

Appropriation Account 2016

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 2016 for the salaries and expenses of the Property Registration Authority.

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

A surplus of €2.4 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Statement of capital assets – depreciation

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the 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.

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.

Compensation claims

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.

In October 2016, the Authority was alerted by a bank of two potential claims for compensation on foot of recent court action taken by it. Those claims were subsequently lodged in January 2017. In the intervening period, the Authority carried out a review of the issue which gave rise to the claims, and as a result, uncovered eight other cases that had the potential to give rise to future claims under section 120 of the 1964 Act. In four of those cases corrective action has since been taken to restore the register to its correct position, eliminating the potential for any future claim. In the remaining cases, the Authority is fully engaging with all parties concerned to bring this matter to a conclusion under the appropriate advices.

In 2017, the Authority and the Authority's Audit Committee were informed of the issue. The Internal Audit Unit carried out a detailed fact finding review of the cases and the steps taken by the Authority in response. This report was issued in July 2017 and its recommendations are being implemented.

I am overseeing the enhancement of controls in the processing of applications for registration to mitigate all related risk. Arising from the Authority's ongoing counter fraud strategy and to mitigate against the risk of compensation claims, the specific measures that have been implemented include:

- In January 2017, a dedicated unit was established to process all cases of a similar nature to those which gave rise to these claims. This change in process ensures consistency of practice in the processing of these applications, the support of a senior legal officer for referral and oversight, and that appropriate notice is served in all such cases;
- A Compliance Officer has been assigned to act independently in the performance of her functions and reports directly to the Accounting Officer in strengthening and implementing an enhanced counter fraud strategy and fraud response plan.

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
- 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. Seven contracts to the value of €3.5 million were listed in my annual return in respect of Circular 40/2002. These are broken down as follows:
 - (a) one contract in the amount of €3 million relates to payments to Ordnance Survey Ireland, the national mapping agency
 - (b) four contracts to the value of €0.45 million relate to services available from one source only and
 - (c) two contracts to the value of €0.09 million are in respect of extensions of existing contracts.

Shared services

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 financial shared services. 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 shared services to this Office.

I also rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of payroll and human resources shared services to the Department.

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.

Elizabeth Pope
Accounting Officer
Property Registration Authority

15 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

I have audited the appropriation account for Vote 23 Property Registration Authority 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 in the Authority 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 23 Property Registration Authority 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 Property Registration Authority. The appropriation account is in agreement with the accounting records.

Weakness in title registration controls

The title registration system operated by the Property Registration Authority is a guaranteed title system, the principal objective of which is to confer certainty of title to support an efficient property market. The integrity and conclusiveness of the register is central to the system. The Accounting Officer has disclosed in the statement on internal financial control registration controls lapses in relation to a small number of cases, resulting in compensation claims. She outlines the steps that have been taken to strengthen the controls.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 23 Property Registration Authority Appropriation Account 2016

	Estimate provision	2016 Outturn	2015 Outturn
	€000	€000	€000
Programme expenditure			
A Manage the Land Registry and the Registry of Deeds	31,044	28,799	29,924
Gross expenditure	31,044	28,799	29,924
<i>Deduct</i>			
B Appropriations-in-aid	610	750	1,125
Net expenditure	30,434	28,049	28,799

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	2,385,273	1,511,824

Analysis of administration expenditure

	Estimate provision	2016 Outturn	2015 Outturn
	€000	€000	€000
i Salaries, wages and allowances	23,530	21,953	23,133
ii Travel and subsistence	110	108	117
iii Training and development and incidental expenses	4,300	4,116	3,956
iv Postal and telecommunications services	800	681	668
v Office equipment and external IT services	1,817	1,355	1,509
vi Office premises expenses	462	571	531
vii Consultancy services and value for money and policy reviews	25	15	10
	31,044	28,799	29,924

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Pay	21,953	23,133
Non pay	6,846	6,791
Gross expenditure	28,799	29,924
<i>Deduct</i>		
Appropriations-in-aid	750	1,125
Net expenditure	28,049	28,799
Changes in capital assets		
Purchases cash	(317)	
Depreciation	370	
Loss on disposals	1	
	54	51
Changes in net current assets		
Increase in closing accruals	98	
Decrease in stock	7	
	105	113
Direct expenditure	28,208	28,963
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,994	4,770
Notional rents	2,861	2,732
Net programme cost	36,063	36,465

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 4,340	3,899
Vote 13 Office of Public Works	e 488	713
Vote 18 National Shared Services Office	e 54	35
Vote 24 Justice and Equality - Financial Shared Services Centre	e 112	123
	4,994	4,770

"e" indicates that the number is an estimated value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	1,141	1,195
Current assets			
Bank and cash	2.3	2,315	1,770
Stocks	2.4	214	221
Prepayments		480	538
Accrued Income		5	32
Other debit balances	2.5	36	162
Net funding due from Exchequer	2.7	56	—
Total current assets		3,106	2,723
Less current liabilities			
Accrued expenses		142	129
Other credit balances	2.6	2,407	1,841
Net funding due to Exchequer	2.7	—	91
Total current liabilities		2,549	2,061
Net current assets		557	662
Net assets		1,698	1,857
Represented by:			
State funding account	2.1	1,698	1,857

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		1,857	2,021
Disbursements from the Vote			
Estimate provision	Account	30,434	
Surplus to be surrendered	Account	(2,385)	
Net vote		28,049	28,799
Expenditure (cash) borne elsewhere	1	4,994	4,770
Non cash expenditure – notional rent	1	2,861	2,732
Net programme cost	1	(36,063)	(36,465)
Balance at 31 December		1,698	1,857

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost at 1 January 2016	34,612	3,667	38,279
Additions	290	27	317
Disposals	(225)	(9)	(234)
Reclassification	(6)	6	—
Cost at 31 December 2016	<u>34,671</u>	<u>3,691</u>	<u>38,362</u>
Accumulated depreciation			
Opening depreciation as at 1 January 2016	33,617	3,467	37,084
Depreciation for the year	321	49	370
Depreciation on disposals	(225)	(8)	(233)
Reclassification	(6)	6	—
Cumulative depreciation at 31 December 2016	<u>33,707</u>	<u>3,514</u>	<u>37,221</u>
Net assets at 31 December 2016	<u>964</u>	<u>177</u>	<u>1,141</u>
Net assets at 31 December 2015	<u>995</u>	<u>200</u>	<u>1,195</u>

2.3 Bank and Cash

	2016	2015
at 31 December	€000	€000
PMG balances and cash	716	682
Commercial bank accounts	1,599	1,088
	<u>2,315</u>	<u>1,770</u>

2.4 Stocks

	2016	2015
at 31 December	€000	€000
Stationery	128	121
Miscellaneous supplies	9	18
IT consumables	77	82
	<u>214</u>	<u>221</u>

2.5 Other Debit Balances	2016	2015
at 31 December	€000	€000
Payroll suspense account (Paypath)	—	96
Building charges recoupable	36	39
Advances to OPW	—	27
	<u>36</u>	<u>162</u>

2.6 Other Credit Balances	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	409	414
Retention Tax	—	2
Pay Related Social Insurance	206	177
Value Added Tax	—	30
Extra receipts payable to the Exchequer	1,599	1,088
	<u>2,214</u>	<u>1,711</u>
Payroll deductions held in suspense	168	130
Owed to OPW	25	—
	<u>2,407</u>	<u>1,841</u>

2.7 Net funding due to Exchequer	2016	2015
at 31 December	€000	€000
Surplus to be surrendered	2,385	1,512
Exchequer grant undrawn	(2,441)	(1,421)
Net funding due (from) / to Exchequer	<u>(56)</u>	<u>91</u>

Represented by:**Debtors**

Bank and cash	2,315	1,770
Debit balances: suspense	36	162
	<u>2,351</u>	<u>1,932</u>

Creditors

Due to State	(2,214)	(1,711)
Credit balances: suspense	(193)	(130)
	<u>(2,407)</u>	<u>(1,841)</u>
	<u>(56)</u>	<u>91</u>

2.8 Commitments	2016	2015
at 31 December	€000	€000
a) Global Commitments		
Procurement of goods and services	20	212

2.9 Matured Liabilities

There were matured liabilities in the amount of €8,400 undischarged at year-end 2016 (2015: ~~€6,000~~).

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Manage the Land Registry and the Registry of Deeds			
A.1	Administration - pay	23,530	21,953	23,133
A.2	Administration - non pay	7,514	6,846	6,791
		31,044	28,799	29,924

Significant variations

Overall, the gross expenditure in relation to the programme was €2.25 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
€000		
A.1 Administration - pay	1,577	Expenditure on salaries was less than budgeted as average level of staff serving reduced during year to 474 (2015: 491). The serving staff level was below the overall projected level of the workforce plan due to delays in the recruitment of staff. Delays in filling senior posts also contributed to the underspend.
A.2 Administration – non-pay	668	The main reasons for the saving against estimate are: <ol style="list-style-type: none"> 1. Savings of €120,000 accrued in the postal budget as a result of competitive tendering for document delivery services 2. A significant ICT hardware project due for completion in Q4 2016 was delayed to early 2017. Expenditure of €350,000 that was expected to be incurred in 2016 will now be incurred in 2017 instead.

4 Receipts

4.1 Appropriations-in-aid	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deductions on public service remuneration	610	750	1,125
Total	610	750	1,125

Significant variations

Description	Less/(more) than provided	Explanation
	€000	
Receipts from pension-related deductions on public service remuneration	(140)	Budgeted receipts for pension related deductions were reduced in 2016 arising out of higher exemption thresholds in the Landsdowne Road agreement. In doing so however, the overall level of receipts were underestimated, resulting in an over-recoupment.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Opening balance at 1 January	1,088	1,860
Land Registry fees	56,782	55,761
Registry of Deeds fees	1,575	1,520
Ground rent fees received	71	69
Paid over to Exchequer	(57,917)	(58,122)
Closing balance at 31 December	<u>1,599</u>	<u>1,088</u>

The overall level of fees collected in 2016 was very similar to that of 2015 which is reflective of a consistent level of intake of applications over 2015 and 2016.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	481	487
	2016	2015
	€000	€000
Pay	20,415	21,527
Higher, special or additional duties allowance	5	23
Other allowances	59	78
Overtime	209	247
Employer's PRSI	1,265	1,258
Total Pay	21,953	23,133

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	1	—	5,138	16,538
Other allowances	25	—	7,518	8,128
Overtime	124	—	8,914	7,457
Extra remuneration in more than one category	12	2	12,364	12,150

5.2 Payroll overpayments

Overpayments at the year end were €192,983 (89 cases) (2015 €235,000, 304 cases) Of this, €86,777 (22 cases) have recovery plans in place.

6 Miscellaneous

6.1 Section 120 Compensation

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. 22 Section 120 compensation payments (2015: 27/ €3,500 each on average) were paid in 2016, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows -

	Number of cases	Legal costs awarded €000	Compensation awarded €000	2016 Total €000	2015 Total €000
Claims under S.120 of the Registration of Title Act 1964	22	45	83	128	94

6.2 Contingent Liability

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 cases referred to above and the potential cases noted in the Statement on Internal Financial Control.

6.3 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.