

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 OGCIO 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

	2019		2018
	Estimate provision		Outturn
	€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
Net expenditure		30,505	29,088

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>2,752</u>	<u>2,238</u>
Represented by:			
State funding account	2.7	<u>2,752</u>	<u>2,238</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	Realised	Realised
	€000	€000	€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	2018
	€000	€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 €000	2018 €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:

	Number of cases	Legal costs paid by the Authority €000	Compensation awarded €000	Legal costs awarded €000	2019 Total €000	2018 Total €000
Claims under S.120 of the Registration of Title Act 1964	18	—	—	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.