRSI	11,764	9,196
Total pay	183,301	170,108

The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11 and C.12.

5.3 Department

	2019	2018
	€000	€000
Pay ^{a, b}	44,865	43,514
Higher, special or additional duties allowance	671	705
Other allowances	750	905
Overtime	342	282
Employer's PRSI	3,186	2,915
Total pay ^c	49,814	48,321

- Note ^a Includes pension payments to 25 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).
- ^b Excludes fees paid to office holders who are not employees of the Department e.g. adjudicators.
- ^c Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7 and C.11). The amount included for pay in Note 1 refers to administrative subheads only.

5.4 Allowances and overtime payments – Department staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2019 €	Highest individual payment 2018 €
Higher, special or additional duties	104	8	48,086	44,088
Other allowances	81	12	79,911	95,675
Overtime	157	7	18,207	12,119
Extra remuneration in more than one category	26	11	47,240	45,225

5.5 Agencies

The agencies included here are the Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, InterTrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

The pay expenditure of the agencies is not a direct financial transactions of the Department and as such the Department does not hold detailed pay and allowance information in respect of agency staff. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2019	2018
	€000	€000
Pay	119,859	113,560
Higher, special or additional duties allowances	1,796	162
Other allowances	2,700	1,630
Overtime	554	154
Employer's PRSI	8,578	6,281
Total pay	133,487	121,787

5.6 Allowances and overtime payments – Agency staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2019 €	Highest individual payment 2018 €
Higher, special or additional duties	53	4	44,212	34,977
Other allowances	269	27	31,462	33,662
Overtime	59	4	27,803	24,862
Extra remuneration in more than one category	7	2	16,757	25,393

5.7 Other remuneration arrangements

A company car was provided to the CEO of Enterprise Ireland.

This account includes expenditure of €45,367 in respect of one officer who was serving outside the Department for 2019 and whose salary was paid by the Department.

5.8 Payroll overpayments

	Number of recipients	2019 €	2018 €
Overpayments	85	235,712	256,243
Recovery plans in place	4	4,697	1,914

Four overpayment recovery plans in respect of three individuals to the value of €4,697 were transferred to the Property Registration Authority, the Oireachtas and the Department of Foreign Affairs and Trade in the year.

5.9 Severance payments/redundancy

There were no severance or redundancy payments made by the Department in 2019.

Note 6 Miscellaneous

6.1 EU funding

In addition to grants from the Vote, the Department, the Patents Office and the following bodies under the aegis of the Department received EU aid directly in 2019 as shown below:

Subhead	Description	2019	2018
		Outturn €	Outturn €
A.4	InterTrade Ireland	395,528	609,237 ^a
A.10	Matching funding for INTERREG	2,215,347	878,029 ^a
B.3	Patents Office	269,635	243,557
B.4	Science Foundation Ireland	249,314	328,008
B.4	Enterprise Ireland	4,287,024	890,188 ^a
C.5	Health and Safety Authority	16,528	6,916
		7,433,376	2,955,935

Note ^a figures restated for 2018

6.2 Commissions, committees and special inquiries

	Year of establishment	2019	2018
		Outturn €	Outturn €
Permanent/open-ended			
Joint Labour Committees	1946	16,809	7,169
Company Law Review Group	2000	36,658	59,447
The Future of Work Initiative	2017	13,769	1,260
Sales Law Review Group	2009	—	72
Departmental Audit Committee	2004	2,771	5,400
Business Regulation Group	2006	10,186	11,287
		80,193	84,635

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Legal costs awarded €000	Compensation awarded €000	2019	2018
					Total €000	Total €000
Claims by employees against:						
Department	1	—	—	5	5	199
Claims by members of the public against:						
Labour Court	1	15	—	—	15	308
Employment permits	2	—	—	57	57	107
Companies Registration Office	—	—	—	—	—	58
	4	15	—	62	77	672

6.4 Employment and training levy

The Employment and Training Levy set at 1% of an individual's total income with some exceptions, was abolished with effect from 6 April 1999. The Department of Business, Enterprise and Innovation continues to receive amounts relating to historical payments of the levy. The Employment and Training levy is collected by the Office of the Revenue Commissioners and paid over to the Department of Business, Enterprise and Innovation on a monthly basis. The moneys are in turn paid over to the Exchequer.

Statement of payments made in accordance with Section 25 (1) of the Labour Services Act 1987.

	2019 €	2018 €
Received from Revenue Commissioners	25,963	—
Paid into the Exchequer	25,963	—

Appendix A Accounts of bodies and funds under the aegis of the Department of Business, Enterprise and Innovation

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
IDA Ireland	2018	31 May 2019	31 May 2019	25 Jun 2019
National Standards Authority of Ireland	2018	18 Jun 2019	18 Jun 2019	28 Jun 2019
Enterprise Ireland	2018	21 Jun 2019	24 Jun 2019	29 Jul 2019
Science Foundation Ireland	2018	26 Jun 2019	2 Jul 2019	18 Jul 2019
Health and Safety Authority	2018	24 Oct 2019	16 Dec 2019	19 Dec 2019
Competition and Consumer Protection Commission	2018	30 Sep 2019	15 Oct 2019	24 Oct 2019
Personal Injuries Assessment Board	2018	4 Jun 2019	13 Jun 2019	15 Jul 2019
Irish Auditing and Accounting Supervisory Authority	2018	31 May 2019	10 Jul 2019	17 Jul 2019
InterTrade Ireland	2018	5 Jul 2019	8 Jul 2019	29 Nov 2019

Appropriation Account 2019

Vote 33

Culture, Heritage and the Gaeltacht

Introduction

As Accounting Officer for Vote 33, 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 the salaries and expenses of the Office of the Minister for Culture, Heritage and the Gaeltacht, including certain services administered by that Office, and for payment of certain subsidies and grants.

The expenditure outturn is compared with the sums

- a) 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, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €2.162 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.

Asset valuations

Certain historic properties such as national parks, and heritage assets such as artefacts and manuscripts, have not been valued.

Depreciation

Land is not depreciated. Buildings are depreciated at 2% per annum on a straight-line basis. Plant and machinery, office and IT equipment and furniture and fittings are depreciated on a straight-line basis over their estimated useful life, as per the following annual rates:

- plant and machinery; furniture and fittings — 10%
- office and IT equipment — 20%

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 the Department and the Financial Shared Service Centre of the Department of Justice and Equality.

I rely on a letter of assurance from the Accounting Officer for the Justice and Equality Vote and the Accounting Officer for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to my Department.

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

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 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 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.

Non-compliance with procurement rules

The Department 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 Department complied with these guidelines with the exception of one contract to the value of €65,300. This related to a cleaning services contract extended beyond its original contract period that is expected to be regularised shortly.

This contract is included in a list of four contracts, with an overall value of €601,267 awarded without following a competitive process in 2019 that have been included in the 40/2002 return, as they exceed the reporting threshold of €25,000. The three remaining contracts with a value of €535,967 are considered compliant as the justification for awarding these contracts falls within the exceptions to a competitive process permitted under national and EU legislation.

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 and the Audit Committee 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 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 management and 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 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.

Katherine Licken

Accounting Officer

Department of Culture, Heritage and the Gaeltacht

24 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 33 Culture, Heritage and the Gaeltacht

Opinion on the appropriation account

I have audited the appropriation account for Vote 33 Culture, Heritage and the Gaeltacht 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 33 Culture, Heritage and the Gaeltacht 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 Culture, Heritage and the Gaeltacht, 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

22 September 2020

Vote 33 Culture, Heritage and the Gaeltacht

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Arts, culture and film	188,958	183,470	163,334
B Heritage	54,081	55,413	49,258
C Irish language, Gaeltacht and islands			
<i>Original</i>	55,522		
<i>Deferred surrender</i>	700		
		56,222	48,499
D North-South co-operation	40,398	41,099	41,220
Gross expenditure			
<i>Original</i>	338,959		
<i>Deferred surrender</i>	700		
		339,659	335,343
<i>Deduct</i>			
F Appropriations-in-aid		3,764	5,046
Net expenditure			
<i>Original</i>	335,195		
<i>Deferred surrender</i>	700		
		335,895	330,297
		335,895	330,297

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €3 million of unspent allocations in respect of capital elements of subhead A.7 and €435,000 of unspent allocations in respect of capital elements of subhead C.4 were carried forward to 2020.

	2019	2018
	€	€
Surplus	5,597,433	2,801,863
Deferred surrender	(3,435,000)	(700,000)
Surplus to be surrendered	2,162,433	2,101,863

Katherine Licken

Accounting Officer

Department of Culture, Heritage and the Gaeltacht

24 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	295,326	264,776
Pay	34,436	32,645
Non pay	5,581	4,890
Gross expenditure	335,343	302,311
<i>Deduct</i>		
Appropriations-in-aid	5,046	5,654
Net expenditure	330,297	296,657
Changes in capital assets		
Purchases cash	(4,990)	
Depreciation	1,355	
Disposals cash	4	(952)
Changes in net current assets		
Decrease in closing accruals	(764)	
Increase in stock	(18)	1,752
Direct expenditure	325,884	297,457
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	16,359	20,235
Notional rents	1,193	775
Net programme cost	343,436	318,467

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 33 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	45	60
Vote 12 Superannuation and Retired Allowances	10,452	10,257
Vote 13 Office of Public Works	5,163	9,153
Vote 18 National Shared Services Office	66	91
Vote 24 Justice and Equality – Financial Shared Services Centre	497	503
Central Fund – Ministerial pensions	136	171
	16,359	20,235

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	64,135	60,504
Current assets			
Bank and cash	2.2	12,197	3,217
Stocks	2.3	361	343
Prepayments		2,386	1,826
Accrued income		68	117
Other debit balances	2.4	2,546	2,595
Total current assets		<u>17,558</u>	<u>8,098</u>
Less current liabilities			
Accrued expenses		843	1,097
Other credit balances	2.5	9,680	4,155
Net Exchequer funding	2.6	5,063	1,657
Total current liabilities		<u>15,586</u>	<u>6,909</u>
Net current assets		<u>1,972</u>	<u>1,189</u>
Net assets		<u>66,107</u>	<u>61,693</u>
Represented by:			
State funding account	2.7	<u>66,107</u>	<u>61,693</u>

2.1 Capital assets

	Land and buildings	Plant and machinery	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2019	57,645	7,910	10,334	4,311	80,200
Additions	3,690	504	749	47	4,990
Transferred in	—	—	8	—	8
Disposals	—	(134)	(39)	(10)	(183)
Cost or valuation at 31 December 2019	61,335	8,280	11,052	4,348	85,015
Accumulated depreciation					
Opening balance at 1 January 2019	1,920	6,177	8,879	2,720	19,696
Depreciation charge for the year	385	396	510	64	1,355
Depreciation on transfers	—	—	8	—	8
Depreciation on disposals	—	(130)	(38)	(11)	(179)
Cumulative depreciation at 31 December 2019	2,305	6,443	9,359	2,773	20,880
Net assets at 31 December 2019	59,030	1,837	1,693	1,575	64,135
Net assets at 31 December 2018	55,725	1,733	1,455	1,591	60,504

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	12,144	3,038
Petty cash balance	19	20
Commercial bank accounts ^a	34	159
	12,197	3,217

Note ^a The commercial bank account balance in 2019 includes €2,083 (2018: €119,423) in respect of a commercial bank account operated by the Department of Justice and Equality – Financial Shared Services.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Building material and small plant	116	87
Fuels and fertilisers	27	28
Stationery	16	27
Equipment consumables	6	6
Janitorial supplies and first aid	18	11
IT consumables	51	57
Miscellaneous	57	55
Livestock	70	72
	361	343

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Environment fund	1,131	1,354
Office of Public Works	47	54
Aran LIFE ^a	—	84
Paypath	107	—
Other debit suspense items	1,261	1,103
	2,546	2,595

Note ^a The LIFE programme is the EU's funding instrument supporting environment, nature conservation and climate action projects through the EU. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value. Receipts of €182,469, relating to the recoupment of overhead costs from the EU in relation to the Aran LIFE project, are recorded as miscellaneous receipts in appropriations in aid in 2019 (€0 in 2018).

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	480	438
Pay related social insurance	304	262
Professional services withholding tax	184	220
Relevant contracts tax	8	—
Value added tax	135	157
Pension deductions	8	14
	<u>1,119</u>	<u>1,091</u>
Crowley Bequest Fund (Note 7.2)	156	207
Kerry LIFE ^a	685	1,196
Rural Regeneration and Development Fund	2,500	—
LIFE Wild Atlantic Nature ^a	2,475	—
LIFE Atlantic Crex ^a	1,289	—
Raised bog LIFE project ^a	1,243	1,448
Other	213	213
	<u>9,680</u>	<u>4,155</u>

Note ^a The LIFE programme is the EU's funding instrument supporting environment, nature conservation and climate action projects through the EU. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value.

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	2,162	2,102
Deferred surrender	3,435	700
Exchequer grant undrawn	(534)	(1,145)
Net Exchequer funding	<u>5,063</u>	<u>1,657</u>
Represented by:		
Debtors		
Bank and cash	12,197	3,217
Debit balances: suspense	2,546	2,595
	<u>14,743</u>	<u>5,812</u>
Creditors		
Due to State	(1,119)	(1,091)
Credit balances: suspense	(8,561)	(3,064)
	<u>(9,680)</u>	<u>(4,155)</u>
	<u>5,063</u>	<u>1,657</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		61,693	62,493
Disbursements from the Vote			
Estimate provision	Account	335,895	
Deferred surrender	Account	(3,435)	
Surplus to be surrendered	Account	(2,162)	
Net vote		330,298	296,657
Expenditure (cash) borne elsewhere	1.1	16,359	20,235
Non cash expenditure – notional rent	1	1,193	775
Net programme cost	1	(343,436)	(318,467)
Balance at 31 December		66,107	61,693

2.8 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	793	1,418
Non-capital grant programmes (b)	36,958	37,541
Capital grant programmes (c)	41,132	52,564
Capital projects	8,145	18,432
Total of legal enforceable commitments	87,028	109,955

In 2019 the Department has presented the commitments note fully in line with the requirements of DPER circular 27/2019, requirements for the appropriation account. In doing so, the Department recalculated the 2018 closing balances for commitments. Consequently the 2018 closing balances have been restated from €108.698 million to €109.955 million in this set of accounts.

b) Non-capital grant programmes

	2019	2018
	€000	€000
Opening balance	37,541	29,383
Grants paid in year	(33,897)	(28,977)
New grant commitments	34,362	37,407
Grants cancelled	(1,048)	(272)
Closing balance	36,958	37,541

c) Capital grant programmes

	2019	2018
	€000	€000
Opening balance	52,564	42,876
Grants paid in year	(16,780)	(8,809)
New grant commitments	5,661	18,853
Grants cancelled	(313)	(356)
Closing balance	41,132	52,564

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	<u>4</u>	<u>21</u>

2.10 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	34,595	34,436	32,645
ii	Travel and subsistence	1,428	1,239	1,154
iii	Training and development and incidental expenses	987	969	785
iv	Postal and telecommunication services	610	446	361
v	Office equipment and external IT services	1,987	2,096	1,855
vi	Office premises expenses	775	831	735
vii	Consultancy services and value for money and policy reviews	100	—	—
		40,482	40,017	37,535

Significant variations

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

iv Postal and telecommunications services

Estimate provision: €610,000, outturn: €446,000

The saving arose due to administrative efficiencies arising from the prudent management of postal and telecommunication services.

vii Consultancy services and value for money and policy reviews

Estimate provision: €100,000, outturn: €nil

The saving was due to a policy to keep such expenditure to a minimum in light of budgetary pressures. Value for money and policy reviews are undertaken by in-house experts.

Programme A Arts, Culture and Film

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	7,714	6,894	6,498
A.2	Administration – non pay	1,369	1,605	1,376
A.3	Payments to match resources generated by the National Archives	40	40	38
A.4	General expenses of the National Archives and National Archives Advisory Council	1,666	1,138	1,224
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (note 7.1)	13,296	13,373	12,837
A.6	Regional museums, galleries, cultural centres and projects	12,500	12,455	10,937
A.7	Cultural infrastructure and development	12,150	8,400	7,449
A.8	Culture Ireland	4,600	4,942	4,136
A.9	An Chomhairle Ealaíon (part funded by the National Lottery)	75,002	75,002	68,213
A.10	General expenses of the National Museum of Ireland	14,109	14,109	13,546
A.11	General expenses of the National Library of Ireland	7,825	7,825	7,563
A.12	Irish Film Board	20,040	20,040	18,022
A.13	General expenses of the National Gallery of Ireland	10,547	10,547	10,002
A.14	European City of Culture	6,000	6,000	650
A.15	Decade of Centenaries 1912–1922	1,100	1,100	843
A.16	Cork Event Centre	1,000	—	—
		188,958	183,470	163,334

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €5.488 million lower than originally provided. This was mainly due to the following.

A.4 General expenses of the National Archives and the National Archives Advisory Council

Estimate provision: €1.666 million, outturn: €1.138 million

The saving of €528,000, relative to the estimate provision, was due mainly to building works scheduled for the second half of 2019 not progressing as quickly as originally planned due to delays in contractor availability in the last quarter of 2019.

A.7 Cultural infrastructure and development

Estimate provision: €12.15 million, outturn: €8.4 million

The saving of €3.75 million, relative to the estimate provision, was due to a number of projects, including Hawkswell Theatre, Meath County Council re Solstice Arts Centre, Riverbank Arts Centre, Irish Aerial Creation Centre and Wexford Arts Centre, not progressing as quickly as originally planned, resulting in a capital carry forward to 2020 of €3 million.

A.8 Culture Ireland

Estimate provision: €4.6 million, outturn : €4.942 million

Funding was transferred from other subheads, with sanction of the Department of Public Expenditure and Reform, to meet grant commitments held by Culture Ireland, which had originally been committed for 2020 but fell to be paid on this subhead in 2019.

A.16 Cork Event Centre

Estimate provision: €1 million, outturn: nil

The saving of €1 million relative to the estimate provision was due to the contracting authority not being in a position to finalise the construction contract during 2019. As a result, no capital funding was drawn down during the year. Responsibility for funding this project transferred to the Department of Housing, Planning and Local Government on 1 July 2019.

Programme B Heritage

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	21,207	22,687	21,386
B.2	Administration – non-pay	2,696	1,732	1,585
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	6,588	6,558	6,472
B.4	Built heritage	3,713	3,863	2,868
B.5	Natural heritage (National Parks and Wildlife Service)	13,727	13,498	13,959
B.6	Irish Heritage Trust	650	649	400
B.7	Built Heritage Jobs Leverage Scheme	2,500	2,388	1,973
B.8	Peatlands restoration and management	3,000	4,038	615
		54,081	55,413	49,258

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €1.332 million higher than originally provided. This was mainly due to the following.

B.8 Peatlands restoration and management

Estimate provision: €3 million, outturn: €4.038 million

Funding was transferred from other subheads, with sanction of the Department of Public Expenditure and Reform, to meet commitments under the Cessation Of Turf Cutting Compensation Scheme.

Programme C Irish language, Gaeltacht and Islands

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	4,413	3,484	3,478
C.2	Administration – non pay	1,125	1,191	1,023
C.3	Gaeltacht support schemes	9,692	8,547	8,180
C.4	Irish language support schemes (part funded by National Lottery)	5,282	5,148	4,230
C.5	An Coimisinéir Teanga	810	808	747
C.6	Udaras na Gaeltachta - administration	9,442	9,442	9,637
C.7	Udaras na Gaeltachta – current programme expenditure	3,850	3,850	3,350
C.8	Udaras na Gaeltachta – grants for projects and capital expenditure on premises			
		<i>Original</i> 9,000		
		<i>Deferred surrender</i> 700		
			9,700	7,638
C.9	Islands	8,708	10,566	8,211
C.10	20 year strategy for the Irish language 2010-2030	3,200	2,625	2,005
		56,222	55,361	48,499

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €861,000 lower than originally provided. This was mainly due to the following.

C.3 Gaeltacht support schemes

Estimate provision: €9.692 million, outturn: €8.547 million

The saving of €1.145 million relative to the estimate provision was due to a number of capital projects not progressing as quickly as originally planned.

C.9 Islands

Estimate provision: €8.708 million, outturn: €10.566 million

Funding was transferred from other subheads, with sanction of the Department of Public Expenditure and Reform, to fund the strategic purchase of Connemara Airport.

C.10 20 year strategy for the Irish language 2010–2030

Estimate provision: €3.2 million, outturn: €2.625 million

The saving of €575,000 relative to the estimate provision was due to the advancing of language plans to implementation stage taking longer than originally anticipated.

Programme D North-South co-operation

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	1,261	1,371	1,283
D.2	Administration – non pay	697	1,053	906
D.3	An Foras Teanga	13,323	12,833	13,325
D.4	Waterways Ireland	25,117	25,842	25,706
		40,398	41,099	41,220

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 National Archives	40	46	38
2 Miscellaneous receipts	881	1,326	1,274
3 Rents (including receipts from lettings of fishing rights etc.)	95	138	144
4 Services and charges at national parks and wildlife sites	465	1,174	1,283
5 Receipts from additional superannuation contributions on public service remuneration ^a	2,283	2,362	2,915
	3,764	5,046	5,654

Note a 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 €1.282 million more than the original estimate. Explanations for variances are set out below.

2 Miscellaneous receipts

Estimate provision: €881,000, realised: €1.326 million

The variance of €445,000 was mainly due to higher than anticipated pension receipts from agencies.

4 Services and charges at national parks and wildlife sites

Estimate provision: €465,000, outturn: €1.174 million

The variance of €709,000 was due to higher than anticipated level of receipts in the national parks, reflecting good visitor numbers at these amenities.

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	14	10
Receipts from Gaeltacht loans	2	4
Receipt from voluntary surrender of ministerial salaries	15	10
Transferred to Exchequer	(14)	(10)
Balance at 31 December	17	14

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	660	615
Agencies	1,116	1,087
	<u>1,776</u>	<u>1,702</u>

5.2 Pay

Remuneration of Department staff	2019	2018
	€000	€000
Pay	31,009	29,387
Higher, special or additional duties allowance	69	62
Other allowances	319	348
Overtime	430	464
Employer's PRSI	2,609	2,384
Total pay	<u>34,436</u>	<u>32,645</u>
Agency remuneration		
	2019	2018
	€000	€000
Pay	46,630	44,601
Higher, special or additional duties allowance	—	—
Other allowances	918	757
Overtime	595	891
Employer's PRSI	4,679	4,263
Total pay ^a	<u>52,822</u>	<u>50,512</u>

Note ^a The total pay figure is distributed across subheads A.1, B.1, C.1 and D.1

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	41	4	12,565	12,743
Other allowances	552	19	20,614	19,585
Overtime	495	16	16,427	32,188
Extra remuneration in more than one category	389	71	24,053	33,128

The details in relation to allowances and overtime payments relating to staff of bodies/agencies are based solely on returns submitted by those bodies/agencies.

5.4 Other remuneration arrangements

Four retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €11,109. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

The account includes expenditure of €41,847 in respect of two officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

This account does not include expenditure in respect of ten officers who were serving outside the Department for all or part of 2019 in other Government departments/offices who paid those officers directly.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	30	55,665	61,606
Recovery plans in place	8	21,519	15,597

One individual with a recovery plan in place to the value of €2,742 was transferred to another Department in the year.

Note 6 Miscellaneous

6.1 Cessation of Turf Cutting Compensation Scheme

In 2019, the Department made 3,371 payments (2018: 2,806) totalling €5,147,850 (2018: €4,382,624) in respect of the Cessation of Turf Cutting Compensation Scheme. Of this, 1,795 payments totalling €2,729,348 were funded under Subhead B.8 peatlands restoration and management (2018:373) payments totalling €612,366 were funded under Subhead B.5 natural heritage (national parks and wildlife service). The remaining 1,576 payments totalling €2,418,502 were paid through a suspense account funded by the Environment Fund (2018: 2,433 payments totalling €3,770,258).

6.2 Compensation and legal costs

				2019	2018
	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	Total €000
				Total €000	Total €000
Claims by:					
Employees of the Department	3	11	—	33	44
Members of the public	12	53	109	7	169
		64	109	40	213
					188

6.3 Loss of heritage assets

The investigation commenced in 2012 by An Garda Síochána in relation to the loss of a number of items held in private storage on behalf of the Department of Culture, Heritage and the Gaeltacht is ongoing. No adjustment had been made to the recorded figures in Note 2.2, pending the completion of the Garda investigation.

6.4 National Lottery funding

		2019	2019	2018
		Estimate	Outturn	Outturn
		€000	€000	€000
Subhead Description				
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	75,002	75,002	68,213
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	6,588	6,558	6,472
C.4	Irish language support schemes (part funded by National Lottery)	5,282	5,148	4,230
		86,872	86,708	78,915

A full list of grantees under subhead C.4 is available on the Department of Culture, Heritage and the Gaeltacht website.

Note 7 Miscellaneous Accounts

7.1 Payments towards general expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (Subhead A.5)

	2019	2018
	€000	€000
Payments		
Irish Museum of Modern Art	5,958	5,858
Chester Beatty Library	2,801	2,695
National Concert Hall	3,048	2,829
Crawford Gallery, Cork	1,566	1,455
	13,373	12,837

7.2 The Crowley Bequest Fund

The bequest was accepted by the State in 1997, to be used to undertake a project involving the listing, microfilming and publishing of records of the Chief Secretary's Office for the period 1815–1853. The charge on the fund represents conservation and salary costs associated with this project.

Accounts of receipts and payments for year ended 31 December 2019

	2019	2018
	€000	€000
Balance on 1 January	207	321
Receipts	—	—
Payments	(51)	(114)
Balance on 31 December	156	207

7.3 Statement of loans for Gaeltacht housing

Loans issued towards Gaeltacht housing under the Housing (Gaeltacht) Acts 1929 to 2001 and repayments thereof:

	2019	2018
	€000	€000
Opening balance on 1 January	184	185
Annual penal interest accrued	5	4
Interest written off	—	(1)
Repayments of principal	(2)	—
Payments of interest	—	(4)
Closing balance on 31 December	187	184

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently manages six national park locations, namely:

Ballycroy National Park

The Burren National Park

Connemara National Park

Glenveagh National Park

Killarney National Park

Wicklow Mountains National Park

Appendix B Accounts of bodies and funds under the aegis of the Department of Culture, Heritage and the Gaeltacht

The following table lists the bodies and funds under the aegis of the Department where the Minister has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Irish Museum of Modern Art	2018	28 Aug 2019	25 Nov 2019	10 Feb 2020
Chester Beatty Library	2018	1 Jul 2019	5 Jul 2019	22 Oct 2019
National Concert Hall	2018	24 Jun 2019	11 Jul 2019	21 Oct 2019
Crawford Art Gallery	2018	3 Oct 2019	14 Oct 2019	20 Jan 2020
Arts Council	2018	20 Jun 2019	18 Jul 2019	2 Oct 2019
National Museum of Ireland	2018	28 Nov 2019	24 Dec 2019	23 Mar 2020
National Library of Ireland	2018	5 Jun 2019	26 Aug 2019	5 Nov 2019
Screen Ireland	2018	20 Dec 2019	5 Feb 2020	—
National Gallery of Ireland	2018	17 Dec 2019	29 Jan 2020	19 Jun 2020
The Heritage Council	2018	11 Dec 2019	13 Jan 2020	25 Mar 2020
Údarás na Gaeltachta	2018	5 Nov 2019	24 Jan 2020	—
An Foras Teanga	2018	19 Dec 2019	3 Jan 2020	—
Waterways Ireland	2018	10 Jul 2019	17 Jul 2019	4 Nov 2019
An Coimisinéir Teanga	2018	26 Nov 2019	6 Dec 2019	—

Appropriation Account 2019

Vote 34

Housing, Planning and Local Government

Introduction

As Accounting Officer for Vote 34, 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 the salaries and expenses of the Office of the Minister for Housing, Planning and Local Government, including grants to Local Authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

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 €6.511 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, as set out by the Department of Public Expenditure and Reform in Circular 27 of 2019, have been applied in the preparation of the account except for the following:

Capital assets

Land is not depreciated. Other assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service on the following basis:

- buildings 5% per annum
- motor vehicles 20% per annum
- plant and machinery 10% per annum
- radar equipment 6.66% per annum

John McCarthy
Accounting Officer
Department of Housing, Planning and Local Government

31 March 2020

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

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

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department and the National Shared Service Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the 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.
- 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 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.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in purchasing and procedures are in place to ensure compliance with all relevant procurement guidelines. The Department complied with the guidelines with the exception of nine contracts (in excess of €25,000) totalling €571,760 (ex VAT), as set out below.

- A contract in relation to catering with expenditure during the year of €45,913 (ex VAT) that was originally awarded with a competitive process, was rolled over pending the completion of a procurement process. The procurement process in relation to this contract has since been completed.
- Two contracts awarded without a competitive process in 2018 were continued in 2019 with expenditure during the year of €223,509 (ex VAT) because the suppliers had specialised expertise and previous experience in relation to issues arising on the proposed establishment of the Land Development Agency.
- Two ICT contracts with a total value of €103,558 (ex VAT) were rolled over as there is considerable risk of switching vendor during a critical phase of key changes to the delivery of ICT services in the Department in moving to the OGCIO provided desktop and infrastructure a service.
- An ICT telephony services contract with expenditure during the year of €73,825 (ex VAT) that was originally awarded with a competitive process, was rolled over pending the completion of a procurement process.
- A one-year ICT maintenance and support contract with expenditure during the year of €27,514 (ex VAT) was awarded without a competitive process on the basis of urgency/expediency for the successful completion of the upgrade to the Commvault backup system.
- A contract originally awarded with a competitive process in 2016 to provide ceilometers as part of the Aviation Modernisation and Automation Project was extended in 2019, with expenditure during the year of €77,142 (ex VAT), in order to comply with additional European Aviation Safety Agency regulations.
- A security contract that was entered into as an emergency measure in 2018 to provide security relating to the erection of hoarding while maintenance/refurbishment works were being undertaken by the OPW at the Custom House continued into early 2019 with expenditure during the year of €20,299 (ex VAT). A competitive procurement process has since been completed.

The Department has provided details of these exceptional contracts as part of information on 20 contracts with a total value of €1,852,252 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. 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. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

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 and updated by the Management Board on a regular 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

The risk register is reviewed centrally and the high-level risks are reviewed on a regular basis by the Management Board. 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 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 controls were identified in relation to 2019 that resulted in, or may result in, a material loss.

Graham Doyle
Accounting Officer
Department of Housing, Planning and Local Government

24 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning and Local Government

Opinion on the appropriation account

I have audited the appropriation account for Vote 34 Housing, Planning and Local Government 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 34 Housing, Planning and Local Government 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 Housing, Planning and Local Government 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*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that a number of instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2019.

Reporting on other matters arising from audit

Chapters 11, 12 and 13 of my report on the accounts of the public services for 2019, respectively, deal with performance measures for exchequer spending on social housing, progress under the Land Aggregation Scheme and expenditure in relation to the Pyrite Remediation Scheme.

Seamus McCarthy
Comptroller and Auditor General

24 September 2020

Vote 34 Housing, Planning and Local Government

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Housing	2,300,972	2,365,240	1,983,676
B Water Services	1,308,560	1,288,395	1,174,017
C Local Government	212,005	210,935	158,793
D Planning	146,557	68,002	49,774
E Met Éireann	30,384	27,951	20,919
Gross expenditure	3,998,478	3,960,523	3,387,179
<i>Deduct</i>			
F Appropriations-in-aid	61,175	63,231	69,726
Net expenditure	3,937,303	3,897,292	3,317,453

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €33.5 million of unspent allocations in respect of capital elements of Programme D Planning were carried forward to 2020.

	2019	2018
	€	€
Surplus	40,011,020	13,164,511
Deferred surrender	(33,500,000)	—
Surplus to be surrendered	6,511,020	13,164,511

John McCarthy

Accounting Officer

Department of Housing, Planning and Local Government

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	3,894,399	3,331,606
Pay	48,637	43,903
Non pay	17,487	11,670
Gross expenditure	3,960,523	3,387,179
<i>Deduct</i>		
Appropriations-in-aid	63,231	69,726
Net expenditure	3,897,292	3,317,453
Changes in capital assets		
Purchases cash	(5,611)	
Depreciation	1,014	
Loss on disposals	1	(1,465)
	(4,596)	(1,465)
Changes in net current assets		
Increase in closing accruals	9,195	
Increase in stocks	(32)	(14,515)
	9,163	(14,515)
Direct expenditure	3,901,859	3,301,473
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	24,759	24,580
Notional rents	3,233	3,136
Net programme cost	3,929,851	3,329,189

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 34 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	164	560
Vote 12 Superannuation and Retired Allowances	22,769	22,424
Vote 13 Office of Public Works	1,636	1,402
Vote 18 National Shared Services Office	78	69
Central Fund – Ministerial pensions	112	125
	24,759	24,580

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	10,176	5,194
Current assets			
Bank and cash	2.2	51,553	18,930
Stocks	2.3	181	149
Other debit balances	2.4	714	1,077
Prepayments		1,447	974
Accrued income		2,382	6,757
Housing Agency revolving acquisitions fund	7.2	69,393	70,941
Total current assets		<u>125,670</u>	<u>98,828</u>
Less current liabilities			
Accrued expenses		13,838	9,577
Other credit balances	2.5	18,720	20,001
Deferred income		8,561	8,689
Net Exchequer funding	2.6	<u>33,547</u>	<u>6</u>
Total current liabilities		<u>74,666</u>	<u>38,273</u>
Net current assets		<u>51,004</u>	<u>60,555</u>
Net assets		<u>61,180</u>	<u>65,749</u>
Represented by:			
State funding account	2.7	<u>61,180</u>	<u>65,749</u>

2.1 Capital assets

	Land and buildings	Plant, machinery and motor vehicles	Furniture and fittings	Office and IT equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2019	668	327	1,672	19,407	1,900	23,974
Additions	—	1	132	1,002	4,864	5,999
Disposals	—	—	—	31	(31)	—
Brought into use	—	—	(40)	(32)	—	(72)
Transfers to other Departments	—	—	(24)	(8)	—	(32)
Cost or valuation at 31 December 2019	668	328	1,740	20,400	6,733	29,869
Accumulated depreciation						
Opening balance at 1 January 2019	61	209	1,511	16,999	—	18,780
Depreciation for the year	12	30	65	907	—	1,014
Depreciation on disposals	—	—	(40)	(31)	—	(71)
Transfers to other Departments	—	—	(22)	(8)	—	(30)
Cumulative depreciation at 31 December 2019	73	239	1,514	17,867	—	19,693
Net assets at 31 December 2019	595	89	226	2,533	6,733	10,176
Net assets at 31 December 2018	607	118	161	2,408	1,900	5,194

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	51,424	18,799
Commercial bank account and cash balances	129	131
	51,553	18,930

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Meteorological consumables	86	55
IT consumables	27	29
Stationery	49	49
Cleaning materials	4	6
Other	15	10
	181	149

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable salary costs	56	117
Recoupable travel pass scheme	208	176
Recoupable travel costs	9	9
Imprests	19	4
Other debit suspense items	422	771
	714	1,077

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	859	734
Pay related social insurance	401	324
Professional services withholding tax	189	79
Value added tax	289	324
Pension contributions	143	120
	<u>1,881</u>	<u>1,581</u>
Payroll deductions held in suspense	219	207
LIFE integrated project	1,870	—
Urban Development Fund ^a	14,111	17,543
Other credit suspense items	639	670
	<u>18,720</u>	<u>20,001</u>

Note ^a See Note 7.1.

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	6,511	13,165
Deferred surrender	33,500	—
Exchequer grant undrawn	(6,464)	(13,159)
Net Exchequer funding	<u>33,547</u>	<u>6</u>
Represented by:		
Debtors		
Bank and cash	51,553	18,930
Debit balances: suspense	714	1,077
	<u>52,267</u>	<u>20,007</u>
Creditors		
Due to State	(1,881)	(1,581)
Credit balances: suspense	(16,839)	(18,420)
	<u>(18,720)</u>	<u>(20,001)</u>
	<u>33,547</u>	<u>6</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		65,749	49,769
Disbursements from the Vote			
Estimate provision	Account	3,937,303	
Deferred surrender	Account	(33,500)	
Surplus to be surrendered	Account	(6,511)	
Net vote		3,897,292	3,317,453
Expenditure (cash) borne elsewhere	1.1	24,759	24,580
Non cash expenditure – notional rent	1	3,233	3,136
Assets transferred to other Departments	2.1	(2)	—
Net programme cost	1	(3,929,851)	(3,329,189)
Balance at 31 December		61,180	65,749

2.8 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	2,106	1,190
Non-capital grant programmes	982,895	875,993
Capital grant programmes	1,543,599	1,024,676
Public private partnership projects	631,034	—
Total of legally enforceable commitments	3,159,634	1,901,859

b) Non-capital grant programmes

	2019	2018
	€000	€000
Opening balance	875,993	540,458
Grants paid in year	(723,643)	(604,396)
New grant commitments	830,545	939,931
Closing balance	982,895	875,993

c) Capital grant programmes

	2019	2018
	€000	€000
Opening balance	1,024,676	882,433
Grants paid in year	(1,383,738)	(1,184,873)
New grant commitments	1,902,661	1,327,116
Closing balance	1,543,599	1,024,676

d) Major capital projects

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Housing projects					
Construction					
<i>Jointly funded^a</i>					
Beechgrove, Clonakilty Cork County					
Local authority	17	—	—	17	—
Department	243	813	16,116	17,172	—
	260	813	16,116	17,189	—
Priory Hall refurbishment, Donaghmede, Dublin 13 ^b					
Local authority	10,288	—	—	10,288	10,288
Department	23,243	973	13,696	37,912	37,913
	33,531	973	13,696	48,200	48,201
Rosemount Court, Dun Laoghaire–Rathdown:					
Local authority	5,413	—	—	5,413	5,413
Department	6,205	—	305	6,510	6,510
	11,618	—	305	11,923	11,923
Fitzgerald Park, Dun Laoghaire–Rathdown:					
Local authority	3,729	1,312	—	5,041	3,729
Department	4,630	—	412	5,042	6,354
	8,359	1,312	412	10,083	10,083
Racecourse Common, Lusk (Phase 2.1):					
Local authority	2,260	—	—	2,260	2,260
Department	9,174	—	174	9,348	9,348
	11,434	—	174	11,608	11,608
St Aiden's, Brookfield, Tallaght ^c					
Local authority	4,264	12	—	4,276	4,264
Department	12,811	36	2,699	15,546	15,558
	17,075	48	2,699	19,822	19,822
Ballyboden, Rathfarnham					
Local authority	872	1,423	—	2,295	872
Department	9,483	283	770	10,536	11,959
	10,355	1,706	770	12,831	12,831
St. Cuthbert's, Clondalkin (Phase 1), South Dublin:					
Local authority	78	2,872	—	2,950	78
Department	1,449	6,956	855	9,260	12,132
	1,527	9,828	855	12,210	12,210

<i>Department funded</i>	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Tullow Road, Carlow	—	2,512	10,630	13,142	11,995
Church Road, Cork City	11,159	692	139	11,990	11,989
Whites Street, Cork City	3,379	5,674	3,647	12,700	12,700
Deanrock, Togher, Cork City	5,970	9,954	1,305	17,229	17,229
Milleenacola, Bantry, Cork County	—	—	11,092	11,092	11,092
Mill Road, Avoncore, Bloomfield, Midleton, Cork County	—	—	11,011	11,011	—
Hazelbrook, Ballyviniter, Mallow, Cork County	—	5,130	11,394	16,524	—
Clarendon Brooks, Carrs Hill, Douglas, Cork County	—	3,346	9,555	12,901	—
Convent Road, Carndonagh, Donegal	—	—	11,711	11,711	—
Cherry Orchard, Ballyfermot/ Woodbank/ Rathvilly	12,376	4,352	3,145	19,873	19,873
Cornamona, Ballyfermot, Dublin 12	1,360	2,128	18,629	22,117	—
North King Street - Sean Foster Place, Dublin 7	705	1,013	11,208	12,926	—
Bunratty Road Phase 1c, Dublin 17	—	2,115	27,103	29,218	—
Springvale, Chapelizod, Dublin 8	—	2,698	26,483	29,181	—
Bonham Street, Dublin 8	—	2,820	18,175	20,995	—
Cork Street - Chamber Street, Dublin 8	—	2,209	18,184	20,393	—
Radharc na Gréine (Glasshouse site), Monivea Road – (Phase 1), Galway City	1,832	4,620	11,918	18,370	18,370
Ballymoneen Road (Phase 2), Galway City	—	4,248	13,040	17,288	—
Tullahill, Loughrea, Galway	—	—	14,060	14,060	—
Kylebroughlan, Moycullen, Galway	—	—	13,171	13,171	—

Garraí Mhic Aodha, Tubber Road, Gort, Galway	—	—	10,536	10,536	—
	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Lohercannon, Tralee, Kerry	—	504	15,089	15,593	—
Old Christians site, Rathbane, Limerick	—	124	11,219	11,343	—
Gort Bui, Ballymakenny Road, Drogheda, Louth	—	—	14,251	14,251	—
Merrymeeting View, Rathnew, Wicklow	—	7,240	4,577	11,817	—
Kilbride Lane, Bray, Wicklow	8,842	4,206	4,060	17,108	17,108
Total	139,782	80,265	340,359	560,406	247,034

Regeneration*Jointly funded*Dolphin House, Dublin
8:

Local authority	1,490	—	—	1,490	1,490
Department	22,610	—	1,747	24,357	24,357
	24,100	—	1,747	25,847	25,847

Department funded

Dominick Street, Dublin d	2,045	8,012	19,246	29,303	29,303
O'Devaney Gardens, Dublin ^d	1,791	3,717	15,161	20,669	20,669
St. Teresa's Gardens, Dublin ^d	—	7,315	13,785	21,100	21,100
Cork Regeneration Phase 2, Knocknaheeny/Hollyhill Cork City	2,530	7,700	1,623	11,853	11,853
Lord Edward Street, Limerick	17,343	—	2,129	19,472	19,472
Southill Area Centre, Limerick	10,727	—	275	11,002	11,002
Total	58,536	26,744	53,966	139,246	139,246

Infrastructure

South Docks, Cork City	565	130	10,936	11,631	11,630
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Dodder Bridge, Dublin City	127	221	11,465	11,813	11,813
Cherrywood, Dun Laoghaire – Rathdown	127	1,984	9,281	11,392	11,392
Donabate Distributor Road, Fingal	3,851	6,849	80	10,780	10,620
Maynooth, Co Kildare	157	209	10,509	10,875	10,875
Adamstown, Co. Dublin	23	607	14,370	15,000	15,000
Total	4,850	10,000	56,641	71,491	71,330

- Notes
- ^a Some projects are funded jointly by the Department and by certain local authorities' own funds from Local Property Tax retentions (80% of LPT receipts in a local authority area are retained locally). There is potential for the Department's commitments in subsequent years to be reduced if local authorities are in a position to use their own funds from Local Property Tax retention.
 - ^b The Department element of the cumulative expenditure to 31 December 2018 figure of €23.24 million on the Priory Hall refurbishment includes an adjustment of €5.99 million relating to 2013 and 2018 that was inadvertently omitted from the 2018 appropriation account.
 - ^c The Department element of the cumulative expenditure to 31 December 2018 figure of €12.81 million on St. Aidan's includes an adjustment of €166,000 relating to 2018 that was inadvertently omitted from the 2018 appropriation account.
 - ^d These projects were inadvertently omitted from the 2018 appropriation account.

Significant variations

An explanation is provided below where projected project cost has varied by more than €500,000 compared to 2018.

Tullow Road

Increase in expected total spend: €1.15 million

The expected total spend in relation to the Tullow Road project has increased by €1.15 million following a delay in commencing construction, bringing the overall commitment on the scheme to €13.14 million.

e) Unitary payments of Public Private Partnership projects

The Department has committed to the development of a social housing PPP Programme comprising three bundles of projects. To date, the contracts for two bundles have been entered into. These utilise what is termed as an 'availability-based' PPP model, in which a private sector company designs, builds, finances and maintains the social housing units in return for a monthly unitary charge payment. This payment commences upon completion of the units, and runs for 25 years from the completion of construction on each site. It incorporates all costs under the contract, including the initial construction costs of the units, as well as maintenance, operation, life-cycle, tenancy management and financing costs. The payments are comprised of two elements, a fixed-cost element and a variable (indexed) element, which changes in line with inflation.

Bundle 1

Bundle 1 will provide 534 units across six sites in the greater Dublin area. Two of the sites are located in Dublin City, with one each in South Dublin, Kildare, Wicklow and Louth. Dublin City Council was appointed to act as the lead local authority and contracting authority for the delivery of bundle 1.

Bundle 2

Bundle 2 will provide 465 units across eight sites. Three of the sites are located in the Cork County local authority area, with one each in Galway City, Waterford, Clare, Kildare and Roscommon. Cork County Council is acting as lead local authority and contracting authority for bundle 2.

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Legally enforceable commitments to be met in subsequent years	Project total 2019	Project total 2018
	€000	€000	€000	€000	€000
Social housing bundle 1	—	—	341,785	341,785	—
Social housing bundle 2	—	—	289,249	289,249	—
Total	—	—	631,034	631,034	—

Note This table reflects unitary charge obligations for Social Housing PPP bundles undertaken to date, including projected VAT on construction and estimated VAT on the unitary charge payments. As both PPP contracts were signed in 2019, there has been no spend on unitary charge payments to date.

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	<u>38</u>	<u>56</u>

2.10 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	49,449	48,637	43,903
ii	Travel and subsistence	1,309	1,460	1,195
iii	Training and development and incidental expenses	2,316	1,603	1,550
iv	Postal and telecommunication services	1,334	1,026	781
v	Office equipment and external IT services	15,089	11,859	7,122
vi	Office premises expenses	4,597	1,431	963
vii	Consultancy services and value for money and policy reviews	38	—	2
viii	Research (statistics and economics)	226	61	57
ix	Protected disclosures (investigation services)	200	2	—
x	Recruitment and HR operations	120	45	—
		74,678	66,124	55,573

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: €2.316 million, outturn: €1.603 million

The savings of €713,000 on expenditure on training and development and incidental expenses was due to security costs and legal settlements being lower than anticipated. In addition, some planned expenditure on meteorological training was not finalised in 2019.

vi Office premises expenses

Estimate provision: €4.597 million, outturn: €1.431 million

The savings of €3.166 million was mainly due to a delay in planned renovations to the Custom House.

viii Research (Statistics and economics)

Estimate provision: €226,000, outturn: €61,000

The savings of €165,000 on expenditure was due to anticipated research projects not materialising as expected.

ix Protected disclosures (investigation services)

Estimate provision: €200,000, outturn: €2,000

The savings of €198,000 relative to the estimate provision arose because the procurement process for specialist investigation services was not completed until June 2019. A number of cases under assessment in 2019 had not progressed to the investigation stage.

Programme A Housing

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	15,516	15,331	13,214
A.2	Administration – non-pay	5,729	3,080	1,877
A.3	Local authority housing	747,471	955,745	810,679
A.4	Social housing current expenditure programme	154,886	139,127	100,393
A.5	Rental accommodation scheme	134,300	134,290	143,337
A.6	Housing assistance payment scheme	422,729	382,408	276,604
A.7	Capital assistance scheme	94,875	88,364	72,711
A.8	Capital loans and subsidy scheme	54,750	51,686	53,208
A.9	Communal facilities	500	25	270
A.10	Mortgage to rent	23,000	17,998	14,350
A.11	Capital advance leasing facility	94,400	139,399	118,699
A.12	Traveller accommodation and support	17,710	14,036	11,665
A.13	Accommodation for homeless	146,000	165,000	139,000
A.14	Housing for people with a disability	345	167	23
A.15	Estate regeneration/remedial works	71,750	78,511	83,781
A.16	Energy efficiency - retrofitting	30,454	47,454	34,818
A.17	Repair and leasing scheme	38,000	3,772	2,946
A.18	Private housing grants	57,000	51,912	49,244
A.19	Mortgage allowances	600	403	416
A.20	Affordable housing/shared ownership subsidy	4,000	2,397	2,423
A.21	Infrastructure fund	130,000	22,279	6,888
A.22	Pyrite Resolution Board	32,000	30,000	30,000
A.23	Housing and Sustainable Communities Agency	10,000	7,500	7,174
A.24	Residential Tenancies Board	12,461	12,460	7,838
A.25	Other services	2,496	1,896	2,118
		2,300,972	2,365,240	1,983,676

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €64.268 million lower than originally provided. There was an underspend of €2.834 million, which related to administration expenditure and has already been explained, and the balance of the variance, an overspend of €67.102 million, was mainly due to the following:

A.3 Local authority housing

Estimate provision: €747.471 million, outturn: €955.745 million

The increase in expenditure of €208.274 million relative to the original estimate provision was due to progress on the delivery of the Rebuilding Ireland Action Plan – there was additional capital expenditure by local authorities, primarily on new builds and acquisitions under the Social Housing Investment Programme. Expenditure from this subhead delivered circa 4,300 homes in 2019, compared to a target of 3,544 for the year.

A.4 Social housing current expenditure programme

Estimate provision: €154.886 million, outturn: €139.127 million

The savings of €15.759 million relative to the estimate provision was due to lower than anticipated demand under the Repair and Leasing Scheme. Savings arising were allocated to other housing programmes.

A.6 Housing assistance payment scheme

Estimate provision: €422.729 million, outturn: €382.408 million

The savings of €40.321 million relative to the estimate provision arose because there was a higher than expected proportion of recipients outside of the Dublin area – therefore, at a lower cost; transfers from Rent Supplement to HAP in Dublin were slower than anticipated; and the exit rate from the scheme was higher than expected. Savings arising were allocated to other housing programmes.

A.7 Capital assistance scheme

Estimate provision: €94.875 million, outturn: €88.364 million

The savings of €6.511 million relative to the estimate provision was largely due to a significant number of approved projects not progressing as quickly as anticipated – mainly reflecting capacity constraints within smaller approved housing bodies and issues related to planning, land acquisition and procurement. There were 31 Capital Assistance Scheme projects, involving 205 housing units, which were expected to be completed in 2019 but are now expected to be completed in 2020. Savings arising were allocated to other housing programmes.

A.8 Capital loans and subsidy scheme

Estimate provision: €54.75 million, outturn: €51.686 million

The savings of €3.064 million relative to the estimate provision was due to lower than anticipated drawdown expenditure requests from local authorities on the Scheme. Savings arising were allocated to other housing programmes.

A.9 Communal facilities

Estimate provision: €500,000, outturn: €25,000

The savings of €475,000 relative to the estimate provision was due to lower than anticipated demand. Communal Facility projects are in the main additional facilities (e.g. communal dining/kitchen facilities, laundries, sitting/activity areas) to complement Capital Assistance Scheme construction projects. Savings arising were allocated to other housing programmes.

A.10 Mortgage to rent

Estimate provision: €23 million, outturn: €17.998 million

The savings of €5.002 million relative to the estimate provision was due to a lower than anticipated number of completed cases. At the end of 2019, there were 421 approvals in place for active cases progressing through the scheme. Savings arising were allocated to other housing programmes.

A.11 Capital advance leasing facility

Estimate provision: €94.4 million, outturn: €139.399 million

The increase in expenditure of €44.999 million relative to the estimate provision was due to certain Approved Housing Bodies (AHBs) improving their capacity to deliver larger schemes, as well as a significant increase in demand for accelerated Capital Advance Leasing Facility (CALF) projects in 2019, which are used to pay deposits and to facilitate stage payments on construction projects.

A.12 Traveller accommodation and support

Estimate provision: €17.71 million, outturn: €14.036 million

The savings of €3.674 million relative to the estimate provision arose on traveller accommodation as progress on delivery was slower than anticipated. Savings arising were allocated to other housing programmes.

A.13 Accommodation for homeless

Estimate provision: €146 million, outturn: €165 million

The increase in expenditure of €19 million relative to the estimate provision was due to the increasing demands for homeless accommodation and related services. Despite a total of 5,971 adults exiting homelessness to tenancies in 2019, there was a continuous high level of presentations of individuals and families to homeless services. This meant that there was an increased cost to ensuring that emergency accommodation was available for these households. For families, new family hubs were opened during 2019. New services were also introduced in the Dublin region for rough sleepers, with over 300 new emergency beds introduced in 2019.

A.14 Housing for people with a disability

Estimate provision: €345,000, outturn: €167,000

The expenditure from this subhead is in relation to tenancy sustainment for people with mental health related housing needs and is part-funded with the HSE. Savings of €178,000 relative to the estimate provision arose due to slower than anticipated appointment of Tenancy Sustainment Officers (TSOs). Savings arising were allocated to other housing programmes.

A.15 Estimate regeneration/remedial works

Estimate provision: €71.75 million, outturn: €78.511 million

The increase in expenditure of €6.761 million relative to the estimate provision was due to significant ramping up of programme activity, including on large scale projects such as St. Teresa's Gardens, Dublin.

A.16 Energy efficiency - retrofitting

Estimate provision: €30.454 million, outturn: €47.454 million

The increase in expenditure of €17 million relative to the estimate provision mainly relates to the additional support of local authorities in preparing vacant social homes for re-letting, particularly homes that would likely remain vacant for a significant period of time because of the cost of the works required. The programme assists local authorities in actively targeting such vacant properties, to minimise their turnaround and re-let times and return them to use in an energy efficient condition.

A.17 Repair and leasing scheme

Estimate provision: €38 million, outturn: €3.772 million

The savings of €34.228 million relative to the estimate provision was due to it being a demand led scheme and delivery under the scheme was lower than expected. The operation of the scheme was reviewed in the context of the general review of Rebuilding Ireland and a number of changes were made seeking to make it more attractive to owners to assist increased take up and delivery. Savings arising were allocated to other housing programmes.

A.18 Private housing grants

Estimate provision: €57 million, outturn: €51.912 million.

The savings of €5.088 million relative to the estimate provision was due to the private housing grant scheme being demand led and it being difficult to predict the precise level of funding drawdown. Individual grants ranged from €254 to €24,000 and there were over 10,000 grants paid in 2019. Savings arising were allocated to other housing programmes.

A.19 Mortgage allowances

Estimate provision: €600,000, outturn: €403,000

The savings of €197,000 relative to the estimate provision was due to a decrease in the number of applications under the scheme. Savings arising were allocated to other housing programmes.

A.20 Affordable housing/shared ownership subsidy

Estimate provision: €4 million, outturn: €2.397 million

The savings of €1.603 million relative to the estimate provision was due to a lower than anticipated number of eligible households under the Affordable Housing and Shared Ownership schemes. Savings arising were allocated to other housing programmes.

A.21 Infrastructure fund

Estimate provision: €130 million, outturn: €22.279 million

The estimate relates to the Local Infrastructure Housing Activation Fund (LIHAF), which is to provide public off-site infrastructure to relieve critical infrastructure blockages and accelerate the delivery of housing in key areas and development sites, and to the Shared Sites Fund (SSF), which is to provide infrastructure on local authority land banks to facilitate the delivery of affordable housing.

The savings of €107.721 million relative to the estimate provision was due to the following:

- Expenditure on 27 LIHAF projects did not materialise as quickly as expected (three projects were completed in 2019). At the start of 2019, many of the LIHAF projects were at the design stage where costs are modest and involved mainly design and consultancy fees. Expenditure is expected to ramp up significantly in 2020 as more projects move to the construction phase.
- At the end of 2019, under the SSF scheme, funding of €127 million had been approved in principle to provide infrastructural work that will support 35 projects in 14 local authorities, delivering 3,200 homes. There was no drawdown in 2019 as projects were at design and planning stages. Drawdown will begin in 2020 as projects move to construction stage. Savings arising were allocated to other housing programmes.

A.22 Pyrite Resolution Board

Estimate provision: €32 million, outturn: €30 million

The savings of €2 million relative to the estimate provision was due to a lower than anticipated number of successful applications under the scheme. Savings arising were allocated to other housing programmes.

A.23 Housing and Sustainable Communities Agency

Estimate provision: €10 million, outturn: €7.5 million

The savings of €2.5 million relative to the estimate provision was due to an underspend in the AHB Regulation Office as the Housing (Regulation of Approved Housing Bodies) Act 2019 was not enacted until the end of December 2019. Savings arising were allocated to other housing programmes.

A.25 Other services

Estimate provision: €2.496 million, outturn: €1.896 million

The savings of €600,000 relative to the estimate provision was due to a lower than anticipated funding requirement on the part of the Irish Council for Social Housing. Savings arising were allocated to other housing programmes.

Programme B Water services

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration - pay	4,520	5,418	5,626
B.2	Administration - non-pay	1,637	1,122	1,388
B.3	Water quality programme	23,149	19,888	13,747
B.4	Rural water programme	47,000	41,104	39,121
B.5	Irish water	1,208,500	1,208,000	1,100,000
B.6	Local authorities	16,500	12,760	13,001
B.7	Legacy water environmental issues	7,000	76	47
B.8	Water Advisory Body	220	27	—
B.9	Other services	34	—	—
—	<i>Foreshore^a</i>	—	—	1,087
		1,308,560	1,288,395	1,174,017

Note ^a This subhead was moved to Programme D Planning under Subhead D.13 in 2019.

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €20.165 million lower than provided. There was an overspend of €383,000 which related to administration expenditure and has already been explained and the balance of the variance, an underspend of €20.548 million, was mainly due to the following:

B.3 Water quality programme

Estimate provision: €23.149 million, outturn: €19.888 million

The savings of €3.261 million relative to the estimate provision mainly arose on the EU INTERREG V (Environmental Measure) programme because the drawdown by projects was slower than anticipated.

In addition, other savings arose in relation to River Basin Management Planning and the water quality programme.

B.4 Rural water programme

Estimate provision: €47 million, outturn: €41.104 million

The savings of €5.896 million relative to the estimate provision was due to lower than anticipated expenditure on the Rural Water Programme 2019-2021. Proposals for funding for individual projects were invited earlier in 2019. Following an assessment process, allocations for 621 projects were announced in October 2019.

B.6 Local authorities

Estimate provision: €16.5 million, outturn: €12.76 million

The savings of €3.74 million relative to the estimate provision was due to a lower than anticipated requirement for recoupment of legacy water services loans held by local authorities and the varying finance costs of the loans. In addition, expenditure by local authorities on the operation of the Water Services Transition Office and in relation to work on water services asset transfers to Irish Water was less than expected.

B.7 Legacy water environmental issues

Estimate provision: €7 million , outturn: €76,000

The savings of €6.924 million relative to the estimate provision mainly arose because the Developer Provided Infrastructure programme was launched in Q3 2019 and, following an evaluation process, allocations and approvals will not be determined until 2020.

In addition, other savings arose as a result of the Lead Remediation Grant Scheme being a demand-led scheme under which expenditure is difficult to predict

B.8 Water Advisory Body

Estimate provision: €220,000, outturn: €27,000

The savings of €193,000 relative to the estimate provision arose as the number of reports published by the Water Advisory Body was lower than anticipated.

Programme C Local Government

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	6,719	9,616	9,225
C.2	Administration – non-pay	2,456	1,585	2,288
C.3	Local Government Fund	185,000	185,180	124,800
C.4	Fire and emergency services	12,425	13,316	11,958
C.5	Franchise	4,412	343	585
C.6	Other services	993	895	9,937
		212,005	210,935	158,793

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €1.07 million lower than provided. There was an overspend of €2.026 million which related to administration expenditure which has already been explained and the balance of the variance, an underspend of €3.096 million, was mainly due to the following:

C.4 Fire and emergency services

Estimate provision: €12.425 million, outturn: €13.316 million

The increase in expenditure of €891,000 relative to the estimate provision was due to a number of new fire stations and training centres advancing quicker than anticipated.

C.5 Franchise

Estimate provision: €4.412 million, outturn: €343,000

The Department's franchise function relates to policy and legislation concerning administrative aspects of the electoral system. Savings of €4.069 million relative to the estimate provision arose primarily because a referendum on extending the franchise at presidential elections did not take place in 2019 and therefore the Referendum Commission did not require such funding during the year. In addition, other savings arose as the Electoral Register Modernisation project did not progress as quickly as anticipated.

Programme D Planning

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	10,385	5,290	3,767
D.2	Administration – non-pay	3,820	1,887	434
D.3	An Bord Pleanála	18,548	18,548	17,514
D.4	Planning Tribunal	5,582	781	4,322
D.5	Office of the Planning Regulator	2,367	1,637	258
D.6	Planning policy	420	532	550
D.7	Forward planning	250	220	247
D.8	Myplan	135	123	121
D.9	Urban renewal/regeneration	63,000	18,600	—
D.10	Development contribution rebate scheme	—	637	6,685
D.11	Ordnance Survey Ireland	15,763	15,763	15,593
D.12	Land Development Agency	20,049	2,409	254
D.13	Foreshore ^a	5,628	1,138	—
D.14	Marine spatial planning	500	335	—
D.15	Other services	110	102	29
		146,557	68,002	49,774

Note ^a This subhead was accounted for under Programme B Water Services in 2018 (€1.087 million).

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme D was €78.555 million lower than provided. €7.028 million of this related to administration expenditure and has already been explained and the balance of the variance of €71.527 million was mainly due to the following:

D.4 Planning Tribunal

Estimate provision: €5.582 million, outturn: €781,000

The savings of €4.801 million relative to the estimate provision was because expenditure by the Tribunal is difficult to predict and the funding required to meet third party legal costs arising from the work of the Tribunal was lower than anticipated. See Note 6.1 – Committees, Commissions and Special Inquiries for additional information.

D.5 Office of the Planning Regulator

Estimate provision: €2.367 million, outturn: €1.637 million

The savings of €730,000 relative to the estimate provision was because the Office of the Planning Regulator was established in April 2019 and only incurred costs from this date.

D.6 Planning policy

Estimate provision: €420,000, outturn: €532,000

The increase in expenditure of €112,000 relative to the estimate provision was mainly due to increased costs on the implementation of new Short Term Letting legislation.

D.9 Urban renewal/regeneration

Estimate provision: €63 million, outturn: €18.6 million

The savings of €44.4 million relative to the estimate provision was mainly due to lower than anticipated expenditure on the Urban Regeneration and Development Fund in order to ensure that the necessary governance and financial frameworks were put in place. €20 million of these savings were carried forward to 2020 as deferred surrender. The remaining savings were allocated to Programme A – Housing.

D.10 Development contribution rebate scheme

Estimate provision: €Nil, outturn: €637,000

The increase in expenditure of €637,000 relative to the estimate provision was due to a late once-off payment under the scheme. The once-off claim and relevant supporting documentation were submitted to the local authority before the closing date of the scheme but there was a delay in submitting them to the Department.

D.12 Land Development Agency

Estimate provision: €20.049 million, outturn: €2.409 million

The savings of €17.64 million relative to the estimate provision was due to LDA projects being at the design and pre-planning stages and so did not advance to more significant expenditure stages during 2019. In addition, the recruitment of additional staff in 2019 was slower than anticipated. €13.5 million of these savings were part of the deferred surrender carried forward to 2020. The remaining savings were allocated to Programme A – Housing.

D.13 Foreshore

Estimate provision: €5.628 million, outturn: €1.138 million

The savings of €4.49 million relative to the estimate provision arose because of the later than planned implementation of phase 2 of the Marine Strategy Framework Directive (MSFD) and the MSFD measures and monitoring programme. In addition, expenditure on legacy legal cases and contingency for emergency works on the foreshore did not materialise in 2019.

D.14 Marine spatial planning

Estimate provision: €500,000, outturn: €335,000

The savings of €165,000 relative to the estimate provision arose because expenditure on the development of the Marine Spatial Plan was lower than anticipated.

Programme E Met Éireann

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€000	€000
E.1 Administration – pay	12,309	12,982	12,071
E.2 Administration – non-pay	11,587	9,813	5,683
E.3 Subs to international meteorological organisations	4,838	4,814	3,000
E.4 Flood forecasting and warning service	1,650	342	165
	30,384	27,951	20,919

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme E was €2.433 million lower than provided. €1.101 million of this related to administration expenditure and has already been explained and the balance of the variance of €1.332 million was mainly due to the following:

E.4 Flood forecasting and warning service

Estimate provision: €1.65 million, outturn: €342,000

The savings of €1.308 million relative to the estimate provision was due to a delay in staff recruitment for the flood forecasting and warning service and software licencing costs being lower than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Fees payable by local authorities, etc, for audit of their accounts	1,910	1,979	2,101
2 Receipt from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare)(Consolidation) Act 2005)	741	741	741
3 Met Éireann receipts	10,200	9,692	10,094
4 Miscellaneous receipts	200	325	105
5 Foreshore receipts	2,100	2,211	1,460
6 OSI	364	384	380
7 Receipts from additional superannuation contributions on public service remuneration ^a	40,660	43,811	54,845
8 ERDF receipts INTERREG V environment measures	2,000	1,088	—
9 Dormant Accounts Fund – Housing First Implementation	3,000	3,000	—
Total	61,175	63,231	69,726

Note ^a 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 €2.056 million more than the original estimate. Explanations for variances are set out below:

3 Met Éireann receipts

Estimate: €10.2 million, realised: €9.692 million

The shortfall of €508,000 reflects the difficulty of predicting the receipts from commercial services provided by Met Éireann.

4 Miscellaneous receipts

Estimate: €200,000, realised: €325,000

The increase of €125,000 was because miscellaneous receipts are difficult to predict reliably.

5 Foreshore receipts

Estimate: €2.1 million, realised: €2.211 million

The increase of €111,000 reflects the difficulty of predicting foreshore receipts precisely.

7 Receipts from additional superannuation contributions on public service remuneration*Estimate: €40.66 million, realised: €43.811 million*

The increase of €3.151 million was mainly due to outstanding 2018 pension-related deductions being received in 2019 and some of the 2019 deductions were received earlier than anticipated.

8 ERDF receipts INTERREG V environment measures*Estimate: €2 million, realised: €1.088 million*

The shortfall of €912,000 was because the drawdown by projects on the EU INTERREG V (Environment Measures) programme was slower than anticipated, which resulted in less claims from the ERDF.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Irish Water – unused funding for domestic water charge refunds	6,749	1,236
Foreshore leases	6,561	—
Refund under Local authority Social Housing Investment Programme (SHIP)	1,879	107
Residential Tenancies Board pension contributions	55	47
Personal injury settlement	12	—
European Regional Development Funding	—	787
Payment under Pyrite Resolution Act 2013	—	306
Redemption of projects funded under the Voluntary Housing Capital Assistance Scheme	—	298
Transfer to the Exchequer	(15,256)	(2,781)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	782	719
Ordnance Survey Ireland	226	221
Local Government Management Agency	85	85
An Bord Pleanála	174	167
Residential Tenancies Board	87	51
Housing and Sustainable Communities Agency	82	57
Housing Finance Agency	14	11
Office of the Planning Regulator	15	—
Land Development Agency	11	—
	1,476	1,311

5.2 Pay

Remuneration of Department staff

	2019	2018
	€000	€000
Pay	43,472	39,157
Higher, special or additional duties allowance	295	303
Other allowances	1,666	1,674
Overtime	742	545
Employer's PRSI	3,297	2,746
Total pay	49,472	44,425

Agency remuneration

	2019	2018
	€000	€000
Pay	36,365	33,949
Higher, special or additional duties allowance	70	64
Other allowances	82	71
Overtime	152	211
Employer's PRSI	2,886	2,235
Total pay	39,555	36,530

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
Department staff ^a			€	€
Higher, special or additional duties	49	9	20,874	20,597
Other allowances	138	74	28,146	27,060
Overtime	113	28	36,496	28,317
Extra remuneration in more than one category	92	73	52,706	45,755

Note ^a The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to E.

Agency staff

Higher, special or additional duties	25	1	12,365	8,691
Other allowances	57	—	7,585	7,585
Overtime	103	5	27,844	26,046
Extra remuneration in more than one category	7	1	21,945	23,004

5.4 Other remuneration arrangements

Eight retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €38,044. These payments were consistent with the principles of the Public Services (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €158,330 in respect of five officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019	2018
		€	€
Overpayments	27	38,265	30,716
Recovery plans in place	4	7,396	9,568

Five individuals with overpayments to the value of €8,071 transferred into the Department during the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	Cumulative expenditure to end 2019 €000	2019 Expenditure €000	2018 Expenditure €000
Tribunal of inquiry into certain planning matters and payments ^a	1997	136,321	781	4,322

Note ^a Expenditure to the end of 2019 was €136.3 million. There will be further payments associated with the Tribunal of inquiry into certain planning matters and payments. Final costs cannot be determined at this point pending the determination of third party legal costs in respect of the period since 2002. On the basis of a Tribunal estimate and expenditure to the end of 2019, additional costs of some €10.3 million may arise, primarily relating to third party legal representation.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	2019 Total €000	2018 Total €000
Claims by employees	—	—	—	—	—	7
Claims by members of the public	7	—	5	212	217	431
		—	5	212	217	438

6.3 Late payment interest

	2019 €	2018 €
Total of interest payments	<u>3,372</u>	<u>3,480</u>

6.4 National Lottery funding

	2019 Estimate	2019 Outturn	2018 Outturn
	€000	€000	€000
Subhead			
A.9 Communal facilities	500	25	270
A.18 Private housing grants	7,327	7,327	7,508
	7,827	7,352	7,778

These payments are part funded by the National Lottery and details are available on the Department's website:

<http://www.housing.gov.ie/corporate/finance/national-lottery-funding/national-lottery-funding>

6.5 EU funding

The outturn shown in Subheads B.3 and D.13 includes payments in respect of activities which are co-financed from the European Regional Development Fund. Estimates of expenditure and actual outturns were as follows:

	2019 Estimate	2019 Outturn	2018 Outturn
	€000	€000	€000
Subhead			
B.3 Water quality programme	5,525	3,583	1,598
D.13 Foreshore	11	11	—
	5,536	3,594	1,598

6.6 Write-offs

The following sums were written off in the year

	2019 €	2018 €
Public Procurement Reforms Training Programme	21,990	—

Note 7 Fund Balances

7.1 Account of the Urban Development Fund

	2019	2018
	€000	€000
Opening balance	17,543	18,525
Receipts	—	—
Expenditure for the year	3,432	982
	14,111	17,543

The Urban Development Fund is a European Regional Development Fund (ERDF) programme to support integrated regeneration initiatives in designated urban centres. The scheme is operated by regional assemblies who are the managing authorities responsible for verifying eligible expenditure on approved projects. The Department makes funds available (on instruction by the managing authority and subject to the managing authority's verification) to reimburse local authorities on a matching funding basis. Applications for eligibility under the Fund were adjudicated on in December 2015 with the programme running for the period to the end of 2020. Payments under the programme will continue until early 2023. The balance in the Fund reflects pre-financing made available from the ERDF pending receipt of verified claims in respect of projects concerned.

7.2 Housing Agency Revolving Acquisitions Fund

	2019	2018
	€000	€000
Opening balance	70,941	71,795
Receipts from subhead A.10	—	498
Total amount advanced at 31 December	70,941	72,293
Non-recoverable costs ^a	(1,611)	(1,397)
Transfers to local authorities	—	—
Rental income	63	45
Closing balance at 31 December	69,393	70,941

Note ^a Certain costs incurred by the Agency such as legal and professional fees and other housing acquisition costs are non-recoverable and therefore reduce the overall balance of the Fund. The non-recoverable costs figure for 2019 is €1,611,000.

The Housing Agency Acquisitions Fund, which is a revolving fund, was established with the objective of acquiring some 1,600 units over the period to 2021 for social housing use. The Housing Agency is using this Fund to acquire vacant properties from banks, investors and other owners of multiple property portfolios in areas with high levels of social housing demand. In doing this, the Agency is working in close consultation with local authorities to ensure that suitable properties are only purchased in areas where there is a demand for social housing. The Agency sells the houses, at cost, to approved housing bodies in order to replenish the Fund. This programme will run until 2021 and, on completion of the programme, the Agency will refund the Department any closing balance of the Fund.

Appendix A Accounts of bodies and funds under the aegis of the Department of Housing, Planning and Local Government

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
An Bord Pleanála	2018	19 Jun 2019	28 Jun 2019	13 Sep 2019
Ervia and Gas Networks Ireland	2018	26 Mar 2019	6 Jun 2019	27 Jun 2019
Housing Finance Agency	2018	28 Mar 2019	6 Sep 2019	20 Sep 2019
Housing and Sustainable Communities Agency ^a	2018	30 Jun 2019	6 Sep 2019	24 Oct 2019
Irish Water	2018	25 Mar 2019	6 Jun 2019	27 Jun 2019
Local Government Fund	2018	30 Jun 2019	30 Jun 2019	31 Jul 2019
Local Government Management Agency	2018	21 Mar 2019	26 Aug 2019	28 Nov 2019
Residential Tenancies Board	2018	22 Oct 2019	31 Oct 2019	20 Dec 2019
Ordnance Survey Ireland	2018	30 Jul 2019	21 Aug 2019	18 Sep 2019
Office of the Planning Regulator ^b	2019	—	—	—
Land Development Agency ^c	2019	—	—	—

Notes ^a Includes Pyrite Resolution Board.

^b The Office of the Planning Regulator was only established in April 2019 and their first set of financial statements will be for the nine months to December 2019.

^c The Land Development Agency was only established in September 2018 and their first set of financial statements will be for the 16 months to December 2019.

Appropriation Account 2019

Vote 35

Army Pensions

Introduction

As Accounting Officer for Vote 35, 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 retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain other Military Organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

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 €148,000 was recorded for the year.

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 27 of 2019 have been applied in the preparation of the account.

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 and the National Shared Services Office for the provision of pension payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

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

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, with an independent Chair, 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, including segregation of duties and a system of delegation and accountability. This includes the following elements.

- 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.

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. The Internal Audit Unit operates independently and its work is informed by analysis of the financial risks to which the Department, including the Army Pensions Vote, 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 2020 internal audit plan includes an audit related to the Army Pensions Vote area. 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.

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 and updated by the Management Board on a monthly 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 management and 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 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 require disclosure in the appropriation account.

Maurice Quinn
Accounting Officer
Army Pensions

27 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 35 Army Pensions

Opinion on the appropriation account

I have audited the appropriation account for Vote 35 Army Pensions 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 35 Army Pensions 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 Defence 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

18 September 2020

Vote 35 Army Pensions

Appropriation Account 2019

		2019	2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A	Provision for Defence Forces' pension benefits		
	<i>Original</i>	249,133	
	<i>Supplementary</i>	1,900	
		251,033	242,320
		250,966	
Gross expenditure			
	<i>Original</i>	249,133	
	<i>Supplementary</i>	1,900	
		251,033	242,320
		250,966	
	<i>Deduct</i>		
B	Appropriations-in-aid	5,000	5,167
		5,081	
Net expenditure			
	<i>Original</i>	244,133	
	<i>Supplementary</i>	1,900	
		246,033	237,153
		245,885	

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	148,239	481,095

Maurice Quinn
Accounting Officer
Army Pensions

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	250,903	242,233
Pay	51	70
Non pay	12	17
Gross expenditure	250,966	242,320
<i>Deduct</i>		
Appropriations-in-aid	5,081	5,167
Net expenditure	245,885	237,153
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,549	2,558
Net programme cost	248,434	239,711

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 35 borne elsewhere in respect of the administration of pension benefits and other services.

	2019	2018
	€000	€000
Vote 18 National Shared Services Office	1,171	1,144
Vote 36 Defence	1,378	1,414
	2,549	2,558

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Current assets			
Bank and cash		201	508
Other debit balances		6	—
Total current assets		<u>207</u>	<u>508</u>
Less current liabilities			
Other credit balances	2.1	60	29
Net Exchequer funding	2.2	147	479
Total current liabilities		<u>207</u>	<u>508</u>
Net current assets		<u>—</u>	<u>—</u>
Net assets		<u><u>—</u></u>	<u><u>—</u></u>
Represented by:			
State funding account	2.3	<u><u>—</u></u>	<u><u>—</u></u>

2.1 Other credit balances

at 31 December	2019 €000	2018 €000
Amounts due to the State		
Income tax	1	—
Professional services withholding tax	3	—
	<u>4</u>	<u>—</u>
Pension payments held in suspense	56	29
	<u>60</u>	<u>29</u>

2.2 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	148	481
Exchequer grant undrawn	(1)	(2)
Net Exchequer funding	147	479
Represented by:		
Debtors		
Bank and cash	201	508
Debit balances: suspense	6	—
	<u>207</u>	<u>508</u>
Creditors		
Due to State	(4)	—
Credit balances: suspense	(56)	(29)
	<u>(60)</u>	<u>(29)</u>
	<u>147</u>	<u>479</u>

2.3 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	246,033	
Surplus to be surrendered	Account	<u>(148)</u>	
Net vote		245,885	237,153
Expenditure (cash) borne elsewhere	1.1	2,549	2,558
Net programme cost	1	<u>(248,434)</u>	<u>(239,711)</u>
Balance at 31 December		<u>—</u>	<u>—</u>

Note 3 Vote Expenditure

Programme A Provision for Defence Forces' pension benefits

		2019		2018	
		Estimate provision		Outturn	
		€000	€000	€000	
A.1	Administration – pay		70	63	87
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service				
		<i>Original</i>	239,488		
		<i>Supplementary</i>	2,650		
			242,138	242,158	233,551
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
		<i>Original</i>	9,000		
		<i>Supplementary</i>	(529)		
			8,471	8,398	8,317
A.4	Payments to spouses of veterans of the War of Independence				
		<i>Original</i>	250		
		<i>Supplementary</i>	(21)		
			229	223	262
A.5	Compensation payments				
		<i>Original</i>	225		
		<i>Supplementary</i>	(150)		
			75	74	74
A.6	Medical appliances and travelling and incidental expenses				
		<i>Original</i>	100		
		<i>Supplementary</i>	(50)		
			50	50	29
			251,033	250,966	242,320

Significant variations

Overall, gross expenditure in relation to the Programme was €1.833 million higher than the original estimate. Pension related payments under subhead A.2 were €2.67 million or 1.1% above the original estimate provided. This was partly offset by underspending on other subheads, including the following significant expenditure variations (+/- 5% and €100,000).

A.3 Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces

Estimate provision: €9 million, outturn: €8.398 million

The underspend of €602,000 is due to fewer than expected new disability pension and disablement lump sum awards coming into payment in 2019. Factors impacting on spend are the numbers and outcome of new disability pension applications. Because of its demand driven nature, it is difficult to predict expenditure in this subhead from year to year.

A.5 Compensation payments

Estimate provision: €225,000, outturn: €74,000

The main 'contingency' element of this subhead provides for payment of special lump sum compensation by the Department of Defence for service-related deaths or disablement of members of the Defence Forces while serving overseas with the UN and certain other missions. There were no such payments in this category during 2019.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Contributions to Defence Forces Spouses' and Children's Pensions Schemes	3,347	3,425	3,497
2 Contributions to Defence Forces Contributory (Main) Pensions Schemes	1,500	1,636	1,596
3 Recoveries of overpayments	40	19	68
4 Payments received in respect of transferred service	40	—	—
5 Miscellaneous	70	—	4
6 Receipts from additional superannuation contributions on public service remuneration ^a	3	1	2
Total	5,000	5,081	5,167

Note ^a 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 €81,000 more than the original estimate. This was mainly due to the following.

2 Contributions to Defence Force Contributory (Main) Pensions Schemes

Estimate provision: €1.5 million, realised: €1.636 million

The increase of €136,000 was due to the fact that contributions to the pensions schemes by serving Permanent Defence Force personnel were higher than anticipated. Contributions will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	1	1

5.2 Pay

	2019 €000	2018 €000
Pay	49	68
Employer's PRSI	2	2
Total pay	51	70

Note The pay figure above includes the salary of one full time Department of Defence staff member (see Note 5.1) who provides administrative support to the Army Pensions Board and fees paid to two members of the Board in 2019. These pay costs, and associated travel costs of €12,000, are charged to the A.1 subhead. Currently there are 23.5 employees (FTEs) of the Department of Defence engaged solely in the administration of pensions and other related payments. Their remuneration, which amounts to some €971,000, is charged to Vote 36.

5.3 Retirement pension (annual) – average payments to retired Defence Force personnel ^a

Category of pensioner	Number of pension recipients at year-end		Average individual payment (rounded)	
	2019	2018	2019 €	2018 €
Retired officers	1,865	1,839	31,500	31,100
Retired NCOs and privates	8,976	8,779	16,800	16,750
Dependants and other ^b	1,846	1,865		
Totals	12,687	12,483		

Note ^a Table 5.3 shows the total headcount for all categories of recipients from all relevant subheads as at year-end within Vote 35. Some retired personnel are in receipt of both a military retirement pension and a military disability pension, and similar payments are also payable to some spouses/children of deceased personnel: such dual recipients are counted only once for headcount purposes above. The average individual pension payment recorded for retired personnel is calculated by reference to total expenditure on retirement pensions as at year-end under Subhead A2.

^b The average individual payment has not been recorded above under dependants and other' as the amounts vary due to the different categories of recipients within this sub-group. The overall average dependants' superannuation-related pension for 1,408 recipients in 2019 was €9,300, broadly the same as in 2018.

5.4 Retirement gratuity (lump sum) – average payments where retiring on pension ^a

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2019	2018	2019	2018
			€	€
New retirees on pension during the year				
Officers	51	50	91,700	87,000
NCOs and privates	361	293	39,600	39,650
Total	412	343		

Note ^a The level of pension and retirement gratuity varies with retiring rank, pensionable earnings, overall reckonable service, etc.

Note 6 Miscellaneous

6.1 Payments in excess of entitlements

There were 74 overpayments outstanding at year end (2018: 53), amounting to €54,224, of which €28,787 relates to previous years. Overpayments of €58,525 came to light in 2019 of which €31,595 was recovered and €1,493 written off. Efforts are ongoing to recover outstanding amounts. The vast majority of these overpayments relate to the portion of pension paid in the period after the date of a pensioner's death, when the monthly payroll had already been processed for that month.

	2019	2018
	€	€
Opening balance	45,432	48,458
Identified overpayment in year	<u>58,525</u>	<u>56,955</u>
	103,957	105,413
Recouped		
Overpayments identified 2019	31,595	
Overpayments identified pre-2019	<u>12,377</u>	<u>55,198</u>
	59,985	50,215
Written off		
Overpayments identified 2019	1,493	
Overpayments identified pre-2019	<u>4,268</u>	<u>4,783</u>
Closing balance	<u>54,224</u>	<u>45,432</u>

6.2 Payments subject to public service pension abatement

Separately from the figures at 6.1 above, there were 19 other overpayments outstanding at year-end amounting to €50,201 (see table below). These were in respect of former members of the Permanent Defence Force in receipt of military retirement pensions, who had subsequently taken up employment elsewhere in the public service. Such pensions are subject to the abatement provisions of Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act. In each case, the pension overpayments arose due to delays on the part of the relevant public service employer in notifying the Department of Defence of the pensioner's re-employment. Overpayments of €18,451 came to light in 2019 in respect of 23 cases, of which, €13,828 has been recovered.

	2019	2018
	€	€
Opening balance	52,950	50,649
Overpayments identified in the year	<u>18,451</u>	<u>13,446</u>
	71,401	64,095
Recouped		
Overpayments identified pre-2019	7,372	
Overpayments identified 2019	<u>13,828</u>	<u>11,145</u>
Closing balance	<u>50,201</u>	<u>52,950</u>

Appropriation Account 2019

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, 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 the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Force; and for payment of certain grants.

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 €11.373 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 27 of 2019, have been applied in the preparation of the account except for the following.

Stock valuation

Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price. Military and Air Corps stocks include certain items that have been refurbished.

Capital assets

Capital assets include assets with a valuation of less than €1,000.

Land and buildings are not valued and are not included in capital assets (Note 2.1). A schedule of land and buildings administered by the Department of Defence is shown in appendix A. These are used for Defence Forces purposes and include unique and dedicated properties.

Payments under certain programmes for the development of Defence Forces equipment, including the purchase of aircraft and the refurbishment of armoured personnel carriers, are recorded as prepayments until they are brought into use, at which stage they are recorded as capital assets.

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.2 - Capital assets under development. When such projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as, in line with the policy noted above, land and buildings are not included in capital assets.

Depreciation

Military assets are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

Maurice Quinn
Accounting Officer
Department of Defence

27 March 2020

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 and the National Shared Services Office for the provision of shared services of human resources and payroll.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

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

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, with an independent Chair, 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, including segregation of duties and a system of delegation and accountability. This includes the following elements:

- 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

I confirm that the Department 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. In 2019, the Department complied with the guidelines with the exception of five contracts (in excess of €25,000) totalling €161,297 (excluding VAT) relating to various services contracts, which were extended beyond their original contract terms. Each of these five contracts has been reviewed by the Department, and steps are being taken to bring each of these contracts into compliance with competitive procurement rules as quickly as possible.

The Department has provided details of these exceptional contracts as part of the 89 contracts with a total value €19,679,110 (excluding VAT) that are included on the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform. The 84 remaining contracts, with a value of €19,517,813 (excluding VAT), are considered compliant, as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation. They primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are reported in accordance with the provisions of Circular 40/2002.

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. The Internal Audit Unit operates independently and 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 and updated by the Management Board on a monthly 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 management and 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 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 required disclosure in the appropriation account.

Jacqui McCrum
Accounting Officer
Department of Defence

24 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

Opinion on the appropriation account

I have audited the appropriation account for Vote 36 Defence 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 36 Defence 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 Defence 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

28 September 2020

Vote 36 Defence**Appropriation Account 2019**

		2019	2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A	Defence policy and support, military capabilities and operational outputs	758,048	756,094
		<hr/>	<hr/>
	Gross expenditure	758,048	756,094
	<i>Deduct</i>		
B	Appropriations-in-aid	22,735	32,154
		<hr/>	<hr/>
	Net expenditure	735,313	669,763
		<hr/>	<hr/>

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	11,372,702	17,050,291
	<hr/>	<hr/>

Maurice Quinn
Accounting Officer
Department of Defence

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	733,063	678,193
Administration pay	18,586	17,652
Administration non pay	4,445	5,576
Gross expenditure	756,094	701,421
<i>Deduct</i>		
Appropriations-in-aid	32,154	31,658
Net expenditure	723,940	669,763
Changes in capital assets		
Purchases cash	(115,022)	
Depreciation	53,967	
Loss on disposals	2,949	
Disposals cash	54	(28,714)
	(58,052)	
Changes in assets under development		
Cash payments	(15,495)	(10,641)
Changes in net current assets		
Increase in closing accruals	4,257	
Increase in stock	(4,308)	(12,693)
	(51)	
Direct expenditure	650,342	617,715
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	11,257	
Notional rents	1,642	
	12,899	12,368
Net programme cost	663,241	630,083

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 36 borne elsewhere, and amounts borne on Vote 36 in respect of other services.

	2019	2018
	€000	€000
Vote 1 Presidents Establishment	(422)	(413)
Vote 2 Department of the Taoiseach	(82)	(82)
Vote 9 Office of the Revenue Commissioners	9	1
Vote 12 Superannuation and Retired Allowances	11,575	11,095
Vote 13 Office of Public Works	531	541
Vote 18 National Shared Services Office	898	911
Vote 35 Army Pensions	(1,378)	(1,414)
Central Fund – Ministerial pensions	126	122
	11,257	10,761

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	553,482	549,538
Capital assets under development	2.2	6,012	2,993
		<u>559,494</u>	<u>552,531</u>
Current assets			
Bank and cash	2.3	19,267	3,718
Stocks	2.4	216,351	212,043
Other debit balances	2.5	866	5,076
Prepayments	2.6	116,433	63,936
Accrued income		3,997	3,072
Total current assets		<u>356,914</u>	<u>287,845</u>
Less current liabilities			
Accrued expenses		6,482	2,560
Deferred income		45	30
Other credit balances	2.7	15,803	4,371
Net Exchequer funding	2.8	4,330	4,423
Total current liabilities		<u>26,660</u>	<u>11,384</u>
Net current assets		<u>330,254</u>	<u>276,461</u>
Net assets		<u>889,748</u>	<u>828,992</u>
Represented by:			
State funding account	2.9	<u>889,748</u>	<u>828,992</u>

2.1 Capital assets

	Military equipment €000	Civil Defence equipment €000	Office furniture and IT equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	1,173,276	4,670	51,702	1,229,648
Additions	54,834	167	6,279	61,280
Adjustments ^a	(958)	—	—	(958)
Disposals	(21,705)	(133)	(3,337)	(25,175)
Cost or valuation at 31 December 2019	1,205,447	4,704	54,644	1,264,795
Accumulated depreciation				
Opening balance at 1 January 2019	635,388	1,961	42,761	680,110
Depreciation for the year	50,597	373	2,997	53,967
Adjustments ^a	(592)	—	—	(592)
Depreciation on disposals	(19,151)	(61)	(2,960)	(22,172)
Cumulative depreciation at 31 December 2019	666,242	2,273	42,798	711,313
Net assets at 31 December 2019 ^b	539,205	2,431	11,846	553,482
Net assets at 31 December 2018	537,888	2,709	8,941	549,538

Note ^a The net adjustment of €366,000 relates to the correction of a duplicate asset and additions from previous years. This is reflected in the State funding account (see Note 2.9).

^b The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 17 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.2 Capital assets under development

	Construction contracts €000
Amounts brought forward at 1 January 2019	2,993
Cash payments in the year	15,495
Projects completed ^a	(12,476)
Amounts brought forward at 31 December 2019	6,012

Note ^a As projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as land and buildings are not included in capital assets.

2.3 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	18,570	3,252
Other bank and cash account balances	697	466
	19,267	3,718

Non-vote bank accounts

There are 13 other bank accounts managed by Defence Forces personnel to administer the casual meals system in barracks. No funding from the vote is issued to these bank accounts. The amount held at the end of 2019 was €13,375 (2018: €25,786). This balance is not included in the 'bank and cash' amount shown above.

2.4 Stocks

at 31 December	2019	2018
	€000	€000
Military stocks		
Opening balance 1 January	210,963	201,840
Purchases during the year	38,195	44,709
Issues during the year	(31,685)	(33,941)
Write-offs, obsolete stock, etc.	(2,331)	(1,645)
	215,142	210,963
Other stocks		
Civil Defence	1,135	1,016
Stationery	18	17
IT consumables	56	47
	216,351	212,043

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Payroll	—	4,268
Imprest	724	627
Cycle to work scheme	87	90
Overseas	30	67
Other suspense	25	24
	866	5,076

2.6 Prepayments

at 31 December	2019	2018
	€000	€000
Maritime patrol aircraft	55,394	—
Armoured personnel carrier fleet maintenance and upgrade programme	21,323	30,466
Fixed wing utility aircraft	29,000	16,000
Other	10,716	17,470
	116,433	63,936

2.7 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	629	14
Pay related social insurance	793	14
Professional services withholding tax	182	222
Value added tax	13,345	3,953
Pension contributions	101	12
Local property tax	6	—
Universal social charge	156	—
Relevant contracts tax	15	28
	15,227	4,243
Payroll deductions held in suspense	407	3
Other credit suspense items	169	125
	15,803	4,371

2.8 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	11,373	17,050
Exchequer grant undrawn	(7,043)	(12,627)
Net Exchequer funding	4,330	4,423
Represented by:		
Debtors		
Bank and cash	19,267	3,718
Debit balances: suspense	866	5,076
	20,133	8,794
Creditors		
Due to State	(15,227)	(4,243)
Credit balances: suspense	(576)	(128)
	(15,803)	(4,371)
	4,330	4,423

2.9 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		828,992	794,840
Disbursements from the Vote			
Estimate provision	Account	735,313	
Surplus to be surrendered	Account	(11,373)	
Net vote		723,940	669,763
Expenditure (cash) borne elsewhere	1.1	11,257	10,761
Other (non – cash) items	2.1	(366)	—
Capital assets under development completed in the year	2.2	(12,476)	(17,896)
Non cash expenditure – notional rents	1	1,642	1,607
Net programme cost	1	(663,241)	(630,083)
Balance at 31 December		889,748	828,992

2.10 Commitments

a) Global commitments

at 31 December	2019	2018
	€000	€000
Procurement of goods and services	9,299	8,686
Capital projects	243,620	73,532
Total of legally enforceable commitments	252,919	82,218^a

b) Major capital projects

Expenditure on projects where the total estimated cost will exceed €10 million.

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018
	€000	€000	€000	€000	€000
Naval vessels replacement programme and armament project	287,430	161	3	287,594	287,539
Maintenance and upgrade programme for armoured personnel carriers	45,132	12,114	10,754	68,000	68,000
IT infrastructure virtual desktop architecture project	9,774 ^a	980	2,046	12,800	12,800
Fixed wing utility aircraft	16,000	13,000	14,446	43,446	43,079
Mid-life refit of LE Róisín	—	5,681	6,619	12,300	—
Maritime patrol aircraft	—	55,394	166,184	221,578	—
¾ tonne, 4x4 fleet replacement	—	4,544	13,634	18,178	—
Total	358,336	91,874	213,686	663,896	411,418

Note ^a The total of legally enforceable commitments at 31 December 2018 has been amended from €83.463 million to €82.218 million following the inclusion of expenditure of €1.245 million not previously reflected against the IT infrastructure virtual desktop architecture project.

2.11 Matured liabilities

At 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	1,562	463
	_____	_____

2.12 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

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

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,900	18,586	17,652
ii	Travel and subsistence	650	576	597
iii	Training and development and incidental expenses	315	325	321
iv	Postal and telecommunication services	660	385	465
v	Office equipment and external IT services	2,875	2,308	2,923
vi	Office premises expenses	950	805	1,188
vii	Consultancy services and value for money and policy reviews	190	46	82
		24,540	23,031	23,228

Significant variations

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

iv Postal and telecommunications services

Estimate provision: €660,000, outturn: €385,000

The underspend of €275,000 was due to lower than anticipated demand for telecommunications and postal services.

vii Consultancy services and value for money and policy reviews

Estimate provision: €190,000, outturn: €46,000

The underspend of €144,000 was due to delays in a number of consultancy based projects.

Programme A Defence policy and support, military capabilities and operational outputs

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	18,900	18,586	17,652
A.2	Administration – non pay	5,640	4,445	5,576
A.3	Permanent Defence Force: pay	446,709	418,650	398,714
A.4	Permanent Defence Force: allowances	41,202	44,028	39,923
A.5	Reserve Defence Force: pay, etc.	2,150	1,551	1,574
A.6	Chaplains and officiating clergymen: pay and allowances	1,250	1,103	1,014
A.7	Defence Forces civilian support: pay and allowances, etc.	26,000	19,352	23,625
A.8	Defence Forces: capability development	75,000	102,476	77,131
A.9	Air Corps: equipment and support	16,860	17,450	17,519
A.10	Military transport	14,190	16,275	11,343
A.11	Naval Service: equipment and support	13,000	13,443	17,082
A.12	Barrack expenses and engineering equipment	13,980	13,791	14,050
A.13	Defence Forces built infrastructure: construction and maintenance	28,100	23,826	17,996
A.14	Defence Forces uniforms, clothing, equipment and catering	13,980	15,505	15,742
A.15	Defence Forces communications and IT	10,740	13,133	13,264
A.16	Military education and training	2,150	2,319	2,680
A.17	Defence Forces logistics and travel	3,378	3,908	3,779
A.18	Defence Forces medical and healthcare support	7,000	6,732	2,901
A.19	Lands	1,000	855	1,027
A.20	Equitation	900	970	1,037
A.21	Litigation and compensation costs	5,000	6,417	7,100
A.22	Miscellaneous expenditure	3,500	3,773	3,510
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,747	1,839	1,784
A.24	Civil Defence (including dormant accounts fund)	4,740	4,735	4,229
A.25	Irish Red Cross Society	932	932	1,169
		758,048	756,094	701,421

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €1.954 million lower than originally provided. €1.509 million of this related to administration expenditure and has already been explained and the balance of the variance of €445,000 was mainly due to the combination of the following:

A.3 Permanent Defence Force: pay

Estimate provision: €446.709 million, outturn: €418.65 million

The underspend of €28.059 million was due to higher than projected retirements and lower than projected recruitment in 2019, leading to lower than anticipated numbers of personnel serving in the PDF during the year.

A.4 Permanent Defence Force: allowances

Estimate provision: €41.202 million, outturn: €44.028 million

The overspend of €2.826 million was due to expenditure on overseas allowances, the restoration of Permanent Defence Force allowances and increases in the domestic subsistence rate.

A.5 Reserve Defence Force: pay, etc.

Estimate provision: €2.15 million, outturn: €1.551 million

The underspend of €599,000 was due to strength levels being less than targeted and as a consequence the uptake of paid training by reservists was less than anticipated.

A.6 Chaplains and officiating clergymen: pay and allowances

Estimate provision: €1.25 million, outturn: €1.103 million

The underspend of €147,000 was due to lower than anticipated numbers of chaplains serving in 2019 as a result of delays in recruitment.

A.7 Defence Forces civilian support: pay and allowances, etc.

Estimate provision: €26 million, outturn: €19.352 million

The underspend of €6.648 million was due to the fact that the number of civilian employees was less than provided for in the estimate due to lower than anticipated recruitment.

A.8 Defence Forces: capability development

Estimate provision: €75 million, outturn: €102.476 million

The overspend of €27.476 million was mainly due to the down payment under the contract for replacement of Maritime Patrol Aircraft, partly offset by delays in planned expenditure for purchase and upgrade of essential defensive equipment.

A.10 Military transport

Estimate provision: €14.19 million, outturn: €16.275 million

The overspend of €2.085 million was due to the requirement to purchase replacement military vehicles. This overspend was partly offset by lower than anticipated fuel costs and delayed parts delivery.

A.13 Defence Forces built infrastructure: construction and maintenance

Estimate provision: €28.1 million, outturn: €23.826 million

The underspend of €4.274 million was due to progress in bringing key projects to construction stage being slower than anticipated. The lengthy procurement process, coupled with engineering complexities encountered in some instances led to these delays.

A.14 Defence Forces uniforms, clothing, equipment and catering

Estimate provision: €13.98 million, outturn: €15.505 million

The overspend of €1.525 million was due to an increased requirement for expenditure on uniform costs due to high staff turnover. There was also additional necessary expenditure on ordnance equipment maintenance and spare parts.

A.15 Defence Forces communications and IT

Estimate provision: €10.74 million, outturn: €13.133 million

The overspend of €2.393 million was due to an additional requirement for professional services and essential telecommunications equipment.

A.16 Military education and training

Estimate provision: €2.15 million, outturn: €2.319 million

The overspend of €169,000 was due to a requirement for additional training courses for the Defence Forces and the purchase of additional equipment for training facilities.

A.17 Defence Forces logistics and travel

Estimate provision: €3.378 million, outturn: €3.908 million

The overspend of €530,000 was due to increased transport and freight costs associated with overseas operations in UNIFIL and UNDOF.

A.19 Lands

Estimate provision: €1 million, outturn: €855,000

The underspend of €145,000 was due to certain environmental and other projects not completed due to weather conditions.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €6.417 million

The overspend of €1.417 million arose due to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.

A.22 Miscellaneous expenditure

Estimate provision: €3.5 million, outturn: €3.773 million

The overspend of €273,000 was due to additional advertising and communication costs associated with the military recruitment campaigns and also higher than expected overseas mission support costs.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from United Nations in respect of overseas allowances, etc.	6,013	14,919	14,004
2 Receipts from EU in respect of fishery protection costs	—	—	—
3 Receipts from banks and other organisations	1,300	1,333	1,320
4 Receipts from occupation of official quarters	140	175	196
5 Receipts from rations on repayment	900	766	924
6 Receipts from other issues on repayment	20	24	25
7 Receipts for aviation fuel	40	16	30
8 Receipts on discharge by purchase	50	243	143
9 Lands and premises			
(a) rents, etc	462	560	436
(b) sales	1,250	217	14
10 Sale of surplus stores	100	83	161
11 Refunds in respect of services of seconded personnel	50	75	92
12 Miscellaneous	300	690	667
13 Receipts from additional superannuation contributions on public service remuneration ^a	11,610	12,551	13,646
14 Dormant Accounts Fund	500	502	—
Total	22,735	32,154	31,658

Note ^a 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 €9.419 million more than the original estimate. Explanations for variances are set out below:

1 Receipts from United Nations in respect of overseas allowances, etc.

Estimate: €6.013 million, realised: €14.919 million

The surplus of €8.906 million was due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts from the UN is difficult to predict. See Note 6.1.

5 Receipts from rations on repayment*Estimate: €900,000, realised: €766,000*

The shortfall of €134,000 is due to lower than anticipated numbers in the Defence Force availing of rations in 2019.

8 Receipts on discharge by purchase*Estimate: €50,000, realised: €243,000*

The surplus of €193,000 was due to the higher than anticipated numbers of Defence Force members discharging within their service contract duration.

9 Land and premises*Estimate: €1.712 million, realised: €777,000*

The shortfall of €935,000 was due to delays in the sale of military property.

12 Miscellaneous*Estimate: €300,000, realised: €690,000*

The surplus of €390,000 was mainly due to receipts in respect of refunds for education fees and return of the bank balances on the closure of four bank accounts.

13 Receipts from additional superannuation contributions on public service remuneration*Estimate: €11.61 million, realised: €12.551 million*

The surplus of €941,000 arose because receipts from additional superannuation contributions are difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Voluntary surrender of pay	12	8
Transferred to the Exchequer	(12)	(8)
Balance as at 31 December	<u>—</u>	<u>—</u>

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	9,477	9,737

5.2 Pay

Remuneration of all staff	2019	2018
	€000	€000
Pay	416,033	396,739
Higher, special or additional duties allowance	244	226
Overtime	339	416
Shift and roster allowance	228	219
Military and other allowances	37,142	33,951
Employer's PRSI	39,888	38,482
Total pay^{a, b}	493,874	470,033

Notes ^a The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for four personnel and total pay of €286,357. That office produces a separate account.

^b Total pay represents the pay elements of Subheads A.1, A.3, A.4, A.6 and A.7.

5.3 Civil servants

	2019	2018
Number of staff at year end (full time equivalents)	351	336
	2019	2018
	€000	€000
Pay	17,358	16,535
Higher, special or additional duties allowance	95	99
Other allowances	50	49
Overtime	92	102
Employer's PRSI	991	867
Total pay	18,586	17,652

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	10	4	20,505	20,610
Other allowances	20	—	8,505	8,538
Overtime	52	2	13,821	9,829
Extra remuneration in more than one category	11	1	14,726	13,816

5.4 Civilian employees

	2019	2018
Number of staff at year end (full time equivalents)	442	423

	2019 €000	2018 €000
Pay	16,049	16,305
Higher, special or additional duties allowance	149	127
Overtime	247	314
Shift and roster allowance	228	219
Travel time allowance	444	485
Tool and other allowances	200	215
Employer's PRSI	1,787	1,805
Total pay	19,104	19,470

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties allowances	66	1	11,465	8,016
Overtime	143	—	9,298	10,769
Shift and roster allowance	42	3	15,265	15,458
Travel time allowance	66	10	12,890	12,720
Tool and other allowances	271	—	3,235	3,235
Extra remuneration in more than one category	183	34	26,413	25,273

5.5 Permanent Defence Force (including Army Nursing Service and Chaplaincy)

	2019	2018
Number of staff at year end (full time equivalents)	8,684	8,978
	2019	2018
	€000	€000
Pay and military service allowance	382,626	363,899
Overseas allowances	20,751	18,768
Security duty allowances	8,905	8,068
Border duty allowance	2,121	2,256
Patrol duty allowance	2,469	2,134
Miscellaneous allowances	2,202	1,976
Employer's PRSI	37,110	35,810
Total pay	456,184	432,911

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Overseas allowances	1,922	1,013	39,184	55,000
Security duty allowances	7,293	19	18,823	19,648
Border duty allowance	531	1	12,710	44,192
Patrol duty allowance	710	1	10,668	9,195
Miscellaneous allowances	852	79	16,132	12,143
Extra remuneration in more than one category	2,920	1,146	34,532	39,252

5.6 Revenue settlement

In finalisation of an unprompted voluntary disclosure, the Department made a settlement payment to the Revenue Commissioners in February 2019 of €13,078,580 (including €2,556,420 in interest payments and €366,385 in penalties) covering the period 2011 to 2017. The settlement arose from a newly assessed tax liability on the provision of medical treatment and accommodation and certain allowances and arrangements. The liability in relation to certain medical and accommodation issues ended with effect from 1 January 2018 on foot of changes in the Finance Act 2018. Arrangements were also put in place by the Department to ensure tax compliance in respect of certain matters not included in the legislative changes.

In addition to the settlement of historical liabilities for 2011-2017 above, a payment of €72,763 was also made to the Revenue Commissioners in February 2019 for benefit-in-kind in relation to statutory public hospital charges for the dependants of enlisted members of the PDF in 2018.

These settlements were charged to Subhead A.3 Permanent Defence Force: pay.

5.7 Other remuneration arrangements

A total of €689,547 was paid to 27 retired Defence Force personnel in receipt of Defence Force pensions, ranging from €5,400 to €70,403, who were re-employed on various duties during 2019. In addition, a total of €68,693 ranging from €660 to €7,280 was paid to 22 retired public servants in receipt of public service pensions, who were re-employed on various duties during 2019. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Seconded staff

This account includes expenditure of €12,330 in respect of one officer who was serving outside the Department for part of 2019 and whose salary was paid by the Department.

This account does not include expenditure in respect of six officers who were serving outside the Department for all or part of 2019 in other Government departments/offices. Their salaries were paid by the departments/offices in which they were serving.

5.9 Payroll overpayments

	2019	2018
Number of recipients	185	147
Recovery plans in place	70	69
	€	€
Overpayments	196,132	162,198
Value of recovery plans	122,054	57,978

No overpayments were transferred from the Department of Defence to any other department/office in 2019.

5.10 Ex-gratia payments

A payment of €300 (net) was made to each of the 125 personnel serving with the 58 Infantry Group, UNDOF, based in Syria in the exceptional circumstances arising from the unexpected delay in their repatriation to Ireland. The overall gross amount was €70,091.

5.11 Arbitration and conciliation

In 2019, costs of €3,054 were incurred in relation to five arbitration and conciliation cases (2018: €2,294). A review of the Conciliation and Arbitration Scheme incurred costs of €25,620.

5.12 Medical treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

Note 6 Miscellaneous

6.1 Overseas missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs:

	2019	2018
	€000	€000
UN and EU missions:		
UNIFIL (Lebanon)	36,283	29,144
UNDOF (Golan Heights)	11,273	11,194
KFOR (Kosovo)	1,468	1,201
EUFOR (Bosnia Herzegovina)	569	529
Other UN and EU missions	4,164	3,755
	<u>53,757</u>	<u>45,823</u>
Other:		
Military representatives and advisors	1,896	1,385
Battle groups (German, UK and EU)	361	81
Organisation for Security and Co-operation in Europe	28	66
Mediterranean operations (search and rescue)	229	3,673
Total	<u>56,271</u>	<u>51,028</u>

Of the sum of €53.76 million for UN and EU missions, €6.2 million relates to missions, the full costs of which are borne by the State. The remaining €47.56 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of re-imbursements from the UN are dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2019 was €14.9 million, made up of €7.8 million for personnel costs and €7.1 million for equipment costs.

The amount outstanding at year end was €3.8 million (€2 million personnel costs and €1.8 million equipment costs).

6.2 Support for Defence Forces' representative associations

This account includes a total of €555,215 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-offs

The following sums were written off in the year.

	2019	2018
	€000	€000
Damage to military vehicles	<u>73</u>	<u>55</u>

6.4 Compensation and legal costs

				2019	2018	
	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	Total €000	Total €000
Employees of the Vote						
Personal injury cases	214	1,032	2,150	814	3,996	5,912
Administrative/ employment related cases	82	15	43	1,150	1,208	851
Members of the public						
Personal injury	32	121	1,027	48	1,196	335
		<u>1,168</u>	<u>3,220</u>	<u>2,012</u>	<u>6,400</u>	<u>7,098</u>

Note The above figures relate to all cases where payment was made in 2019. These include cases that were settled in prior years, those settled in 2019 and those still open.

Appendix A Schedule of land and buildings

1. Vested in the Minister for Defence

Property	Area (hectares) ^a
Clare	
Knockalisheen Camp	49.96
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.22
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.23
Fitzgerald Camp, Fermoy	0.40
RDF Premises, Kilcrohane	0.40
Michael Collins Memorial Plot, Béal na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.03
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	276.93
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.40
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.12
Curragh Lands – Kildare by-pass	—
Nos. 2, 78, and 96 Orchard Park, Curragh	0.06
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

Property	Area (hectares) ^a
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmoney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (hectares) ^a
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to TII	10.69
Bere Island	91.05
Naval Base, Haulbowline ^b	33.99
Fort Davis, Whitegate	22.04
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.27
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.01
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Louth	
Aiken Barracks, Dundalk	7.28
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20

Property	Area (hectares) ^a
Tipperary	
Military Barracks, Nenagh	1.2
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

Notes ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

^b Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the former ISPAT site.

Appendix B Accounts of bodies and funds under the aegis of the Department of Defence

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Ombudsman for the Defence Forces	2018	28 Jun 2019	30 Jul 2019	25 Feb 2020
Defence Forces Canteen Board	2018	30 Sep 2019	4 Oct 2019	25 Feb 2020

Appropriation Account 2019

Vote 37

**Employment Affairs and Social
Protection**

Introduction

As Accounting Officer for Vote 37, 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 the salaries and expenses of the Office of the Minister for Employment Affairs and Social Protection, for certain services administered by that Office, for payments to the Social Insurance Fund (SIF) and for certain grants.

The expenditure outturn is compared with the sums

- a) 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, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €51.460 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.

Provision of agency services

The Department continues to act as a paying agent of the Department of Finance for the purpose of the discharge of the approved liabilities of the Waterford Crystal pensioners' lump sum payments and Waterford Crystal ongoing pensions payments, under section 48B of the Pensions Act 1990 as inserted by section 4 of the Social Welfare and Pensions (No.2) Act 2014. Funding is drawn down by the Department from the Central Fund and transferred by the Department to the National Shared Services Office, who commenced processing the individual payments from October 2017. The amounts paid are reported in the Finance Accounts.

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 27 of 2019, have been applied in the preparation of the account with the exception of the following:

Recovery of overpayments

Recovery of debt in respect of general/income-support scheme overpayments is brought to account as follows.

- Cash and deduction recoveries received are brought to account on the date they are matched against the relevant debt holder. Unmatched recovery amounts are held in suspense and are brought to account as income with a corresponding reduction in debt on their identification. As Vote 37 is the dominant recipient of overpayment receipts, unmatched receipts are held in a Vote 37 suspense account pending resolution and subsequent posting to Vote 37 or SIF as appropriate.
- Cash and deduction recoveries in respect of the previous accounting years are treated as income of the current accounting year. Cash and deduction recoveries in respect of the current accounting year are netted off against the expenditure for the current accounting year.

Recognition of payments

Payments consist of those sums which come in the course of payment during the year. Sums are deemed to have come in the course of payment where the liability has been incurred, payment is due and the instruction for the payment (cheque or electronic funds transfer) has been effected on the relevant payment system. Cash welfare payments made through An Post are recognised upon disbursement. Where the normal due payment date falls on a bank holiday, it may be necessary to issue payments early. At year-end, payments issued early by electronic funds transfer by banks or early encashment by customers in post offices, which refer to the subsequent year, are normally recognised as prepayments.

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 and the National Shared Services Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer for the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Department.

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

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.

Control of capital assets

A multi-year plan to address asset identification including retirements and transfers, asset tagging and periodic inventories was implemented in 2019.

Significant data cleansing of the asset register occurred during 2019. The Department identified a number of IT software assets on the register that had become obsolete, a number of IT hardware assets which had been replaced and furniture and fittings with asset values of under €1,000. Prior to 2019 the Department had capitalised assets less than the €1,000 threshold. Approximately €43 million of these assets were retired in 2019. Ongoing data cleansing of the asset register is in progress to ensure assets can be traced from the asset register back to physical inventory or equivalent.

A new tag/barcode format was developed in conjunction with our IT support contractors. The asset barcode format is compatible with future Financial Management Shared Services plans. The Department has produced tags for asset additions in 2018 and 2019. Tagging of asset additions prior to 2018 will continue in 2020. Development work on a scanning methodology to record these tagged assets has commenced.

Scheduled weekly inventory scans of IT hardware and software were completed by the Lansweeper system an agentless IT asset management and Network Inventory software. The Department can run reports on a weekly, monthly or ad hoc basis to ascertain what IT assets are linked to the Department's network.

Following the major data cleansing exercise detailed above, in 2020 the Department plans to send inventory details to business areas to verify existence of furniture and fittings. This will be completed on a rotational basis to ensure coverage of all areas over a number of years.

Debt reconciliations

The Department's debt and receipts accounting system (DRAS) allows for the automatic recording and posting of debt recovered in its local offices, from its receiving bank accounts and by way of deduction from the Department's payments to customers.

Since the introduction of DRAS in late 2014, the annual statements on internal financial control (SIFCs) have made reference to unresolved variances in regard to DRAS related debtors, amounts recovered and bank and cash balances. The Department has applied additional resources to this area and has made substantial progress in addressing these issues during 2018 and 2019. The following area is now the focus of attention:

Unmatched amounts

Overpaid customers sometimes make repayment with insufficient details to associate it with their outstanding debt. As a result, in some cases, the Department is constrained from identifying and matching these amounts to the customer. Since DRAS went live in 2014 over €400 million in recovered overpayments was processed on DRAS. As at 31 December 2019, the total amount recorded on the Department's accounting system for unmatched overpayment recoveries is €3.2 million (2018: €3.2 million). Unmatched amounts may also include amounts processed in advance of debts being raised and customer payments which require refunds.

Work has now commenced on resolving these unmatched amounts and consists of: (a) a reconciliation of unmatched customer receipts in suspense on DRAS with unmatched receipts on the Department's accounting system; and (b) an age analysis of those receipts with a view to bringing to account, on a permanent basis, those amounts that have been fully investigated but remain unresolved.

Covid-19 claims processing

As of 27 March 2020, the Department had received and processed over 392,000 claims related to the Covid-19 outbreak. This was equivalent to receiving a 19 month claim-load in just two weeks.

Given the extremely high volume of claims, the projections regarding the likely infection rate of Covid-19 among the population, including the Department's staff, which would affect the capacity to process claims, and the overriding public health and public interest considerations, it was neither possible nor appropriate to exercise all of the normal control checks when registering claims. All claims were also processed at a single flat rate of €350 per week.

This approach created a high level of risk – both in the level of control applied to the scheme but also in relation to information technology where, in effect, a new payment system was built and implemented in less than a week.

While, as Accounting Officer, I am not normally disposed to accepting such a high level of risk, I was satisfied on this occasion that the approach followed was both necessary and proportionate and was in the public interest.

I was also satisfied that the risk was mitigated somewhat by a number of underlying control and eligibility checks. These checks looked at a range of issues including age, address, attachment to employment, PPSN validity, duplicate claiming and ensuring that there was no overlap in cases where individuals were also receiving payment through the Temporary Wage Subsidy Scheme. Departmental risk registers and business plans have been updated to both identify and deal with the risks associated with covid-19 claim processing. An additional rate of €203 has been introduced from 29 June 2020 along with the original flat rate of €350.

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. This includes the following elements:

- 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
- the Department ensures that there is 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 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Non-compliance with procurement rules

I confirm that the Department 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 Department reported in the 40/02 return to the Department of Public Expenditure and Reform and to the Office of the Comptroller and Auditor General that in 2019 eight contracts to the value of €1,184,095 entered into were not subject to a competitive procurement process. There were also twenty four contracts to deliver the EmployAbility Service, with a total value of €8,850,000, that were not subject to a competitive tender process which should have been included in the 40/02 return for 2019.

Of the total non-competitive procurement of €10,034,095:

- Seven contracts with a total value of €891,415 were deemed to be compliant as they involved procurement of proprietary goods/services where competition was absent for technical reasons.
- Twenty five contracts with a total value of €9,142,680 were deemed to be non-compliant as follows:
 - One supply contract with a value of €292,680 was rolled over as the Department was awaiting the conclusion of a legal challenge on an Office of Government Procurement framework. As a result, the Department was required to issue its own request for tender to regularise the matter and a new contract has since been put in place.
 - Twenty four service provider contracts with a total cost of €8,850,000 in 2019 to deliver the EmployAbility Service across the State. The EmployAbility service, operated by community and voluntary organisations, delivers activation support to jobseekers with disabilities. The 24 contracts are renewed on an annual basis. The Department is reviewing how such services should be procured and delivered on an ongoing basis in line with public procurement procedures.

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 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 the business area responsible for the risk actions.

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 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 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 require disclosure in the appropriation account.

John McKeon

Accounting Officer

Department of Employment Affairs and Social Protection

31 August 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 37 Employment Affairs and Social Protection

Opinion on the appropriation account

I have audited the appropriation account for Vote 37 Employment Affairs and Social Protection 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 37 Employment Affairs and Social Protection 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 Employment Affairs and Social Protection 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*.

Regularity of expenditure

Chapter 4 of my report on the accounts of the public services for 2019 refers to welfare payments in excess of entitlement included in the 2019 account for Vote 37. I consider the estimated level of irregular payment to be material. The chapter also examines the Department's control over welfare payments.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2019.

Seamus McCarthy
Comptroller and Auditor General

31 August 2020

Vote 37 Employment Affairs and Social Protection

Appropriation Account 2019

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
Social assistance schemes, services, administration and payment to Social Insurance Fund				
Administration				
	<i>Original</i>	569,517		
	<i>Deferred surrender</i>	1,000		
	<i>Supplementary</i>	<u>(15,000)</u>		
			555,517	541,140
				541,396
Pensions				
	<i>Original</i>	1,022,075		
	<i>Supplementary</i>	<u>25,825</u>		
			1,047,900	1,042,838
				1,020,260
Working age – income supports				
	<i>Original</i>	2,384,595		
	<i>Supplementary</i>	<u>49,910</u>		
			2,434,505	2,426,227
				2,610,477
Working age – employment supports				
	<i>Original</i>	723,540		
	<i>Supplementary</i>	<u>(8,600)</u>		
			714,940	712,375
				773,863
Illness, disability and carers				
	<i>Original</i>	2,941,220		
	<i>Supplementary</i>	<u>93,265</u>		
			3,034,485	3,021,168
				2,803,538
Children				
	<i>Original</i>	2,635,560		
	<i>Supplementary</i>	<u>(21,360)</u>		
			2,614,200	2,615,036
				2,611,287
Supplementary payments, etc.				
	<i>Original</i>	549,766		
	<i>Supplementary</i>	<u>(32,840)</u>		
			516,926	512,377
				573,426
Subvention to the Social Insurance Fund				
			—	—
Gross expenditure				
	<i>Original</i>	10,826,273		
	<i>Deferred surrender</i>	1,000		
	<i>Supplementary</i>	<u>91,200</u>		
			10,918,473	10,871,161
				10,934,247

*Deduct***Appropriations-in-aid**

<i>Original</i>	226,500
<i>Supplementary</i>	<u>(8,800)</u>

217,700	223,035	207,009
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Net expenditure

<i>Original</i>	10,599,773
<i>Deferred surrender</i>	1,000
<i>Supplementary</i>	<u>100,000</u>

10,700,773	10,648,126	10,727,238
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Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €1.187 million of unspent allocations in respect of capital elements of subhead A.2 (vi) was carried forward to 2020.

	2019	2018
	€	€
Surplus	52,647,107	39,887,039
Deferred surrender	(1,187,000)	(1,000,000)
Surplus to be surrendered	<u>51,460,107</u>	<u>38,887,039</u>

John McKeon

Accounting Officer
Department of Employment Affairs and Social Protection

31 August 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	10,330,021	10,392,851
Pay	294,952	295,329
Non pay	246,188	246,067
Gross expenditure	10,871,161	10,934,247
<i>Deduct</i>		
Appropriations-in-aid	223,035	207,009
Net expenditure	10,648,126	10,727,238
Changes in capital assets		
Purchases cash	(10,891)	
Depreciation	19,021	
Loss on disposal/write-off	2	8,132
		(35,592)
Changes in net current assets		
Decrease in closing accruals	(3,835)	
Decrease in stock	27	(3,808)
		(4,827)
Direct expenditure	10,652,450	10,686,819
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	84,457	79,881
Notional rents	14,386	14,019
Net programme cost	10,751,293	10,780,719

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 37 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	364	492
Vote 12 Superannuation and Retired Allowances	69,985	64,741
Vote 13 Office of Public Works	13,421	13,959
Vote 18 National Shared Services Office	659	661
Central Fund – Ministerial pensions	28	28
	84,457	79,881

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	136,714	152,062
Current assets			
Stocks	2.3	269	296
Other debit balances	2.4	70,430	204,961
Prepayments	2.11	64,376	65,124
Net Exchequer funding	2.6	3,334	(7,151)
Total current assets		138,409	263,230
Less current liabilities			
Bank and cash	2.2	38,434	170,842
Accrued expenses	2.12	48,247	52,830
Other credit balances	2.5	35,330	26,968
Total current liabilities		122,011	250,640
Net current assets		16,398	12,590
Net assets		153,112	164,652
Represented by:			
State funding account	2.7	153,112	164,652

2.1 Capital assets

	Furniture and fittings	Office equipment	Assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	31,896	353,496	19,153	404,545
Adjustment ^a	—	—	(4,033)	(4,033)
Additions	326	3,487	7,078	10,891
Disposals	(31)	(4,425)	—	(4,456)
Write-off ^b	(6,450)	(36,156)	—	(42,606)
Transfers	—	3,859	(3,859)	—
Cost or valuation at 31 December 2019	25,741	320,261	18,339	364,341
Accumulated Depreciation				
Opening balance at 1 January 2019	28,535	223,948	—	252,483
Adjustment ^c	—	3,183	—	3,183
Depreciation for the year	801	18,220	—	19,021
Depreciation on disposals/write-off	(6,481)	(40,579)	—	(47,060)
Cumulative depreciation at 31 December 2019	22,855	204,772	—	227,627
Net assets at 31 December 2019	2,886	115,489	18,339	136,714
Net assets at 31 December 2018	3,361	129,548	19,153	152,062

Note ^a Adjustments totalling €4.033 million were made to capital assets under development (CAUD) as non-capital expenditure incurred in previous years had been incorrectly classified as expenditure in respect of CAUD projects.

^b Write-off consist of software, IT hardware, furniture and equipment including franking machines, photocopiers, tables, chairs, etc. Significant data cleansing of the asset register occurred during 2019. The Department identified a number of IT software assets on the register that had become obsolete, a number of IT hardware assets which had been replaced and furniture and fittings with asset values of under €1,000. All of these assets had been fully-depreciated and were no longer in use.

^c Of the €3.859 million of CAUD projects that were transferred to office equipment during the period, €3.183 million related to assets already in use by the Department and that should have been transferred and depreciated in previous years.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
An Post advance balances ^a	110,841	142,290
PMG balances (overdraft)	(179,044)	(336,056)
Commercial bank and cash	29,769	22,924
	(38,434)	(170,842)

Note ^a As scheme paying agent, An Post is pre-funded by Vote 37 and the SIF to meet the Department's expenditure liabilities as they fall due. At the end of 2019, the combined balance held by An Post in respect of Vote 37 and the SIF was €185.8 million. The combined corresponding balance at the end of 2018 was €235.2 million.

2.3 Stocks

at 31 December	2019	2018
	€000	€000
Stationery	246	268
IT consumables	23	28
	269	296

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Advances to An Post for postage expenditure	1,007	1,007
Advances to OPW for office furniture, building and electrical work	901	475
Advances to Pobal	5,836	6,801
Scheme prepayments ^a	28,405	154,595
Other debit suspense	2,227	2,877
<i>Due from SIF in respect of</i>		
• Vote related receipts recovered through SIF	16,719	23,285
• payments by Vote on behalf of SIF	14,436	15,222
• imprest payments receivable from SIF	899	699
	70,430	204,961

Note ^a At 31 December 2019, there were prepayments for Vote schemes of €28.405 million of which €9.7 million were made via An Post and €18.705 million were made via bank electronic funds transfer.

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	6,345	3,574
Pay related social insurance	4,599	2,462
Universal social charge ^a	1,306	747
Professional services withholding tax	3,701	1,890
Value added tax	85	95
Pension contributions	2,103	754
Local property tax ^b	83	61
Extra Exchequer receipts	6	8
	<u>18,228</u>	<u>9,591</u>
Payroll deductions ^a	2,197	1,359
<i>Due to SIF in respect of</i>		
• payments by SIF on behalf of Vote	9,335	11,549
• imprest payments received from SIF	984	448
Unmatched overpayment recoveries	3,169	3,209
Debt recovery on behalf of other EU countries	839	724
Other credit suspense items ^c	578	88
	<u>35,330</u>	<u>26,968</u>

- Note ^a The year-end universal social charge (USC) balance is disclosed as a separate line item under the 'Amounts due to the State' heading. In previous years, the year end USC balance was included in the payroll deductions figure. The comparative figures have been represented on the same basis as the current year.
- ^b Under Section 84 of the Finance (Local Property Tax) Act 2012, the Revenue Commissioners may direct the Department to make deductions from certain scheme payments in respect of liable persons for local property tax. The Department also make voluntary deductions of local property tax from some staff salaries. Amounts paid over to the Revenue Commissioners in 2019 were €668,000 and €295,000 respectively.
- ^c The Department opened a new suspense account during the year to facilitate the receipt of €50,000 from the Irish Government Economic and Evaluation Service Research Fund.

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	51,460	38,887
Deferred surrender	1,187	1,000
Exchequer grant undrawn	(55,981)	(32,736)
Net Exchequer funding	(3,334)	7,151
Represented by:		
Debtors		
Debit balances: suspense	70,430	204,961
Creditors		
Bank and cash	(38,434)	(170,842)
Due to State	(18,228)	(9,591)
Credit balances: suspense	(17,102)	(17,377)
	(73,764)	(197,810)
	(3,334)	7,151

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		164,652	124,233
Disbursements from the Vote			
Estimate provision	Account	10,700,773	
Deferred surrender	Account	(1,187)	
Surplus to be surrendered	Account	(51,460)	
Net vote		10,648,126	10,727,238
Expenditure (cash) borne elsewhere	1.1	84,457	79,881
Non cash expenditure – notional rent	1	14,386	14,019
Net assets adjustment	2.1	(4,033)	
Depreciation adjusted	2.1	(3,183)	
Net programme cost	1	(10,751,293)	(10,780,719)
Balance at 31 December		153,112	164,652

2.8 Commitments

Global commitments		
At 31 December	2019	2018
	€000	€000
Procurement of goods and services	38,909	37,124
Capital projects	18,417	19,458
Total of legally enforceable commitments	57,326	56,582

2.9 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	90	809

2.10 Contingent liabilities

The Department is involved in 232 legal cases which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

2.11 Prepayments

at 31 December	2019	2018
	€000	€000
Administration expenses	104	243
Office expenses	903	4,169
Programme advances/floats ^a	63,098	60,712
Consultancy	271	—
	64,376	65,124

Note ^a The Department provides advance funding to some organisations delivering schemes. These include advances or floats for cash flow paid to schemes and other organisations providing Community Employment, Jobs Initiative, Local Employment Services and Job Clubs. Advances are provided to Community Employment and Jobs Initiative schemes prior to commencement to cover initial expenses and are generally recouped within 12 months of issue. Floats are provided to Local Employment Services and Job Clubs to cover ongoing expenses and are reconciled on an ongoing basis with each payment made. This money relates to organisations as opposed to individual claimants.

2.12 Accrued expenses

At 31 December	2019	2018
	€000	€000
Administration expenses	4,442	4,071
Office expenses	8,945	11,462
Consultancy expenses	78	83
Programme costs ^a	34,782	37,214
	<u>48,247</u>	<u>52,830</u>

Note ^a Moneys owed to organisations providing Community Employment, Jobs Initiative and Local Employment Services on behalf of the Department. This money relates to organisations as opposed to individual claimants.

Note 3 Vote Expenditure

Analysis of administration expenditure

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	<i>Original</i>	303,890			
	<i>Supplementary</i>	<u>(6,248)</u>			
			297,642	294,952	295,329
ii	Travel and subsistence				
	<i>Original</i>	5,000			
	<i>Supplementary</i>	<u>(200)</u>			
			4,800	4,695	4,484
iii	Training and development and incidental expenses				
	<i>Original</i>	15,687			
	<i>Supplementary</i>	<u>(2,907)</u>			
			12,780	11,322	9,506
iv	Postal and telecommunication services				
	<i>Original</i>	16,400			
	<i>Supplementary</i>	<u>(2,000)</u>			
			14,400	12,707	15,595
v	Office equipment and external IT services				
	<i>Original</i>	61,590			
	<i>Supplementary</i>	<u>(270)</u>			
			61,320	54,657	47,340
vi	Office premises expenses				
	<i>Original</i>	19,950			
	<i>Deferred surrender</i>	1,000			
	<i>Supplementary</i>	<u>(2,925)</u>			
			18,025	15,267	16,198
vii	Consultancy services				
	<i>Original</i>	2,100			
	<i>Supplementary</i>	<u>(1,300)</u>			
			800	476	710

viii	Payments for agency services				
		<i>Original</i>	128,500		
		<i>Supplementary</i>	<u>3,550</u>		
				132,050	134,156
					139,024
ix	eGovernment related projects				
		<i>Original</i>	16,400		
		<i>Supplementary</i>	<u>(2,700)</u>		
				13,700	12,908
				<u>555,517</u>	<u>541,140</u>
					<u>13,210</u>
					<u>541,396</u>

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: €15.687 million, outturn: €11.322 million

The underspend of €4.4 million relative to the estimate provision was because:

- The original estimate contained a contingency of €2 million that was not required.
- €2.4 million of savings was achieved on various incidental expenses including staff training (€1.1 million), research support (€500,000), shared services (€325,000), hire of rooms (€331,000) and compensation (€142,000).

An amount of €2.9 million was surrendered as part of the supplementary estimate to reflect lower costs. The final outturn was €1.46 million (11%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

vii Consultancy services

Estimate provision: €2.1 million, outturn: €476,000

The underspend of €1.6 million relative to the estimate provision was because:

- One project with a value of €150,000 commenced later than originally planned. Work began in late 2019 but the payments will fall in 2020
- Due to administration delays, payment of €25,000 for one project carried forward into 2020.
- Following due diligence on another project with a budgeted value of €100,000, it was agreed consultancy services were not required
- Due to demands on business areas, a number of projects totalling €1.3 million that were approved in 2019 have been rescheduled to be undertaken in 2020.

An amount of €1.3 million was surrendered as part of the supplementary estimate to reflect lower costs. The final outturn was €0.3 million (40%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

Programme A Social assistance schemes, services, administration and payment to Social Insurance Fund

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
Administration				
A.1	Administration – pay			
	<i>Original</i>	303,890		
	<i>Supplementary</i>	(6,248)		
			297,642	294,952
A.2	Administration – non pay			295,329
	<i>Original</i>	265,627		
	<i>Deferred surrender</i>	1,000		
	<i>Supplementary</i>	(8,752)		
			257,875	246,188
				246,067
Pensions				
A.3	State Pension (Non-Contributory)			
	<i>Original</i>	1,022,075		
	<i>Supplementary</i>	25,825		
			1,047,900	1,042,838
				1,020,260
Working age – Income Supports				
A.4	Jobseeker's Allowance			
	<i>Original</i>	1,606,770		
	<i>Supplementary</i>	27,430		
			1,634,200	1,628,172
				1,840,750
A.5	One-parent Family Payment			
	<i>Original</i>	527,700		
	<i>Supplementary</i>	6,600		
			534,300	533,122
				511,088
A.6	Widows'/Widowers'/ Surviving Civil Partners' (Non-Contributory) Pension			
	<i>Original</i>	13,670		
	<i>Supplementary</i>	330		
			14,000	13,938
				14,263
A.7	Deserted Wife's Allowance		955	959
				1,192

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
A.8	Basic Supplementary Welfare Allowance Payments	<i>Original</i>	106,540		
		<i>Supplementary</i>	13,260		
				119,800	120,175
A.9	Farm Assist	<i>Original</i>	72,050		
		<i>Supplementary</i>	(3,300)		
				68,750	68,569
A.10	Exceptional and Urgent Needs Payments	<i>Original</i>	38,775		
		<i>Supplementary</i>	4,725		
				43,500	43,206
A.11	Other Working Age – Income Supports	<i>Original</i>	18,135		
		<i>Supplementary</i>	865		
				19,000	18,086
					15,242
Working Age – Employment Supports					
A.12	Community Employment Programme	<i>Original</i>	345,115		
		<i>Supplementary</i>	4,085		
				349,200	353,366
A.13	Rural Social Scheme	<i>Original</i>	53,115		
		<i>Supplementary</i>	385		
				53,500	52,817
A.14	Tús	<i>Original</i>	95,000		
		<i>Supplementary</i>	4,600		
				99,600	99,048
A.15	Jobs initiative			17,490	16,417
A.16	Back to Work Enterprise Allowance	<i>Original</i>	70,360		
		<i>Supplementary</i>	(10,200)		
				60,160	59,695
A.17	Youth Employment Support Scheme	<i>Original</i>	5,000		
		<i>Supplementary</i>	(4,200)		
				800	2,014
					33

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
A.18	Back to Education Allowance			
	<i>Original</i>	61,670		
	<i>Supplementary</i>	4,430		
			66,100	65,327
A.19	Back to Work Family Dividend			78,687
	<i>Original</i>	21,270		
	<i>Supplementary</i>	(2,600)		
			18,670	18,357
A.20	JobsPlus			21,044
	<i>Original</i>	20,200		
	<i>Supplementary</i>	(5,100)		
			15,100	14,390
A.21	Local Employment Service		19,300	18,318
A.22	Jobs Clubs		5,400	4,841
A.23	Other Working Age – Employment Supports		9,620	7,785
				10,294
Illness, Disability and Carers				
A.24	Disability Allowance			
	<i>Original</i>	1,649,990		
	<i>Supplementary</i>	60,510		
			1,710,500	1,705,778
A.25	Blind Pension		13,625	12,971
A.26	Carer's Allowance			13,308
	<i>Original</i>	837,360		
	<i>Supplementary</i>	29,340		
			866,700	862,447
A.27	Domiciliary Care Allowance			795,363
	<i>Original</i>	182,235		
	<i>Supplementary</i>	1,365		
			183,600	182,485
A.28	Carer's Support Grant			168,417
	<i>Original</i>	217,930		
	<i>Supplementary</i>	2,470		
			220,400	219,535
A.29	Disability Activation Supports			203,958
	<i>Original</i>	15,360		
	<i>Supplementary</i>	(1,100)		
			14,260	14,142
A.30	Wage Subsidy Scheme			13,913
	<i>Original</i>	24,720		
	<i>Supplementary</i>	680		
			25,400	23,810
				22,321

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
Children				
A.31	Child Benefit			
	<i>Original</i>	2,097,460		
	<i>Supplementary</i>	4,540		
			2,102,000	2,102,435
A.32	Working Family Payment			2,096,671
	<i>Original</i>	416,440		
	<i>Supplementary</i>	(19,300)		
			397,140	397,204
A.33	Back-to-School Clothing and Footwear Allowance			410,546
	<i>Original</i>	56,270		
	<i>Supplementary</i>	(2,600)		
			53,670	53,451
A.34	School Meals Scheme			47,402
	<i>Original</i>	57,600		
	<i>Supplementary</i>	(4,000)		
			53,600	54,312
A.35	Other Child Related Payments		7,790	7,634
				49,165
				7,503
Supplementary Payments, Agencies and Miscellaneous Services				
A.36	Rent Supplement			
	<i>Original</i>	132,395		
	<i>Supplementary</i>	(6,900)		
			125,495	125,248
A.37	Telephone Support Allowance			175,032
	<i>Original</i>	7,540		
	<i>Supplementary</i>	660		
			8,200	8,143
A.38	Household Benefits Package			4,559
	<i>Original</i>	89,873		
	<i>Supplementary</i>	(20,200)		
			69,673	69,290
A.39	Free Travel		95,000	93,919
A.40	Fuel Allowance			86,813
	<i>Original</i>	150,292		
	<i>Supplementary</i>	(3,000)		
			147,292	147,363
A.41	Grant to the Citizens Information Board			152,669
	<i>Original</i>	59,260		
	<i>Supplementary</i>	(1,100)		
			58,160	56,462
				54,775

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.42	Miscellaneous Services			
	<i>Original</i>	14,916		
	<i>Supplementary</i>	(2,300)		
			12,616	12,231
A.43	Low Pay Commission		490	403
			11,589	
Subvention to the Social Insurance Fund				
A.44	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005		—	—
			10,918,473	10,871,161
				10,934,247

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €43.888 million higher than originally provided. This was made up of the following:

- An underspend of €29.377 million of this related to administration expenditure. The significant variances in individual subheads (+/-25% and €100,000) have already been explained.
- An overspend of €73.265 million relates to scheme and service subheads. The main variances are described below.

A decision on whether to pay a Christmas bonus, and at what rate, to long-term social welfare recipients is made by Government around October each year, in the context of the following year's budget. In 2019, approximately €279.4 million of total scheme payments related to the Christmas bonus, which has an impact on scheme expenditure and, by extension, average payment values, is thus not included in the original estimate.

A.8 Basic Supplementary Welfare Allowance Payment

Estimate provision: €106.54 million, outturn: €120.175 million

Expenditure was €13.7 million higher relative to the estimate provision due to:

- Higher average recipient numbers (16,140) than provided for in the original estimates (15,400). The increase in Basic Supplementary Welfare Allowance (Basic SWA) claim numbers is mainly relative to higher numbers of Illness, Disability and Caring claims receiving Basic SWA while awaiting a decision on their claim. This cost an extra €7.6 million.
- Higher average weekly payment values (€205.44) than provided for in the original estimate (€197.68). This cost an additional €6.6 million, of which €0.9 million related to the decision to pay a 100% Christmas bonus.
- Recoupment of expenditure from primary schemes (e.g. Disability Allowance, Jobseekers Allowance) where the recipient had been claiming Supplementary Welfare Allowance pending resolution of their claim. Outturn was €52.5 million compared to €52 million in the original estimate. This resulted in a saving of €0.5 million.

A supplementary estimate of €13.2 million was sought to reflect emerging trends. The final outturn was €0.4 million greater than the final allocation.

A.10 Exceptional and Urgent Needs Payments

Estimate provision: €38.775 million, outturn: €43.206 million

Expenditure was €4.4 million higher relative to the estimate provision mainly due to:

- Higher average payment cost for claims, €109.39 higher than estimated costing €10.8 million. This was due to higher costs in relation to the Housing category paid under the subhead i.e. higher cost of deposits and accommodation kit outs.
- Offset by lower number of claims than predicted, 12,580 lower, saving €6.4 million.
- Included in this saving would be the cessation in January 2019 of supplementary welfare payments paid to homeless persons for Hostel/B&B accommodation. The provision of emergency accommodation for homeless persons is the responsibility of local authorities and the arrangement whereby supplementary welfare payments were used to fund this has ceased.

Given the nature of this scheme it can be difficult to accurately predict from year to year the number of recipients.

A.15 Jobs Initiative

Estimate provision: €17.49 million, outturn: €16.417 million

Expenditure was €1.1 million lower relative to the estimate due to:

- Lower average payment values for participants (€429.20) than provided for in the original estimate (€448.20). This resulted in a saving of €0.7 million.
- Average number of participants and supervisors were slightly lower than provided for in the original estimate. This saved €0.3 million.
- Other non-payroll costs were €0.2 million lower than provided for in the 2019 original estimate.
- Offset by average payment values for supervisors (€814.81) were higher than provided for in the original estimate (€740.46). This cost an extra €0.1 million.

A.16 Back to Work Enterprise Allowance

Estimate provision: €70.36 million, outturn: €59.695 million

Expenditure was €10.7 million lower relative to the estimate provision due to:

- Average number of recipients (5,620) were lower than provided for in the original estimate (6,520) due to an improved labour market, resulting in lower demand for the scheme. This saved €9.8 million.
- Average payment values (€204.31) were lower than provided for in the original estimate (€207.18) due to a decline in the number of recipients. This saved €0.8 million (the underlying saving would have been higher except that a Christmas bonus costing €0.9 million was paid in 2019).
- Inter-scheme adjustments were lower than provided for in the original estimate resulting in a saving of €0.1 million.

An amount of €10.2 million was surrendered as part of the supplementary estimate.

A.17 Youth Employment Support Scheme

Estimate provision: €5 million, outturn: €2.014 million

Expenditure was €3 million lower relative to the estimate provision due to lower take-up on the scheme than originally estimated caused by a number of factors including the improved labour market conditions.

An amount of €4.2 million was surrendered as part of the supplementary estimate to reflect this. The savings were used to fund excess expenditure on other subheads. Following a review in 2019, €1.3 million was charged to this subhead having been previously charged to other subheads.

A.18 Back to Education Allowance

Estimate provision: €61.67 million, outturn: €65.327 million

The level of demand for Back to Education Allowance for the 2018/2019 academic year (beginning in September 2018) and 2019/2020 academic year (beginning in September 2019) could not be predicted accurately when the 2019 estimates were finalised in early October 2018. The decline in recipient numbers which materialised in 2019 was less than provided for in the 2019 REV estimates, resulting in expenditure exceeding the estimate by €3.6 million. This was made up as follows:

- Higher average recipient numbers (7,523) than provided for in the original estimate (7,402). This cost an extra €1 million.
- Higher average payment values (€227.96) than provided for in the original estimates (€221.78). This cost an extra €1.5 million (the cost of paying the Christmas bonus was €1.8 million so there would have been an underlying saving before account was taken of bonus).
- Summer expenditure was higher (€5.2 million) than provided for in the original estimate (€4.1 million). This cost an extra €1.1 million.

A supplementary estimate of €4.4 million was provided to fund emerging trends. The final outturn was €775,000 (1.2%) lower than the final estimate. The savings were used to fund excess expenditure on other subheads.

A.19 Back to Work Family Dividend

Estimate provision: €21.27 million, outturn: €18.357 million

Expenditure was €2.9 million lower relative to the estimate provision due to:

- Lower average recipient numbers (6,420) than provided for in the original estimate (7,131). This resulted in a saving of €2 million.
- Lower average payment values (€54.95) than provided for in the original estimate (€57.33). This resulted in a saving of €0.9 million. This is net of the cost of the Christmas bonus of €0.3 million.

An amount of €2.6 million was surrendered as part of the supplementary estimate. The outturn was €0.3 million (1.7%) less than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.20 JobsPlus

Estimate provision: €20.2 million, outturn: €14.39 million

Due to an improvement in the labour market, including a decline in the number of long-term unemployed people, there was a decrease in participants from 4,295 in December 2018 to 2,696 in December 2019. This has resulted in an underspend of €5.8 million.

- Lower average recipient numbers (2,696) than provided for in the original estimate (3,660). This resulted in a saving of €5.3 million.
- Lower average payment values (€444.86) compared to the original estimate (€460.00). This resulted in a saving of €0.5 million.

€5.1 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.7 million (4.7%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.21 Local Employment Service

Estimate provision: €19.3 million, outturn: €18.318 million

The underspend of €1 million reflected improved labour market conditions and was due to:

- The Local Employment Services (LES) is only reimbursed for expenditure that has occurred during the financial year.
- Lower Mediation Intervention Grants (€0.9 million) than provided for in the original estimate (€1.5 million). This resulted in a saving of €0.6 million.
- Lower operational costs (€3.2 million) than provided for in the original estimate (€3.5 million). This resulted in a saving of €0.3 million.
- Lower contracted staff costs than provided for in the estimate saved €0.1 million.

A.22 Jobs Clubs

Estimate provision: €5.4 million, outturn: €4.841 million

Expenditure was €0.6 million lower relative to the estimate provision reflecting improved labour market conditions and due to lower contracted salary costs and lower operational costs:

- Lower travel and subsistence costs (€0.2 million) than provided for in the original estimate (€0.5 million). This resulted in a saving of €0.3 million.
- Lower salary costs (€3.6 million) than provided for in the original estimate (€3.8 million). This resulted in a saving of €0.2 million.
- Lower operational costs (€1 million) than provided for in the original estimate (€1.1 million). This resulted in a saving of €0.1 million.

A.23 Other Working Age – Employment Supports

Estimate provision: €9.62 million, outturn: €7.785 million

Expenditure was €1.8 million lower relative to the estimate provision mainly due to:

- Underspend occurred on Enterprise Support Grant (€0.5 million), Activation and Family Supports (€0.4 million), Part-time Jobs Initiative (€0.4 million), on Technical Support Grants (€0.3 million), on Drugs Task Force (€0.1 million) and on European initiatives (€0.1 million).

All of the above schemes are demand led and, due to an improved labour market in 2019 take up was less than provided for in the original estimate.

A.29 Disability Activation Supports

Estimate provision: €15.36 million, outturn: €14.142 million

Expenditure was €1.3 million lower relative to the estimate provision mainly due to:

- An underspend of €0.9 million on the Employment Service Programme. Employability contracts are for a service delivered on behalf of the Department by individual contractors/companies. Where a contractor does not subsequently incur costs, payments from the Department cannot be sought and hence will result in an underspend.
- An underspend of €0.4 million on the Ability programme. The Ability programme runs from July to July each year, which is different to the estimates year. In addition, there was slower than planned recruitment of programme participants.

An amount of €0.3 million was surrendered from the Ability Scheme as part of the supplementary estimate. The outturn was €0.1 million (2.1%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.33 Back-to-School Clothing and Footwear Allowance

Estimate provision: €56.27 million, outturn: €53.451 million

Expenditure was €2.8 million lower relative to the estimate provision due to:

- Lower average payment value (€370.47) than provided for in the original estimate (€395.71). This resulted in a saving of €3.6 million.

Offset by:

- Higher average recipient numbers (144,282) than provided for in the original estimate (142,200). This cost an extra €0.8 million.

An amount of €2.6 million was surrendered as part of the supplementary estimate. The outturn was €0.2 million (0.4%) less than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.34 School Meals Scheme

Estimate provision: €57.6 million, outturn: €54.312 million

Expenditure was €3.3 million lower relative to the estimate provision due to:

- Expenditure under the scheme is affected by the timing of receipt of claims from schools which is difficult to predict and schools carrying a surplus from the previous year. The Department reduces payments by the surplus amount. The estimate is based on schools getting the full amount. The unused surplus amount was €3m.

An amount of €4 million was surrendered as part of the supplementary estimate. The outturn was €0.7 million (1.3%) higher than the final allocation. This was funded through virement from subheads with underspends elsewhere in the Vote.

A.36 Rent Supplement

Estimate provision: €132.395 million, outturn: €125.248 million

Expenditure was €7.1 million lower relative to the estimate provision mainly due to:

- Lower average recipient numbers (23,770) than provided for in the original estimate (24,500) due to transfers to the Housing Assistance Payment (HAP) administered by local authorities. This saved €8 million.
- Higher average weekly payment values (€104.36) than provided for in the original estimate (€103.61). This cost €0.9 million.

An amount of €6.9 million was surrendered as part of the supplementary estimate. The outturn was €145,000 (0.1%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.37 Telephone Support Scheme

Estimate provision: €7.54 million, outturn: €8.143 million

This is a new scheme introduced from June 2018 so there was limited trend data available when the 2019 estimate was finalised in October 2018.

Expenditure was €0.6 million higher relative to the estimate provision due to:

- Higher recipient numbers (60,983) than provided for in the original estimate (58,000). This cost an additional €0.4 million.
- Higher average weekly payment values (€2.57) than provided for in the original estimate (€2.50). This cost €0.2 million.

A supplementary estimate of €0.7 million was provided to reflect emerging trends. The final outturn was €0.1 million (0.7%) lower than the final allocation.

A.38 Household Benefits Package

Estimate provision: €89.873 million, outturn: €69.29 million

Expenditure was €20.6 million lower relative to the original estimate of which €12.3 million related to Electricity Allowance, €0.7 million related to Gas Allowance and €7.6 million related to Free TV Licence.

This was due primarily to a revised allocation of expenditure between Vote 37 and the Social Insurance Fund to take account of people availing of bill credits rather than cash payments.

Electricity Allowance

The 2019 Revised Estimates for Electricity Allowance provided for a split of expenditure for Electric Ireland of 36.9% Vote and 63.1% SIF. The 2019 outturn based on the revised split was 23.6% Vote and 76.4% SIF. This saved €12.3 million on the Vote side with corresponding higher expenditure on the Social Insurance Fund.

An amount of €12 million was surrendered as part of the supplementary estimates to reflect the revised percentage split and also emerging trends. This resulted in a revised allocation of €49.6 million and an underspend of €0.3 million (0.6%) on the supplementary estimate. The savings were used to fund excess expenditure on other subheads.

Gas Allowance

The 2019 Revised Estimates for Gas Allowance provided for a split of expenditure for Bord Gáis of 25.9% Vote and 74.1% SIF. The 2019 outturn based on the revised split was 14.9% Vote and 85.1% SIF. This saved €0.7 million on the Vote side with corresponding higher expenditure on the SIF.

An amount of €0.7 million was surrendered as part of the supplementary estimates to reflect the revised percentage split and also emerging trends. This resulted in a revised allocation of €4.8 million. The outturn was on target with the revised allocation.

Free TV licence

The revised split for TV licences is 25% funded from Vote 37 and 75% from Social Insurance Fund, reflecting the aggregate split of Electricity Allowance and Gas Allowance combined. This resulted in a saving of €7.6 million compared to the original estimate on the Vote 37 element of the scheme.

An amount of €7.5 million was surrendered as part of the supplementary estimates to reflect the revised percentage split and also emerging trends. This resulted in a revised allocation of €15.1 million and an underspend as compared to the revised allocation of €0.2 million or 1.5%. The savings were used to fund excess expenditure on other subheads.

A.42 Miscellaneous Services

Estimate provision: €14.916 million, outturn: €11.589 million

Expenditure was €3.3 million lower relative to the estimate due to:

- European Aid for the Most Deprived (funded from FEAD programme) expenditure was €2.7 million lower than the original estimate. As rollout of the programme continued, expenditure was marginally lower than anticipated. Expenditure on the food/basic material element of the programme continued as planned. However, as projects cannot duplicate existing programmes, no additional projects were chosen and spending was under budget for 2019. The service is demand-led and awareness of the scheme continues to grow. There are currently 154 charities using FEAD products. The distribution of the FEAD product at any given time remains very much dependent on capacity of local charities to collect and distribute the food and the availability of volunteers. It is difficult to accurately predict the expenditure on the scheme given the nature of it.
- Magdalen Commission Scheme expenditure was €0.6 million lower than the original estimate. The main reasons for this were that actual average payment values for weekly paid recipients (€156.41) was €34.34 lower than provided for in the original estimates (€190.75).

An amount of €2.3 million was surrendered as part of the supplementary estimates. The outturn was €1 million lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.43 Low Pay Commission

Estimate provision: €490,000, outturn: €363,000

Expenditure was €0.1 million lower relative to the estimate provision due to:

- An underspend on non-pay expenditure (including ESRI research, travel and subsistence, consultation costs) of €0.07 million due to efforts to keep costs to a minimum.
- Expenditure on pay was €0.05 million lower than original estimates as some staff were reallocated to other sections and were not replaced.

The savings were used to fund excess expenditure on other subheads.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated		2019	2018	
	€000	€000	Realised €000	Realised €000	
Social Insurance Fund transfer to Vote 37					
1	Recovery of administration expenses from the Social Insurance Fund		131,930	131,930	113,940
Appropriations-in-aid: Other					
2	Recoveries of social assistance overpaid				
	<i>Original</i>	58,900			
	<i>Supplementary</i>	(100)			
			58,800	59,423	59,161
3	Repayment from the Social Insurance Fund of amounts paid initially as social assistance				
	<i>Original</i>	3,700			
	<i>Supplementary</i>	1,700			
			5,400	5,545	3,497
4	Receipts under 'liability to maintain family' provisions in Part XII of the Social Welfare (Consolidation) Act 2005				
	<i>Original</i>	240			
	<i>Supplementary</i>	80			
			320	334	268
5	Receipts from the General Register Office				
	<i>Original</i>	300			
	<i>Supplementary</i>	10			
			310	344	369
6	Receipts from the additional superannuation contributions on public service remuneration ^a				
	<i>Original</i>	10,000			
	<i>Supplementary</i>	(2,570)			
			7,430	7,477	9,388
7	Receipts from European Social Fund				
	<i>Original</i>	5,050			
	<i>Supplementary</i>	(5,050)			
			—	721	553

		2019		2018
		Estimated €000	Realised €000	Realised €000
8	Receipts from National Training Fund (Community Employment)	<i>Original</i> 6,500 <i>Supplementary</i> (400)	6,100	6,369
				6,423
9	Receipts from Pensions Authority – staff superannuation	<i>Original</i> 680 <i>Supplementary</i> (80)	600	649
				632
10	Homeless Unit operational costs – contributions from external agencies	<i>Original</i> 300 <i>Supplementary</i> 2,200	2,500	2,717
				1,569
11	Receipts from dormant accounts	<i>Original</i> — <i>Supplementary</i> 550	550	610
				1,926
12	Recovery of social assistance from insurance claims	<i>Original</i> 2,600 <i>Supplementary</i> 100	2,700	2,633
				2,609
13	Receipts from Fund for European Aid to the most deprived	<i>Original</i> 5,000 <i>Supplementary</i> (4,740)	260	3,507
				4,640
14	Miscellaneous	<i>Original</i> 1,300 <i>Supplementary</i> (500)	800	776
				1,849
—	Receipts from European Social Fund for activation and participation of people with disabilities		—	—
				185
	Total		217,700	223,035
				207,009

Note ^a 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 €3.465 million lower than the original estimate. Explanations for variances are set out below:

3 Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance

Estimate: €3.7 million, realised: €5.545 million

This subhead is used to record the recovery of social assistance from the Social Insurance Fund where the inter-scheme adjustment is effected after the close of the financial year. Receipts can vary significantly from month to month. For example, it includes customers paid Supplementary Welfare Allowance (SWA) basic payment (funded from Vote 37) while awaiting a decision on their claim for Illness Benefit, Invalidity Pension or State Pension (Contributory). The amount of SWA Basic paid is subsequently recovered from the SIF when their Illness Benefit, Invalidity Pension or State Pension (Contributory) claim is decided.

The 2019 Revised Estimates Volume for the Public Service assumed a trend decline in receipts observed since 2013 would continue.

However, receipts in 2019 were €2 million higher than the outturn in 2018 (€3.5 million) and €1.8 million higher than the expected yield in the 2019 REV estimates. Monthly receipts averaged €0.5 million in 2019, an increase of €0.2 million compared to 2018 when the average monthly receipts were €0.3 million.

6 Receipts from the additional superannuation contributions on public service remuneration

Estimate: €10 million, realised: €7.477 million

The Public Service Stability Agreement (PSSA) 2018 to 2020 provided for the replacement of the pension levy with additional superannuation contributions for public servants, resulting in revised thresholds, rate bands and rates of payment. The 2019 2019 Revised Estimates Volume for the Public Service published in December 2018 did not take account of these changes. The impact of these changes resulted in the yield to Vote 37 being €2.5 million lower than provided for in the estimate.

7 Receipts from European Social Fund

Estimate: €5.05 million, realised: €721,000

The Department's claim covering the years 2015 – 2018 for Back to Work Enterprise Allowance and Jobs Plus was not submitted in 2019 as anticipated. The Department's claim forms part of an aggregate claim which also includes schemes and services provided by other Departments. While it was originally expected that the claim would be submitted during 2019, this will instead take place in 2020.

10 Homeless Unit operational costs – contributions from external agencies

Estimate: €300,000, realised: €2.717 million

There was a process to recoup exceptional needs payments relating to emergency accommodation made in Cork from the local authority. The 2019 revised estimate was conservative. Receipts from this source can be unpredictable, having been €0.3 million in 2015, €0.8 million in 2016, €1.7 million in 2017, €1.6 million in 2018 and €2.7 million in 2019. The arrangement with Cork City Council ceased in 2019 with the responsibility transferring from the Community Welfare Service back to local authority. There is therefore no provision for receipts in the 2020 REV Estimate as a result.

11 Receipts from dormant accounts

Estimate: € nil, realised: €610,000

In 2019, the receipts from dormant accounts were used to contribute towards the Ability to Work Fund which is used to support people with disabilities find work. There was no provision for receipts in the 2019 estimates as the plan for the use of such funding was not in place when the estimates were being finalised. The Ability to Work Fund was launched on 11th November 2019 and arising from this initiative, receipts of €0.55m were drawn down from the Dormant Accounts Fund to progress pathways to employment, training and skill building courses for people with disabilities.

An amount of €60,000 was returned to the Department as a measure could not proceed as planned under the Dormant Accounts Action Plan 2017 & 2018.

13 Receipts from Fund for European Aid to the Most Deprived

Estimate: €5 million, realised: €3.507 million

The fund for European Aid to the Most Deprived (FEAD) supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. The Department received the balance of the 2017 claim valued at €0.3 million in 2019. The Department submitted its third claim under the programme in December 2019 and reimbursement of €3.2 million was received on 20 December 2019, bringing the total receipts to €3.5 million.

14 Miscellaneous

Estimate: €1.3 million, realised: €776,000

This subhead provides for small receipts not covered elsewhere under appropriations-in-aid receipts and not anticipated when the estimates were prepared. The 2019 estimate provided for an expectation of €1.3 million, which included cancelled cheques, small miscellaneous receipts and a small element of unforeseen receipts. The overall yield of €0.8 million was €0.5 million lower than estimated.

The main receipts under this category of appropriations-in-aid are:

- €616,000 from cancelled and out-of-date cheques.
- €120,000 from once off miscellaneous receipts.
- €40,000 from a small element of unforeseen receipts.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	8	2
Conscience money	8	6
Witness expenses	2	2
Pensions Authority fines	12	4
Transferred to the Exchequer	(24)	(6)
Balance as at 31 December	6	8

4.3 Recovery of welfare assistance overpayments

The summary position on welfare assistance overpayments managed by Central Debt Unit (CDU) at 31 December 2019 was as follows:

	2019		2018	
	€000	Outturn €000	€000	Outturn €000
Overpayments outstanding at 1 January		399,397		412,170
Adjustment ^a		—		483
		<u>399,397</u>		<u>412,653</u>
Net overpayments recorded				
Suspected fraud	28,642		27,152	
Claimant error	35,957		46,786	
Departmental error	1,699		2,262	
Estate cases	21,500		14,993	
		<u>87,798</u>		<u>91,193</u>
		487,195		503,846
Less:				
Amounts recovered ^b	(63,909)		(64,490)	
Recoveries adjustment ^c	619		495	
		(63,290)		(63,995)
Prior year debts cancelled ^d		(7,610)		(8,292)
Amounts written off as irrecoverable ^e		(35,100)		(32,162)
Overpayments outstanding at 31 December		<u>381,195</u>		<u>399,397</u>

- Notes
- a The adjustment represents the alignment of the overpayment balance brought forward from the 2017 accounts with the adjusted list of debtors on DRAS at 1 January 2018. There was no corresponding adjustment for 2019.
- b The amount recovered in 2019 includes:
- €59 million posted to income in respect of previous years' debt.
 - €4.9 million posted against expenditure in respect of the current years' debt.
- c The adjustment of €619,000 is in respect of recorded recoveries in prior years which were cancelled in 2019.
- d The prior year debts cancelled of €7.6 million represents overpayments raised in prior years which were cancelled in 2019.
- e During 2019, the Department completed a project to write off individual cases of older debt which were deemed irrecoverable. This was in addition to ongoing write offs in the normal course of business. Specific sanction was requested and received from the Department of Public Expenditure and Reform for this project under which a total of 7,802 cases with a value of €30.3 million were written off during 2019. (Vote: €26.5 million; SIF: €3.8 million). A similar project was completed in 2018 under which a total of 33,290 cases with a value of €41.5 million were written off. (Vote: €28.9 million; SIF: €12.6 million).

Note 5 Staffing and Remuneration

5.1 Employee numbers

	2019	2018
Full time equivalents		
Number of staff at year end		
Department	6,041	6,343
Agencies ^a	137	135
	<u>6,178</u>	<u>6,478</u>

Note ^a Agencies in this note comprise of the Citizens Information Board, the Pensions Authority and the Low Pay Commission.

5.2 Pay

	2019	2018
	€000	€000
Pay	294,607	295,617
Higher, special or additional duties allowance	1,248	1,168
Other allowances	356	360
Overtime	2,914	3,087
Employer's PRSI	19,704	19,052
Total pay	<u>318,829</u>	<u>319,284</u>

Remuneration of Department staff

The following remuneration arrangements refer to pay elements subheads A.1 (i), A.2 (viii) and A.2 (ix).

	2019	2018
	€000	€000
Pay	286,740	288,001
Higher, special or additional duties allowance	1,078	1,075
Other allowances	356	360
Overtime	2,914	3,087
Employer's PRSI	18,920	18,332
Total pay	<u>310,008</u>	<u>310,855</u>

Agency remuneration

	2019	2018
	€000	€000
Pay	7,867	7,616
Higher, special or additional duties allowance	170	93
Other allowances	—	—
Overtime	—	—
Employer's PRSI	784	720
Total pay	<u>8,821</u>	<u>8,429</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Department staff				
Higher, special or additional duties	497	17	38,638	42,926
Other allowances	45	14	12,365	12,202
Overtime	1,566	20	16,025	16,153
Extra remuneration in more than one category	6	1	10,205	18,589
Agency staff				
Higher, special or additional duties	21	5	16,238	14,717

5.4 Other remuneration arrangements

The cost of staff serving outside the Department in 2019 was €1.1 million in respect of 27 staff. These costs are recouped by the Department from the relevant organisations.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €million	2018 €million
Overpayments ^a	628	2.4	2.3
Recovery plans in place ^a	254	1.5	1.1

88 individuals with recovery plans in place to the value of €88,772 transferred to other Departments in the year.

Note ^a The 2018 overpayments and recovery plans in place figures as disclosed in this note are lower than those disclosed in note 5.5 payroll overpayments in the 2018 appropriation account. This is a result of more accurate information provided by NSSO.

5.6 Severance payments/redundancy

During 2019, 14 staff members whose employment was terminated were paid redundancy payments totalling €48,259.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	2019	2018
					Total €000	Total €000
Claims by employees of the Department						
Personal injuries ^a	32	31	214	48	293	311
Breach of HR/employment policies ^b	4	—	43	1	44	35
Claims by members of the public						
Personal injuries ^c	12	9	62	3	74	79
Department schemes ^d	451	1	4,291	202	4,494	3,621
Other ^e	9	218	11	953	1,182	429
		259	4,621	1,207	6,087	4,475

- Notes
- ^a Total costs in respect of individuals ranged from €40 to €200,000.
 - ^b Total costs ranged from €1,230 to €22,799. The cases related to a termination of a probationary contract, an equality case under the Employment Equality Act 1998, a termination case under Section 20(1)(c) and Section 23(1) of the Organisation of Working Time Act, 1997 and a Workplace Relations Commission unfair dismissals case.
 - ^c Total costs in respect of individuals ranged from €431 to €25,000.
 - ^d Ex-gratia payments, loss of purchasing power payments and legal costs payments up to €117,209 were made in respect of Carer's Allowance, Back to Work Enterprise Allowance, Child Benefit, Jobseekers Allowance, Rent Supplement, One-Parent Family Payment, Supplementary Welfare Allowance basic payment and Community Employment. An amount of €4.273 million was paid to Magdalen laundries during 2019. The amounts paid ranged from €43 to €86,635.
 - ^e Total costs ranged from €5,530 to €616,867. The cases related to pension entitlements, constitutional rights, Workplace Relations Commission case under the Protection of Employment Act 1977, habitual residence non-registration of a birth, marriage registration (two cases) and the audit of a CE scheme.

6.2 EU funding

The outturn shown in subheads A1, A2 and A42 includes payments in respect of activities which are co-financed by the EU. Estimates of receipts and actual outturns recorded in Note 4.1, (subheads 7 and 13) were as follows:

Subhead Description	2019 Estimate €000	2019 Outturn €000	2018 Outturn €000
Fund for European Aid to the Most Deprived	260	3,507	4,640
European Social Fund, programme for Employability, Inclusion and Learning	0	517	32
European Employment Services	0	14	19
Connecting Europe Facility Fund	0	190	500
EP-Dem Labs-Equity, Participation, Decision making Labs	0	0	12

Funds for European Aid to the Most Deprived

Funding of €3.5 million was received from the EU in respect of the Fund for European Aid to the Most Deprived (FEAD) programme which supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. Expenditure of €14.3 million has been incurred in the operation of this programme to December 2019. The EU provides funding to member states and member states match this funding with a minimum of 15%. Expenditure is eligible to 31 December 2023.

European Social Fund, programme for Employability, Inclusion and Learning

Funding of €516,760 was received from the EU for the European Social Fund (ESF) programme for Employability, Inclusion and Learning (PEIL). The ESF is the European Union's financial instrument for investing in people. The mission of the ESF is to help prevent and fight unemployment, to make Europe's workforce and companies better equipped to face new challenges and to prevent people losing touch with the labour market. This receipt is in respect of aggregated EURES claims for 2015, 2016 and 2017. The EU co-funds this programme on a 50% basis through the ESF.

European Employment Services

Amount of €14,021 was received from the EU in respect of EURES (European Employment Services) to facilitate the free movement of workers throughout the EU/EEA area. EURES is organised centrally by the European Commission and is administered in the member state by the Public Employment Service.

Connecting Europe Facility Fund

An amount of €190,000 was received from the EU in respect of the Connecting Europe Facility Fund (CEF). The CEF is to assist member states with their national implementation of the Electronic Exchange of Social Security Information. DEASP and the HSE are in partnership on this implementation.

6.3 Late interest payments

	2019	2018
	€000	€000
Interest payments	<u>4</u>	<u>3</u>

6.4 Revenue tax settlement

An amount of €637,000 (which includes interest and penalties of €135,000) is included in the accounts as a payment to the Revenue Commissioners in respect of a special investigations unit allowance that was deemed taxable since 2013.

Appendix A Department of Employment Affairs and Social Protection Summary of Programme Expenditure

	2019	2018
	€m	€m
Vote 37		
Gross expenditure	10,871	10,934
Less non-scheme expenditure		
Administration	(541)	(541)
Grant to Citizens Information Board	(57)	(55)
Grants to Low Pay Commission and the Office of the Pensions Ombudsman	(1)	(1)
Miscellaneous services	(2)	(3)
Vote 37 scheme expenditure (A)	10,270	10,334
Social Insurance Fund		
Gross expenditure	10,727	10,056
Less non-scheme expenditure		
Administration	(230)	(209)
National Training Levy	(712)	(566)
Social Insurance Fund scheme expenditure (B)	9,785	9,281
Total Department scheme expenditure (A+B)	20,055	19,615

Scheme expenditure breakdown

Payments by scheme and category	2019	2018
	€m	€m
Pensions		
State Pensions (Contributory)	5,603	5,217
State Pensions (Non-Contributory)	1,043	1,020
Widows'/Widowers'/Surviving Civil Partners' Pension	1,559	1,511
Bereavement Grant	1	1
Total	8,206	7,749
Working Age Income Supports		
Jobseeker's Allowance	1,628	1,841
One Parent Family Payment	533	511
Jobseeker's Benefit	346	339
Redundancy and Insolvency Benefit	32	24
Maternity Benefit	267	265
Paternity Benefit, Parents Benefit and Adoptive Benefit	14	12
Basic Supplementary Welfare Allowance	120	112
Farm Assist	69	74
Deserted Wife's Benefit	72	73
Other Working Age – Income Supports	18	15
Exceptional and Urgent Needs payments	43	42
Treatment Benefits and Health and Safety Benefit	101	98
Widows'/Widowers'/Surviving Civil Partners' Pension (Non-Contributory)	14	14
Deserted Wife's Allowance	1	1
Total	3,258	3,421
Supplementary Payments		
Rent Allowance	1	1
Fund for European Aid to the Most Deprived (FEAD)	5	5
Magdalen Laundries and other Institutions Payments	4	3
Rent Supplement	125	175
Household Benefits Package	247	237
Telephone Support Allowance	17	10
Fuel Allowance	235	241
Free Travel	94	87
Total	728	759

	2019	2018
	€m	€m
Working Age Employment Supports		
Community Employment Programme	353	353
Back to Education Allowance	65	79
Back to Work Enterprise Allowance	60	90
Back to Work Family Dividend	18	21
TÚS Community Work Placement Scheme	99	106
JobsPlus	14	23
Other Working Age – Employment Supports including Youth Employment Support Scheme	10	11
Rural Social Scheme	53	50
Jobs Initiative	17	18
Local Employment Scheme	18	18
Jobsclubs	5	5
Partial Capacity Benefit	21	18
Total	733	792
Illness, Disability and Carers		
Disability Allowance	1,706	1,586
Illness Benefit	605	623
Invalidity Pension	728	694
Carer's Payment	905	834
Carer's Support Grant	220	204
Domiciliary Care Allowance	182	168
Wage Subsidy Scheme	24	22
Disablement Benefit	73	77
Blind Pension	13	13
Death Benefit	10	9
Injury Benefit and Medical Care	14	18
Disability Activation Supports	14	14
Total	4,494	4,262
Children		
Child Benefit	2,103	2,097
Working Family Payment	397	p411
Back to School Clothing and Footwear Allowance	53	47
School Meals	54	49
Child Related Payments	29	28
Total	2,636	2,632
Net expenditure on all schemes	20,055	19,615

Appendix B Accounts of bodies and funds under the aegis of the Department of Employment Affairs and Social Protection

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Social Insurance Fund	2018	24 Sep 2019	27 Sep 2019	31 Oct 2019
Pensions Authority	2019	30 Jun 2020	30 Jun 2020	10 Aug 2020
Citizens Information Board	2018	18 Dec 2019	7 Jan 2020	8 Jan 2020

Appropriation Account 2019

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, 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 the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

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 €4.919 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.

The account has been prepared in accordance with the 2019 Revised Estimate for the Department of Health. Certain HSE subheads have been restructured in order to improve the linkage between the estimates presentation and the HSE's national service plan.

Subhead I net pension costs represents total pension costs net of pension income retained by the HSE. It replaces the previous subhead pension lump sum payments which only included statutory pension lump sum payments. All other pension costs were previously accounted for under the HSE geographic subheads (I1 to I5 in 2018). The comparative outturn figure for 2018 has not been re-stated.

Subhead J HSE (including services developments) replaces the previous HSE geographic subheads. Expenditure charged to this subhead relates to expenditure by the HSE service areas as set out in the HSE's national service plan, with the exception of the primary care re-imbursment schemes and long term residential care. The comparative outturn figure for 2018 is an amalgamation of the previous HSE geographic subheads.

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;

Payments to the HSE

Funds are advanced to the HSE in relation to the provision of services on a grant basis, in line with the funding set out in the annual letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2019 amounted to €17.15 billion (2018: €15.72 billion). This is accounted for across 12 subheads — each subhead from I to M.4, excluding M.1 which relates to the capital expenditure of agencies under the aegis of the Department other than the HSE.

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

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

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Department 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.

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

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 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 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
- the Department 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.

Procurement compliance

There were three contracts to the value of €413,321 included in my annual return in respect of circular 40/2002 that were not in compliance with procurement guidelines.

- One contract for €76,646 related to mobile and telephony services where it had been expected that a new competitively tendered agreement would be concluded in 2019. Unfortunately, this tender competition was delayed. The new tender process has now been completed and the contract is currently being finalised. A transition plan has now been agreed with the successful tenderer and the new service will commence with effect from mid-October 2020.
- Expenditure of €26,224 related to translation services. A tender competition was undertaken and a contract for this dedicated translation service is now in place.
- A contract amounting to €310,451 related to electricity services provided in Miesian Plaza. The Department is now signed up under the Office of Government Procurement framework for the “supply of electricity to Government Departments and the Security Sector”, such that this area of expenditure is now compliant. To note: This is a shared tenancy expense of which the proportion charged to the Department of Health was €182,731. The Department recouped €88,696 from the Department of Children and Youth Affairs and €39,024 from the Department of Finance/Department of Public Expenditure and Reform.

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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 sub-committee of the Management Board is in place and reports to the Management Board. The risk management policy was revised in February 2019.

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 and updated by the management board and its risk sub-committee.

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

Governance in the health sector

The Department continued to strengthen its approach to managing governance across the health sector in 2019, based on the revised Department of Public Expenditure and Reform *Code of Practice for the Governance of State Bodies* in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department’s Governance Unit and other relevant units.

Responsibility for delivery on the mandate and functions of aegis bodies rests in the first instance with each Board, and the Chairman of the Board.

The relationship between the Department and the bodies under the aegis is determined primarily by:

- the underpinning legislation establishing the body; and
- the requirements set out in the Department of Public Expenditure and Reform's Code of Practice.

Under the revised Code of Practice, oversight agreements and performance delivery agreements were in place with most aegis bodies as at December 2019. This approach focuses on outputs and outcomes and includes performance indicators to ensure that resources are used both in an effective and efficient manner to deliver quality services.

A corporate plan covering a three-year period is prepared by the HSE and approved by the Minister for Health. In addition, each year, the HSE prepares a national service plan setting out the type and volume of services it intends to provide for the funding available. This plan is approved by the Minister for Health. Performance reports are submitted at least monthly by the HSE during the course of the year, and monthly meetings take place between the two organisations.

In relation to other aegis bodies, legislation generally provides for a multi-annual corporate plan and an annual business plan. These plans allow, respectively for overall corporate strategy and annual priorities to be developed and agreed with the Department.

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 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 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 issue

In July 2020, the Department identified a duplicate payment of €20,000 under the CervicalCheck non-disclosure ex-gratia scheme. The payment occurred in 2019 as a result of a control failure. Improved procedures relating to payment controls have been put in place and an external review of the function will be completed by the end of 2020.

Colm O'Reardon
Accounting Officer
Department of Health

22 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

Opinion on the appropriation account

I have audited the appropriation account for Vote 38 Health 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 38 Health 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 Health 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

24 September 2020

Vote 38 Health

Appropriation Account 2019

Service	2019		2018	
	Estimate provision		Outturn	
	€000	€000	€000	
Administration				
A.1	Salaries, wages and allowances	32,692	31,493	30,083
A.2	Travel and subsistence	500	567	487
A.3	Training and development and incidental expenses	1,550	1,826	1,646
A.4	Postal and telecommunications services	450	229	418
A.5	Office equipment and external IT services	2,223	1,810	2,600
A.6	Office premises expenses	754	1,094	1,472
A.7	Consultancy services and value for money and policy reviews	1,500	910	1,409
Grants				
B.1	Grants to research bodies and other research grants	40,000	38,927	38,286
B.2	Healthy Ireland Fund	5,000	6,186	4,995
B.3	Drugs Initiative	6,987	5,955	6,102
Other services				
C	Expenses in connection with the World Health Organisation and other international bodies	2,450	2,353	2,313
D	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements			
	<i>Original</i>	9,600		
	<i>Supplementary</i>	15,000		
		24,600	29,722	11,496
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	78,514	64,618	58,241
E.2	The Food Safety Promotion Board	5,691	5,386	5,335
E.3	The National Treatment Purchase Fund	75,022	75,000	55,022
E.4	Ireland/Northern Ireland INTERREG	1,000	2,148	525

Service	2019		2018	
	Estimate provision		Outturn	
	€000	€000	€000	
Other services (continued)				
F.1	Payments in respect of disablement caused by Thalidomide	745	439	457
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	22,086	16,023	16,873
F.4	Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,549	1,721	2,424
G	Dissemination of information, conferences and publications in respect of health and health services	1,500	1,773	1,340
H	Sláintecare	23,500	11,013	—
Corporate administrative				
I	Net pension costs			
	<i>Original</i>	490,000		
	<i>Supplementary</i>	24,000		
		514,000	536,452	—
	Pension lump sum payments	—	—	108,676
HSE health and social care services				
J	HSE (including services developments)			
	<i>Original</i>	11,102,974		
	<i>Supplementary</i>	144,055		
		11,247,029	11,271,467	10,780,768
Other HSE services				
K.1	Health agencies and similar organisations (part funded by the National Lottery)	7,513	1,879	—
K.2	Payments to Special Account — Health (Repayment) Act 2006	2,000	501	—

Service	Estimate provision		2019	2018	
			Outturn	Outturn	
	€000	€000	€000	€000	
Other HSE services (continued)					
K.3	Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 — Insurance Scheme		1,500	620	871
K.4	Payment to State Claims Agency				
	<i>Original</i>	360,000			
	<i>Supplementary</i>	10,000			
			370,000	390,000	318,690
K.5	Economic and social disadvantaged (dormant account funding)		2,700	2,450	2,619
Care programme					
L.1	Primary care reimbursement services				
	<i>Original</i>	2,990,888			
	<i>Supplementary</i>	157,000			
			3,147,888	3,150,774	2,938,147
L.2	Long term residential care				
	<i>Original</i>	965,844			
	<i>Supplementary</i>	33,000			
			998,844	989,881	967,463
Capital services					
M.1	Grants in respect of building, equipping (including ICT)		14,527	10,924	11,729
M.2	Building, equipping and furnishing of health facilities		639,461	593,423	438,471
M.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)		2,539	—	2,539
M.4	Information services and related services for health agencies		212,000	211,690	163,292

	2019		2018
	Estimate provision €000	Outturn €000	Outturn €000
Gross expenditure			
<i>Original</i>	17,107,260		
<i>Supplementary</i>	383,055		
		17,490,315	17,459,254
<i>Deduct</i>			
N Appropriations-in-aid			
<i>Original</i>	415,000		
<i>Supplementary</i>	45,000		
		460,000	463,858
			15,974,789
Net expenditure			
<i>Original</i>	16,692,260		
<i>Supplementary</i>	338,055		
		17,030,315	16,995,396
			15,522,441

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €30 million of unspent allocations in respect of capital elements of subhead M.2 was carried forward to 2020.

	2019 €	2018 €
Surplus	34,918,785	4,468,158
Deferred surrender	(30,000,000)	—
Surplus to be surrendered	4,918,785	4,468,158

Colm O'Reardon
Accounting Officer
Department of Health

22 September 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Expenditure on Department administration	37,929	38,115
Expenditure on services and programmes	17,421,325	15,936,674
Gross expenditure	17,459,254	15,974,789
<i>Deduct</i>		
Appropriations-in-aid	463,858	452,348
Net expenditure	16,995,396	15,522,441
Changes in capital assets		
Purchases cash	(121)	
Depreciation	208	
Loss on disposals	—	87
		(590)
Changes in net current assets		
Increase in closing accruals	693	
Decrease in stock	20	713
		(246)
Direct expenditure	16,996,196	15,521,605
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	19,492	21,954
Notional rents	—	2,104
Net programme cost	17,015,688	15,545,663

1.1 Net allied services expenditure

The net allied services expenditure is made up of the following amounts in relation to Vote 38 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	38	233
Vote 12 Superannuation and Retired Allowances	10,112	9,599
Vote 13 Office of Public Works	9,030	11,745
Vote 18 National Shared Services Office	52	121
Central Fund – Ministerial pensions	260	256
	19,492	21,954

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	824	911
Current assets			
Bank and cash	2.2	24,979	—
Stocks	2.3	16	36
Other debit balances	2.4	1,450	19,574
Prepayments		313	377
Accrued income		205	156
Net Exchequer funding	2.6	—	2,147
Total current assets		26,963	22,290
Less current liabilities			
Bank overdraft	2.2	—	21,212
Accrued expenses		1,315	637
Other credit balances	2.5	975	509
Net Exchequer funding	2.6	25,454	—
Total current liabilities		27,744	22,358
Net current assets/(liabilities)		(781)	(68)
Net assets		43	843
Represented by:			
State funding account	2.7	43	843

2.1 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	706	447	1,153
Additions	118	3	121
Cost or valuation at 31 December 2019	824	450	1,274
Accumulated depreciation			
Opening balance at 1 January 2019	197	45	242
Depreciation for the year	163	45	208
Cumulative depreciation at 31 December 2019	360	90	450
Net assets at 31 December 2019	464	360	824
Net assets at 31 December 2018	509	402	911

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances and cash	24,434	(21,212)
Other bank account balances	545	—
	24,979	(21,212)

2.3 Stocks

at 31 December	2019 €000	2018 €000
Stationery	11	8
IT consumables	5	28
	16	36

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable salaries	39	77
Recoupable travel expenditure	12	5
Recoupable travel pass scheme expenditure	187	70
Hepatitis C Compensation Tribunal ^a	1,206	18,062
HSE grant	—	871
Value added tax	1	—
Other debit suspense items	5	489
	1,450	19,574

Note ^a The Department of Health acts as paying agent to the Hepatitis C Compensation Tribunal and are responsible for paying tribunal awards and reparation awards and for paying the administration and legal costs of the Tribunal. The expenditure is recouped from the Special Account and Reparation Fund on foot of returns of expenditure certified by the Accounting Officer of the Department of Health and sent to the Department of Finance for approval.

The balance at year end on the suspense account represents costs discharged by the Department of Health in respect of the Tribunal for which funding has yet to be recouped from the Special Account and Reparation Fund.

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Professional services withholding tax	73	71
	<u>73</u>	<u>71</u>
RISF Special Account ^a	429	—
Other credit suspense items	473	438
	975	509

Note ^a A contribution of €429,000 was received in December 2019 in accordance with Section 43 of the Residential Institutions Statutory Fund Act 2012. This contribution is to be used only for purposes related to the development of a new national paediatric hospital. The contribution was placed in a special holding account.

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	4,919	4,468
Deferred surrender	30,000	—
Exchequer grant undrawn	(9,465)	(6,615)
Net Exchequer funding	25,454	(2,147)
Represented by:		
Debtors		
Bank and cash	24,979	—
Debit balances: suspense	1,450	19,574
	26,429	19,574
Creditors		
Due to State	(73)	(71)
Bank overdraft	—	(21,212)
Credit balances: suspense	(902)	(438)
	(975)	(21,721)
	25,454	(2,147)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		843	7
Disbursements from the Vote			
Estimate provision	Account	17,030,315	
Deferred surrender	Account	(30,000)	
Surplus to be surrendered	Account	(4,919)	
Net vote		16,995,396	15,522,441
Expenditure (cash) borne elsewhere	1.1	19,492	21,954
Non cash expenditure – notional rent	1	—	2,104
Net programme cost	1	(17,015,688)	(15,545,663)
Balance at 31 December		43	843

2.8 Commitments

a) Global commitments		
at 31 December	2019	2018
	€000	€000
Procurement of goods and services	2,520	1,739
Non-capital grant programmes	30,530	8,912
Capital grant programmes	32,909	28,619
Total of legally enforceable commitments	65,959	39,270
b) Non-capital grant programmes		
	2019	2018
	€000	€000
Opening balance	8,912	5,664
Grants paid in year	(8,820)	(5,640)
New grant commitments	30,530	8,912
Grants cancelled	(92)	(24)
Closing balance	30,530	8,912
c) Capital grant programmes		
	2019	2018
	€000	€000
Opening balance	28,619	18,835
Grants paid in year	(8,566)	(10,000)
New grant commitments	18,995	19,784
Grants cancelled	(6,139)	—
Closing balance	32,909	28,619

2.9 Contingent liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.

The Department made a payment of €575,000 in May 2020 following a Supreme Court judgement in a CervicalCheck legal case, fully discharging the liability incurred. This was on foot of a letter of comfort issued on behalf of the Minister with the approval of the Government in 2019, in respect of damages awarded by the High Court in 2019.

2.10 HSE revenue debtor

At 31 December	2019	2018
	€000	€000
Opening liability 1 January ^a	(54,861)	(53,990)
Determination	(16,471,023)	(15,221,624)
Grants issued	16,471,894	15,220,753
Closing liability 31 December	(53,990)	(54,861)

Note ^a Comparative figure has been adjusted to reflect HSE revenue debtor.

A balance of €54.8 million originally arose at the end of 2015 when the HSE requested insurance companies to accelerate their cash payments to improve cash flow and reduce the time between the service provided and the receipt of the payment. These payments resulted in the HSE having additional cash holdings at the end of 2015 and requiring lower Exchequer funding in the year than would otherwise have been the case for the same approved level of expenditure. The avoidance of providing excess Exchequer funding is in line with *Public Financial Procedures*.

The figure of €54.8 million was the difference between the level of expenditure, as approved by the Minister, and the level of voted funding received by the HSE in 2015. This has carried over to succeeding years. Each year, the Department regards the first €54 million paid in the year as being related to the debtor at the end of the previous year.

Note 3 Vote Expenditure

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% for administration subheads). Excess spending on some subheads was met through a virement of savings on other subheads.

Administration expenditure

A.4 Postal and telecommunications services

Estimate provision: €450,000, outturn: €229,000

The underspend of €221,000 on expenditure on postal and telecommunications services was due to a decision to no longer contract out the telephonist service (€159,000) and a reduction in costs relating to the phone network in the new office premises (€62,000).

A.6 Office premises expenses

Estimate provision: €754,000, outturn: €1.094 million

The overspend of €340,000 on expenditure on office premises is due to a 2018 balance of €445,000 not drawn down for payment by OPW until 2019.

A.7 Consultancy services and value for money and policy reviews

Estimate provision: €1.5 million, outturn: €910,000

The underspend of €590,000 on expenditure on consultancy services was due to management decisions to defer approvals in order to assist with expenditure pressures elsewhere in the Vote and delays in commencing a number of projects.

Grants to agencies

B.2 Healthy Ireland Fund

Estimate provision: €5 million, outturn: €6.186 million

In 2019, an additional €1 million was vired to this subhead from E.1 in order to increase available funding. Expenditure was €1.186 million greater than initially provided largely due to these additional amounts being provided. €4.716 million was paid to the Healthy Ireland Fund, administered by Pobal, to fund multiple projects around the country. €615,000 was paid to Healthy Ireland Fund projects through Sport Ireland. The remaining expenditure mainly related to advertising.

B.3 Drugs initiative

Estimate provision: €6.987 million, outturn: €5.955 million

The underspend of €1.032 million was mainly due to a number of planned initiatives being deferred. There was also an underspend in local and regional drug taskforces during the year (€65,975).

Other services

D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements

Estimate provision: €9.6 million, outturn: €29.722 million

Expenditure was €20.122 million higher than provided for in the estimate. This was in the main due to:

- expenditure in relation to claims that was €16 million higher than projected due to the finalisation of a small number of large claims in 2019, and
- payments of €4.349 million arising from CervicalCheck inquiries that were not provided for in the original estimate (including 165 payments of €20,000 under the CervicalCheck ex-gratia scheme). The ex-gratia scheme was established by Government in March 2019 after the revised estimates were published.

E.1 Developmental, consultative, supervisory, regulatory and advisory bodies

Estimate provision: €78.514 million, outturn: €64.618 million

Overall, expenditure in this area was €13.896 million less than provided for in the estimate. The Department advances funds to health agencies up to an approved level of expenditure or actual expenditure whichever is the lesser amount. The main items of underspend were:

- €5 million originally provided for the introduction of a statutory scheme for a package of supports for Thalidomide survivors. No funding was drawn as legislation has yet to be enacted
- €4.22 million originally provided for certain projects or programmes was not drawn down in 2019
- €2.015 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board of Ireland in relation to full implementation of the Nurses and Midwives Act 2011. €349,000 of this funding was drawn down in 2019 with the remaining projects deferred until 2020.

E.2 The Food Safety Promotion Board

Estimate provision: €5.691 million, outturn: €5.386 million

The shortfall in expenditure of €305,000 relative to the estimate provision was because funding is subject to appropriate matched funding being provided by the Department of Health Northern Ireland (DOHNI). It was not possible for DOHNI to confirm the last part of this matched funding before the end of the year, so the remaining funding was held back.

E.4 Ireland/Northern Ireland INTERREG

Estimate provision: €1 million, outturn: €2.148 million

The increase in expenditure of €1.148 million relative to the estimate provision was because payments under this subhead are requested by the Special EU Programmes Body based on actual payments made to projects under this scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process.

F.1 Payments in respect of disablement caused by Thalidomide

Estimate provision: €745,000, outturn: €439,000

The shortfall was because the mediation process was not concluded and costs of €306,000 which had been provided for in the estimate did not occur.

F.3 Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002

Estimate provision: €22.086 million, outturn: €16.023 million

The shortfall in expenditure of €6.063 million relative to the estimate provision was due to the number of awards by the Tribunal decreasing in 2019. The Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal which is independent of the Department.

F.4 Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002

Estimate provision: €3.549 million, outturn: €1.721 million

Section 11 of the Act provides for the payment of amounts in lieu to claimants who had accepted an award from the Tribunal or an offer of settlement. As set out in F.3, the number of awards by the tribunal in 2019 were lower than budgeted. As a result, payments from the reparation fund were lower than budgeted.

G. Dissemination of information, conferences and publications in respect of health and health services

Estimate provision: €1.5 million, outturn: €1.773 million

The overspend in expenditure of €273,000 relative to the estimate provision was mainly due to certain payments for Healthy Ireland surveys arising earlier than expected.

H. Sláintecare

Estimate provision: €23.5 million, outturn: €11.013 million

The shortfall in expenditure of €12.487 million relative to the estimate provision was mainly due to the scale of the applications received for integration fund support and the time lag in successful project awards commencing which caused a delay in the granting of funding in 2019. Payroll and consultancy costs were affected by delays in recruitment.

Corporate administrative (HSE)

I. Net pension costs

Estimate provision: €490 million, outturn: €536.452 million

The increase in expenditure of €46.452 million relative to the estimate provision was mainly due to the scale of pension costs and the number of retirements being difficult to predict with certainty. The increase also included the effect of the 2018 HSE deficit. The overspend was met through virements from other subheads.

Other HSE services

K.1 Health agencies and similar organisations (part funded by the National Lottery)

Estimate provision: €7.513 million, outturn: €1.879 million

The shortfall in expenditure of €5.634 million relative to the estimate provision was due to the grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificates and quotations.

K.2 Payments to Special Account – Health (Repayment) Act 2006

Estimate provision: €2 million, outturn: €501,000

The shortfall in expenditure of €1.499 million relative to the estimate provision was due to the nature of payments under this subhead being such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change. Because of the statutory nature of the Scheme, the liabilities arising under the Scheme must be met by the State and therefore it is important to ensure that funding for the Scheme remains in the relevant subhead to meet final liabilities.

K.3 Payments to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme

Estimate provision: €1.5 million, outturn: €620,000

The shortfall in expenditure of €880,000 relative to the estimate provision was because this is a quasi-judicial process based on claims lodged and the nature of claims and payments vary significantly from year to year.

K.4 Payment to State Claims Agency

Estimate provision: €360 million, outturn: €390 million

The provision for the payments to the State Claims Agency (SCA) in 2019 was €360 million. The variance reflects the nature of the SCA scheme with the level of settlements and court awards being difficult to predict.

K.5 Economic and social disadvantaged (dormant account funding)

Estimate provision: €2.7 million, outturn: €2.45 million

Expenditure was €250,000 less than initially provided due to €250,000 capital funding originally allocated in this subhead being utilised by Healthy Ireland in subhead B.2.

Care programme

L.1 Primary care reimbursement services

Estimate provision: €2,990.888 million, outturn: €3,150.774 million

The increase in expenditure of €159.886 million relative to the estimate provision was due to an overspend of €80 million to fund the increased demand for the long-term illness scheme and high-tech drugs. A further €77 million was required to fund the incoming deficit from 2018 under these schemes. The overspend was met through a supplementary estimate.

Capital services

M.1 Grants in respect of building, equipping (including ICT)

Estimate provision: €14.527 million, outturn: €10.924 million

The shortfall in expenditure of €3.603 million relative to the estimate provision was due largely to a small number of ICT capital projects for directly funded agencies being deferred to 2020.

M.2 Building, equipping and furnishing of health facilities

Estimate provision: €639.461 million, outturn: €593.423 million

The shortfall in expenditure in 2019 was €46.038 million which was associated with the cashflow requirements of major projects.

The new Children's Hospital capital expenditure was less than expected in 2019. It was agreed with the Department of Public Expenditure and Reform that €30 million be carried forward to 2020 in respect of the cost of the project in 2020. The remaining €16.038 million was vired to meet non-capital funding requirements in the HSE in 2019.

M.3 Building, equipping and furnishing of health facilities (part funded by the National Lottery)

Estimate provision: €2.539 million, outturn: € nil

The shortfall in expenditure of €2.539 million relative to the estimate was due to less than expected expenditure on the new Children's Hospital.

Note 4 Receipts

4.1 Appropriations-in-aid

	Estimated		2019	2018
	€000	€000	Realised €000	Realised €000
1 Recovery of cost of health services provided under regulations of the European Community				
	<i>Original</i>	224,779		
	<i>Supplementary</i>	45,000		
		269,779	270,000	270,000
2 Receipts from certain excise duties on tobacco products		167,605	167,605	167,605
3 Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund		3,000	5,530	2,214
4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund		3,000	3,122	4,372
5 Miscellaneous receipts		1	1,015	284
6 Dormant accounts		2,700	2,700	2,619
7 Receipts from additional superannuation contributions on public service remuneration ^a		3,915	3,886	5,254
8 Capital receipt from Department of Education and Skills		10,000	10,000	—
Total		460,000	463,858	452,348

Note ^a 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 €48.858 million greater than the original estimate. Explanations for variances are set out below:

1 Recovery of cost of health services provided under regulations of the European Community

Estimate: €224.779 million, realised: €270 million

The amount recovered under the regulations of the European Community was €45.221 million greater than anticipated. The amount received is negotiated during the year and it is uncertain what the amount to be received will be prior to negotiations being conducted during the year.

3 Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund

Estimate: €3 million, realised: €5.530 million

The increase of €2.53 million was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information from the Department of Employment Affairs and Social Protection on the level of claims arising.

5 Miscellaneous receipts

Estimate: €1,000, realised: €1.015 million

The increase of €1.014 million was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2019 comprised of receipts from the European Regional Development Fund, receipts for license fees under the Misuse of Drugs Act and Freedom of Information Fees.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	16
Collected	50	33
Transferred to the Exchequer	(50)	(49)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	521	475
Health Service Executive direct employees	76,905	76,370
Voluntary (Section 38) acute and non-acute services employees	42,912	41,486
Other agencies ^a	1,753	1,655
Number of staff at year end	122,091	119,986

Note ^a 'Other agencies' includes all agencies operating under the Department's aegis including those that do not receive direct Exchequer funding.

5.2 Pay

Remuneration of Department staff

	2019	2018
	€000	€000
Pay	30,045	27,939
Higher, special or additional duties allowance	205	185
Other allowances	10	1
Overtime	115	128
Employer's PRSI	2,137	1,830
Total pay ^a	32,512	30,083

Note ^a The total pay figure as in subhead A.1 and H.

Remuneration of Health Service Executive staff

	2019	2018
	€000	€000
Pay	3,803,874	3,624,693
Higher, special or additional duties allowance	449,759	415,105
Arrears	39,430	(47,121)
Overtime	187,752	179,886
Employers PRSI	429,071	391,956
Superannuation	747,476	727,508
Total pay Health Service Executive direct employees	5,657,362	5,292,027
Agency pay	349,447	330,748
Total pay ^a	6,006,809	5,622,775

Note ^a The pay costs above does not include employees in the voluntary sector.

Other agencies remuneration ^a

	2019	2018
	€000	€000
Pay	55,919	50,397
Higher, special or additional duties allowance	114	133
Other allowances	103	97
Overtime	20	26
Employer's PRSI	5,604	4,883
Total pay	61,760	55,536

Note ^a Other agencies includes agencies operating under the Department's aegis that receive direct Exchequer funding, other than the Health Service Executive.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Department staff				
Higher, special or additional duties	18	11	27,368	28,969
Other allowances	10	—	1,855	225
Overtime	53	3	19,541	18,839
Extra remuneration in more than one category	5	3	23,847	22,856
Other agencies staff ^a				
Higher, special or additional duties	41	—	9,296	16,905
Other allowances	21	—	6,351	6,096
Overtime	24	—	3,389	9,156
Extra remuneration in more than one category	—	—	—	—

Note ^a Other agencies includes agencies operating under the Department's aegis that receive direct Exchequer funding, other than the Health Service Executive.

5.4 Other remuneration arrangements

One civil servant in receipt of a civil service pension, who had not previously served in this Department, was re-engaged on a fee basis in 2019.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	29	93,652	34,959
Recovery plans in place	9	38,728	8,650

One overpayment recovery plan, in respect of one individual, to the value of €449 was transferred to another Department in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	Cumulative expenditure to the end of 2019 €000	Expenditure in 2019 €000	Expenditure in 2018 €000
Commission of Investigation (Certain matters relative to a disability service in the South East and related matters)	2017	3,674	1,583	1,569
Scoping Inquiry into the CervicalCheck Screening Programme	2018	1,991	958	1,033
		5,665	2,541	2,602

Section 3 of the Commissions of investigation Act 2004 provided for the establishment of a commission to investigate the matters specified in Article 3(a) of the Act and to make any reports required under that Act in relation to its investigation. In March 2017, a decision was taken to establish a commission of investigation in to certain matters relative to a disability service in the South East and related matters. Expenditure of the Commission is charged to Subhead D – statutory and non-statutory inquiries and miscellaneous legal fees and expenses.

6.2 Compensation and legal costs

				2019	2018
	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	Total €000
Claims by members of the public					
Awards and claim settlements	49	655	22,474	634	23,763
Total	49	655	22,474	634	23,763

6.3 Special Obstetrics Investment Fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health has authorised the State Claims Agency to draw down moneys from the fund to cover the cost of claims.

At 31 December 2019, the balance on the fund totalled €4.951 million (2018: €4.62 million). The fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.4 National Lottery funding

Subhead	2019	2019	2018
	Estimate	Outturn	Outturn
	€000	€000	€000
K.1 Health agencies and similar organisations (part funded by the National Lottery)	7,513	1,879	—
	7,513	1,879	—

6.5 EU funding

Expenditure under subhead E.4 is co-financed by the EU.

6.6 Late interest payments and compensation payments

	2019	2018
	€000	€000
Total of interest payments paid	<u>3</u>	<u>5</u>

Appendix A Accounts of bodies and funds under the aegis of the Department of Health

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at account signing date, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas ^a
Health Service Executive	2019	14 May 2020	15 May 2020	5 Jun 2020
Beaumont Hospital	2018	10 Dec 2019	2 Jan 2020	5 Feb 2020
Dublin Dental Hospital	2018	11 Nov 2019	14 Nov 2019	28 Nov 2019
Leopardstown Park Hospital	2018	16 Dec 2019	6 Jan 2020	28 Jan 2020
St James's Hospital	2018	7 Oct 2019	17 Oct 2019	30 Oct 2019
National Paediatric Hospital Development Board	2018	24 Oct 2019	20 Nov 2019	29 Nov 2019
National Haemophilia Council	2018	28 Jun 2019	10 Jul 2019	22 Aug 2019
Food Safety Promotion Board	2018	31 Oct 2019	6 Dec 2019	10 Dec 2019
Food Safety Authority of Ireland	2018	27 Jun 2019	3 Jul 2019	4 Jul 2019
Health Information and Quality Authority	2019	24 Apr 2020	13 May 2020	26 May 2020
Health Research Board	2018	30 Sep 2019	13 Nov 2019	15 Nov 2019
Health and Social Care Professionals Council (CORU)	2018	15 Nov 2019	27 Nov 2019	5 Dec 2019
Irish Blood Transfusion Service Board	2018	24 Jun 2019	26 Jun 2019	3 Jul 2019
Health Products Regulatory Authority	2018	26 Jun 2019	28 Jun 2019	19 Sep 2019
Mental Health Commission	2018	1 Oct 2019	3 Oct 2019	16 Oct 2019
National Cancer Registry Board	2018	14 Aug 2019	21 Aug 2019	28 Aug 2019
Pre-Hospital Emergency Care Council	2018	24 Dec 2019	5 Feb 2020	13 Mar 2020
Health Insurance Authority	2018	26 Jun 2019	15 Jul 2019	19 Sep 2019
Risk Equalisation Fund	2018	26 Jun 2019	15 Jul 2019	19 Sep 2019
Nursing and Midwifery Board	2018	20 Dec 2019	2 Mar 2020	16 Mar 2020
Medical Council	2018	21 May 2019	8 Jul 2019	26 Aug 2019
Pharmaceutical Society of Ireland ^b	2018	21 Mar 2019	29 May 2019	6 Jun 2019
Dental Council ^b	2018	8 Mar 2019	28 Mar 2019	16 Apr 2019
National Treatment Purchase Fund	2018	23 Dec 2019	16 Jan 2020	24 Mar 2020
Consolidated Patient Private Property	2018	7 Feb 2020	26 Feb 2020	7 Apr 2020

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas ^a
Health Repayments Scheme (Donations Fund)	2018	31 Jan 2020	26 Feb 2020	27 Mar 2020
Special Account for Health Repayments Scheme	2018	31 Jan 2020	26 Feb 2020	27 Mar 2020
Hep C – Insurance Scheme	2018	31 Jan 2020	23 Apr 2020	13 Aug 2020

Notes ^a The audited accounts are laid before the Houses of the Oireachtas in accordance with the legislation under which they were established.

^b The financial statements of these State bodies are not audited by the Comptroller and Auditor General.

Appropriation Account 2019

Vote 39

Office of Government Procurement

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 39, and am accordingly required 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 the salaries and expenses of the Office of Government Procurement.

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, and
- Provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €2.396 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 27 of 2019 have been applied in the preparation of the account.

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. A 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 Service Office for the provision of HR and payroll 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 Statement on Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 39.

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

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 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 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
- 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, including the requirements of circular 40/2002.

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 scope of internal audit and the Audit Committee includes the operations of the Office of Government Procurement. 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.

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 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 management and 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 of 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.

Robert Watt

Accounting Officer
Office of Government Procurement

24 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Office of Government Procurement

Opinion on the appropriation account

I have audited the appropriation account for Vote 39 Office of Government Procurement 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 39 Office of Government Procurement 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 Office of Government Procurement 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 39 Office of Government Procurement

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Delivery of central procurement service			
<i>Original</i>	18,481		
<i>Deferred surrender</i>	96		
		18,577	16,164
			15,546
Gross expenditure		18,577	16,164
<i>Deduct</i>			
B Appropriations-in-aid		450	492
<i>Original</i>	18,031		
<i>Deferred surrender</i>	96		
Net expenditure		18,127	15,672

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €59,000 of unspent allocations in respect of capital elements of subhead A.2 was carried forward to 2020.

	2019	2018
	€	€
Surplus	2,454,792	5,524,264
Deferred surrender	(59,000)	(96,000)
Surplus to be surrendered	2,395,792	5,428,264

Robert Watt

Accounting Officer
Office of Government Procurement

24 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	1,863	2,177
Pay	12,645	11,881
Non pay	1,656	1,488
Gross expenditure	16,164	15,546
<i>Deduct</i>		
Appropriations-in-aid	492	500
Net expenditure	15,672	15,046
Changes in capital assets		
Purchases cash	(169)	
Depreciation	311	142
		265
Changes in net current assets		
Decrease in closing accruals	(100)	
Increase in stock	—	(100)
		(277)
Direct expenditure	15,714	15,034
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,507	1,569
Notional rents	50	48
Net programme cost	17,271	16,651

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 39 borne elsewhere, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 7 Finance	59	59
Vote 11 Public Expenditure and Reform	220	187
Vote 12 Superannuation and Retired Allowances	266	360
Vote 13 Office of Public Works	941	943
Vote 18 National Shared Services Office	21	20
	1,507	1,569

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	474	628
Current assets			
Bank and cash	2.2	728	1,109
Stocks		6	6
Prepayments		556	493
Other debit balances	2.3	113	100
Total current assets		<u>1,403</u>	<u>1,708</u>
Less current liabilities			
Accrued expenses		100	137
Other credit balances	2.4	472	342
Net Exchequer funding	2.5	369	867
Total current liabilities		<u>941</u>	<u>1,346</u>
Net current assets		<u>462</u>	<u>362</u>
Net assets		<u>936</u>	<u>990</u>
Represented by:			
State funding account	2.6	<u>936</u>	<u>990</u>

2.1 Capital assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	1,550	171	6	1,727
Additions	169	—	—	169
Adjustment ^a	—	(19)	—	(19)
Cost or valuation at 31 December 2019	1,719	152	6	1,877
Accumulated depreciation				
Opening balance at 1 January 2019	1,026	68	5	1,099
Depreciation for the year	295	15	1	311
Depreciation on adjustment	—	(7)	—	(7)
Cumulative depreciation at 31 December 2019	1,321	76	6	1,403
Net assets at 31 December 2019	398	76	—	474
Net assets at 31 December 2018	524	103	1	628

Note ^a The adjustment relates to the removal of individual asset values of under €1,000 from the asset register. The assets are still in use.

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balances	728	1,109
Other bank account	—	—
	728	1,109

2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Travel pass	99	97
OPW advances	—	2
Other debit suspense items	14	1
	113	100

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	155	145
Pay related social insurance	119	110
Professional services withholding tax	39	27
Pension contributions	42	—
Local property tax	1	1
Universal social charge	32	30
Value added tax	30	29
	418	342
Payroll deductions held in suspense	39	—
Other credit suspense items	15	—
	472	342

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	2,396	5,428
Deferred surrender	59	96
Exchequer grant undrawn	(2,086)	(4,657)
Net Exchequer funding	369	867
Represented by:		
Debtors		
Bank and cash	728	1,109
Debit balances: suspense	113	100
	841	1,209
Creditors		
Due to State	(418)	(342)
Credit balances: suspense	(54)	—
	(472)	(342)
	369	867

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		990	1,125
Disbursements from the Vote			
Estimate provision	Account	18,127	
Deferred surrender	Account	(59)	
Surplus to be surrendered	Account	(2,396)	
Net vote		15,672	15,046
Expenditure (cash) borne elsewhere	1.1	1,507	1,569
Non cash items – capital assets adjustment		(12)	(147)
Non cash items – notional rent		50	48
Net programme cost	1	(17,271)	(16,651)
Balance at 31 December		936	990

2.7 Commitments

	2019	2018
	€000	€000
At 31 December		
Procurement of goods and services	488	1,329

2.8 Matured liabilities

	2019	2018
	€000	€000
at 31 December		
Estimate of matured liabilities not discharged at year end	3	2

Note 3 Vote Expenditure

Analysis of administration expenditure

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

	Estimate provision		2019	2018
	€000	€000	Outturn	Outturn
	€000	€000	€000	€000
i Salaries, wages and allowances		14,685	12,645	11,881
ii Travel and subsistence		155	204	250
iii Training and development and incidental expenses		444	751	763
iv Postal and telecommunication services		90	85	92
v Office equipment and external IT services				
	<i>Original</i>	241		
	<i>Deferred surrender</i>	57		
		298	421	256
vi Office premises expenses				
	<i>Original</i>	414		
	<i>Deferred surrender</i>	39		
		453	195	127
		16,125	14,301	13,369

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €14.685 million, outturn: €12.645 million

The sanctioned allocation was calculated on the basis that full capacity would be reached by the end of the year. Difficulties with staff turnover meant that full capacity was not reached.

iii Training and development and incidental expenses

Estimate provision: €444,000, outturn: €751,000

The overspend primarily related to greater expenditure than originally estimated on staff training, office expenses and website development.

v Office equipment and external IT services

Estimate provision: €298,000, outturn: €421,000

The main drivers for this subhead was expenditure by the Office of the Government Chief Information Officer for service provision and IT office equipment which came in higher than expected.

vi Office premises expenses

Estimate provision: €453,000, outturn: €195,000

The underspend within this subhead is due to delays on planned improvement works to OGP offices.

Programme A Delivery of Central Procurement Services

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay		14,685	12,645
A.2	Administration – non pay			
	<i>Original</i>	1,344		
	<i>Deferred surrender</i>	96	1,440	1,656
A.3	Procurement consultancy and other costs		2,452	1,863
			18,577	16,164
				15,546

Significant variations

The following outlines the reasons for significant variations in expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to the programme was approximately €2.413 million lower than provided. €1.824 million of this related to underspending on administration and has already been explained. The balance of the variance (€589,000) was mainly due to the following:

A.3 Procurement consultancy and other costs

Estimate provision: €2.452 million, outturn: €1.863 million

This underspend is primarily due to longer than expected start up times on a number of key projects.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	400	399	467
2 Miscellaneous	50	92	33
Total	450	491	500

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

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Rebates from suppliers	115	89
EU refund on eTender costs ^a	429	—
Transferred to the Exchequer	(544)	(89)
Balance as at 31 December	—	—

Note ^a OGP received a Connecting Europe Facility (CEF) grant from the Innovation and Networks Executive Agency (INEA) for work on the European Single Procurement Document project (ESPD).

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	226	223

5.2 Pay

	2019 €000	2018 €000
Pay	11,559	10,895
Higher, special or additional duties allowance	31	12
Other allowances	1	1
Overtime	4	3
Employer's PRSI	1,050	970
Total pay	12,645	11,881

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	5	1	11,560	11,556
Other allowances	1	—	964	666
Overtime	4	—	2,538	1,863

5.4 Payroll overpayments

Overpayments at the year-end were €24,873 in respect of 18 individuals (2018: €33,673, 17 individuals).

Of this, €18,846 have recovery plans in place in respect of nine individuals (2018: €20,086, five individuals).

Recovery plans to the value of €1,520 were transferred to other departments in 2019.

Note 6 Miscellaneous

6.1 Compensation and legal costs

An unsuccessful bidder challenged an OGP procurement competition for the provision of interpretation services.

The case had been successfully defended in the High Court but the Court of Appeal subsequently made an order setting aside the decision to award the contract. This was appealed to the Supreme Court, which, in May 2019, upheld the decision to set aside the contract.

The OGP has been ordered to pay costs in relation to these actions — 60% in respect of High Court costs and 80% in respect of Court of Appeal and Supreme Court costs. The cost to OGP has been estimated to be in the order of €1 million, but the final figure has not yet been received.

There is a separate ongoing judicial review involving the same applicant against the award of a contract under an OGP framework agreement.

Appropriation Account 2019

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual 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 the salaries and expenses of the Office of the Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants.

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 €6.965 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 27 of 2019 have been applied in the preparation of the account except for the following:

Depreciation

The Oberstown Children Detention Campus is vested in the Minister and is included in capital assets as land and buildings. Buildings are depreciated at a rate of 2% per annum on a straight line basis over their estimated useful life. Land is not depreciated. Motor vehicles are depreciated over five years at a rate of 20% per annum.

Payments to Pobal

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. Funds not required (e.g. due to lower than anticipated demand) are returned by Pobal to the Department. The net amount advanced to Pobal in the year is charged against the relevant vote subheads in the year (see Note 6.1).

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

Certain services are provided to the Department on a shared services basis.

I have fulfilled my responsibilities in relation to the requirements of the service level agreements between this Department and the Department of Health for the provision of certain financial and ICT shared services, and the National Shared Services Office for the provision of HR and payroll shared services. I have also fulfilled my responsibilities under public financial procedures regarding the IT services provided by the Department of Justice and Equality in respect of the Oberstown Children Detention Campus.

I rely on a letter of assurance from the Accounting Officers of the Department of Health and the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department. The Director of Oberstown Children Detention Campus also received a letter of assurance from the Head of Information Management and Technology in the Department of Justice and Equality for the provision of ICT services.

Agency services

Pobal administers a number of programmes on behalf of the Department across a range of early years and young people related programmes. In 2019, net funding of €573 million was advanced to Pobal in this regard (Note 6.1).

The relationship between the Department and Pobal is governed by an overarching service level agreement (SLA). The agreement, which originally ran from September 2017 to 1 January 2021 has been extended to 31 December 2022, in order to cover the duration of a subsidiary agreement between the organisations which includes the Performance Delivery Agreement for the National Childcare Scheme. A review of the SLA is scheduled in 2020, and will be subject to annual review thereafter.

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.
- The senior management of the Department sign off on a financial control assurance statement in relation to their individual areas of responsibility. These statements are available to me as Accounting Officer in finalising the appropriation account.

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. This includes the following elements:

- 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

I confirm that the Department 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 Department complied with the guidelines with the exception of two contracts to the value of €135,000. Details of the non-compliant contracts are as follows:

- forensic archaeologist in the amount of €83,787 (ex VAT)
- forensic archaeology in the amount of €51,213 (ex VAT)

An explanation for the circumstances behind these instances is contained in my annual return under Circular 40/02.

Internal audit and Audit Committee

I confirm that the Department has an internal audit function which is organisationally independent, reports directly to myself as Accounting Officer and to the Audit Committee and that there are no impairments to its independence or objectivity. Internal Audit has appropriately trained personnel and operates in accordance with a written Charter which I have approved. Its work is informed by analysis of the risks to which the Department is exposed and its annual audit plans, which are approved by me, are based on this analysis.

On a periodic basis I meet with the Head of Internal Audit and also with the Chair of the Audit Committee. The minutes and annual report of the Audit Committee are the subject of discussion by the Department's Management Board.

The Head of Internal Audit (HIA) is a Professional Accountant who has two staff, a Higher Executive Officer and an Executive Officer. In addition to the permanent staffing, the audit function is supported by audit services provided by an external contractor. Audits are conducted to DPER/CIIA standards. The internal audit function is reviewed periodically by me and by the Audit Committee. The function was recently (February 2020) subject to an external quality review by the CIIA and the conclusion was that it "achieved a high degree of general conformance to the standards".

During 2019, Internal Audit issued fourteen reports. Of these, a 'reasonable assurance' audit opinion was made on nine occasions, and a 'limited assurance' audit opinion was made on two occasions. There were three reports, which were lookback audits, for which an assurance level was not given. On no occasion was a 'no assurance' audit opinion made.

I confirm that there are procedures in place to ensure that the reports and recommendations of the internal audit function are appropriately followed up.

Risk and control framework

The Department has a Risk Management Committee in place made up of all members of the Management Board. The Committee oversees the Department's risk management system. Risk is formally reviewed on a quarterly basis by the Committee and on a monthly basis at individual unit level.

The risk management system involves the identification of risk across the Department and the management actions being taken to address and, to the extent possible, to mitigate those risks.

The system is supported by a risk register which identifies key corporate and other risks facing the Department, each of which is identified, evaluated and graded according to their significance. The register details the controls and actions in place or to be taken to mitigate risk. The register is reviewed and updated by the Risk Management Committee on a quarterly basis.

The system is also supported by a risk appetite statement which is in place for the Department.

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 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 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 controls 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

A number of internal financial control issues were raised in internal audit reports during 2019. Two of these provided only 'limited assurance'. Issues raised and corrective measures taken include the following:

1. IT security level framework

The objective of this audit was to review the adequacy of the information technology security framework in place in comparison to good practice in organisations of a similar size and complexity as DCYA. The audit reported a 'limited assurance' audit opinion with eight medium recommendations as the results of the audit showed that the current state of the IT framework in DCYA was not satisfactory.

In response to some of the issues raised in the report, Management informed the audit that in August 2018 DCYA commenced discussions with OGCIO (Office of the Government Chief Information Officer) to migrate ICT services to OGCIO. In December 2018, the Accounting Officer approved a proposal to end the existing contractual arrangement with the Department of Health and agree a new desktop support and server hosting agreement with OGCIO in line with Government ICT strategy. In January 2019, DCYA received approval from the Digital Governance Oversight Unit (DGOU) in DPER to proceed with this project. DCYA is developing new policies and agreed to take all internal audit's recommendations into account. In November 2019, the Department migrated to a new 'build to share' platform for all desktop services. A review audit, to be conducted in the final quarter of 2020, is included in the Internal Audit Plan 2020.

2. Service Level Agreement — Commissioning Arrangements - early years

This audit was a follow-up review of the implementation of the recommendations made in the audit of SLAs for commissioning arrangements in respect of Sectoral Programmes for Children and Young People – Early Years. The audit results showed that the high priority finding and associated recommendation had yet not been implemented. The recommendation stated that for each of the early years programmes an SLA, which is subordinate to the existing overarching agreement, should be put in place as a matter of urgency. In respect of the SLAs being discussed with Pobal, Internal Audit is satisfied that management have undertaken considerable work which continued in 2019 and into 2020.

Irish Youth Justice Service including Oberstown Children Detention Campus

A control failure relating to the recoupment of salary in relation to a staff member on secondment from Oberstown Children Detention Campus to an external organisation was disclosed in the appropriation account 2018. The amount involved is approximately €500,000. This has been pursued and an agreement has been reached whereby the external organisation will repay €25,000 per annum, with a review of arrangements in five years.

Early Years — compliance with programme rules

In 2019, the Department expended a total of €472 million (2018: €428 million) on demand-led Early Learning Care (ELC) and School Age Care (SAC) schemes, providing both universal and targeted subsidies. This provided for full year operation of the Early Childhood Care and Education (ECCE) programme and beneficiary elements of the Access and Inclusion Model, while the legacy targeted schemes Community Childcare Subvention (CCS) and Training and Education Childcare programme (TEC) were replaced in late 2019 by the new National Childcare Scheme (NCS).

A small number of families continue to participate in legacy schemes. While the majority of families will benefit from the NCS, there are a small number of families for whom it may be more beneficial to stay on the existing schemes. As a result of Budget 2020, these families will now be able to stay on those schemes beyond the end of August 2020 or swap to the NCS, depending on whichever will benefit them most.

The Department has rules in place to ensure that public moneys provided for the ELC and SAC schemes are spent appropriately. A fundamental element of good governance of these schemes is compliance with programme rules. In previous years, compliance with programme rules has been an area of concern. This has been primarily due to design of the rules of the original schemes which were developed in a rather ad hoc manner over a period of time and certain legacy issues. Services were previously funded under a staffing grant model, which was based on a block grant rather than individualised funding per child. It proved difficult for many providers to deal with payments based on individual children's attendance.

These areas of concern continued to be addressed in 2019. In the 2018/2019 programme cycle (September 2018 to August 2019), the Department's approach to the compliance function was to concentrate on areas of greatest risk to Exchequer funding. This included focusing on the schemes with higher rates of overclaiming, services with a history of non-compliance, and services with high-value contracts. This approach improved the overall protection of Exchequer funds; where an overclaim was identified it was then routinely recouped.

While different programmes display varying levels of non-compliance, overall in the 2018/19 cycle, the main areas of non-compliance were focused on the legacy schemes that have since been effectively replaced by the NCS. In the 2019/20 cycle, the compliance function is continuing the safeguarding of Exchequer funds by prioritising visits to high value contracts on the schemes with a higher risk element and to services with a history of key compliance issues. In the past, the Community Childcare Scheme (CCS) was the programme with the lowest levels of compliance and highest rates of overclaim. It was the focus of compliance activity in 2018/19. CCS has now been closed

by the Department. The Community Childcare Subvention Plus programme (CCSP) remains open to existing participants and is now the highest-risk scheme, and therefore is the focus of compliance activity in 2019/20.

In the 2019/20 cycle, 28% of contracts were found to be major non-compliant. This is an improvement on the 2018/19 cycle where 31% of the contracts were found to be major non-compliant. Compliance activity is focused on areas of risk so this level of major non-compliance is likely to be lower in the general population. A non-compliance finding arises whenever a provider is found in breach of a scheme requirement, such as level of funding claimed, record keeping requirements (including for attendance records), level of service provision, retention of parental agreements, and the reduction of fees by the full subsidy amounts.

A review of the operation of the compliance framework will be undertaken in 2020. This will involve a review of the operation of the framework to date and options for making operational improvements. It will also involve considering broader changes for the future operation of the framework, especially in the context of the new National Childcare Scheme. Recommendations arising from the review will ultimately dictate the structure of the compliance framework in the future.

The recent introduction of the new National Childcare Scheme should significantly improve the overall position regarding governance and compliance of providers with scheme rules. The National Childcare Scheme will ultimately replace schemes other than ECCE. The rules of the scheme are designed to reflect the requirements of providers and parents in a manner where improved compliance and significantly lower overclaims are expected. Where overclaims are identified, plans are in place to recoup them, in order to prevent loss to the Exchequer. The Department and Pobal continue to work to strengthen this function.

The National Childcare Scheme is due to be reviewed after year one in line with the Childcare Support Act 2018.

At the end of 2019, Pobal's debt management process recorded a debtor balance of approximately €4.3 million against all DCYA programmes. This included programmes other than the Early Learning and Care and School Age Childcare schemes that were operated in that year, with approximately €3 million relating to historical capital projects dating back to the period 2000-2010. The Department and Pobal are in the advanced stages of agreeing a process to manage this historical debt. While the agreement of this process was delayed in 2019, progress continues to be made and a process is expected to be finalised in 2020. Pending agreement, this debtor management process will also set out a procedure for the identification and treatment of those debts which may be deemed irrecoverable, including the €1 million historical figure referred to in the 2018 Appropriation Accounts.

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

31 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 40 Children and Youth Affairs

Opinion on the appropriation account

I have audited the appropriation account for Vote 40 Children and Youth Affairs 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 40 Children and Youth Affairs 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 Children and Youth Affairs 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

25 September 2020

Vote 40 Children and Youth Affairs

Appropriation Account 2019

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Children and Family Support Programme			
	<i>Original</i>	813,723		
	<i>Supplementary</i>	22,104		
			835,827	835,876
				784,712
B	Sectoral Programmes for Children and Young People			
	<i>Original</i>	664,534		
	<i>Supplementary</i>	(4,389)		
			660,145	654,520
				577,257
C	Policy and Legislation Programme			
	<i>Original</i>	32,056		
	<i>Supplementary</i>	(2,715)		
			29,341	27,379
				24,885
Gross expenditure				
	<i>Original</i>	1,510,313		
	<i>Supplementary</i>	15,000		
			1,525,313	1,517,775
				1,386,854
<i>Deduct</i>				
D	Appropriations-in-aid		27,637	27,064
				23,946
Net expenditure				
	<i>Original</i>	1,482,676		
	<i>Supplementary</i>	15,000		
			1,497,676	1,490,711
				1,362,908

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	<u>6,964,619</u>	<u>16,101,819</u>

Fergal Lynch

Accounting Officer
Department of Children and Youth Affairs

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	1,500,731	1,370,412
Pay	14,964	13,869
Non pay	2,080	2,573
Gross expenditure	1,517,775	1,386,854
<i>Deduct</i>		
Appropriations-in-aid	27,064	23,946
Net expenditure	1,490,711	1,362,908
Changes in capital assets		
Purchases cash	(1,773)	
Loss on disposals	27	
Depreciation	1,411	(335)
	(3,548)	(1,196)
Changes in net current assets		
Decrease in closing accruals	(3,548)	(1,303)
Direct expenditure	1,486,828	1,360,409
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	5,728	7,756
Net programme cost	1,492,556	1,368,165

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 40 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	90
Vote 12 Superannuation and Retired Allowances	1,443	1,005
Vote 13 Office of Public Works	4,211	6,583
Vote 18 National Shared Services Office	31	70
Central Fund – Ministerial pensions	13	8
	5,728	7,756

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	57,237	56,817
Current assets			
Stocks		6	6
Prepayments	2.3	7,282	3,697
Other debit balances	2.4	7,348	6,577
Total current assets		<u>14,636</u>	<u>10,280</u>
Less current liabilities			
Bank and cash	2.2	4,851	5,263
Accrued expenses		608	571
Other credit balances	2.5	1,211	897
Net Exchequer funding	2.6	1,286	417
Total current liabilities		<u>7,956</u>	<u>7,148</u>
Net current assets		<u>6,680</u>	<u>3,132</u>
Net assets		<u>63,917</u>	<u>59,949</u>
Represented by:			
State funding account	2.7	<u>63,917</u>	<u>59,949</u>

2.1 Capital assets

	Land and buildings	Office equipment	Furniture, fittings and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	59,473	808	799	61,080
Adjustments ^a	—	(462)	(6)	(468)
Additions	1,525	220	28	1,773
Disposals	—	(33)	—	(33)
Cost or valuation at 31 December 2019	60,998	533	821	62,352
Accumulated depreciation				
Opening balance at 1 January 2019	3,467	577	219	4,263
Adjustments	—	(451)	(102)	(553)
Depreciation for the year	1,220	102	89	1,411
Depreciation on disposals	—	(6)	—	(6)
Cumulative depreciation at 31 December 2019	4,687	222	206	5,115
Net assets at 31 December 2019	56,311	311	615	57,237
Net assets at 31 December 2018	56,006	231	580	56,817

Note ^a Following review of the capital assets, an adjustment was required to ensure disposals from previous periods have been reflected.

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balances	(5,112)	(5,264)
Other bank balances	261	1
	(4,851)	(5,263)

2.3 Prepayments

at 31 December	2019	2018
	€000	€000
Pobal	7,050	3,407
Periodic licences, subscriptions, insurance, etc.	232	290
	7,282	3,697

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Advances to OPW	51	191
Recoupable salaries	80	112
Recoupable travel expenditure	5	13
Recoupable travel pass scheme expenditure	63	57
Other debit suspense items	7,149	6,204
	7,348	6,577

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	127	65
Value Added Tax	79	368
Local Property Tax	1	2
Payroll deductions held in suspense	812	4
	1,019	439
Other credit suspense items	192	444
Recoupable salaries	—	14
	1,211	897

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	6,965	16,102
Exchequer grant undrawn	(5,679)	(15,685)
Net Exchequer funding	1,286	417
Represented by:		
Debtors:		
Debit balances: suspense	7,348	6,577
	7,348	6,577
Creditors:		
Bank and cash	(4,851)	(5,263)
Due to State	(1,019)	(439)
Credit balances: suspense	(192)	(458)
	(6,062)	(6,160)
	1,286	417

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		59,949	57,436
Adjustment		85	14
Disbursements from the Vote			
Estimate provision	Account	1,497,676	
Surplus to be surrendered	Account	(6,965)	
Net vote		1,490,711	1,362,908
Expenditure (cash) borne elsewhere	1.1	5,728	7,756
Net programme cost	1	(1,492,556)	(1,368,165)
Balance at 31 December		63,917	59,949

2.8 Commitments

a) Global commitments	2019	2018
at 31 December	€000	€000
Procurement of goods and services	2,963	4,153
Non-capital grant programmes	724	67
Total of legally enforceable commitments	3,687	4,220

b) Major capital projects

Project	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of the project	Expected total spend lifetime of the project
	€000	€000	€000	2019 €000	2018 €000
Oberstown Children Detention Campus	56,392	—	—	56,392	56,440

2.9 Contingent liability

There were no contingent liabilities at the end of 2019. A liability existed at 31 December 2018 as a result of a legal challenge to the outcome of the Children Referendum 2012. The petitioner was awarded one third of her High Court legal costs and half of her Supreme Court appeal legal costs. The Department's share of the costs amounted to €244,715 and the payment was made in 2019.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

		Estimate provision		2019	2018
				Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	<i>Original</i>	16,233			
	<i>Supplementary</i>	(875)			
			15,358	14,964	13,869
ii	Travel and subsistence				
	<i>Original</i>	176			
	<i>Supplementary</i>	11			
			187	194	162
iii	Training and development and incidental expenses				
	<i>Original</i>	664			
	<i>Supplementary</i>	121			
			785	685	520
iv	Postal and telecommunications services				
	<i>Original</i>	249			
	<i>Supplementary</i>	(130)			
			119	92	160
v	Office equipment and external IT services				
	<i>Original</i>	687			
	<i>Supplementary</i>	(79)			
			608	562	633
vi	Office premises expenses				
	<i>Original</i>	703			
	<i>Supplementary</i>	(196)			
			507	388	1,036
vii	Consultancy and other services				
	<i>Original</i>	369			
	<i>Supplementary</i>	(227)			
			142	159	62
			17,706	17,044	16,442

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €16.233 million, outturn: €14.964 million

The variance of €1.269 million relative to the estimate provision was due primarily to lower levels of recruitment than originally anticipated, and the delay in the establishment of the Guardian Ad Litem Office within the Department.

iv Postal and telecommunications services

Estimate provision: €249,000, outturn: €92,000

The variance of €157,000 was due to lower than expected postal and telecommunications costs. No single factor has led to an outturn lower than the estimate.

vi Office premises expenses

Estimate provision: €703,000, outturn: €388,000

The variance of €315,000 in office premises expenses was primarily due to expected additional accommodation requirements, arising from the expansion of Departmental staffing numbers, which did not progress as originally anticipated, as per note (i) above.

vii Consultancy and other services

Estimate provision: €369,000, outturn: €159,000

The variance of €210,000 relative to the estimate provision was due primarily to delays in the implementation of the 2019 Organisational Review, for which further external support may have required additional consultancy services.

Programme A Children and Family Support Programme

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	2,760		
	<i>Supplementary</i>	(148)		
			2,612	3,745
A.2	Administration – non-pay			
	<i>Original</i>	484		
	<i>Supplementary</i>	(83)		
			401	695
A.3	Child and Family Agency			
	<i>Original</i>	784,619		
	<i>Supplementary</i>	23,635		
			808,254	752,916
A.4	Youth Justice – Children Detention Campus			
	<i>Original</i>	25,860		
	<i>Supplementary</i>	(1,300)		
			24,560	27,356
			835,827	784,712

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme A was €22.153 million higher than originally provided. The significant variances within the programme are set out below:

A.3 Child and Family Agency

Estimate provision: €784.619 million, outturn: €809.216 million

The overspend in expenditure of €24.597 million relative to the original estimate was primarily due to demand led cost pressures particularly in respect of private residential care but offset somewhat by underspends on capital.

A.4 Youth Justice – Children Detention Campus

Estimate provision: €25.860 million, outturn: €23.762 million

The shortfall in expenditure of €2.098 million relative to the original estimate provided was mainly due to lower levels of appointments to staffing positions in Oberstown Children Detention Campus than expected, despite rolling recruitment during the year, which has resulted in an underspend on pay costs in 2019. In addition, there were savings on capital works due to a fire safety project starting later than anticipated.

Programme B Sectoral Programmes for Children and Young People

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
				€000	€000
B.1	Administration – pay				
	<i>Original</i>	6,493			
	<i>Supplementary</i>	(350)			
			6,143	5,986	3,745
B.2	Administration – non-pay				
	<i>Original</i>	1,139			
	<i>Supplementary</i>	(200)			
			939	832	695
B.3	ECCE and AIM Pre-school Programmes				
	<i>Original</i>	329,676			
	<i>Supplementary</i>	(1,376)			
			328,300	332,465	326,709
B.4	Affordable Childcare Scheme and other childcare programmes		166,350	164,424	171,613
B.5	Childcare programmes: delivery supports and other initiatives				
	<i>Original</i>	78,417			
	<i>Supplementary</i>	(2,113)			
			76,304	70,554	3,867
B.6	Youth organisations and Services (part funded by the National Lottery)				
	<i>Original</i>	63,595			
	<i>Supplementary</i>	(350)			
			63,245	62,369	59,881
B.7	Prevention and early intervention programmes		9,500	8,897	6,163
B.8	Intervention programmes for children and young people (Dormant accounts funded)		7,166	7,046	3,650
B.9	Programme for Peace and Reconciliation		2,098	1,884	879
B.10	Creative Ireland		100	63	55
			660,145	654,520	577,257

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme B was €10.014 million lower than originally provided. €814,000 of this related to a saving on administration expenditure and has already been explained under the analysis of administration expenditure section above. The remaining variance of €9.2 million was mainly due to the following:

B.5 Childcare Programmes: Delivery Supports and Other Initiatives

Estimate provision: €78.417 million, outturn: €70.554 million

The shortfall in expenditure of €7.863 million relative to the estimate provision was mainly due to savings arising as a result of the later than planned launch of the National Childcare Scheme and its online only launch in 2019 (€3.1 million). There were also underspends in respect of certain childcare initiatives and supports such as sustainability funding (€1.5 million), underspends on the AIM programme (€1.4 million), delays in the recruitment of Early Years Inspectors (€900,000) offset by a small number of overspends, the main driver of which was a €1.2 million increase in Pobal service delivery costs.

B.7 Prevention and Early Intervention Programmes

Estimate provision: €9.5 million, outturn: €8.897 million

The shortfall in expenditure of €603,000 was primarily due to lower than anticipated expenditure on the various programmes arising from Tusla's difficulty and delay in recruiting staff to the Area Based Childhood sites and to the Prevention, Partnership and Family Support Programme which led to reduced activity and costs across the various programmes.

B.9 Programme for Peace and Reconciliation

Estimate provision: €2.098 million, outturn: €1.884 million

The shortfall in expenditure of €214,000 was due to the fact that this programme is co-funded by the EU, and as a result the timing of the Department's costs can be unpredictable. It is noted there was also reduced activity as a result of recruitment and retention issues amongst participants of this programme.

Programme C Policy and Legislation Programme

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
				€000	€000
C.1	Administration – pay				
	<i>Original</i>	6,980			
	<i>Supplementary</i>	<u>(376)</u>			
			6,604	6,435	6,380
C.2	Administration – non-pay				
	<i>Original</i>	1,225			
	<i>Supplementary</i>	<u>(217)</u>			
			1,008	894	1,183
C.3	Miscellaneous legal fees and settlements				
	<i>Original</i>	889			
	<i>Supplementary</i>	<u>(472)</u>			
			417	245	396
C.4	National Longitudinal Study and other research programmes		2,796	2,937	3,403
C.5	Children’s and young people’s policy framework and other programmes				
	<i>Original</i>	8,634			
	<i>Supplementary</i>	<u>(989)</u>			
			7,645	7,121	4,219
C.6	Adoption Authority of Ireland	4,913	4,913	4,462	3,905
C.7	Office of the Ombudsman for Children	2,747	2,747	2,500	2,435
C.8	Commission of Investigation				
	<i>Original</i>	3,872			
	<i>Supplementary</i>	<u>(661)</u>			
			3,211	2,785	2,964
			29,341	27,379	24,885

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme C was €4.677 million lower than originally provided. €876,000 of this related to administration expenditure and has already been explained under the analysis of administration expenditure section above. The balance of the variance of €3.801 million was mainly due to the following:

C.3 Miscellaneous legal fees and settlements

Estimate provision: €889,000, outturn: €245,000

The shortfall in expenditure of €644,000 relative to the estimate provision was due to the finalisation and settlement during 2019 of an ongoing case in relation to the 2012 Children Referendum, the costs of which were less than the contingency provided. In general, predicting the outcomes and costs associated with legal cases is difficult.

C.4 National Longitudinal Study and other research programmes

Estimate provision: €2.796 million, outturn: €2.937 million

The excess in expenditure of €141,000 relative to the estimate provision was due to funding support given by the Department to the CSO for the transition of the Growing Up in Ireland survey.

C.5 Children's and young people's policy framework and other programmes

Estimate provision: €8.634 million, outturn: €7.121 million

The shortfall in expenditure of €1.513 million relative to the estimate provision was due to underspends across a number of programmes, the main elements of which were: a delay in appointing support workers to Family Resource Centres; cost savings in respect of Dáil na nÓg and Comhairle na nÓg events; and cost savings as a result of not progressing the establishment of the Guardian Ad Litem Office as an executive office within the Department as quickly as planned, with a consequential delay in projects progressing.

C.6 Adoption Authority of Ireland

Estimate provision: €4.913 million, outturn: €4.462 million

The shortfall in expenditure of €451,000 relative to the estimate provision was mainly due to lower staff costs which arose due to recruitment difficulties being experienced by the Adoption Authority in 2019.

C.7 Ombudsman for Children's Office

Estimate provision: €2.747 million, outturn: €2.5 million

The shortfall in expenditure of €247,000 relative to the estimate provision was due to delays in filling staffing vacancies in the OCO.

C.8 Commission of Investigation (Mother and Baby Homes and Certain Related Matters)

Estimate provision: €3.872 million, outturn: €2.785 million

The shortfall in expenditure of €1.087 million relative to the estimate provision was due to lower than anticipated costs associated with the Commission. The Commission was established in 2015, and has had its term further extended until June 2020.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimate provision	Realised	Realised
	€000	€000	€000
1 Superannuation scheme – Child and Family Agency	8,925	8,039	8,480
2 Superannuation scheme – non-teaching staff of Oberstown Children Detention Campus	556	592	566
3 Superannuation scheme – Adoption Authority of Ireland	1	—	—
4 Superannuation scheme – Office of the Ombudsman for Children	2	34	—
5 Miscellaneous	874	570	555
6 Dormant accounts funding	7,166	7,039	3,650
7 Programme for Peace and Reconciliation	1,712	1,085	231
8 Receipts from additional superannuation contributions on public service remuneration ^a	8,401	9,705	10,464
Total	27,637	27,064	23,946

Note ^a 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 €573,000 lower than forecast.

Explanations for significant variances are set out below.

1 Superannuation scheme—Child and Family Agency

Estimate provision: €8.925 million, realised: €8.039 million

The shortfall of €886,000 was due to an overall underspend on pay resulting in reduced superannuation receipts.

5 Miscellaneous

Estimate provision: €874,000, realised: €570,000

The shortfall of €304,000 was due primarily to Child and Family Agency miscellaneous receipts, which are variable in nature, being lower than anticipated.

7 Programme for Peace and Reconciliation

Estimate provision: €1.712 million, realised: €1.085 million

The shortfall of €627,000 was due to the timing of receipts from the Special EU Programmes being difficult to accurately predict.

8 Receipts from additional superannuation contributions on public service remuneration*Estimate provision: €8.401 million, realised: €9.705 million*

The increase of €1.304 million was primarily due to increased staffing numbers and related pay bill, including the impact of pay restoration in 2019.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	226	110
Receipts: Pobal	3,981	343
ETBs	324	813
Oberstown Children Detention Campus	39	314
Tusla	—	99
Other	111	93
Transferred to the Exchequer	(4,839)	(1,546)
Balance at 31 December	(158)	226

Note Included in the 2019 transfer is an amount of €526,050 that was incorrectly categorised as extra Exchequer receipts for 2019. This amount was subsequently refunded to the Vote in 2020.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Department	277	267
Commission of Investigation	17	19
Agencies of the Department (note 5.4)	4,420	4,180
	4,714	4,466

5.2 Pay

Department staff	2019	2018
	€000	€000
Pay	15,483	14,054
Higher, special or additional duties allowance	103	113
Overtime	19	31
Employer's PRSI	1,210	1,034
Total pay¹	16,815	15,232

Note The total pay figure is distributed across subheads A1, B1, C1 and C8.

Staff of agencies of the Department

	2019	2018
	€000	€000
Pay	229,966	216,516
Higher, special or additional duties allowance	11,057	10,266
Other allowances	62	77
Overtime	859	916
Employer's PRSI	23,751	21,735
Total pay	265,695	249,510

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019 €	2018 €
Departmental staff				
Higher, special or additional duties	13	3	20,614	20,613
Other allowances	3	—	2,761	2,675
Overtime	8	—	9,607	8,321
Extra remuneration in more than one category	3	1	12,347	10,996
Staff of agencies of the Department				
Higher, special or additional duties	961	100	22,900	27,469
Other allowances	46	—	8,668	11,569
Overtime	412	10	19,294	22,026
Extra remuneration in more than one category	351	139	29,560	35,011

5.4 Agency employees and pay

The pay expenditure of agencies is not a direct financial transaction of the Department. Further information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements or directly from the agencies concerned.

Number of staff at year end	2019	2018
full time equivalents		
Child and Family Agency	4,122	3,893
Oberstown Children Detention Campus	248	239
Adoption Authority of Ireland	28	27
Office of the Ombudsman for Children	22	20
Total	4,420	4,179
	2019	2018
	€000	€000
Pay		
Child and Family Agency	298,230	280,254
Oberstown Children Detention Campus	16,746	16,443
Adoption Authority of Ireland	1,468	1,433
Office of the Ombudsman for Children	1,267	1,093
Total pay	317,711	299,223

5.5 Payroll overpayments

	Numbers of recipients	2019	2018
		€	€
Overpayments	9	7,733	11,627
Recovery plans in place	2	2,091	8,772

Note One further overpayment has been recouped in full since the end of 2019, and the PSSC are managing and progressing recoupment plans for the balance of the overpayments.

5.6 Other remuneration arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fee basis at a total cost of €25,348. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €195,768 (inclusive of salary, employees' superannuation and employers' PRSI) in respect of two officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department: one to UL and one to the HSE.

Note 6 Miscellaneous

6.1 Payments to Pobal

In accordance with the Department's accounting policy, the net amount transferred to Pobal in the year (€573.348 million) was charged to the relevant subheads as set out below.

During 2019, Pobal returned funds totalling €3.981 million to the Department. All of the funds relating to the current year were returned to the relevant subheads. The funds relating to prior years were returned to the Exchequer as Extra Exchequer Receipts.

		2019	2018
		€000	€000
	Subhead		
B.3	ECCE and AIM pre-school programmes	332,403	322,873
B.4	Affordable childcare scheme and other childcare programmes	164,424	168,545
B.5	Childcare programmes: delivery supports and other initiatives	62,864	3,737
B.6	Youth organisations and services (part funded by the National Lottery)	11,557	10,715
B.7	Prevention and early intervention programmes	—	4,956
B.8	Intervention programmes for children and young people (dormant accounts funded)	809	892
C.5	Children's and young people's policy framework and other programmes	1,291	1,181
	Total paid to Pobal	573,348	512,899

Note Pobal administers a large number of grant programmes on behalf of the Department. At 31 December 2019, Pobal had grant commitments totalling €7.05 million relating to programmes administered on behalf of the Department.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	2019	2018
					Total	Total
		€000	€000	€000	€000	€000
Claims by employees						
Injury in the course of work	9	75	180	—	255	341
Claims by members of the public						
Adoption claim	—	—	—	—	—	394
Personal injury claim ^a	—	—	—	—	—	542
Challenge to the Children Referendum	1	—	—	245	245	—
		75	180	245	500	1,277

Note ^a Cases involving current/former residents of the Oberstown Children Detention Campus.

6.3 Fraud and suspected fraud

	Number of cases	2019	2018
		€000	€000
Fraud	2	14	32
Suspected fraud	—	—	—

Notes There were no reported incidents of fraud involving DCYA staff.
There were two reported incidents which occurred in service providers in receipt of DCYA funds in 2019.
The sums were immaterial (€14,000 in one instance and in the other the fraud related to the person's domestic internet and heating) and it cannot be determined what portion, if any, relates to DCYA funding.
In the period between the signature of the appropriation account and the final appropriation account, no further incidents were reported.

Details in relation to 2018 were noted in the 2018 appropriation account.

6.4 Committees, commissions and special inquiries

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (SI No 57 of 2015).

Commission expenditure is accounted for in subhead C.8 of the Department's Vote, and includes €1.839 million relating to pay costs.

	Year of appointment	Cumulative expenditure to end 2019 €000	2019 €000	2018 €000
C.8-Commission of Investigation – Mother and Baby Homes	2015	12,435	2,785	2,964

6.5 National Lottery funding

One of the subheads in the Department, B.6 – Youth Organisations and Services, is part funded by the National Lottery.

	2019 Estimate €000	2019 Outturn €000	2018 Outturn €000
Subhead B.6 – Youth Organisations and Services	60,395	62,369	59,881

6.6 EU funding

The outturn shown in Subhead B9 includes payments in respect of activities which are co-financed by the European Regional Development Fund. Estimates of expenditure and actual outturns were as follows.

	2019 Estimate €000	2019 Outturn €000	2018 Outturn €000
Subhead B.9 – Programme for Peace and Reconciliation	2,098	1,884	879

6.7 Write offs

An amount of €1,000 was written off in 2019. (2018: No amounts were written off).

Appendix A Accounts of bodies and funds under the aegis of the Department of Children and Youth Affairs

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Oberstown Children Detention Campus	2018	23 Dec 2019	7 Jan 2020	21 Jan 2020
Adoption Authority of Ireland	2018	12 Dec 2019	17 Dec 2019	29 Jan 2020
Office of the Ombudsman for Children	2018	30 Sep 2019	16 Dec 2019	27 Feb 2020
Child and Family Agency	2018	24 Jun 2019	25 Jun 2019	18 Jul 2019

Appropriation Account 2019

Vote 41

Policing Authority

Introduction

As Chief Executive of the Policing Authority, I am the Accounting Officer for Vote 41. 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 the salaries and expenses of the Policing Authority.

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 €544,000 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Role of the Authority

The Policing Authority was established on 1 January 2016 by the enactment of the Garda Síochána (Policing Authority and Miscellaneous Provisions) Act 2015. It comprises the Chairperson and eight members. The role of the Authority is to oversee the performance by the Garda Síochána of its functions relating to policing services.

The Authority is responsible for

- leading and directing the Authority's activities
- compliance with all applicable statutory obligations
- holding the CEO and senior management to account for the effective performance of their responsibilities
- matters relating to audit, governance and risk management
- ensuring that there are effective systems of internal control in place and implemented
- the preparation and adoption of a strategic plan, and
- the preparation of the annual report of the Authority.

The Authority has adopted the *Code of Practice for the Governance of State Bodies*. The annual report of the Authority for 2019 will be submitted to the Minister for Justice and Equality by 31 March 2020.

On foot of the report of the Commission on the Future of Policing it is proposed that a new statutory body be established. The new body will implement the proposals in the report to merge the Garda Inspectorate and the Policing Authority. Pending the new legislation, the existing oversight bodies are to continue with their current roles.

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 27 of 2019, have been applied in the preparation of the account.

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 Policing Authority. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive. 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Financial services are provided to the Authority under a service level agreement by Financial Shared Services in the Department of Justice and Equality. Payroll and HR services are provided to the Authority by the National Shared Services Office for the provision of HR and payroll shared services under a memorandum of understanding. I have fulfilled my responsibilities in relation to the requirements of these agreements.

The Accounting Officers of the Department of Justice and Equality and the National Shared Services Office are responsible for the operation of the internal control systems in relation to financial shared services and payroll and HR services respectively. I rely on letters of assurance from the Accounting Officer of the Department of Justice and Equality and the Accounting Office of the National Shared Services Office that appropriate systems for governance and internal control are exercised over the services that they provide to the Authority.

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.
- An Audit and Risk Committee to advise me in discharging my responsibilities for the internal financial control system is in place.
- 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. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by the Senior Management Team (SMT)
- there are regular reviews by the SMT of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system is in operation
- 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, which are complied with by the Authority.

Internal audit and Audit and Risk Committee

I confirm that the Policing Authority has an internal audit function which is currently outsourced 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 Authority's Audit and Risk Committee.

I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Authority 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 risk register is reviewed and updated as appropriate by the SMT on a monthly 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 the 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 SMT, 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 Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority'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 of the Authority 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.

Helen Hall
Accounting Officer
Policing Authority

2 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 41 Policing Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 41 Policing Authority 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 41 Policing Authority 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 Policing 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

25 June 2020

Vote 41 Policing Authority

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Provision of independent oversight of the policing functions of An Garda Síochána	3,376	2,845	2,440
Gross expenditure	3,376	2,845	2,440
<i>Deduct</i>			
B Appropriations-in-aid	52	65	66
Net expenditure	3,324	2,780	2,374

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	544,124	912,270

Helen Hall

Accounting Officer
Policing Authority

2 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Administration Pay	1,932	1,772
Administration Non-pay	913	668
Gross expenditure	2,845	2,440
<i>Deduct</i>		
Appropriations-in-aid	65	66
Net expenditure	2,780	2,374
Changes in capital assets		
Purchases cash	(5)	
Depreciation	5	(5)
Changes in net current assets		
increase in closing accruals	14	
Increase in stock	(2)	(3)
Direct expenditure	2,792	2,366
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	313	436
Net programme cost	3,105	2,802

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 41 borne elsewhere.

	<u>2019</u>	<u>2018</u>
	<u>€000</u>	<u>€000</u>
Vote 9 Office of the Revenue Commissioners	8	8
Vote 13 Office of Public Works	253	379
Vote 18 National Shared Services	4	2
Vote 24 Justice and Equality	48	47
	313	436

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	16	16
Current assets			
Bank and cash		83	90
Stocks		7	5
Prepayments		15	13
Other debit balances	2.2	4	-
Net Exchequer funding	2.4	14	-
Total current assets		<u>123</u>	<u>108</u>
Less current liabilities			
Accrued expenses		31	15
Other credit balances	2.3	101	90
Total current liabilities		<u>132</u>	<u>105</u>
Net current liabilities		<u>(9)</u>	<u>3</u>
Net assets		<u><u>7</u></u>	<u><u>19</u></u>
Represented by:			
State funding account	2.5	<u><u>7</u></u>	<u><u>19</u></u>

2.1 Capital assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	20	33	53
Additions	4	1	5
Cost or valuation at 31 December 2019	24	34	58
Accumulated depreciation			
Opening balance at 1 January 2019	8	29	37
Depreciation for the year	4	1	5
Cumulative depreciation at 31 December 2019	12	30	42
Net assets at 31 December 2019	12	4	16
Net assets at 31 December 2018	12	4	16

2.2 Other debit balances

at 31 December	2019 €000	2018 €000
Other debit suspense items	4	—
	4	—

2.3 Other credit balances

at 31 December	2019 €000	2018 €000
Amounts due to the State		
Income tax	57	53
Pay related social insurance	20	18
Professional services withholding tax	15	2
Value added tax on foreign invoices	6	2
	98	75
Other credit suspense items	3	15
	101	90

2.4 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	544	912
Exchequer grant undrawn	(558)	(912)
Net Exchequer funding	(14)	—
Represented by:		
Debtors		
Other debit suspense items	4	—
Bank and cash	83	90
	87	90
Creditors		
Due to State	(98)	(75)
Other credit suspense items	(3)	(15)
	(101)	(90)
	(14)	—

2.5 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		19	11
Disbursements from the Vote			
Estimate provision	Account	3,324	
Surplus to be surrendered	Account	(544)	
Net vote		2,780	2,374
Expenditure (cash) borne elsewhere	1.1	313	436
Net programme cost	1	(3,105)	(2,802)
Balance at 31 December		7	19

2.6 Commitments

Global commitments		
At 31 December	2019	2018
	€000	€000
Procurement of goods and services	85	10

Note 3 Vote Expenditure

Analysis of administration expenditure

All programme cost is classified as administration expenditure.

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	2,176	1,932	1,772
ii Travel and subsistence	50	49	34
iii Training and development and incidental expenses	745	637	444
iv Postal and telecommunication services	50	12	12
v Office equipment and external IT services	125	150	116
vi Office premises expenses	130	64	58
vii Consultancy and other services	100	1	4
	3,376	2,845	2,440

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €2.176 million, outturn: €1.932 million

The shortfall of €244,000 on expenditure on salaries, wages and allowances was due to longer than expected timelines to recruit and appoint staff members that resulted in 33 of the total staff complement of 39 being in place by the end of 2019.

iii Training and development and incidental expenses

Estimate provision: €745,000, outturn: €637,000

The delay in filling staff positions resulted in lower administration costs throughout the year. As the Authority was not staffed up to its full complement, certain activities planned for the year could not take place and consequently there were savings of €108,000 in this subhead.

v Office equipment and external IT services

Estimate provision: €125,000, outturn: €150,000

The overspend in this subhead of €25,000 was a consequence of office equipment requirements, prepayment in respect of software licenses, and year-on-year increases in expenditure on ICT managed services, print managed services, and stationery supplies.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
Receipts from additional superannuation contributions on public service remuneration ^a	52	65	66
	52	65	66

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

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>33</u>	<u>32</u>

5.2 Employee pay

	2019 €000	2018 €000
Pay	1,768	1,618
Higher, special or additional duties allowance	2	13
Employer's PRSI	<u>162</u>	<u>141</u>
Total pay	<u>1,932</u>	<u>1,772</u>

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	1	—	1,495	11,187

5.4 Authority members' fees and expenses

In 2019, there were nine members of the Authority, including the Chairperson. Fees totalling €143,681 were paid during 2019 (2018: €151,191). The Authority met in plenary a total of 15 times (six in public), (2018: 15, (five in public) and a total of 25 subcommittee meetings were held (2018: 29). Expenses paid to the Authority's board members in 2019 were €19,768 (2018: €9,747). The fees and expenses were charged to subhead A (iii) Training and development and incidental expenses.

5.5 Other remuneration arrangements

Eleven retired civil servants in receipt of civil service pensions were re-engaged on various duties in 2019 (2018: six) at a total cost of €82,543 (2018: €73,233). Appropriate procedures are in place with regard to payments to retired personnel in accordance with Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

Appropriation Account 2019

Vote 42

Rural and Community Development

Introduction

As Accounting Officer for Vote 42, 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 the salaries and expenses of the Office of the Minister for Rural and Community Development, including certain services administered by that Office and for the payment of grants.

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 €10.304 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 27 of 2019, have been applied in the preparation of the account, except for the following:

Payments to Pobal

Funds are advanced to Pobal in relation to the delivery of certain programmes on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year. (See Note 6.3)

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 of Rural and Community Development.

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

Payroll and human resource functions are being provided on a shared services basis by the National Shared Services Office (Vote 18).

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of human resources and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for National Shared Services Office that the appropriate controls are exercised in the provision of HR and payroll shared services to this Department.

Financial shared services are provided by the Financial Shared Service Centre of the Department of Justice and Equality (Vote 24). I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department and the Financial Shared Service Centre of the Department of Justice and Equality.

I rely on a letter of assurance from the Accounting Officer of the Vote for Justice and Equality that the appropriate controls are exercised in the provision of financial shared services to my Department.

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

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.
- There are systems in place to safeguard the assets of the Department.

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 Department
- the Office of the Government Chief Information Officer (OGCIO) has a delegated responsibility for ensuring the security of ICT under a memorandum of understanding
- there are appropriate capital investment control guidelines in place.

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. 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. As part of the continued development of the internal audit function, it will be periodically reviewed by me and the audit committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Procurement compliance

The Department 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.

In 2019, the Department complied with national guidelines and EU regulations for all procurement. However, two contracts were directly awarded in the year but are considered to be compliant with procurement rules, as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation. These contracts with a total value of €245,000 (excluding VAT) have been included on the annual return for 2019 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform under Circular 40/02.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream and to engage with the Office of Government Procurement in relation to more specific requirements. Controls remain in place to ensure compliance in this area.

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

A Risk Committee is also in place to oversee the system of risk management and its implementation. The committee includes all members of the Management Board and meets on a quarterly basis. The risk register is reviewed and updated at each quarterly meeting.

The outcome of these assessments are used to plan and allocate resources to ensure risks are managed to an acceptable level.

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 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 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. The Department will continue to apply a strong focus on the operation and continuous review of internal financial controls in 2020.

Kevin McCarthy

Accounting Officer

Department of Rural and Community Development

26 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 42 Rural and Community Development

Opinion on the appropriation account

I have audited the appropriation account for Vote 42 Rural and Community Development 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 42 Rural and Community Development 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 Rural and Community Development 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

21 September 2020

Vote 42 Rural and Community Development

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Rural Development and Regional Affairs	138,371	137,080	87,626
B Community Development	148,225	149,733	145,764
C Charities Regulatory Authority	4,606	3,870	4,093
Gross expenditure	291,202	290,683	237,483
<i>Deduct</i>			
D Appropriations-in-aid	30,520	40,305	26,893
Net expenditure	260,682	250,378	210,590

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	10,303,538	5,410,518

Kevin McCarthy

Accounting Officer

Department of Rural and Community Development

26 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	279,929	228,414
Pay	8,755	7,515
Non pay	1,999	1,554
Gross expenditure	290,683	237,483
<i>Deduct</i>		
Appropriations-in-aid	40,305	26,893
Net expenditure	250,378	210,590
Changes in capital assets		
Purchases cash	(133)	
Depreciation	85	(299)
Changes in net current assets		
Decrease in closing accruals	(25,229)	(8,387)
Decrease in stock	—	3
Direct expenditure	225,101	201,907
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,932	2,044
Net programme cost	227,033	203,951

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 42 borne elsewhere.

	2019	2018
	€000	€000
Vote 11 Department of Public Expenditure and Reform	131	—
Vote 12 Superannuation and Retired Allowances	363	190
Vote 13 Office of Public Works	1,091	1,516
Vote 18 National Shared Services Office	18	7
Vote 24 Justice and Equality	329	331
	1,932	2,044

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	388	340
Current assets			
Bank and cash		300	(1,206)
Prepayments	2.2	28,349	9,605
Other debit balances	2.3	309	69
Net Exchequer funding	2.4	45	1,707
Accrued income	2.5	11,931	5,469
Total current assets		<u>40,934</u>	<u>15,644</u>
Less current liabilities			
Accrued expenses		235	258
Other credit balances	2.6	654	570
Total current liabilities		<u>889</u>	<u>828</u>
Net current assets		<u>40,045</u>	<u>14,816</u>
Net assets		<u>40,433</u>	<u>15,156</u>
Represented by:			
State funding account	2.7	<u>40,433</u>	<u>15,156</u>

2.1 Capital assets

	IT equipment and office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2019	840	116	956
Additions	33	100	133
Disposals	—	(5)	(5)
Cost or valuation at 31 December 2019	873	211	1,084
Accumulated depreciation			
Opening balance at 1 January 2019	609	7	616
Depreciation for the year	63	22	85
Depreciation on disposals	—	(5)	(5)
Cumulative depreciation at 31 December 2019	672	24	696
Net assets at 31 December 2019	201	187	388
Net assets at 31 December 2018	231	109	340

2.2 Prepayments

at 31 December	2019	2018
	€000	€000
Rural Regeneration and Development Fund	16,929	—
Library development and archive service	5,935	—
Regional Economic Development	1,946	1,560
National Rural Development Schemes	1,642	—
Leader – Rural Economy Sub Programme	1,252	942
Supports for community and voluntary Administration	457	1,117
Town and Village Regeneration	180	8
Local Improvement Schemes	8	—
	—	5,978
	28,349	9,605

2.3 Other debit balances

at 31 December	2019	2018
	€000	€000
Travel pass schemes	62	52
Office of Public Works	10	17
Leader – food initiative	215	—
Other suspense items	22	—
	309	69

2.4 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	10,304	5,411
Exchequer grant undrawn	(10,349)	(7,118)
Net Exchequer funding	(45)	(1,707)
Represented by:		
Debtors		
Bank and cash	300	(1,206)
Debit balances: suspense	309	69
	609	(1,137)
Creditors		
Credit balances: suspense	(654)	(570)
	(654)	(570)
	(45)	(1,707)

2.5 Accrued income

at 31 December 2019	2019	2018
	€000	€000
Subhead	Description	
A.5	Leader – Rural Economy Sub Programme	5,042
A.9	Local improvement schemes	—
B.8	Programme for Peace and Reconciliation	427
C.3	Charities Regulatory Authority	—
		5,469
	11,931	

2.6 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	171	150
Pay related social insurance	84	78
Professional services withholding tax	97	31
Value added tax	13	—
	<u>365</u>	<u>259</u>
Tidy Towns competition	230	274
Other	59	37
	<u>654</u>	<u>570</u>

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		15,156	6,473
Disbursements from the Vote			
Estimate provision	Account	260,682	216,001
Surplus to be surrendered	Account	<u>(10,304)</u>	<u>(5,411)</u>
Net vote		250,378	210,590
Expenditure (cash) borne elsewhere	1.1	1,932	2,044
Net programme cost	1	<u>(227,033)</u>	<u>(203,951)</u>
Balance at 31 December		<u>40,433</u>	<u>15,156</u>

2.8 Commitments

a) Global commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services	237	—
Non-capital grant programmes	110,497	42,564
Capital grant programmes	232,283	241,795
Total of legally enforceable commitments	343,017	284,359

b) Non-capital grant programmes

	2019	2018
	€000	€000
Opening balance	42,564	40,228
Grants paid in year	(136,966)	(130,265)
New grant commitments	204,899	132,601
Closing balance	110,497	42,564

c) Capital grant programmes

	2019	2018
	€000	€000
Opening balance	241,795	209,028
Grants paid in year	(137,729)	(94,857)
New grant commitments	128,217	127,624
Closing balance	232,283	241,795

Note 3 Vote Expenditure

Analysis of administration expenditure

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

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	8,457	8,755	7,515
ii Travel and subsistence	604	455	306
iii Training and development and incidental expenses	539	777	711
iv Postal and telecommunication services	207	66	52
v Office equipment and external IT services	1,697	258	364
vi Office premises expenses	325	214	108
vii Consultancy services and value for money and policy reviews	90	229	13
	11,919	10,754	9,069

Significant variations

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

ii Travel and subsistence

Estimate provision: €604,000, outturn: €455,000

The shortfall in expenditure of €149,000 relative to the estimate provision was due to delays in hiring to expected staffing levels and reduced overall travel.

iii Training and development and incidental expenses

Estimate provision: €539,000, outturn: €777,000

The increase in expenditure of €238,000 relative to the estimate provision was due to incidental expenses, which are variable in nature, being greater than anticipated.

iv Postal and telecommunication services

Estimate provision: €207,000, outturn: €66,000

The shortfall in expenditure of €141,000 relative to the estimate provision was due to postage costs being significantly less than anticipated.

v Office equipment and external IT services

Estimate provision: €1.697 million, outturn: €258,000

The shortfall in expenditure of €1.439 million relative to the estimate provision was due to lower than anticipated expenditure on equipment and IT services. In particular, an appropriate recharge model was not developed by OGCIO until late 2019 and therefore ICT shared service costs were not charged directly to the Vote for 2019.

vi Office premises expenses

Estimate provision: €325,000, outturn: €214,000

The shortfall in expenditure of €111,000 relative to the estimate provision was due to expenditure on office premises and facilities in both Ballina and Trinity Point sites being less than anticipated due to delays in planned upgrades.

vii Consultancy services and value for money and policy reviews

Estimate provision: €90,000, outturn: €229,000

The increase in expenditure of €139,000 relative to the estimate provision was as a result of the commissioning of a review of possible additional dormant account assets and other independent reviews to support policy development in the Department.

Programme A Rural Development and Regional Affairs

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	4,711	4,902	4,208
A.2	Administration – non pay	1,931	1,123	876
A.3	Western Development Commission	2,028	2,015	1,436
A.4	National rural development schemes	20,300	23,867	20,426
A.5	Leader – Rural Economy Sub Programme	30,000	45,188	24,587
A.6	Tidy Towns competition	1	1	1
A.7	Town and village regeneration	15,000	12,999	12,755
A.8	Regional economic development	2,400	2,071	2,616
A.9	Local improvement schemes	10,000	13,629	16,401
A.10	Rural Regeneration and Development Fund	52,000	31,285	—
	<i>Dormant accounts measures</i>	—	—	4,320
		138,371	137,080	87,626

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €1.291 million lower than originally provided. €617,000 of this related to administration expenditure and has already been explained and the balance of the variance of €674,000 was mainly due to the following:

A.4 National rural development schemes

Estimate provision: €20.3 million, outturn: €23.867 million

This subhead provides funding for a number of schemes including the Outdoor Recreation Infrastructure Scheme (ORIS), the Walks Scheme and CLÁR, as well as some other initiatives supporting rural development. The increase in expenditure of €3.567 million relative to the estimate provision was largely due to the fact that projects within ORIS and CLÁR schemes were completed earlier than originally envisaged.

A.5 Leader – Rural Economy Sub Programme

Estimate provision: €30 million, outturn: €45.188 million

The increase in expenditure of €15.188 million relative to the estimate provision was due to Leader being a demand led programme and the timeframe for project approvals being completed was faster than originally envisaged.

A.7 Town and village regeneration

Estimate provision: €15 million, outturn: €12.999 million

The shortfall in expenditure of €2.001 million relative to the estimate provision was largely due to delays in progressing capital projects resulting in lower than anticipated drawdown of funding.

A.8 Regional economic development

Estimate provision: €2.4 million, outturn: €2.071 million

The shortfall in expenditure of €329,000 relative to the estimate provision was due to delays in signing the National Broadband Plan Intervention area contract.

A.9 Local improvement schemes

Estimate provision: €10 million, outturn: €13.629 million

The increase in expenditure of €3.629 million relative to the estimate provision was due to additional investment on improvement works on minor roads and laneways in rural areas (not under the normal maintenance of local authorities). The work was undertaken in the context of an overall remit to improve the quality of life of people living in rural areas and meet the larger than expected applications in this demand led scheme.

A.10 Rural Regeneration and Development Fund

Estimate provision: €52 million, outturn: €31.285 million

Significant capital funding was approved under this new multi-annual scheme (introduced in 2019) to promote large-scale, integrated, rural capital projects involving a number of project partners. Due to this complexity, the design, procurement and delivery of these projects has taken longer to progress than originally anticipated and resulted in a shortfall in expenditure of €20.715 million relative to the estimate provision in the Fund's first year of operation.

Programme B Community Development

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	3,670	3,765	3,232
B.2	Administration – non pay	1,501	857	664
B.3	Supports for community and voluntary sector (National Lottery)	12,588	13,241	14,974
B.4	SICAP, local/regional development supports (National Lottery)	43,230	43,165	43,185
B.5	Local community development committees (support)	1,905	1,904	2,123
B.6	Supports for disadvantaged communities	7,000	7,000	5,678
B.7	Dormant account measures	12,570	12,756	5,750
B.8	Programme for Peace and Reconciliation	4,967	8,345	3,986
B.9	Irish Water Safety	1,118	1,118	1,254
B.10	Library development and archive service	7,151	7,331	8,062
B.11	Community Enhancement Programme	4,000	4,000	10,515
B.12	Community Services Programme	46,190	43,855	43,525
B.13	Social inclusion units	550	546	531
B.14	Public participation networks	1,750	1,750	2,206
B.15	Other services	35	100	79
		148,225	149,733	145,764

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme B was €1.508 million higher than originally provided. There was a shortfall of €549,000 related to administration expenditure and this has already been explained; the balance of the variance of €2.057 million was mainly due to the following:

B.3 Supports for community and voluntary sector (National Lottery)

Estimate provision: €12.588 million, outturn: €13.241 million

The increase in expenditure of €653,000 relative to the estimate provision was due to additional funding allocated to the new iteration of the scheme to support national organisations, launched on 1 July 2019.

B.8 Programme for Peace and Reconciliation

Estimate provision: €4.967 million, outturn: €8.345 million

The increase in expenditure of €3.378 million relative to the estimate provision was due to the Peace Programme being a demand led programme with increased activity and costs incurred by beneficiaries in 2019.

B.12 Community Services Programme

Estimate provision: €46.19 million, outturn: €43.855 million

The shortfall in expenditure of €2.335 million relative to the estimate provision arose because a number of new organisations commenced activity later than anticipated during 2019. In addition, some organisations claimed less than originally envisaged.

Programme C Charities Regulatory Authority

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	76	88	75
C.2	Administration – non pay	30	19	13
C.3	Charities Regulatory Authority	4,490	3,762	4,005
C.4	Charities Appeals Tribunal	10	1	—
		4,606	3,870	4,093

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme C was €736,000 lower than provided. There was an overspend of €1,000 related to administration expenditure and this has already been explained. The balance of this variance of €737,000 was mainly due to the following:

C.3 Charities Regulatory Authority

Estimate provision: €4.49 million, outturn: €3.762 million

The shortfall in expenditure of €728,000 relative to the estimate provision arose due to pay related programme costs in the Charities Regulatory Authority being less than anticipated due to recruitment delays.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Leader – Rural Economy Sub Programme	15,000	24,355	13,835
2 Programme for Peace and Reconciliation	2,500	2,566	2,344
3 Dormant accounts – programme expenditure	12,570	12,756	10,070
4 SICAP – Social Inclusion and Community Activation Programme	—	35	15
5 Receipts from additional superannuation contributions on public service remuneration ^a	400	445	455
6 Miscellaneous	50	148	174
Total	30,520	40,305	26,893

Note ^a 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 €9.785 million more than the original estimate. Explanations for variances are set out below:

1 Leader – Rural Economy Sub Programme

Estimate: €15 million, realised: €24.355 million

The excess receipts of €9.355 million was due to greater than anticipated EU Leader approvals and payments during 2019 which resulted in the Department receiving a greater amount of EU Leader receipts during 2019.

4.2 Extra receipts payable to the Exchequer

	2019 €000	2018 €000
Balance at 1 January	—	—
Voluntary surrender of Ministerial salaries	15	—
Transferred to the Exchequer	—	—
Balance at 31 December	15	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department	149	147
Agencies ^a	71	64
Total	220	211

Note ^a The agencies staff include the Charities Regulatory Authority, Western Development Commission and Water Safety Ireland.

5.2 Pay

Remuneration of Department staff

	2019 €000	2018 €000
Pay	8,018	6,954
Higher, special or additional duties allowance	115	67
Overtime	33	18
Employer's PRSI	589	476
Total pay	8,755	7,515

5.3 Allowances and overtime payments ^a

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019 €	2018 €
Higher, special or additional duties	14	4	22,029	20,613
Overtime	12	1	26,433	13,792
Extra remuneration in more than one category	1	1	31,654	17,246

Note ^a The pay, allowances and other remuneration details in 5.2 and 5.3 above relate to the Department's staff paid directly from the Vote. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual reports or directly from the agencies concerned.

5.4 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	18	12,768	15,283

Recovery plans were put in place for all overpayments that occurred in 2019.

Note 6 Miscellaneous

6.1 National Lottery funding

Subhead	Description	2019	2019	2018
		Estimate €000	Outturn €000	Outturn €000
B.3	Supports for community and voluntary sector (part funded by the National Lottery)	10,560	10,560	10,292
B.4	SICAP local/regional development supports (part funded by the National Lottery)	2,683	2,683	2,974
		13,243	13,243	13,266

6.2 EU funding ^a

The outturn shown in Subheads A.5 and B.8 includes payments in respect of activities co-financed by the European Agricultural Fund for Rural Development and European Regional Development Fund respectively. Estimates of EU funding and actual outturns, based on expenditure and co-financing rates were as follows:

Subhead	Description	2019	2019	2018
		Estimate €000	Outturn €000	Outturn €000
A.5	Leader – Rural Economy Sub Programme	17,584	25,963	13,950
B.8	Programme for Peace and Reconciliation	4,222	7,094	3,388
		21,806	33,057	17,338

Note ^a Payments made under A.5 and B.8 are co-financed 62.8% and 85% respectively by the EU.

6.3 Payments to Pobal

Pobal administers a number of grant programmes on behalf of the Department. In 2019, the Department transferred amounts totalling €61.61 million to support these programmes as outlined below.

		2019	2018
		Outturn	Outturn
		€000	€000
Subhead	Description		
A.4	National Rural Development Scheme	1,371	1,454
A.5	Leader – Rural Economy Sub Programme	1,874	1,529
B.3	Supports for community and voluntary sector	10,421	12,892
B.4	SICAP, local regional development supports	2,027	1,867
B.6	Supports for disadvantaged communities	1,000	660
B.7	Dormant account measures	1,142	2,370
B.12	Community Services Programme	43,775	43,525
Total		61,610	64,297

Pobal has identified amounts totalling €4.63 million which remain unspent in relation to 2019 payments made by the Department. In line with circular 13/2014, any such balances are taken into account by the Department when making subsequent payments to Pobal.

Appendix A Accounts of bodies and funds under the aegis of the Department of Rural and Community Development

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at the account signing date, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
Pobal	2018	8 Oct 2019	30 Oct 2019	13 Nov 2019
Charities Regulatory Authority	2018	18 Jun 2019	21 Jun 2019	28 Jun 2019
Western Development Commission	2018	24 Dec 2019	14 Jan 2020	—
Irish Water Safety (dissolved) ^a	2017	13 Dec 2018	14 Dec 2018	19 Dec 2018

Note ^a Irish Water Safety (IWS) was dissolved on 17 February 2019 under SI No. 55/2019 - Water Safety Ireland (Transfer of Assets and Liabilities) Order 2019. The financial year for IWS was extended under the Order and covers the period from 1 January 2018 to 17 February 2019 in order to close off IWS accounts. It is expected the financial statements will be completed later this year. Under SI No. 55/2019 all assets and liabilities of Irish Water Safety were transferred to Water Safety Ireland on 17 February 2019.