



Appropriation Account 2013

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 2013 for the salaries and expenses of the Office of the Minister for Jobs, Enterprise and Innovation, including certain services administered by that Office, for payment of certain subsidies, grants and a grant-in-aid, 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred arrangements established by Section 91 of the Finance Act 2004.

A surplus of €44.94 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €23,000,000 will be carried over for spending in 2014 and €21,935,290 will be surrendered to the Exchequer.

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

Transfer of Functions

Responsibility for the Equality Tribunal transferred to the Department of Jobs, Enterprise and Innovation from the Department of Justice and Equality with effect from 1 January 2013 under the Equality Tribunal (Transfer of Departmental Administration and Ministerial Functions) Order 2012 (SI No 531 of 2012).

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.

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 is compliant with the exception of 18 contracts to a total value of €1,322,610 that were awarded without a competitive tender. These contracts have been included in the Circular 40/2002 return as they are above the reporting threshold of €25,000 and were awarded without competitive tender for the following reasons:
 - 6 contracts with a total value of €579,145 awarded to a sole supplier;
 - 9 contracts with a total value of €385,965 rolled over from a previous competitive tender process;
 - 3 contracts with a total value of €357,500 awarded due to other reasons.

Where applicable, the Department is in the process of putting tenders in place for these services going forward.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter, which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

John Murphy

Accounting Officer

Department of Jobs, Enterprise and Innovation

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 32 Jobs, Enterprise and Innovation for the year ended 31 December 2013.

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

Seamus McCarthy

Comptroller and Auditor General

30 August 2014

Vote 32 Jobs, Enterprise and Innovation

Appropriation Account 2013

	Estimate provision		2013	2012
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Jobs and Enterprise Development			
	<i>Current year provision</i>	366,078		
	<i>Deferred surrender</i>	18,000	384,078	400,505
B	Innovation			
	<i>Current year provision</i>	363,860		
	<i>Deferred surrender</i>	7,000	370,860	376,608
C	Regulation			
			82,678	73,773
Gross expenditure				
	<i>Current year provision</i>	812,616		
	<i>Deferred surrender</i>	25,000		
			837,616	791,949
	<i>Deduct</i>			
D	Appropriations-in-aid			
			52,027	51,295
				50,342
Net expenditure				
	<i>Current year provision</i>	760,589		
	<i>Deferred surrender</i>	25,000		
			785,589	740,654
				800,544

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2013	2012
	€	€
Surplus	44,935,290	45,863,737
Deferred surrender	23,000,000	25,000,000
Surplus to be surrendered	<u>21,935,290</u>	<u>20,863,737</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,824	21,145	20,674
ii	Travel and subsistence	603	551	451
iii	Training and development and incidental expenses	475	475	497
iv	Postal and telecommunications services	587	458	529
v	Office equipment and external IT services	3,840	3,035	2,933
vi	Office premises expenses	700	629	754
vii	Consultancy services and value for money and policy reviews	166	29	123
viii	Advertising and information resources	261	84	86
ix	EU Presidency	2,238	1,338	619
		29,694	27,744	26,666

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		764,206	824,221
Pay (note 1.3)		21,693	21,047
Non pay		6,050	5,618
Gross expenditure		791,949	850,886
<i>Deduct</i>			
Appropriations-in-aid		51,295	50,342
Net expenditure		740,654	800,544
Changes in capital assets			
Purchases cash	(713)		
Depreciation	2,013		
Loss on Disposals	1		
		1,301	1,784
Changes in assets under development			
Cash payments		(862)	(955)
Changes in net current assets			
Decrease in closing accruals	(325)		
Increase in stock	78		
		(247)	(756)
Direct expenditure		740,846	800,617
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		21,400	21,864
Notional rents (non cash) (note 1.2)		1,667	1,685
Net programme cost		763,913	824,166

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.

		2013	2012
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	60	255
Vote 12 Superannuation and Retired Allowances	e	14,205	15,394
Vote 13 Office of Public Works	e	6,882	5,962
Central Fund - Ministerial pensions	e	253	253
		21,400	21,864

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

1.2 Notional Rent

The notional rent figure has been compiled by the Office of Public Works based on current market rental prices. The notional rent figure is in respect of two properties occupied by the Department of Jobs, Enterprise and Innovation.

1.3 Pay

The difference of €548,000 between the pay figure shown in the Operating Cost Statement (€21,693,000) and the pay figure included at (i) of the administration cost analysis (€21,145,000), relates to pay related expenditure on the EU Presidency, which is included at (ix) of the administration cost analysis. The estimate provision of all costs associated with the EU Presidency was included under a separate heading in the administration cost analysis.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	6,665	6,637
Capital assets under development	2.3	122	584
		6,787	7,221
Current Assets			
Bank and cash	2.4	23,782	27,929
Stocks	2.5	239	317
Prepayments		826	575
Accrued income		1,248	1,078
Other debit balances	2.6	1,420	1,375
Total current assets		27,515	31,274
Less current liabilities			
Accrued expenses		677	441
Deferred income		1,344	1,484
Other credit balances	2.7	2,245	4,029
Net liability to the Exchequer	2.8	22,958	25,275
Total current liabilities		27,224	31,229
Net current assets		291	45
Net assets		7,078	7,266
Represented by:			
State funding account	2.1	7,078	7,266

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		7,266	7,339
Disbursements from the Vote			
Estimate provision	Account	785,589	
Deferred surrender	Account	(23,000)	
Surplus to be surrendered	Account	(21,935)	
Net vote		740,654	800,544
Net assets transferred from Department Justice and Equality	2.2	5	—
Loss on disposal of assets	2.2	(1)	—
Expenditure (cash) borne elsewhere	1	21,400	21,864
Non cash expenditure – notional rent	1	1,667	1,685
Net programme cost	1	(763,913)	(824,166)
Balance at 31 December		7,078	7,266

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2013	34,088	6,642	40,730
Transfers from Department Justice & Equality ¹	41	20	61
Additions	2,004	33	2,037
Disposals	(431)	(16)	(447)
Cost or valuation at 31 December 2013	35,702	6,679	42,381
Accumulated depreciation			
Opening balance at 1 January 2013	27,660	6,433	34,093
Transfers from Department Justice & Equality ¹	36	20	56
Depreciation for the year	1,952	61	2,013
Depreciation on disposals	(430)	(16)	(446)
Cumulative depreciation at 31 December 2013	29,218	6,498	35,716
Net assets at 31 December 2013	6,484	181	6,665
Net assets at 31 December 2012	6,428	209	6,637

¹ ICT assets and furniture and fittings were transferred from the Department of Justice and Equality arising from the transfer of the Equality Tribunal to this Department with effect from 1 January 2013.

2.3 Capital Assets under Development

	In-house computer applications
	€000
Amounts brought forward at 1 January 2013	584
Cash payments in year ¹	916
Brought into use in year	(1,378)
Balance at 31 December 2013	122

¹ EU funding in the amount of €53,646 was used to acquire ICT assets under the Patent Cooperation Fund projects.

2.4 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	23,785	27,985
Orders outstanding	(3)	(56)
	<u>23,782</u>	<u>27,929</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery	164	238
IT supplies	60	60
Cleaning materials	15	19
	<u>239</u>	<u>317</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Advances to OPW	209	217
Miscellaneous debit balances	427	483
Recoupable expenditure:		
Recoupable travel	433	
Recoupable shared services	184	
Recoupable pension lump sums	<u>167</u>	
	784	675
	<u>1,420</u>	<u>1,375</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	53	91
Pay Related Social Insurance	60	65
Income Levy	—	(1)
Professional Services Withholding Tax	68	86
Value Added Tax on intra EU acquisitions	8	2
	<u>189</u>	<u>243</u>
Miscellaneous credit balances	<u>2,056</u>	<u>3,786</u>
	<u>2,245</u>	<u>4,029</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	21,935	20,864
Deferred surrender	23,000	25,000
Exchequer grant undrawn	(21,977)	(20,589)
Net liability to the Exchequer	<u>22,958</u>	<u>25,275</u>

Represented by:**Debtors**

Bank and cash	23,782	27,929
Other debit balances	1,420	1,375
	<u>25,202</u>	<u>29,304</u>

Creditors

Due to State	(189)	(243)
Other credit balances	(2,055)	(3,786)
	<u>(2,244)</u>	<u>(4,029)</u>
	<u>22,958</u>	<u>25,275</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(A) Global commitments

Procurement subheads	2,147	51
Grant subheads ¹	<u>1,309,880</u>	<u>1,082,095</u>

¹ Includes expenditure from own resource income.

(B) Multi-annual capital commitments over €6.35 million

	Cumulative Expenditure to 31 December 2012 ²	Expenditure in 2013	Subsequent years	Projects total 2013	Projects total 2012
	€000	€000	€000	€000	€000
IDA Ireland	266,400	9,000	33,200	308,600	319,600
Enterprise Ireland	116,299	33,001	173,359	322,659	210,159
Science Technology & Development Programme	205,818	77,953	219,845	503,616	306,155
Programme for Research in Third Level Institutions (PRLTI)	82,503	18,193	93,702	194,398	194,399
	<u>671,020</u>	<u>138,147</u>	<u>520,106</u>	<u>1,329,273</u>	<u>1,030,313</u>

² Excludes projects completed by end of 2012.

2.10 Matured Liabilities.

Estimated matured liabilities un-discharged at the year-end were €255,568 (2012: €162,831).

3 Programme Expenditure by Subhead

	Estimate provision		2013	2012
			Outturn	Outturn
	€000	€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay	7,102	7,428	7,028
A.2	Administration – non pay	2,026	1,551	1,374
A.3	Forfás	47,957	40,076	51,422
A.4	InterTrade Ireland	8,085	8,106	8,164
A.5	IDA Ireland			
	<i>Original</i>	117,447		
	<i>Deferred surrender</i>	7,000	124,447	126,360
A.6	Shannon Free Airport Development Company Limited	10,218	8,117	7,655
A.7	Enterprise Ireland			
	<i>Original</i>	135,841		
	<i>Deferred surrender</i>	11,000	146,841	128,041
A.8	County enterprise development	25,893	29,643	30,320
A.9	Monitoring and evaluation of EU programmes	89	—	—
A.10	INTERREG enterprise development	3,000	2,000	5,999
A.11	National Standards Authority of Ireland - grant for administration and general expenses	5,641	5,641	6,245
A.12	Temporary Loan Guarantee Scheme	500	269	239
A.13	Subscriptions to international organisations, etc.	1,949	1,882	29
A.14	Commissions, committees and special inquiries	1	1	1
A.15	Legal costs and other services	312	11	11
A.16	Export Credit Insurance - refund to the Exchequer	17	17	9
—	<i>Microfinance Loan Fund</i>	—	—	10,000
		384,078	359,143	400,505

Significant variations

Overall, the expenditure in relation to Programme A was €24.94 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Forfás	7,881	The savings were €5,998,000 on pay and pensions and €1,880,000 on non-pay. The savings on pay arose due to late or non-filling of staff vacancies. Savings on pensions arose as the number who retired was significantly below the levels anticipated when the estimates were compiled. This resulted in a saving of €4,500,000 on lump sums and a related saving of €1,300,000 on pensions. The non-pay savings arose due to the fact that Forfas's property function transferred to IDA Ireland from 1 July 2013. €1,800,000 was vired to IDA (Subhead A5) to allow IDA meet expenditure on their property obligations following the transfer of the property portfolio.

Description	Less/(more) than provided €000	Explanation
Shannon Free Airport Development Company Limited	2,101	The amount provided to Shannon Development was less than anticipated for the following reasons; (i) expenditure on pensions which included a once-off provision for voluntary retirement and redundancy schemes was some €247,000 less than estimated as less staff retired during the year than expected and no staff availed of the voluntary early retirement scheme; (ii) €1,854,000 provided in relation to grants to industry payable by Shannon Development was not required as a number of large claims originally anticipated were not received before year end.
Enterprise Ireland	18,800	Savings of €18,800,000 arose due to the following factors: (i) during 2013, Enterprise Ireland earned additional own resource income of €1,400,000 from the sale/redemption of equity and venture capital investments. This additional income was used instead of Oireachtas grant to fund financial support to industry; (ii) the level of investment by SMEs is recovering more slowly than expected which has resulted in the level of co-funding required under the various schemes being slower than anticipated. There was an under drawdown from the Seed and Venture Capital Programmes amounting to €7,000,000 due to fundraising difficulties experience by venture funds under the International Fund Ireland and Development Capital programmes. This in turn led to delays in finalising legal agreements and the timing of drawdowns; (iii) a saving of €400,000 on capital building operations mainly relating to lower expenditure on buildings, IT infrastructure and maintenance/upgrade of the regional and overseas office networks.
County enterprise development	(3,750)	The variance reflects the balance of changes in current and capital expenditure levels. The current outturn represents an increase of €569,000 due to the additional requirement to meet retirement pension payments of €354,000 and a shortfall in pay allocation of €440,000, which were partially off-set by savings of €225,000 on non-pay. In relation to capital, DPER sanctioned an additional capital allocation of €3,180,000 for the County Enterprise Boards (CEBs) bringing the total capital allocation to €18,180,000 which was utilised to support enterprise development and to pipeline micro-enterprise projects with the capacity to create additional jobs.
INTERREG enterprise development	1,000	Due to projects running late there was a saving of €1,000,000 in the 2013 allocation. Over 20 projects are involved and it is very difficult to ensure that anticipated timelines can be adhered to, due to various delays such as planning, logistical and administrative issues which impact on the managing authority for the programme.
Temporary Loan Guarantee Scheme	231	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 under spend are; (i) lower than anticipated take-up of the scheme, and (ii) there were no claims under the scheme in 2013.
Legal costs and other services	301	Allowance is made under this subhead for payment of any legal costs arising from personnel related issues. In 2013 there were no legal costs, so the allocation was not needed. It is not possible to accurately predict the number of cases, if any, that will arise from year to year given the unpredictable nature of legal expenses and consequently it is difficult to estimate the amount of funding required.

	2013		2012
	Estimate provision		Outturn
	€000	€000	€000
B Innovation			
B.1 Administration – pay		4,811	4,950
B.2 Administration – non pay		2,319	1,738
B.3 Patents Office		2,874	2,400
B.4 Science and Technology Development Programme			
	<i>Original</i>	289,993	
	<i>Deferred surrender</i>	7,000	
		296,993	286,243
B.5 Programme for Research in Third Level Institutions (PRTL)		44,340	45,203
B.6 Subscriptions to international organisations, etc.		19,179	19,178
B.7 Commissions, committees and special inquiries		1	1
B.8 Legal costs and other services		343	1
— <i>Dublin - City of Science</i>		—	—
		370,860	359,714
			376,608

Significant variations

Overall, the expenditure in relation to Programme B was €11.15 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	581	Overall the non-pay expenditure across the three programmes was €2,131,279 less than estimated with expenditure on Programme B being 25% less than estimate. The main savings were in the ICT area, the EU Presidency, postal and telecommunication services, consultancy services and advertising and information resources. These savings were largely achieved in the context of continuing to reduce operating costs while meeting essential business needs.
Patents Office	474	There was a pay saving of €240,000 due to some vacancies and unforeseen reductions in staff numbers and also the post of the Controller being filled by a serving official of the Department. There was a non-pay saving of €234,000 relating to office equipment and external IT supplies, as certain planned developments works were funded by the Office of Harmonisation in the Internal Market (OHIM) which gave rise to savings in the estimate.
Science and Technology Development Programme	10,750	Expenditure on in company research and development grants was €2 million lower than anticipated due to insufficient claims submitted by client companies in relation to grant approvals. Expenditure on high potential start up equity investments was lower than anticipated by €3 million due to lower value of equity approvals during the year. A further €5 million in savings arose due to a capital commitment management process, introduced by the Department of Public Expenditure and Reform in 2010. This restricted Enterprise Ireland from making its normal level of project approvals across a range of innovation and R&D funding areas. A saving of €750,000 arose due to pay and non-pay underspends in Science Foundation Ireland.

Description	Less/(more) than provided €000	Explanation
Legal costs and other services	342	This subhead covers the cost of miscellaneous payments which may arise across the Department, including potential legal costs, for which provision has not been made elsewhere in the Vote. The Department is obliged to make a contingency provision for such costs that may be one off in nature and where the timing of expenditure is not certain.

		2013		2012
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
C	Regulation			
C.1	Administration – pay	9,600	9,315	9,365
C.2	Administration – non pay	3,836	2,761	2,659
C.3	Workplace Relations Programme	19,484	18,159	17,650
C.4	Grants for trade union education and advisory services – cash-limited	944	944	944
C.5	Workplace Innovation Fund promotion of partnership	226	28	67
C.6	Trade union amalgamations	10	30	—
C.7	Office of the Director of Corporate Enforcement	5,330	3,124	3,436
C.8	Competition Authority	5,127	4,478	3,871
C.9	National Consumer Agency	7,360	5,501	5,752
C.10	Consumer support	45	45	47
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,210	6,689	6,990
C.12	Irish Auditing and Accounting Supervisory Authority (grant-in-aid)	1,568	1,445	1,476
C.13	Personal Injuries Assessment Board	55	55	55
C.14	Health and Safety Authority - grant for administration and general expenses	18,730	18,730	19,006
C.15	Research including manpower surveys	280	1	24
C.16	Subscriptions to international organisations, etc.	1,564	1,534	1,568
C.17	Commissions, committees and special inquiries	315	165	319
C.18	Legal costs and other services	994	88	544
		<u>82,678</u>	<u>73,092</u>	<u>73,773</u>

Significant variations

Overall, the expenditure in relation to Programme C was €9.59 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	1,075	Overall the non-pay expenditure across the three programmes was €2,131,279 less than estimated with expenditure on Programme C being 28% less than estimate. The main savings were in the ICT area, the EU Presidency, postal and telecommunication services, consultancy services and advertising and information resources. These savings were largely achieved in the context of continuing to reduce operating costs while meeting essential business needs.

Description	Less/(more) than provided €000	Explanation
Workplace Relations Programme	1,325	The total underspend for C3 is made up of the following: (i) €421,000 in respect of provision made for 2 members of Labour Court who were eligible for retirement but did not retire in 2013 and further pay savings of €104,000 in the Labour Court; (ii) €479,000 in respect of the Labour Relations Commission, broken down for pay of €160,000 arising due to retirement and transfer of staff and non-pay of €318,000 saving, principally in the areas of room hire, travel and subsistence, refurbishment and ICT costs; and (iii) €320,000 in respect of the Equality Tribunal arising from pay savings due to staff reductions and non-pay savings arising in the area of legal costs and office premises expenditure.
Workplace Innovation Fund promotion of partnership	198	The estimate constituted expected drawdown of funds by Enterprise Ireland (EI). Approval by EI for projects commenced in April 2007 and ended in 2009. It was anticipated from the start that the projects would take time to develop. While provision had to be made to meet the liabilities for grants already approved, the uncertain economic climate meant that some companies that had been approved for grants under the scheme did not take up the offer. EI confirmed that the drawdown of €28,000 made by them in April 2013 would be the last one it would be making. All commitments under the scheme expired at the end of 2013.
Office of the Director of Corporate Enforcement	2,206	The under spend arose primarily on the non-pay side with a small underspend on the pay side of €31,000. The non-pay allocation of €2,855,000 included funding in respect of several ongoing cases before the Courts. The timing and outcome of cases is largely outside the control of the Office and as a result, it is extremely difficult to anticipate the timing or level of costs which the Office may have to bear. Some of those cases concluded in 2013 and were successful for the Office, much reducing the anticipated amount to be paid in relation to costs for those particular cases. As there are other cases that remain to be determined, the Office continues to face the prospect of large legal costs falling due for payment in 2014 or later years.
Competition Authority	649	The variation arises from a lower than anticipated expenditure on both pay and non-pay. The savings on pay of €324,000 arises from the staggered filling of ten additional posts during 2013 which were sanctioned for the Authority in 2012 but for which the competition to fill the posts was not held until November 2012. The savings on non-pay of €325,000 resulted mainly from lower than anticipated legal costs arising from a contingent liability of an award of legal costs against the Competition Authority in a High Court case. This liability did not materialise in 2013 as the Authority's Supreme Court appeal was not heard. It is likely to be heard in 2014.
National Consumer Agency	1,859	The financial services function of the Agency is funded by a levy imposed by the NCA. The levy is collected mid year and the Department prefunds the Agency on the proviso that it is reimbursed by way of appropriations-in-aid before year end. An estimate of €1.2 million provided was not in fact required (see 4.1 (15)) since the Agency spent €400,000 less than anticipated in relation to pay due to ten sanctioned financial services posts being vacant during 2013 and the fact that the levy collected in 2012 was in excess of 2012 expenditure which was used to fund programme expenditure of some €800,000 up to April 2013. In addition, the Agency required €600,000 less than anticipated in relation to its grant in respect of administrative and general expenses. This was due to staff levels being below ECF for part of the year (€300,000) and lower than anticipated expenditure in relation to legal fees, IT and facility costs.

Description	Less/(more) than provided €000	Explanation
Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	521	A saving of €114,000 was achieved on the pay allocation due to staff leaving the CRO without immediate replacement. The saving of €401,000 on the non-pay budget arose mainly because funds allocated towards preparations for the implementation of the new Companies Bill (advertising, promotion, training etc.) were not spent as the Bill did not progress through the Houses of Oireachtas as quickly as had been anticipated. Enactment of the Bill during 2014 is now likely. In addition, during 2013, the CRO continued to implement cost-saving measures such as an improved electronic system for incorporating new companies, enhanced e-filing and auto-registration options and more cost-effective CRO and RFS services to on-line customers. Other initiatives included re-tendering for a range of services and achieving further reductions in cost.
Irish Auditing and Accounting Supervisory Authority (grant-in- aid)	123	IAASA is part funded by the Department and the accountancy bodies. The mechanism by which IAASA's funding is delivered is that its entire salary costs are paid through this subhead. If the aggregate of these payments exceeds the Exchequer's liability, a refund is made to the Department at year end. In relation to the under spend, the 2013 estimate was premised upon the Authority having a full staff complement. However, IAASA had a difficulty in filling a vacancy as Head of Regulatory and Monitoring Supervision for most of 2013, along with other vacancies.
Research including manpower surveys	279	The estimate was based on an anticipated increase in requests for funding including provision for €150,000 to undertake a study to examine the potential opportunities and economic and other impacts on Ireland of a Transatlantic Trade and Investment Partnership Agreement (TTIP). However, due to the complex nature of that proposed project, the contract negotiations were only concluded late in the year and no expenditure was incurred in 2013. Two other minor projects to the value of €10,000 did not proceed as expected.
Commissions, committees and special inquiries	150	The variation arose due to: (i) €85,000 arising from a cessation of Joint Labour Committee activity due to a High Court ruling; (ii) €14,000 on small research projects and travel expenses relating to a High Level Group on Business Regulation; (iii) €20,000 saving on health and safety partnership projects in the construction and agricultural sections with reference to the promotion of workplace safety; (iv) €14,000 saving under the operating costs of the Sales Law Review Group and (v) other miscellaneous savings.
Legal costs and other services	906	Expenditure from this subhead is not possible to accurately predict as the purpose of the subhead is to cover potential legal costs which may arise. Such costs during 2013 were not significant.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated €000	Realised €000	Realised €000
Employment Rights and Industrial Relations			
1. Receipts from the Social Insurance Fund	600	987	1,083
2. Work permit fees	3,000	3,242	2,631
3. Employment agency licences	210	205	243
Insurance and Company Law			
4. Companies Registration Office	18,750	19,337	19,802
5. Registry of Friendly Societies	80	57	94
Trade, Competition and Market Rights			
6. Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,000	8,434	8,588
7. Occasional trading licences	3	3	2
8. National Consumer Agency	361	408	420
9. Merger notifications	280	288	240
Other			
10. ODCE legal	50	178	31
11. County Enterprise Development	100	66	103
12. Miscellaneous	104	2,037	243
13. Competition Authority receipts	—	—	—
14. Enterprise policy (InterTrade Ireland)	44	28	50
15. NCA - grant for financial information and educational functions	2,125	925	834
16. IAASA pay refund	376	507	549
17. PIAB pay and superannuation	1,299	1,241	1,243
18. HSA superannuation	645	599	511
19. IDA Ireland - Pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	1,700	1,722	1,931
20. SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	1,000	703	1,073
21. Temporary Loan Guarantee Scheme	3,000	76	2
22. Receipts from pension - related deduction on public service remuneration	10,300	10,252	10,669
Total	52,027	51,295	50,342

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 €000	Explanation
Receipts from the Social Insurance Fund	(387)	The cost of administering redundancy appeals which is carried out by this Department is recovered from the Social Insurance Fund. This was negotiated with the Department of Social Protection on the basis of two possible rates, 20% and 30% of the total costs of Employment Appeal Tribunal costs. The estimate was based on a recovery rate of 20%. The Department of Social Protection reimbursed this Department at 30% of total costs reflecting the fact that during 2013, redundancy and insolvency cases accounted for a higher proportion of total costs.

Description	Less/(more) than estimated €000	Explanation
Work permit fees	(242)	In the course of 2013 there was an increase in the number of permits issued, particularly to the IT sector. In addition, changes were made to the required Garda National Immigration Bureau (GNIB) status of employees seeking Green Cards. As a result, there was an increase in the number of permits issued.
Receipts under the Trade Marks Act 1963 and Patents Act 1964	(434)	The variation is largely due to increased income from renewal fees from international trade marks protected in Ireland and from European patent applications which have been validated in Ireland. At any time it is difficult to accurately forecast fee income which is subject to companies taking commercial business decisions on applying for and maintaining intellectual property rights.
ODCE legal	(128)	The figure of €50,000 was a notional figure as such receipts are difficult to ascertain in advance as they are not in respect of services provided by the Office but rather are costs awarded to the Office. 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. Further receipts are in respect of civil cases, in which costs are 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.
Miscellaneous	(1,933)	By its nature, it is difficult to predict what level of income will be received under this category. The significant amounts included are as follows: (i) An amount of €1,200,000 refunded by Enterprise Ireland in respect of its capital allocation drawn down instead of utilising own resource income. Enterprise Ireland had previously received sanction from the Department of Public Expenditure and Reform, to retain the own resource income; (ii) CEBs refund of €354,000 which represents unused grant drawdowns; (iii) Employers PRSI refunds €162,000 which arose in respect of the reclassification of the rates of such contributions payable by a number of office holders employed by the Department (defined as such for the purposes of PRSI contributions by SCOPE Section of DSP); (iv) Reconciliation of balances on suspense accounts of €171,000; (v) €82,000 in respect of the Equality Tribunal which transferred from the Department of Justice in January 2013 which relates to re-imburement of costs associated with a High Court judicial review; (vi) NERA Legal amount of €15,000 and (vii) various other miscellaneous amounts of €52,000.
NCA - grant for financial information and educational functions	1,200	The financial services function of the Agency is funded by a levy imposed by the NCA. The levy is collected mid year and the Department prefunds the Agency on the proviso that it is reimbursed by way of appropriations-in-aid before year end. An estimate of €1.2 million provided was not in fact required (see C.9). As a result there was no requirement for the NCA to reimburse the Department in respect of this amount.
IAASA pay refund	(131)	IAASA is part funded by the Department and the accountancy bodies. The Department processes salary and related payments on behalf of IAASA. As the aggregate of these payments exceeds the Exchequer's liability, a refund is made to the Department at year end. The amount expended by the Department on salaries and related payments was €1,445,000 and the Exchequer liability to IAASA in 2013 amounted to €936,000. A gross refund of €514,000 was due to be refunded to the Department of which €507,000 was refunded. The increase reflects the fact that the 2013 estimate was premised upon the Authority having a full staff complement for the full year.

Description	Less/(more) than estimated €000	Explanation
SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	297	During 2013, 33 staff availed of a voluntary redundancy scheme. As a result contributions collected were lower than estimated.
Temporary Loan Guarantee Scheme	2,924	The temporary loan guarantee scheme provides that borrowers will pay a 2% premium to the Minister. The estimate of €3,000,000 for 2013 was based on the maximum amount of €150,000,000 being lent and guaranteed in 2013. During 2013, facilities were sanctioned in respect of €12,107,500. At the end of 2013, a total of €6,258,500 had been drawn down by borrowers. As a result receipts under the scheme are much lower than expected.

4.2 Extra receipts payable to the Exchequer

	2013		2012
	Estimated €000	Realised €000	Realised €000
Export credit - recoveries from Iraq/Nigeria	50	2,370	869
Enterprise Ireland - current (A7, A8, B4)	249	249	990
Enterprise Ireland - capital (A7, A8, B4)	1,090	3,006	29,738
Forfás – current	341	341	623
Forfás – surplus own resource income	147	147	—
Science Foundation Ireland - capital (B4)	630	630	428
CEBs - grant refund	10	10	—
Shannon Development – grant refund	—	249	—
Miscellaneous	—	18	6
<i>IDA Ireland - interconnectivity project receipts</i>	—	—	22
<i>IDA Ireland – current</i>	—	—	201
	2,517	7,020	32,877

Export Credit – recoveries from Iraq

In 1998 the State withdrew from the provision of Export Credit Insurance. Since then the Department has continued to pursue debts which arose from policies issued under the scheme. Arising from one such case involving debt in Iraq, the Department made a substantial recovery of over €2,300,000 in 2013. As is required under legislation, this money was remitted to the Central Fund.

Enterprise Ireland - capital

At the time of publication of the revised estimates, €1,090,000 had been received from Enterprise Ireland, therefore this amount was disclosed for publication in the estimate. At that time, the Department was not aware of any further 'windfall' receipts from Enterprise Ireland.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents) ¹		
Department	803	789
Agencies	1,723	1,872
	<u>2,526</u>	<u>2,661</u>

¹ These figures include employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2013	2012
	€000	€000
Pay	159,354	168,446
Higher, special or additional duties allowance	983	873
Other allowances	1,853	1,833
Overtime	575	567
Employer's PRSI	10,158	10,701
Total pay	<u>172,923</u>	<u>182,420</u>

The remuneration arrangements refer to the pay element of Subheads A1, A3, A4, A5, A6, A7, A8, A11, B1, B3, B4, C1, C3, C7, C8, C9, C11, C12 and C14.

5.1 Department

	2013	2012
	€000	€000
Pay ²	37,565	36,183
Higher, special or additional duties allowance	597	579
Other allowances	529	619
Overtime	341	300
Employer's PRSI	2,129	2,051
Total pay	<u>41,161</u>	<u>39,732</u>

² Includes pension payments to 29 former members of Labour Court and Competition Authority.

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	90	4	28,164	20,727
Other Allowances	122	15	48,394	92,826
Overtime	155	4	13,968	13,996

Certain individuals received extra remuneration in more than one category.

5.2 Agencies

	2013	2012
	€000	€000
Pay	121,789	132,263
Higher, special or additional duties allowance	386	294
Other allowances	1,324	1,214
Overtime	234	267
Employer's PRSI	8,029	8,650
Total pay	131,762	142,688

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	88	11	16,703	36,053
Other Allowances	423	29	42,728	42,728
Overtime	90	6	26,851	32,086

Certain individuals received extra remuneration in more than one category.

The agencies included above are County and City Enterprise Boards, Competition Authority, Enterprise Ireland, Forfás, Health and Safety Authority, Industrial Development Authority, Labour Relations Commission, National Consumer Agency, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority, Science Foundation Ireland and Shannon Development.

5.3 Performance and merit payments

A total of €400 was paid, by way of vouchers, to two employees of an agency of the Department in 2013.

5.4 Other remuneration arrangements

A total of €34,237 was paid to five retired civil servants who were re-engaged in various duties during 2013.

A company car was provided to the CEO of four agencies of the Department.

6 Miscellaneous

6.1 EU Funding

In addition to grants from the Vote, the following bodies under the aegis of the Department received EU aid directly in 2013 as shown below:

Subhead	Description	2013	2012
		Outturn	Outturn
		€	€
A.6	SFADCo	87,470	399,078
B.3	Patents Office	183,416	—
B.4	Science Foundation Ireland	115,000	716,685
C.14	Health & Safety Authority	222,344	—
B.5	<i>Forfas</i>	—	329,450
		<u>608,230</u>	<u>1,445,213</u>

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	Cumulative expenditure to end 2013	2013 Outturn	2012 Outturn
		€	€	€
Joint Labour Committees ¹	1946	1,265,769	23,237	8,335
Company Law Inquiries	1994	2,193,034	16,614	71,770
Company Law Review Group	2000	957,091	68,069	87,947
Business Regulation Group	2006	175,493	5,332	8,299
Workplace Safety	2002	2,722,590	50,000	140,000
Departmental Audit Committee	2004	25,614	3,600	3,150
Sales Law Review Group	2009	20,120	391	1,202
		<u>7,359,711</u>	<u>167,243</u>	<u>320,703</u>

¹ Base year 1994. Payments in respect of the period 1946-1993 were made from subhead A.2 in the year in question.

6.3 Legal Costs

	2013	2012
Legal costs paid during the year are categorised as follows:	€	€
Legal fees	330,906	967,260
Compensation	45,594	142,332
	<u>376,500</u>	<u>1,109,592</u>

Of the total of €376,500 in legal costs in 2013, €160,658 (43%) relates to the National Employment Rights Authority and €95,690 (25%) relates to the Office of the Director of Corporate Enforcement.

6.4 Miscellaneous Payments

Employment and Training Levy - Statement of payments made in accordance with Section 25(1) of the Labour Services Act, 1987

	Total for the year ended 31 December 2013 €	Total for the year ended 31 December 2012 €
Received by Minister for Jobs, Enterprise and Innovation	191,880	338,005
Paid by Minister for Jobs, Enterprise and Innovation into the Exchequer	191,880	338,005

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 monies are directly paid over to the Exchequer.

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. Loans are guaranteed for 3 years and no liability arose in 2013. The maximum exposure arising from loans guaranteed in 2012 and 2013 is €513,863.

The Department has a possible liability under the export credit insurance scheme. A company suffered a default on goods supplied many years ago where a shipment was covered by a policy. No claim has been made to date and there is no indication that there will be a claim. At 31 December 2013, the Minister's aggregate liability under the scheme was assessed at €328,331.

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 Fraud, Suspected Fraud or Suspected Irregularity

The Department has incurred no losses due to reported cases of fraud, suspected fraud or suspected irregularity in 2013.

6.7 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €23,000,000 of unspent allocation in respect of subheads A.5, A.7 and B.4 was carried forward to 2014.