



Appropriation Account 2013

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 2013 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-in-aid and contributions to International Organisations.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €21.39 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.

Foreign Currency Transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of the month.

Accruals, Prepayments, Commitments and Stocks at Diplomatic Missions

The accruals, prepayments and commitments figures do not include amounts in respect of the Department's diplomatic missions other than those relating to property rental. The value of stock held by missions at year end is also not included.

Commitments

Commitments include only those amounts for which the Department may be liable in the subsequent twelve months.

Capital Assets

The value of land and buildings included in capital assets is based on a valuation conducted in 2005 except for

- land and buildings acquired since 2005 which are valued at cost
- three embassy premises that are included on the basis of a professional valuation conducted in 2011.

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.

Financial Control Environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative Controls and Management Reporting

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

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the 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. During 2013 there were 5 contracts awarded without competitive process with a value of €2.56 million. Included in this figure is an amount of €2.1 million in relation to the extension of a contract for a proprietary ICT system. An upgrade/ replacement tender process is currently being considered. The Department is actively managing the remaining contracts and reviewing procurement arrangements.

Fixed Asset Register

The Department has been working on a project to update its capital asset register. It is anticipated that some fully depreciated assets which are obsolete will be written-off the register once the project is finalised.

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.

David Cooney
Accounting Officer
Department of Foreign Affairs and Trade

28 March 2014

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade for the year ended 31 December 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 28 Foreign Affairs and Trade for the year ended 31 December 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Foreign Affairs and Trade. The appropriation account is in agreement with the books of account.

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 2013.

Seamus McCarthy
Comptroller and Auditor General

15 September 2014

Vote 28 Foreign Affairs and Trade

Appropriation Account 2013

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Promote Ireland's economic and trade interests in Europe and internationally		57,731	52,910
B	Consular, passport and Irish abroad services			
	<i>Current year provision</i>	71,968		
	<i>Deferred surrender</i>	400	72,368	67,053
C	Reconciliation and cooperation on this island		17,441	16,420
D	International peace, security and human rights		70,751	63,898
Gross expenditure				
	<i>Current year provision</i>	217,891		
	<i>Deferred surrender</i>	400	218,291	200,281
<i>Deduct</i>				
E	Appropriations-in-aid		44,048	47,998
Net expenditure				
	<i>Current year provision</i>	173,843		
	<i>Deferred surrender</i>	400	174,243	152,283
				160,407

Surplus for surrender

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.

	2013	2012
	€	€
Surplus	21,959,819	21,745,763
Deferred surrender	570,000	400,000
Surplus to be surrendered	<u>21,389,819</u>	<u>21,345,763</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	77,041	76,064	77,445
ii	Travel and subsistence	5,880	4,993	4,492
iii	Training and development and incidental expenses	4,411	4,028	3,944
iv	Postal and telecommunications services	6,810	6,273	6,275
v	Office equipment and external IT services	18,111	17,856	17,917
vi	Office premises expenses	24,637	21,225	21,874
vii	Consultancy services and value for money and policy reviews	20	6	8
viii	Foreign representation and accommodation expenses	10,484	10,028	10,490
ix	EU Presidency	9,539	5,247	2,418
x	Chairmanship of the Organisation for Security and Co-operation in Europe	250	326	3,174
		157,183	146,046	148,037

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	54,235	60,104
Pay	76,064	77,445
Non pay	69,982	70,592
Gross expenditure	200,281	208,141
<i>Deduct</i>		
Appropriations-in-aid	47,998	47,734
Net expenditure	152,283	160,407
Changes in capital assets		
Purchases cash	(2,419)	
Disposals cash	113	
(Profit)/loss on disposal	(96)	
Depreciation	4,068	
	1,666	6,124
Changes in net current assets		
Net increase in closing accruals and prepayments	1,246	
Decrease in stock	1,813	
	3,059	1,556
Direct expenditure	157,008	168,087
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	15,275	16,112
Notional rents	759	755
Net programme cost	173,042	184,954

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.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 60	135
Vote 12 Superannuation and Retired Allowances	e 8,821	9,791
Vote 13 Office of Public Works	e 5,749	5,574
Vote 20 Garda Síochána	e 179	186
Central Fund – Ministerial pensions	e 466	426
	15,275	16,112

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	166,075	167,741
Current assets			
Stocks	2.3	2,654	4,467
Prepayments		14,940	15,273
Other debit balances	2.4	16,164	14,566
Total current assets		33,758	34,306
Less current liabilities			
Bank and cash	2.5	14,496	13,906
Accrued expenses		1,370	457
Other credit balances	2.6	672	3,336
Net liability to the Exchequer	2.7	825	(2,997)
Contributions to bodies in Ireland for the furtherance of international relations (grants-in-aid)	7.1	—	90
Cultural relations with other countries (grant-in-aid)	7.2	171	231
Total current liabilities		17,534	15,023
Net current assets		16,224	19,283
Net assets		182,299	187,024
Represented by:			
State funding account	2.1	182,299	187,024

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		187,024	194,704
Disbursements from the Vote			
Estimate provision	Account	174,243	
Deferred surrender	Account	(570)	
Surplus to be surrendered	Account	(21,390)	
Net vote		152,283	160,407
Expenditure (cash) borne elsewhere	1	15,275	16,112
Non cash expenditure – notional rent	1	759	755
Net programme cost	1	(173,042)	(184,954)
Balance at 31 December		182,299	187,024

2.2 Capital Assets

	Land and buildings €000	Motor Vehicles €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets					
Cost or valuation at 1 January 2013	157,218	3,064	48,534	76,156	284,972
Additions	—	266	77	2,076	2,419
Disposals	—	(326)	—	—	(326)
Cost or valuation at 31 December 2013	157,218	3,004	48,611	78,232	287,065
Accumulated depreciation					
Opening balance at 1 January 2013	—	2,745	41,874	72,612	117,231
Depreciation for the year	—	187	1,914	1,967	4,068
Depreciation on disposals	—	(309)	—	—	(309)
Cumulative depreciation at 31 December 2013	—	2,623	43,788	74,579	120,990
Net assets at 31 December 2013	157,218	381	4,823	3,653	166,075
Net assets at 31 December 2012	157,218	319	6,660	3,544	167,741

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Passport booklets	2,397	4,216
Protocol stocks	108	129
Stationery	48	48
Prepaid postage	7	7
IT consumables	94	67
	2,654	4,467

2.4 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Mission and headquarter accounts	10,740	8,886
Departmental and agency accounts	2,641	2,956
Imprest and personal suspense accounts	1,005	980
Foreign salary advance accounts	128	169
Miscellaneous	1,650	1,575
	16,164	14,566

2.5 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	(14,491)	(13,881)
Orders outstanding	(5)	(25)
	<u>(14,496)</u>	<u>(13,906)</u>

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	—	1,189
Pay Related Social Insurance	—	438
Pension contributions	13	638
Value Added Tax	337	426
Professional Services Withholding Tax	34	18
	<u>384</u>	<u>2,709</u>
Miscellaneous	288	627
	<u>672</u>	<u>3,336</u>

2.7 Net Liability to/(from) the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	21,390	21,346
Deferred surrender	570	400
Exchequer grant undrawn	(21,135)	(24,743)
Net liability to/(from) the Exchequer	<u>825</u>	<u>(2,997)</u>

Represented by:**Debtors**

Debit balances: suspense	16,164	14,566
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Creditors

Bank and cash	(14,496)	(13,906)
Due to State	(384)	(2,709)
Credit balances: suspense	(288)	(627)
Credit balances: grant-in-aid accounts	(171)	(321)
	<u>(15,339)</u>	<u>(17,563)</u>
	<u>825</u>	<u>(2,997)</u>

2.8 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2014 and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December	2013	2012
	€000	€000

The amount is analysed as follows

(i) Passport Office and other administrative costs	1,345	884
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(ii) Property rental payment abroad

The amount for rental property payments is analysed by expiry of lease as follows:

Within one year	2,195	1,113
Between two and five years	6,138	5,263
Five years and over	3,881	5,671
	12,214	12,047

Total commitments	13,559	12,931
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Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €2.15 million (2012: €2.65 million).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Promote Ireland's economic and trade interests in Europe and internationally			
A.1	Administration - pay	22,666 ¹	22,381	22,786
A.2	Administration - non pay	30,817	26,913	22,350
A.3	Information services	502	296	241
A.4	Cultural relations with other countries (grant-in-aid)	846	846	846
A.5	Atlantic Corridor project	175	175	175
A.6	Trade promotion funds	400	276	303
A.7	Contributions to international organisations	2,325	2,023	3,935
—	<i>Irish American Advisory Board</i>	—	—	3
		<u>57,731</u>	<u>52,910</u>	<u>50,639</u>

¹ Due to a typographical error in the Revised Estimated Volume subhead A.1 and A.2 differ to the published estimates. A provision of €2 million was included in A.1 Pay which belonged in A.2 Administration non pay.

Explanation of significant variations

Overall, the gross expenditure in relation to Programme A was €4.82 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	3,904	<p>(i) EU Presidency - Savings of €4.29 million was achieved due to a number of factors and cost saving measures introduced by the Department as follows:</p> <ul style="list-style-type: none"> • The use of a centralised venue for hosting all events and seminars helped reduce the cost of event hire. • The establishment of a number of competitive procurement frameworks for use by all departments. • The Department obtained a number of sponsorships which provided services at no cost for the EU presidency • Events held at Missions to promote the EU Presidency were combined with other promotion events which reduced costs. <p>The budget of €9.54 million was based on the higher expenditure budgets of both other EU hosts and the previous Irish EU Presidency in 2009.</p> <p>(ii) Other non pay - there was an excess expenditure of €388,000 net on a range of other non pay subheads.</p>
Information Services	206	There was lower than expected expenditure on Presidency related and other events. Also delays in the website project resulted in reduced spending and there were small economies elsewhere. In addition, the Information Services role on Communicating Europe was transferred in May/June 2013 from the Department to the Department of the Taoiseach.

Description	Less/ (more) than provided €000	Explanation
Trade promotion funds	124	Ireland has Joint Economic Commissions (JEC) with a small number of countries which meet every two years. Funding is used to support projects which develop our bilateral trade relationship with JEC partner countries. Savings resulted from projects which did not come to fruition due to unforeseen circumstances. Additionally a number of Asia Strategy projects were not advanced by missions due to competing pressures and timing issues which delayed them until 2014.
Contributions to international organisations	302	The Organisation for Economic Cooperation and Development (OECD) seeks advanced payment of the coming year's assessed contribution in December of each year. In July/August of the following year the full amount of that year's assessed contribution is disclosed with the request for payment of the balance due. As a result the budget requirement is difficult to estimate.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Consular, passport and Irish abroad services			
B.1	Administration – pay		31,186	30,788
B.2	Administration – non pay			
	<i>Current year provision</i>	29,080		
	<i>Deferred surrender</i>	400		
		29,480	25,393	24,858
B.3	Repatriation and maintenance of distressed Irish persons abroad	79	1	10
B.4	Support for Irish emigrant services	11,623	10,871	11,586
		72,368	67,053	67,799

Explanation of significant variations

Overall, the gross expenditure in relation to Programme B was €5.32 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	4,100	Cost savings were achieved over a range of areas including capital, office premises costs and lease rental agreements. This represents the proportion allocated to the Consular, passport and Irish abroad services.
Support for Irish emigrant services	752	Currency fluctuations resulted in significant savings under this programme as all applications are assessed and paid in local currency. Additionally costs for the Global Irish Economic Forum held in October 2013 were significantly lower than for previous events.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Reconciliation and cooperation on this island			
C.1 Administration – pay	7,604	7,508	7,648
C.2 Administration – non pay	6,942	6,064	6,024
C.3 North-South and Anglo-Irish co-operation	2,745	2,698	2,697
C.4 International Fund for Ireland	150	150	150
	17,441	16,420	16,519

Explanation of significant variations

Overall, the gross expenditure in relation to Programme C was €1 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	878	Cost savings were achieved over a range of areas including capital, office premises costs and lease rental agreements. This represents the proportion allocated to the Reconciliation and cooperation on this Island programme.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
D International peace, security and human rights			
D.1 Administration – pay	15,585	15,386	15,666
D.2 Administration – non pay	13,303	11,614	17,360
D.3 Contributions to international organisations	41,445	36,482	39,931
D.4 Actions consequent on Title V of the Treaty on European Union	418	416	227
	70,751	63,898	73,184

Explanation of significant variations

Overall, the gross expenditure in relation to Programme D was €6.85 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Contributions to international organisations	4,963	This overall variance is largely attributed to the UN Peacekeeping budget. Ireland's mandatory contributions to the UN Peacekeeping budget are difficult to predict, not least because the overall Peacekeeping budget is only agreed in the middle of a given year. In addition, provision must be made for new peace keeping missions that may emerge during that year, as well as for exchange rate volatility (payments are made in USD). In 2013 actual costs were lower than projected.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Passport, visa and other consular services	39,020	43,278	43,011
2. Repayment of repatriation and maintenance advances	30	1	11
3. VAT refunds to diplomatic missions	750	936	837
4. Miscellaneous	500	374	330
5. Receipts from pension-related deduction on public service remuneration	3,748	3,409	3,545
Total	44,048	47,998	47,734

Explanation of significant variations

Overall, the appropriation-in-aid income was €3.95 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Passport, visa and other consular services	3,836	<p>Passport application income was ahead by €2.594 million. As passport processing 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.</p> <p>Consular fees were ahead of forecast due to increases in fees for "Certificat de Coutume", foreign birth registration and authentication of documents. Applications involving adoptions remained unchanged. Visa fees were ahead of forecast by €0.4 million due to an increased demand.</p>
Receipts from pension-related deduction on public service remuneration	(339)	Pension related deductions are behind due to lower levels of salary arising from the Haddington Road Agreement.

4.2 Extra receipts payable to the Exchequer

	2013	2012
	€000	€000
Proceeds from sale of property	—	2,134

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	1,218	1,260
	2013	2012
	€000	€000
Pay	69,076	70,510
Higher, special or additional duties allowance	229	258
Other allowances	214	308
Overtime	853	986
Employer's PRSI	3,097	3,088
Foreign social security/health insurance (missions)	2,595	2,295
Total Pay	76,064	77,445

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	54	5	16,585	20,613
Other allowances	102	—	8,053	8,077
Overtime	404	20	36,200	35,732

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments totalling €24,539 (2012: €154,192) were paid to 3 (2012: 4) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €114,101 (2012: €406,291) were paid to 17 (2012: 21) locally employed staff at embassies abroad.

Severance payments amounting to €20,426 were paid to two former Ministerial staff.

6 Miscellaneous Items

6.1 Legal and Compensation Costs

Payments were made in relation to legal costs and fees incurred on a wide range of matters arising at headquarters and at missions abroad. The total number of cases and payments are as follows :

	2013	2012
	€000	€000
Expenditure for the year ended 31 December		
Legal fees	132	50
Compensation costs	5	121
	<u>137</u>	<u>171</u>

Compensation cases

	2013	2012
Number of cases	1	6

7 Miscellaneous Accounts

7.1 Contributions to Bodies in Ireland for the Furtherance of International Relations (Grants-in-Aid)

	2013	2012
	€000	€000
Balance on 1 January	90	90
Grant-in-aid	—	—
	<u>90</u>	<u>90</u>
Repaid to the Exchequer ¹	(90)	—
Balance at 31 December	<u>—</u>	<u>90</u>

¹ In 2009 the programme 'Contributions to bodies in Ireland for the furtherance of international relations' came to an end and there was a surplus balance in the programme which could not be utilised within the Department. This was because responsibility for the remainder of the programmes transferred to the Department of the Taoiseach. In 2013 following consultation with the Department of Public Expenditure and Reform, these monies were repaid to the Exchequer.

7.2 Cultural Relations with Other Countries (Grant-in-Aid)

Account of receipts and payments during year ended 31 December

	2013	2012
	€000	€000
Balance on 1 January	231	200
Grant-in-aid (subhead A.4)	846	846
	<u>1,077</u>	<u>1,046</u>
Expenditure	(906)	(815)
Balance at 31 December	<u>171</u>	<u>231</u>