

Vote 36: Defence

Introduction

As Accounting Officer for Vote 36, 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 2009 for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants-in-aid.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2009, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2009 out of unspent 2008 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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:

Stock valuation

Military stocks are valued at average cost. Other stocks are valued at their most recent purchase price.

Depreciation

Military equipment is depreciated using the straight line method with a residual value.

Capital assets

A detailed register is maintained of land and buildings administered by the Department of Defence. However, as valuations for all of these properties are not available, they are not included in the Statement of Capital Assets (Note 2.1).

In the Statement of Capital Assets, Furniture and Fittings exclude items with a value below €600.

Statement on Internal Financial Control

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Department of Defence.

MICHAEL HOWARD
Accounting Officer
Department of Defence
31 March 2010

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of the Vote for the Department of Defence for 2009 under Section 3 of the Comptroller and Auditor General (Amendment) Act, 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

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 Defence. The Appropriation Account is in agreement with the books of account.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2009.

A handwritten signature in black ink, appearing to read 'John Buckley', with a stylized flourish at the end.

JOHN BUCKLEY

Comptroller and Auditor General

7 September 2010

Vote 36 Defence Appropriation Account 2009

Service	2009 Estimate provision €000	2009 Outturn €000	2008 Outturn €000
Administration			
A.1. Salaries, wages and allowances	18,791	18,704	19,209
A.2. Travel and subsistence	396	286	361
A.3. Incidental expenses	550	191	415
A.4. Postal and telecommunications services	1,380	801	797
A.5. Office machinery and other office supplies and related services	2,320	2,464	2,026
A.6. Office premises expenses	1,410	1,305	1,813
A.7. Consultancy services	100	98	60
A.8. Value for money and policy reviews	140	41	112
Other Services			
Defence Forces			
B. Permanent Defence Force: pay	475,800	475,261	479,135
C. Permanent Defence Force: allowances	56,360	61,618	60,232
D. Reserve Defence Force: pay, etc.	8,900	6,651	9,138
E. Chaplains and officiating clergymen: pay and allowances	1,295	1,342	1,322
F. Civilians attached to units: pay, etc.	39,839	38,643	40,154
G. Defensive equipment	37,000	33,279	45,291
H. Air Corps: equipment and expenses	21,200	19,887	40,581
I. Military transport	19,772	15,293	17,587
J. Naval Service: equipment and expenses	19,110	14,177	16,246
K. Barrack expenses and engineering equipment	19,870	18,874	20,878
L. Buildings	<i>Current year provision</i> 25,368 <i>Deferred surrender</i> <u>2,500</u> 27,868	24,459	37,301
M. Ordnance, clothing and catering	27,100	24,364	27,612
N. Communications and information technology	<i>Current year provision</i> 9,261 <i>Deferred surrender</i> <u>500</u> 9,761	9,681	10,856
O. Military training	3,309	2,936	3,748
P. Travel and freight services	8,069	7,804	16,940
Q. Medical expenses	3,500	3,816	4,062
R. Lands	1,205	2,886	1,408
S. Equitation	1,019	864	1,070
T. Compensation	5,800	6,260	6,285
U. Miscellaneous expenditure	3,590	3,461	5,437

Other Services		2009	2009	2008
		Estimate provision	Outturn	Outturn
		€000	€000	€000
V.	Costs arising directly from Ireland's participation in the EU's European Security and Defence Policy	2,200	956	1,758
W.	Civil Defence Board (grant-in-aid)	6,148	6,148	6,248
X.	Irish Red Cross Society (grant-in-aid)	951	951	951
Y.	Coiste an Asgard (grant-in-aid) (part funded by National Lottery)	830	800	803
Gross Expenditure				
	<i>Current year provision</i>	822,583		
	<i>Deferred surrender</i>	<u>3,000</u>	825,583	804,301
				879,836
Deduct				
Z.	Appropriations-in-aid		36,330	39,434
Net Expenditure				
	<i>Current year provision</i>	786,253		
	<i>Deferred surrender</i>	<u>3,000</u>		
			789,253	764,867
				865,365
Surplus for the year			€24,386,074	€12,746,215
Deferred surrender			€1,000,000	€3,000,000
Surplus to be surrendered			€23,386,074	€9,746,215

Notes to the Appropriation Account

1 Operating Cost Statement 2009

	Note	€000	2009 €000	2008 €000
Expenditure on administration			23,890	24,793
Expenditure on services and programmes			780,411	855,043
Gross expenditure			804,301	879,836
Deduct				
Appropriations in aid			39,434	14,471
Net expenditure			764,867	865,365
Changes in capital assets				
Purchases cash		(33,164)		
Depreciation		41,561		
Loss on disposals		4,687	13,084	9,438
Assets under development				
Cash payments			(14,404)	(26,095)
Changes in net current assets				
Decrease in closing accruals		(5,283)		
Increase in stock		(3,160)	(8,443)	(8,668)
Direct expenditure			755,104	840,040
Net allied services expenditure	1.1		11,414	9,760
Notional rents			4,275	4,482
Total operating cost			770,793	854,282

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 36 borne elsewhere:

Vote		2009 €000	2008 €000
7	Superannuation and Retired Allowances	12,240	10,966
10	Office of Public Works	749	676
20	Garda Síochána	174	191
	Central Fund - Ministerial etc. pensions	447	442
1	President's Establishment	(427)	(456)
7	Office of the Taoiseach	(88)	(71)
37	Army Pensions	(1,681)	(1,988)
		11,414	9,760

2 Statement of Assets and Liabilities as at 31 December 2009

	Note	2009 €000	2008 €000
Capital Assets	2.1	387,346	400,673
Capital Assets under Development	2.2	3,100	6,377
		390,446	407,050
Current Assets			
Bank and cash	2.3	972	(1,847)
Stocks	2.4	233,667	230,507
Prepayments		6,733	6,749
Accrued income		5,854	2,157
Other debit balances	2.5	3,462	7,983
Total Current Assets		250,688	245,549
Less Current Liabilities			
Accrued expenses		3,538	5,384
Deferred income		40	39
Other credit balances	2.6	1,671	639
Net Liability to the Exchequer	2.7	2,763	5,497
Total Current Liabilities		8,012	11,559
Net Current Assets		242,676	233,990
Net Assets		633,122	641,040

2.1 Capital Assets

	Military Equipment €000	Office/IT Equipment €000	Furniture and Fittings €000	Totals €000
Gross assets				
Cost or valuation at 1 January 2009	800,999	43,425	2,044	846,468
Additions	31,160	1,709	52	32,921
Disposals	(10,134)	(3,696)	(38)	(13,868)
Cost or valuation at 31 December 2009	<u>822,025</u>	<u>41,438</u>	<u>2,058</u>	<u>865,521</u>
Accumulated Depreciation				
Opening balance at 1 January 2009	411,136	33,131	1,528	445,795
Depreciation for the year	37,738	3,738	85	41,561
Depreciation on disposals	(5,661)	(3,487)	(33)	(9,181)
Cumulative depreciation at 31 December 2009	<u>443,213</u>	<u>33,382</u>	<u>1,580</u>	<u>478,175</u>
Net Assets at 31 December 2009	<u>378,812</u>	<u>8,056</u>	<u>478</u>	<u>387,346</u>
Net Assets at 31 December 2008	<u>389,863</u>	<u>10,294</u>	<u>516</u>	<u>400,673</u>

The Department of Defence administers land (approx. 8,200 hectares) and buildings at 100 different locations, as well as 20 properties outside of barracks which serve as married quarters. The disposal of these married quarters continues to be pursued. As indicated in the introduction, Land and Buildings are not included in this Statement.

2.2 Capital Assets under Development

	Construction Contracts €000
Amounts brought forward at 1 January 2009	6,377
Cash payments for the year	14,404
Transferred to asset register ¹	(17,681)
Amounts carried forward at 31 December 2009	<u>3,100</u>

¹Notional transfer to Asset Register. Land and Buildings are not shown in the Statement of Capital Assets.

2.3 Bank and Cash

	2009 €000	2008 €000
at 31 December		
PMG balances and cash	2,719	6,327
Orders outstanding	(1,747)	(8,174)
	<u>972</u>	<u>(1,847)</u>

2.4 Stocks	2009	2008
at 31 December	€000	€000
Military Stocks	233,566	230,401
Stationery, etc.	47	57
IT Consumables, etc.	54	49
	<u>233,667</u>	<u>230,507</u>
	<u><u>233,667</u></u>	<u><u>230,507</u></u>
2.5 Other debit balances	2009	2008
at 31 December	€000	€000
Suspense	2,124	6,659
Bank and cash imprests	1,338	1,324
	<u>3,462</u>	<u>7,983</u>
	<u><u>3,462</u></u>	<u><u>7,983</u></u>
2.6 Other Credit Balances	2009	2008
at 31 December	€000	€000
Amounts due to the State		
Income Tax	295	41
Pay Related Social Insurance	8	3
Professional Services Withholding Tax	138	155
Pension Contributions	590	40
Value Added Tax	352	—
Exchequer Extra Receipts	—	10
	<u>1,383</u>	<u>249</u>
Payroll Deductions	220	43
Suspense	68	347
	<u>1,671</u>	<u>639</u>
	<u><u>1,671</u></u>	<u><u>639</u></u>

2.7 Net Liability to the Exchequer	2009	2008
at 31 December	€000	€000
Surplus to be surrendered	24,386	12,746
Exchequer grant undrawn	(21,623)	(7,249)
Net liability to the Exchequer	<u>2,763</u>	<u>5,497</u>
Represented by:		
Debtors		
Bank and cash	972	(1,847)
Other Debit Balances	3,462	7,983
	<u>4,434</u>	<u>6,136</u>
Creditors		
Due to State	(1,383)	(249)
Other Credit balances	(288)	(390)
	<u>(1,671)</u>	<u>(639)</u>
	<u>2,763</u>	<u>5,497</u>

2.8 Commitments	2009	2008
at 31 December	€000	€000
Total of legally enforceable commitments	43,610	52,046

(A) Global Commitments

The global figure for commitments likely to arise in 2010 and subsequent years is estimated to be €44m. This includes €31m for the purchase of defensive equipment; €7m for a number of building projects and €5m for the purchase of vehicles.

(B) Multi-annual Capital Commitments

Expenditure in 2009 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December :

	2009	2008
	€000	€000
Expenditure	14,404	26,095
Commitments to be met in subsequent years	6,684	11,782

2.9 Matured Liabilities

Matured liabilities outstanding at year end amounted to €943,001.

3 Variations in Expenditure

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the amount provided by more than €100,000 and by more than 5% (25% in the case of administration subheads).

Sub-head	Less/(more) than provided €000	Explanation
A.2.	110	The underspend is due mainly to expenditure on non-EU foreign travel being less than anticipated.
A.3.	359	The underspend is due to a reduction in planned training programmes and lower than anticipated expenditure on entertainment and a range of miscellaneous items.
A.4.	579	The underspend is due to anticipated expenditure on telecommunication equipment for the Department's new decentralised offices in Newbridge not being incurred in 2009.
C.	(5,258)	Expenditure on a range of allowances (mainly overseas and duty allowances) was higher than estimated and the excess was partly offset by a reduction in subsistence costs.
D.	2,249	The underspend is due mainly to the number of Reserve personnel who attended full-time training being less than provided for in the estimate, and a more cost-effective approach to catering and transport arrangements for the Reserve.
G.	3,721	The underspend is due mainly to the late delivery and acceptance of armoured vehicles resulting in a scheduled stage payment being deferred into 2010.
H.	1,313	The underspend is due mainly to a lower than anticipated requirement for air transport services and the cancellation of an avionics upgrade programme which was partly offset by additional maintenance costs.
I.	4,479	The underspend is mainly due to delays in the delivery of military transport vehicles and spare parts.
J.	4,933	A provision of €5m was included in the estimate as a downpayment on the procurement of new ships but no payment was made in 2009.
K.	996	The underspend is mainly due to a reduction in the numbers living in military accommodation and a reduced requirement for office equipment.
L.	3,409	The underspend is mainly due to slower than anticipated progress on a number of building projects.
M.	2,736	There was a reduced requirement for clothing and ordnance due to a lower recruitment level and an increased number of retirements.
O.	373	The underspend is due mainly to a reduction in the number of personnel attending third level courses and a deferral of some training projects.
Q.	(316)	The excess is due mainly to higher than estimated costs of providing medicines and hospital treatment.
R.	(1,681)	The excess is due mainly to the purchase of lands in the Glen of Imaal for which provision was not made in the estimate.
S.	155	The underspend is due mainly to expenditure on the purchase and leasing of horses being less than anticipated.
T.	(460)	Expenditure under this subhead is subject to a number of unpredictable variables, including the number and value of awards and settlements.
V.	1,244	The underspend is due to lower than anticipated common costs relating to EU missions.

4 Receipts

4.1 Appropriations-in-aid

	2009 Estimated €000	2009 Realised €000	2008 Realised €000
1. Receipts from United Nations in respect of overseas allowances, etc.	3,400	2,667	251
2. Receipts from EU in respect of fishery protection costs	—	—	664
3. Receipts from banks in respect of cash escort services	7,350	7,454	7,349
4. Receipts from occupation of official quarters	300	164	307
5. Receipts from rations on repayment	1,300	878	1,522
6. Receipts from other issues on repayment	80	70	85
7. Receipts for aviation fuel	50	142	96
8. Receipts on discharge by purchase	110	23	70
9. Lands and premises :-			
(a) Rents, etc.	350	752	421
(b) Sales	1,000	728	3,070
10. Sale of surplus stores	40	1,457	32
11. Refunds in respect of services of seconded personnel	—	109	52
12. Miscellaneous	350	1,335	551
13. Receipts from Pension-related Deduction on Public Service Remuneration	22,000	23,655	—
Total	36,330	39,434	14,471

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%.

Heading	Less/(more) than estimated €000	Explanation
1.	733	The shortfall is due to a delay in the reimbursement of equipment costs by the United Nations in respect of the Chad mission.
4.	136	The shortfall is due to lower numbers of personnel in occupation of official quarters during 2009.
5.	422	The shortfall is due to lower numbers of personnel availing of rations during 2009.
9.(a).	(402)	The surplus is due to the recoupment of outstanding amounts in respect of wayleaves and rent.
9.(b).	272	The shortfall arose due to a property sale not being completed as anticipated in 2009.
10.	(1,417)	The surplus is due to the completion of the sale of six decommissioned Air Corps helicopters for which provision was not included in the estimate.
11.	(109)	The surplus is due to receipts in respect of the secondment of military personnel for which provision was not included in the estimate.
12.	(985)	The surplus is mainly due to unanticipated receipts associated with the provision of logistics support to another contingent which participated in the Chad mission in 2008.
13.	(1,655)	Receipts under this heading are difficult to forecast accurately due to a number of factors including variable allowances paid to military personnel.

4.2 Extra receipts payable to the Exchequer **€000**

Insurance received in respect of Asgard II	3,800
Voluntary surrender of pay	45
	<u>3,845</u>

5 Employee Numbers and Pay**Overall Totals¹**

	2009	2008
Numbers at year end (full time equivalents)	11,077	11,639
	2009	2008
	€000	€000
Pay	484,769	488,148
Higher, special or additional duties allowances	203	217
Overtime	887	1,128
Shift and roster allowance	167	160
Military allowances	51,104	45,644
Employer's PRSI	43,115	45,386
Total pay	<u>580,245</u>	<u>580,683</u>

5a Civil Servants

	2009	2008
Numbers at year end (full time equivalents)	344	378
	2009	2008
	€000	€000
Pay	17,888	18,341
Higher, special or additional duties allowances	127	128
Overtime	119	128
Shift and roster allowance	2	2
Employer's PRSI	606	659
Total pay	<u>18,742</u>	<u>19,258</u>

5a.1 Allowances and Overtime Payments²

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2009	2008
			€	€
Higher, special or additional duties allowances	31	4	20,616	20,187
Overtime	86	2	17,343	5,256
Shift and roster allowance	1	—	1,911	1,806

5b Civilian Employees

	2009	2008
Numbers at year end (full time equivalents)	765	813
	2009	2008
	€000	€000
Pay	29,733	30,718
Higher, special or additional duties allowances	76	89
Overtime	768	1,000
Shift and roster allowance	165	158
Employer's PRSI	3,077	3,380
Total pay	33,819	35,345

5b.1 Allowances and Overtime Payments²

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2009	2008
			€	€
Higher, special or additional duties allowances	40	—	8,240	8,444
Overtime	268	9	15,276	21,757
Shift and roster allowance	24	6	18,123	17,296

5c Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2009	2008
Numbers at year end	9,968	10,448
	2009	2008
	€000	€000
Pay and military service allowance	437,148	439,089
Overseas allowances	27,157	21,478
Security duty allowances	12,453	13,014
Border duty allowance	5,460	5,570
Patrol duty allowance	3,918	3,806
Miscellaneous allowances	2,116	1,776
Employer's PRSI	39,432	41,347
Total pay	527,684	526,080

5c.1 Allowances²

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2009	2008
			€	€
Overseas allowances	3,240	1,281	89,473 ³	39,822
Security duty allowances ⁴	8,151	45	20,298	18,552
Border duty allowance	1,279	—	6,652	7,710
Patrol duty allowance	782	48	12,007	12,266
Miscellaneous allowances ⁴	1,229	27	19,338	19,131

¹The overall totals do not include the Civil Defence Board, the Office of the Ombudsman for the Defence Forces and Coiste an Asgard which account for personnel numbers of 34 and total pay and allowances of €1.8m. Each of these bodies produces its own accounts.

²Certain individuals received allowances in more than one category.

³This amount represents a payment in 2009 of overseas allowance in respect of a period of 3 years.

⁴These categories include a number of different allowances and some recipients in each category received more than one allowance and are counted more than once.

6 Miscellaneous Items

6.1 Overseas Missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs:

	2009	2008
	€000	€000
UN and EU Missions:		
MINURCAT (Chad - from 15 March 2009)	28,458	—
EUFOR (Chad - to 14 March 2009)	13,820	39,133
KFOR (Kosovo)	20,104	22,048
EUFOR (Bosnia Herzegovina)	4,079	4,048
Other UN and EU Missions (incl. UNTSO, ISAF, UNIFIL, etc.)	4,098	4,181
Total	70,559	69,410
Military Staffs (EU, PSC, EUMS, etc.), Brussels	2,399	2,029
Organisation for Security and Co-operation in Europe	659	768
Nordic Battle Group	277	1,466

Of the sum of €70.6m for UN and EU missions, €42.1m relates to missions the full costs of which are borne by the State. The remaining €28.5m relates to MINURCAT in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The amount actually received from the UN by way of appropriations-in-aid in 2009 was €2.7m (Note 4.1), the full amount of which related to personnel costs. The total amount outstanding from the UN at end-2009 was €0.3m for personnel costs and €3.4m for equipment costs.

6.2 Support for Representative Associations

This account includes a total of €417,033 in respect of the remuneration of military officers seconded to representative associations and certain related administrative costs.

6.3 Seconded Staff

This account includes a total of €238,239 in respect of the remuneration of military officers and civil servants on secondment.

6.4 Assistance to other Departments

Assistance was rendered without charge to the Garda Síochána in disposing of explosive materials.

Air Corps aircraft were provided without charge to other Government Departments and the Garda Síochána.

This account includes the full operating costs of the Garda fixed-wing aircraft and the pilot costs only of the two Garda helicopters.

Air Corps aircraft were provided without charge to the Health Service Executive for ambulance missions.

6.5 Write-offs

Loss of or damage to stores, equipment or property for which negligence could not be attributed to any person resulted in the sum of €34,156 being written off.

Twelve cases of damage to military vehicles resulted in the sum of €12,505 being written off.

Three cases of irrecoverable debts resulted in the sum of €10,620 being written off.

6.6 Carryover to 2010

Under the provisions of section 91 of the Finance Act 2004, €1,000,000 of unspent allocation in respect of the capital element of Subhead L. was carried forward to 2010.

6.7 Personal Injury Claims

At 31 December 2009, there were 1,073 personal injury claims on hand, of which 877 have been referred to the State Claims Agency.

6.8 Medical Treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

