

Appropriation Account 2016

Vote 32

Jobs, 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 2016 for the salaries and expenses of the Office of the Minister for Jobs, 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 Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €8 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, 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.

Assurance on Shared Services

The human resource function is provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

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 resource shared services.

I rely on a letter of assurance from the Accounting Officer of Vote 18 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.

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. The Department complied with the guidelines with the exception of seven contracts to the value of €431,399 which were listed in my annual return in respect of Circular 40/2002. Five of these contracts were rolled-over pending the finalisation by the Office of Government Procurement of centralised framework agreements. A contract for legal services was rolled-over as there was a delay in the tendering process. The tender issued in November 2016 and the contracts awarded to successful firms in February 2017. A further contract was rolled over as there was a delay in the relocation of staff to a new premises and it was not practical to change the service provider. This relocation took place in November 2016 and a competitive procurement process is planned during 2017.

Significant financial risks

I can confirm that I have reviewed the high level risk register of the Department and the corresponding controls in place to mitigate the risks identified.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function which operates in accordance with a written charter, which I have approved. The resources available to the Internal Audit Unit in 2016 were affected by the fact that the position of Head of Internal Unit was vacant. In an effort to mitigate the impact of this vacancy, a number of audits were outsourced during the course of the year. In addition, in 2017 a professional accountant from elsewhere in the Department was temporarily assigned to assist the Unit. As regards filling the Head of Internal Audit post, the Department has been actively engaging with the Public Appointment Service (PAS) and a suitably qualified candidate is expected to be appointed to the position shortly. The work of internal audit 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Dr Orlaigh Quinn

Accounting Officer

Department of Jobs, Enterprise and Innovation

1 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Jobs, Enterprise and Innovation

I have audited the appropriation account for Vote 32 Jobs, Enterprise and Innovation for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by her 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 32 Jobs, Enterprise and Innovation for the year ended 31 December 2016.

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

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 32 Jobs, Enterprise and Innovation Appropriation Account 2016

	Estimate provision		2016	2015
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Jobs and Enterprise Development			
	<i>Original</i>	384,485		
	<i>Supplementary</i>	(5,981)		
	<i>Deferred surrender</i>	10,000	388,504	389,680
				379,379
B	Innovation			
	<i>Original</i>	333,130		
	<i>Supplementary</i>	48,349	381,479	381,126
				382,633
C	Regulation			
	<i>Original</i>	82,858		
	<i>Supplementary</i>	(7,368)	75,490	72,153
				72,833
	Gross expenditure		845,473	842,959
	<i>Deduct</i>			
D	Appropriations-in-aid		47,148	52,680
	Net expenditure			
	<i>Original</i>	753,325		
	<i>Supplementary</i>	35,000		
	<i>Deferred surrender</i>	10,000		
			798,325	790,279
				782,920

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Unspent appropriations for capital supply services may be carried over for spending in the following year under Section 91 of the Finance Act 2004.

	2016	2015
	€	€
Surplus	8,045,508	27,492,889
Deferred surrender	—	(10,000,000)
Surplus to be surrendered	8,045,508	17,492,889

Analysis of administration expenditure

		2016	2015	
	Estimate provision	Outturn	Outturn	
	€000	€000	€000	
i	Salaries, wages and allowances	24,523	22,949	24,196
ii	Travel and subsistence	686	771	424
iii	Learning and development and incidental expenses	1,096	968	828
iv	Postal and telecommunications services	587	296	450
v	Office equipment and external IT services	3,959	4,000	3,090
vi	Office premises expenses	1,750	800	1,271
vii	Consultancy services and value for money and policy reviews	1,210	468	936
viii	Advertising and information resources	581	169	391
		<u>34,392</u>	<u>30,421</u>	<u>31,586</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Programme cost	812,538	803,259
Pay	22,949	24,196
Non pay	7,472	7,390
Gross expenditure	842,959	834,845
<i>Deduct</i>		
Appropriations-in-aid	52,680	51,925
Net expenditure	790,279	782,920
Changes in capital assets		
Purchases cash	(1,136)	
Depreciation	1,860	
Loss on Disposals	1	
	725	1,067
Changes in assets under development		
Cash payments	(467)	(1,126)
Changes in net current assets		
Decrease in closing accruals	(1,465)	
Increase in stock	(12)	
	(1,477)	1,322
Direct expenditure	789,060	784,183
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	23,715	22,694
Notional rents (non-cash) (note 1.2)	2,580	1,947
Net programme cost	815,355	808,824

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.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	91	144
Vote 12 Superannuation and Retired Allowances	e	16,021	16,056
Vote 13 Office of Public Works	e	7,291	6,158
Central Fund - Ministerial pensions	e	312	336
		<u>23,715</u>	<u>22,694</u>

'e' indicates an estimated value or an apportioned cost.

1.2 Notional Rent

The notional rent figure is in respect of two State-owned properties occupied by the Department. It has been compiled by the Office of Public Works based on current market rental prices.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	6,830	7,149
Capital assets under development	2.3	138	43
		6,968	7,192
Current Assets			
Bank and cash	2.4	2,985	14,294
Stocks	2.5	209	197
Prepayments	2.6	2,932	922
Accrued income		951	1,003
Other debit balances	2.7	578	1,094
Total current assets		7,655	17,510
Less current liabilities			
Accrued expenses		718	446
Deferred income		2,057	1,802
Other credit balances	2.8	2,691	2,388
Net liability to the Exchequer	2.9	872	13,000
Total current liabilities		6,338	17,636
Net current assets/(liabilities)		1,317	(126)
Net assets		8,285	7,066
Represented by:			
State funding account	2.1	8,285	7,066

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		7,066	8,312
Disbursements from the Vote			
Estimate provision	Account	798,325	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(8,046)	
Net vote		790,279	782,920
<i>Net assets transferred from LRC</i>			
Expenditure (cash) borne elsewhere	1	23,715	22,694
Non cash expenditure – notional rent	1	2,580	1,947
Net programme cost	1	(815,355)	(808,824)
Balance at 31 December		8,285	7,066

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	36,905	5,473	42,378
Reclassification	(12)	12	—
Additions	1,380	162	1,542
Disposals	(294)	(38)	(332)
Cost or valuation at 31 December 2016	<u>37,979</u>	<u>5,609</u>	<u>43,588</u>
Accumulated depreciation			
Opening balance at 1 January 2016	29,963	5,266	35,229
Reclassification	(12)	12	—
Depreciation for the year	1,794	66	1,860
Depreciation on disposals	(293)	(38)	(331)
Cumulative depreciation at 31 December 2016	<u>31,452</u>	<u>5,306</u>	<u>36,758</u>
Net assets at 31 December 2016	<u>6,527</u>	<u>303</u>	<u>6,830</u>
Net assets at 31 December 2015	<u>6,942</u>	<u>207</u>	<u>7,149</u>

2.3 Capital Assets under Development

	In-house computer applications
	€000
Amounts brought forward at 1 January 2016	43
Cash payments in year ^a	507
Brought into use in year	<u>(412)</u>
Balance at 31 December 2016	<u>138</u>

^a Includes EU funding of €40,272 used to acquire ICT assets for Patent Cooperation Fund projects.

2.4 Bank and Cash

	2016	2015
at 31 December	€000	€000
PMG balances	2,985	14,293
Commercial bank account balance	—	1
	<u>2,985</u>	<u>14,294</u>

2.5 Stocks

	2016	2015
at 31 December	€000	€000
Stationery	151	137
IT supplies	48	43
Cleaning materials	10	17
	<u>209</u>	<u>197</u>

2.6 Prepayments	2016	2015
	€000	€000

Prepayments at 31 December*	2,932	922
-----------------------------	-------	-----

*Prepayments of €2.9 million at 31 December 2016 include an advance payment of €1.8 million, being the State's contribution to the World Trade Organisation for 2017.

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

Advances to OPW	166	105
Miscellaneous debit balances	307	631
Recoupable expenditure:		
Travel	37	
Shared services	68	
	105	358
	578	1,094

2.8 Other Credit Balances	2016	2015
at 31 December	€000	€000

Amounts due to the State

Income Tax	24	56
Pay Related Social Insurance	60	60
Professional Services Withholding Tax	103	—
Value Added Tax on intra EU acquisitions	37	—
	224	116
Miscellaneous credit balances*	2,467	2,272
	2,691	2,388

*Miscellaneous credit balances comprise i) share of patent renewal fees totalling €1.4 million payable to the European Patents Office, ii) recoupable salaries - €0.4 million, iii) Patent Co-operation Programme - €0.3 million, iv) employers' pension liability - €0.3 million and v) other miscellaneous balances.

2.9 Net Liability to the Exchequer	2016	2015
at 31 December	€000	€000
Surplus to be surrendered	8,046	17,492
Deferred surrender	—	10,000
Exchequer grant undrawn	(7,174)	(14,492)
Net liability to the Exchequer	<u>872</u>	<u>13,000</u>

Represented by:**Debtors**

Bank and cash	2,985	14,294
Other debit balances	578	1,094
	<u>3,563</u>	<u>15,388</u>

Creditors

Due to State	(224)	(116)
Other credit balances	(2,467)	(2,272)
	<u>(2,691)</u>	<u>(2,388)</u>
	<u>872</u>	<u>13,000</u>

2.10 Commitments	2016	2015
at 31 December	€000	€000

a) Global Commitments

Procurement of goods and services	2,001	1,717
Grant programmes ^a	1,515,146	1,427,488
Total of legally enforceable commitments	<u>1,517,147</u>	<u>1,429,205</u>

^a Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

b) Major Capital Commitments

Capital grants involving total expenditure of €6.35 million or more is shown separately in the major capital commitments table.

	Cumulative expenditure to 31 December 2015 ^a	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015 ^a
	€000	€000	€000	€000	€000
IDA Ireland	61,400	19,000	99,000	179,400	148,400
Enterprise Ireland	250,259	58,235	203,232	511,726	439,113
Science Technology & Development Programme	208,711	51,248	225,843	485,802	488,800
Programme for Research in Third Level Institutions (PRTL)	124,669	20,638	26,188	171,495	171,495
INTERREG	—	—	21,000	21,000	—
	<u>645,039</u>	<u>149,121</u>	<u>575,263</u>	<u>1,369,423</u>	<u>1,247,808</u>

^a Excludes projects completed by end of 2015.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2015 to 2016, an explanation is provided as follows:

Project by Project basis	Expected total spend 2016	Expected total spend 2015	Year on year increase/(decrease)
	€000	€000	€000
IDA Ireland	179,400	148,400	31,000
The increase relates to three new grants approvals in 2016.			
Enterprise Ireland	511,726	439,113	72,613
The increase relates to five new projects totalling €69 million and an increase in the value of five existing project commitments of €3.6 million.			
Science, Technology and Development Programme	485,904	488,800	(2,896)
The decrease relates to one project expected to come in lower than originally estimated.			
INTERREG	21,000	—	21,000

The Department committed in 2016 to €21 million funding towards the current INTERREG Programme, which will run until 2022.

2.11 Matured Liabilities

	2016	2015
	€000	€000
Estimate of matured liabilities not discharged at year-end	266	206

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision		Outturn
		€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay		8,339	7,886
A.2	Administration – non pay			8,158
	<i>Original</i>	2,726		
	<i>Supplementary</i>	(776)	1,950	1,940
A.3	Agency legacy pensions		39,969	39,783
A.4	InterTrade Ireland		7,465	7,560
A.5	IDA Ireland			
	<i>Original</i>	153,680		
	<i>Supplementary</i>	(6,200)	157,480	156,459
	<i>Deferred surrender</i>	10,000		156,599
A.6	National Standards Authority of Ireland – grant for administration and general expenses		6,237	5,094
A.7	Enterprise Ireland			
	<i>Original</i>	131,749		
	<i>Supplementary</i>	(6,030)	125,719	127,954
A.8	Local enterprise development			
	<i>Original</i>	28,931		
	<i>Supplementary</i>	8	28,939	28,921
A.9	Temporary Partial Credit Guarantee Scheme		500	377
A.10	INTERREG enterprise development			
	<i>Original</i>	2,770		
	<i>Supplementary</i>	(2,770)	—	—
A.11	Subscriptions to international organisations, etc.		1,899	3,694
A.12	Commissions, committees and special inquiries		1	1
A.13	Legal costs and other services			
	<i>Original</i>	219		
	<i>Supplementary</i>	(213)	6	11
A.14	Micro Finance Loan Fund			
	<i>Original</i>	—		
	<i>Supplementary</i>	10,000	10,000	10,000
			388,504	389,680
				379,379

Significant variations

Overall, the expenditure in relation to Programme A was €1,176,000 greater than provided (including deferred surrender and additional funding under supplementary estimate). Expenditure was higher than the original estimate by €5.2 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	786	Overall the non-pay expenditure across the three programmes was 24% less than estimated, with expenditure on Programme A being 29% less than the original estimate. The main underspends/savings occurred in the following areas; (i) expenditure associated with the relocation of staff in two buildings in response to OPW decisions on building leases. This activity was deferred to 2017; (ii) savings in reduced letter post and telephony expenditure resulting from use of technology advances in these areas; (iii) consultancy services – due to the reprioritisation of certain projects during the course of the year and the fact that a number of projects which commenced during 2016 fall to be completed in 2017; and (iv) advertising - scale back/delay of awareness advertising campaigns.
National Standards Authority of Ireland – grant for administration and general expenses	1,143	The underspend is due to: (i) €780,000 underspend in pension and pension lump sums as the number of retirements was less than anticipated affected somewhat by the extension of the retirement 'grace period' from June 2016 to April 2019; (ii) €300,000 underspend in pay due to payroll costs being lower than anticipated and (iii) €63,000 underspend in capital expenditure arising from non-replacement of some assets in 2016 as originally planned.
Temporary Partial Credit Guarantee Scheme	123	The estimate was based on the maximum amount of €150,000,000 being lent and guaranteed under the Credit Guarantee Scheme. The estimate covers the cost of operating the Scheme, as well as, claims by participating lenders, on the 75% guarantee. The reasons for the underspend are: (i) lower than anticipated take up of the Scheme, and (ii) there have been relatively few claims on the guarantee by year end.
INTERREG enterprise development	2,770	The full allocation was surrendered in the Department's supplementary estimate process, as commencement of the current INTERREG Programme, due to run for the period up to 2022, was significantly delayed during 2016. This was partly due to administrative delays in the EU Managing Authority early in the year but mainly due to the UK decision in June to leave the EU which meant that no commitments could be made pending political resolution (involving Ireland, Northern Ireland, the UK and EU) of long term future funding commitments. A resolution was eventually achieved at the end of 2016 resulting in no moneys being spent and projects not getting up and running until 2017.
Subscriptions to International Organisations	(1,795)	The overspend on this subhead was primarily due to the payment of the 2017 World Trade Organisation subscription amounting to €1.8 million in December 2016. The estimate was based on the payment of the 2016 subscription only.

Description	Less/(more) than provided	Explanation
	€000	
Legal costs and other services	208	It is prudent Vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the course of the financial year. However, only very modest contingency expenditure was incurred in 2016.
Micro Finance Loan Fund	(10,000)	As part of the supplementary estimate process €10,000,000 was made available to Micro Finance Ireland in order to provide unsecured business loans of €2,000 to €25,000 to aid start-ups and expansion of established small businesses. This additional funding was provided to support the ongoing work of the Fund for a further 5 year period.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Innovation			
B.1	Administration – pay		5,992	5,725
B.2	Administration – non pay			5,725
	<i>Original</i>	2,562		
	<i>Supplementary</i>	(450)	2,112	2,092
B.3	Patents Office		2,791	2,632
B.4	Science and Technology Development Programme			2,506
	<i>Original</i>	292,033		
	<i>Supplementary</i>	27,000	319,033	318,998
B.5	Programme for Research in Third Level Institutions (PRTLII)			297,706
	<i>Original</i>	10,377		
	<i>Supplementary</i>	20,000	30,377	30,377
B.6	Subscriptions to international organisations, etc.			55,514
	<i>Original</i>	19,173		
	<i>Supplementary</i>	2,000	21,173	21,169
B.7	Commissions, committees and special inquiries		1	1
B.8	Legal costs and other services			
	<i>Original</i>	201		
	<i>Supplementary</i>	(201)	—	—
			381,479	381,126
			381,479	381,126
				382,633

Significant variations

Overall, the expenditure in relation to Programme B was €353,000 lower than provided (including additional funding under a supplementary estimate). However, expenditure was higher than the original estimate by €47.9 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Patents Office	159	A provision of €150,000 was made for the development of an ICT system to allow for the electronic filing of applications for Patents and Supplementary Protection Certificates. While progress was made on this project during the year, no expenditure was incurred.
Science and Technology Development Programme	(26,965)	<p>The original allocation for this subhead was increased by €27,000,000 by way of a supplementary estimate. The additional funds were used to pay additional grants under the SFI Research Infrastructure Call. Phase I of this programme was completed in 2015 and the deadline for submission of bids in relation to Phase II was February 2016. Phase II sought proposals in relation to large scale research infrastructure for research bodies.</p> <p>The full amount of the supplementary estimate was paid out as part of a total payment of €47,400,000 under this programme in 2016. In total there were 36 awards to support Irish science in areas including advanced manufacturing, drug delivery, 3D imaging, nanotechnology, future networks, big data, renewable energy, food and the environment, animal and human health.</p>
Programme for Research in Third Level Institutions (PRTLII)	(20,000)	An amount of €20,000,000 was provided by way of a supplementary estimate to fund PRTLII programs. Higher Education Institutions (HEI) that were awarded funding for capital projects under PRTLII Cycle 5 are being reimbursed retrospectively from the DJEI Vote. The supplementary estimate allocation was used to pay sums owed to HEIs for Cycle 5 projects including Cork IT, DCU, DIT, NUIG, NUIM, TCD, UCC, UCD, UL, and the RIA.
Subscriptions to international organisations, etc.	(1,996)	<p>An additional €2,000,000 was allocated towards Ireland's contribution to the European Space Agency (ESA) in the supplementary estimate process. The additional contribution was allocated to two ESA technology development programmes with funding of €1,000,000 each to the General Support Technology Programme (GSTP) and the Advanced Research in Telecommunications Systems (ARTES).</p> <p>In order to ensure a fair distribution of contracts across member states, ESA operates a policy of geographical return. This means that the value of contracts won by companies operating in a member state must be commensurate to the level of funding provided by that member state to the ESA. The additional funding has allowed a number of contracts to be awarded by ESA to successful bids from Irish based indigenous and FDI companies.</p>
Legal costs and other services	201	It is prudent Vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the course of the financial year. However, only very modest contingency expenditure was incurred in 2016.

		2016		2015
		Estimate provision		Outturn
		€000	€000	€000
C	Regulation			
C.1	Administration – pay		10,192	9,338
C.2	Administration – non pay			10,313
	<i>Original</i>	4,581		
	<i>Supplementary</i>	<u>(1,058)</u>	3,523	3,308
C.3	Workplace Relations Programme			3,110
	<i>Original</i>	19,087		
	<i>Supplementary</i>	<u>(837)</u>	18,250	18,050
C.4	Grants for trade union education and advisory services – cash-limited		900	900
C.5	Health and Safety Authority - grant for administration and general expenses		17,544	17,884
C.6	Trade union amalgamations		80	—
C.7	Office of the Director of Corporate Enforcement			—
	<i>Original</i>	5,015		
	<i>Supplementary</i>	<u>(2,227)</u>	2,788	2,728
C.8	Competition and Consumer Protection Commission			3,073
	<i>Original</i>	12,141		
	<i>Supplementary</i>	<u>(2,042)</u>	10,099	9,181
C.9	Personal Injuries Assessment Board		224	83
C.10	Consumer support		45	44
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses		7,318	6,664
C.12	Irish Auditing and Accounting Supervisory Authority			7,244
	<i>Original</i>	2,395		
	<i>Supplementary</i>	<u>(432)</u>	1,963	1,793
C.13	Low Pay Commission		474	286
C.14	Subscriptions to international organisations, etc.		1,557	1,536
C.15	Commissions, committees and special inquiries		220	92
C.16	Legal costs and other services			50
	<i>Original</i>	1,085		
	<i>Supplementary</i>	<u>(772)</u>	313	266
			<u>75,490</u>	<u>72,153</u>
				<u>72,833</u>

Significant variations

Overall, the expenditure in relation to Programme C was €3.3 million lower than provided (including reduction in funding by a supplementary estimate). Expenditure was lower than the original estimate by €10.7 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	1,273	Overall the non-pay expenditure across the three programmes was 24% less than estimated with expenditure on Programme C being 28% less than the original estimate. The main underspends/savings occurred in the following areas; (i) expenditure associated with the relocation of staff in two buildings in response to OPW decisions on building leases. This activity was deferred to 2017; (ii) savings in reduced letter post and telephony expenditure resulting from use of technology advances in these areas; (iii) consultancy services – due to the reprioritisation of certain projects during the course of the year and the fact that a number of projects which commenced during 2016 fall to be completed in 2017; and (iv) advertising - scale back/delay of awareness advertising campaigns.
Workplace Relations Programme	1,037	The underspend of €1,060,000 in pay is due to the following: (i) Workplace Relations Commission (WRC): an underspend of €403,309 arose as the availability of external Adjudication Officers was significantly lower than estimated and the WRC had a number of vacancies in 2016 which took considerable time to fill; (ii) Labour Court: an underspend of €506,749 arose due to provision being made for payment of pensions and gratuities in respect of members of the Labour Court who were eligible for retirement but who did not opt to retire in 2016, contingency provision is made each year for ill health retirements, death in service of members of the Labour Court; and the non-filling of the Deputy Chairman post which became vacant in July 2016; (iii) Employment Appeals Tribunal (EAT): the underspend of €150,374 arose due to the decreased activity of the EAT. There was a decrease in claims, hearings listed and staff numbers. Since the establishment of the WRC in October 2015, the EAT ceased to accept claims and appeals in 2016, with the focus being on its legacy cases.
		The overspend of €24,000 in non-pay is accounted for by the cost of fitting out the Labour Court (both furniture and some construction costs) on relocation to Lansdowne House. These costs were not taken into consideration when negotiating the non-pay budget in 2016 as it was the Court's understanding that this expenditure would be met by OPW.

Description	Less/(more) than provided	Explanation
	€000	
Office of the Director of Corporate Enforcement	2,287	<p>The underspend of €802,000 on pay expenditure resulted from the delay in filling both newly-sanctioned posts and vacancies that arose in 2015 and 2016. The budget was based on a staff complement of 39 but the average number of staff employed by the ODCE during 2016 was 31.</p> <p>A significant element of the non-pay budget relates to projected legal and accounting fees associated with court cases under preparation and before the courts. It is not possible to anticipate with precision the complexity, timing or duration of investigations or court hearings, nor the nature of eventual court decisions. In this regard, the 2016 outturn figure was €1,500,000 less than allocated mainly because potential legal costs did not arise during the year.</p>
Competition and Consumer Protection Commission	2,960	<p>There was an underspend of €1,800,000 on pay, mainly due to a number of staff departures together with a significant number of vacancies from 2015 and further vacancies arising in 2016. In 2016, the number of staff sanctioned for the CCPC was 106 but the average number of staff employed was 84.</p> <p>There was an underspend of €1,100,000 million on non-pay, for both Exchequer and the Levy functions in 2016.</p> <p>Exchequer functions: A budget allocation of €380,000 was earmarked to cover the costs that would be associated with the actual move to the new premises in Bloom House which did not go ahead in 2016.</p> <p>An underspend of €200,000 in other administrative areas included (i) consultancy €100,000, (ii) HR and Training €50,000 and (iii) €50,000 in travel & subsistence, office stationery, and IT.</p> <p>Levy functions: A surplus of levy funding of €162,000 was carried over from 2015 and was used to fund expenditure in the early part of 2016. The Central Bank (who issue the CCPC levy invoices to financial service providers and collect the levies each year) requested that the levy process be brought forward in 2016. This resulted in almost all of the CCPC levies being collected earlier than in previous years and meant that the CCPC were not required to drawdown funds (approx. €300,000) in the final two months of 2016.</p> <p>There were also underspends of €213,000 over a number of administrative budget heading areas due to (i) delay in the expected move to Bloom House; (ii) reductions in costs were achieved from new contracts entered into during the year; and (iii) administrative costs associated with vacancies in staff numbers (see also explanation under Note 4.1).</p>
Personal Injuries Assessment Board	141	<p>A provision was made for costs associated with the expected retirement of an employee in 2016. However, these costs did not materialise as the employee did not retire.</p>

Description	Less/(more) than provided	Explanation
	€000	
Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	654	The overspend of €222,000 on the pay budget was as a result of sanctioned overtime for the management of the submission backlog resulting from the conversions process to the new Companies Act 2014. The underspend of €876,000 on the non-pay budget resulted from the delay in the CRO's relocation to Bloom House with corresponding savings on advertising the new location, reprinting of statutory forms and information leaflets with the new address and other administrative expenditure associated with the move. In addition anticipated IT projects were not realised due to procurement delays.
Irish Auditing and Accounting Supervisory Authority	602	IAASA's pay underspend of €602,000 was due to the fact that the estimate was based upon the Authority having a full staff complement of 30. However, ongoing difficulties experienced in attracting and recruiting suitable staff resulted in IAASA having an average staff complement of 19 in 2016.
Low Pay Commission	188	Staff transfers and changes resulted in an underspend in pay of €15,000 as some of the positions were left vacant. With regard to the non-pay budget, the Commission has adopted an approach of minimising administrative costs as much as possible, particularly in respect of costs in relation to meetings and associated costs. Elements of the costs of the Commission such as accommodation, printing and stationery, were borne by the Department's administrative subhead resulting in an underspend of €173,000.
Commissions, committees and special inquiries	128	The variation arose due to (i) €77,000 underspend from reduced level of activity by Joint Labour Committees; costs were therefore significantly reduced with underspends on the cost of holding meetings and any consequential activity; (ii) underspend of €6,000 by Company Law Review Group due to delay in commencement of a project; and (iii) miscellaneous savings by Business Regulation and Sales Law Review Groups.
Legal costs and other services	819	The estimate is in the nature of a contingency for potential legal costs across a number of areas in the Department. Such costs did not arise in a number of areas such as Employment Appeals Tribunal, Labour Court and Corporate Enforcement.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1	Receipts from the Social Insurance Fund	600	672	701
2	Employment permit fees	4,900	6,862	5,477
3	Employment agency licences	270	343	319
4	WRC Fixed Penalty notices	18	18	—
5	WRC Court Award Costs	10	13	—
Insurance and Company Law				
6	Companies Registration Office	16,000	20,068	17,667
7	Registry of Friendly Societies	50	43	56
Trade, Competition and Market Rights				
8	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,300	9,083	8,612
9	Occasional trading licences	1	—	—
10	Competition and Consumer Protection Commission	421	474	459
11	Merger notifications	520	560	600
Other				
12	ODCE legal	50	207	23
13	Local Enterprise Development	—	—	—
14	Miscellaneous	410	313	1,368
15	Enterprise Policy (a)	3,449	3,305	3,637
16	Competition and Consumer Protection Commission (b)	2,100	1,091	1,261
17	IAASA pay refund	387	368	340
18	PIAB pay and superannuation	1,330	1,166	1,180
19	HSA superannuation	634	274	644
20	Temporary Loan Guarantee Scheme	500	495	249
21	Expert Group on Future Skills Needs	490	278	336
22	Receipts from pension - related deduction on public service remuneration	6,708	7,047	8,996
Total		47,148	52,680	51,925

(a) Enterprise Policy shows amounts received from the Enterprise Agencies in relation to staff pension contributions. This figure was previously broken down under Intertrade Ireland, IDA, EI, SFI and SFADCo.

(b) Receipts under this line are in part-recoupment of the expenditure under Subhead C.8.

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated	Explanation																								
	€000																									
Employment permit fees	(1,962)	The number of permits issued in 2016 increased by 10,000 which was a 40% increase over the number issued in 2015. The Irish Employment Permits system has always been predicated on the permit application system possessing skills and experience that have been demonstrated to be in short supply in the State. The demand from industry in meeting these skills shortages from permit applications continues to grow as industry grows.																								
Companies Registration Office	(4,068)	<p>There are only two elements of the Companies Registration Office's (CRO) income that can be predicted with any certainty i.e. the income from the receipt of annual returns (based on the number of companies on the register and a 90% compliance rate) and the income from the sale of bulk data and images which is sold at a fixed price subject to a pre-existing contract. The other sources of income to CRO are</p> <p>a) late filing penalties</p> <p>b) provision of information to the public</p> <p>c) fees for filing of other documents e.g. company incorporations, transfers of shares, change of name, restorations etc.</p> <p>As these sources of income are based on the decisions of companies themselves (they may file late and incur a fee, or they may carry out an action which has to be notified to CRO and incurs a fee) or individuals who may or may not decide to look for information on companies, it is not possible to predict the level of income which can be generated from these categories of activity. When estimating its income for a particular year, CRO looks at trends from the previous year to assess likely behaviour in the current year but this is very much a forecast which can result in significant variances between the estimated and actual figures.</p> <p>The variance from estimate can be attributed to a substantial increase in late filing penalties paid, a record number of annual returns filed due to an increase in new company registrations, and additional documents being filed due to Companies Act 2014 requirements. The income received in 2016 is broken down under the following main headings:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Estimate</th> <th style="text-align: right;">Realised</th> </tr> <tr> <th></th> <th style="text-align: right;">€000</th> <th style="text-align: right;">€000</th> </tr> </thead> <tbody> <tr> <td>Annual returns</td> <td style="text-align: right;">4,109</td> <td style="text-align: right;">4,413</td> </tr> <tr> <td>Sale of bulk data</td> <td style="text-align: right;">535</td> <td style="text-align: right;">535</td> </tr> <tr> <td>Late filing penalties</td> <td style="text-align: right;">8,500</td> <td style="text-align: right;">10,088</td> </tr> <tr> <td>Provision of information to the public</td> <td style="text-align: right;">850</td> <td style="text-align: right;">913</td> </tr> <tr> <td>Fees for filing other documents</td> <td style="text-align: right;">2,006</td> <td style="text-align: right;">4,119</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">16,000</td> <td style="text-align: right;">20,068</td> </tr> </tbody> </table>		Estimate	Realised		€000	€000	Annual returns	4,109	4,413	Sale of bulk data	535	535	Late filing penalties	8,500	10,088	Provision of information to the public	850	913	Fees for filing other documents	2,006	4,119	Total	16,000	20,068
	Estimate	Realised																								
	€000	€000																								
Annual returns	4,109	4,413																								
Sale of bulk data	535	535																								
Late filing penalties	8,500	10,088																								
Provision of information to the public	850	913																								
Fees for filing other documents	2,006	4,119																								
Total	16,000	20,068																								

Description	Less/(more) than estimated	Explanation
	€000	
Receipts under the Trade Marks Act 1963 and Patents Act 1964	(783)	The 2016 fee income from the renewal of National Trade Mark applications was significantly higher than 2015. In addition, the renewal of European Patent applications also gave rise to additional fee income. Despite a drop in the receipt of fees in relation to International Trade Mark applications, the overall fee income of the Patents Office was significantly higher than anticipated.
ODCE legal	(157)	The estimate was a notional figure as such receipts are difficult to predict in advance; they are not in respect of services provided by the Office but rather they are costs awarded to the Office by the Courts. Some receipts are in respect of costs awarded in criminal cases, and such costs are collected by the Courts Service on behalf of the ODCE. As such, the Office has no control over their collection. All 2016 receipts are in respect of civil cases in which costs were awarded to the Office. Although the Office enforces collection where possible, the exact timing and amount of such receipts is difficult to anticipate in advance.
Enterprise policy	144	The enterprise policy income is made up of pension contributions from InterTrade Ireland, IDA, EI, SFADCo and SFI. There was no significant variance in the individual contributions from any of these agencies.
Competition and Consumer Protection Commission	1,009	<p>The CCPC's financial services function is funded by a levy imposed on regulated financial services providers. To date, for administrative reasons, the levy has been collected by the Central Bank on the CCPC's behalf. As the levy is not collected until after mid-year, the Department pre-funds the CCPC on the proviso that it is reimbursed by way of Appropriations -in -Aid before year end. The levy may only be expended by the CCPC in relation to its financial information and education functions and not for the administration/general expenses of the CCPC. The CCPC applies any surplus in the amount of the levy in a given financial year to the performance of those functions in the following financial year and reduces the levies prescribed in relation to the latter financial year accordingly.</p> <p>The reduced funding under Subhead C.8 resulted in a lower than anticipated reimbursement by the CCPC to the Department (see also explanation for C.8).</p>
PIAB pay and superannuation	164	The estimate provided for contributions for employees who subsequently joined the Single Service Pension Scheme in 2016 – a total of €150,858 was paid over to DPER in 2016 and not accounted for under this Department's receipts as had been originally anticipated. Other reasons were: (i) the estimate was based on a staffing of 80 – average staff was only 78; and (ii) a number of staff were granted atypical requests (block of leave, reduced working week) during the year which was not provided for in the original estimate.

Description	Less/(more) than estimated	Explanation
	€000	
HSA superannuation	360	The Health and Safety Authority did not remit any superannuation contributions to the DJEI for the months of July to December 2016 inclusive as it experienced a number of retirements in that period and the superannuation contributions due to be remitted, were used to finance retirees lump sums, in line with the agreement in place with DJEI.
Expert Group on Future Skills Needs	212	The Department of Jobs, Enterprise and Innovation, in conjunction with SOLAS, provides the Expert Group on Financial Skills Needs (EGFSN) with research and secretariat support. Expenditure incurred by the Department is recouped from the National Training Fund (NTF). With the publication of the National Skills Strategy in January 2016, and the commitment to establish a new National Skills Council (NSC), the EGFSN continued to carry out necessary skills identification work in 2016. However; (i) instead of outsourcing the research, the EGFSN Secretariat carried out much of the work in-house which reduced the expenditure on research and external consultancy; (ii) a PO vacancy arose during the year and it wasn't filled and, (iii) no new projects commenced in anticipation of the new NSC and refresh of the EGFSN. This resulted in less than anticipated expenditure by the Department and a consequential reduction in recoupment from the NTF.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	—	512
Local Enterprise Offices – current	413	2,249
Local Enterprise Offices – capital	2	1,421
National Standards Authority of Ireland – current	92	1,000
Labour Relations Commission – current	5	89
Miscellaneous	10	—
IDA Ireland – current	—	49
Enterprise Ireland - capital (A7, B4)	—	667
Export credit recoveries	—	41
Transferred to the Exchequer	(521)	(6,028)
Balance at 31 December	1	—

Local Enterprise Offices - current	This relates to unused pay and non-pay funds drawn down under Subhead A.8 in 2015.
National Standards Authority of Ireland - current	This relates to a return of pension lump sum allocation in 2015 as a result of less than expected take up of retirement in that year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department and Offices:		
Department	488	480
Patents Office	24	22
WRC	154	160
ODCE	33	31
CRO	110	105
	<hr/>	<hr/>
	809	798
Agencies ^a	1,515	1,485
	<hr/>	<hr/>
	2,324	2,283

^a Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2016	2015
	€000	€000
Pay	144,900	146,581
Higher, special or additional duties allowance	822	856
Other allowances	2,238	1,981
Overtime	737	717
Employer's PRSI	9,659	9,040
Total pay	<hr/> 158,356	<hr/> 159,175

The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, A.8, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11, C.12 and C.13.

5.1 Department

	2016	2015
	€000	€000
Pay ^a	40,476	41,106
Higher, special or additional duties allowance	681	696
Other allowances	446	410
Overtime	570	533
Employer's PRSI	2,488	2,415
Total pay ^b	<hr/> 44,661	<hr/> 45,160

^a Includes pension payments to 31 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).

^b 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, C.11 and C.13). The amount included for pay in Note 1 refers to administrative subheads only.

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	97	11	32,546	27,965
Other allowances ^a	72	8	206,984	189,637
Overtime	218	12	17,829	18,086
Extra remuneration in more than one category	29	15	15,559	19,934

^a In 2015, the Department interpreted the maximum individual payment in relation to other allowances as the maximum individual allowance paid. This was amended in 2016 to disclose the maximum allowance payment to an individual. The 2015 comparative amount has also been amended to reflect the amended interpretation.

5.2 Agencies

The agencies included here are the Local Enterprise Offices, 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 transaction 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.

	2016 €000	2015 €000
Pay	104,424	105,476
Higher, special or additional duties allowance	141	160
Other allowances	1,792	1,570
Overtime	167	184
Employer's PRSI	7,171	6,625
Total pay	113,695	114,015

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	49	1	13,072	11,246
Other Allowances	257	39	37,245	27,303
Overtime	62	4	24,051	25,859
Extra remuneration in more than one category	7	1	26,051	28,872

5.3 Other remuneration arrangements

One retired civil servant was contracted for 10.5 days in 2016 to provide specialist services. Payment of €1,999 in respect of these services was made in 2017.

A company car was provided to each of the CEOs of three agencies of the Department, one of which was provided for January and February only.

5.4 Salary overpayments

Overpayments at year end were €149,844 (42 cases) (2015 €85,701, 14 cases). 29 cases have recovery plans in place with arrangements being made to commence repayment plans for the remaining 13 cases.

5.5 Severance/Redundancy

During 2016, four former Ministerial staff whose employment was terminated with the change of Government, were paid redundancy payments totalling €24,592 and severance payments totalling €92,175. A further €35,580 in severance payments was paid to three other Ministerial staff.

6 Miscellaneous

6.1 EU Funding

In addition to grants from the Vote, the patents office and the following bodies under the aegis of the Department received EU aid directly in 2016 as shown below:

Subhead	Description	2016 Outturn €	2015 Outturn €
A.7	Enterprise Ireland	—	340,169
A.14	Microfinance Ireland	863,633	—
B.3	Patents Office	512,169	179,560
B.4	Science Foundation Ireland	247,227	498,140
B.4	Enterprise Ireland	3,480,540	471,087
		<u>5,103,569</u>	<u>1,488,956</u>

The outturn shown in Subheads A.8, B.4 and B.5 under Note 3, includes payments in respect of activities which are co-financed from the ERDF.

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	2016 Outturn €	2015 Outturn €
Permanent/open-ended			
Joint Labour Committees	1946	5,876	6,482
Business Regulation Group	2006	632	2,192
Company Law Review Group	2000	83,145	38,654
Departmental Audit Committee	2004	1,800	2,700
Sales Law Review Group	2009	642	1,344
		<u>92,095</u>	<u>51,372</u>

6.3 Legal costs

	Number of cases	Legal costs paid by the Department €000	Legal costs awarded €000	Compensation awarded €000	2016 Total €000	2015 Total €000
Claims by members of the public against						
Workplace Relations Commission	2	214	10	—	224	211
Employment Rights	1	—	11	6	17	—
		<u>214</u>	<u>21</u>	<u>6</u>	<u>241</u>	<u>211</u>

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 Jobs, Enterprise and Innovation continues to receive amounts relating to historical payments of taxes. The Employment and Training Levy is collected by the Office of the Revenue Commissioner and paid over to the Department of Jobs, Enterprise and Innovation on a monthly basis. The moneys are directly paid over to the Exchequer.

Statement of payments made in accordance with Section 25(1) of the Labour Services Act 1987.

	2016	2015
	€	€
Received from Revenue Commissioners	180,979	714,599
Paid into the Exchequer	180,979	714,599

6.5 Contingent Liabilities

A Temporary Partial Credit Guarantee Scheme was established in November 2012. Under this scheme, the Government will partially guarantee loans by traditional lenders to viable businesses that are at the margins of commercial lending decisions and have difficulties accessing credit for either of two distinct reasons:

- (i) insufficient collateral
- (ii) the lender does not have the skills or experience to carry out a proper assessment of the proposition, due to a lack of knowledge of new sectors, markets or technologies.

A total of €28 million of loans has been provided to date, with €2.8 million being the maximum potential exposure to the Department arising from these guaranteed loans.

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.

6.6 Write-Offs

The sums written off during the year were:

	2016	2015
	€000	€000
Historic suspense account balances	307	252