



Appropriation Account 2013

Vote 19

Office of the Ombudsman

Introduction

As Accounting Officer for Vote 19, 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 Ombudsman, the Office of the Commission for Public Service Appointments, the Standards in Public Office Commission, the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information.

The expenditure outturn is compared with the sums 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.

A surplus of €891,917 is liable for surrender to the Exchequer.

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

Amalgamation with the Office of the Commission for Public Service Appointments

The Ombudsman (Amendment) Act 2012, which formalised the merger between the Office of the Commission for Public Service Appointments and the Office of the Ombudsman was enacted on 23 October 2012. The accounting functions were merged with effect from 1 January 2013. From this date onwards, the votes of the Office of the Commission for Public Service Appointments and the Office of the Ombudsman will be merged. Certain aspects of the merger had proceeded in advance of the legislation being enacted. The two organisations agreed a memorandum of understanding in December 2010 dealing with administrative matters to provide a flexible basis for both offices. The areas covered in the memorandum are personnel matters relating to CPSA staff, finance matters and management of budgets, training and associated payments and general staff matters.

For the purposes of providing meaningful comparison of the outturn for the key programmes between the current and prior year, the outturn figures for the Office of the Commission for Public Service Appointments have been incorporated into this account.

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Director 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
- the Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.

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 Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- There are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Office 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 Office is compliant with the exception of two contracts to a total value of €60,480 which were awarded without renewal of competitive tender. The Office has provided details to the Office of the Comptroller and Auditor General concerning the exceptional circumstances which applied and is in the process of putting tenders in place for these services going forward.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operates under a charter which was approved in 2013. Its work is informed by analysis of the financial risks to which the Office 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

The evaluation of internal controls is performed by the Office's internal auditor and this process is supported by an Audit Committee which includes three external members and operates under an Audit Committee charter. The internal audit function is reviewed periodically by me and the Audit Committee. The Committee, in developing its audit plans, also has regard to any comments the Comptroller and Auditor General may make arising from an audit of the appropriation account.

The Audit Committee of the Office of the Ombudsman has taken over responsibility for the internal audit function of the Office of the Commission for Public Service Appointments.

Bernadette McNally
Accounting Officer
Office of the Ombudsman

6 March 2014

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

I have audited the appropriation account for Vote 19 Office of the Ombudsman 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 her control, for the efficiency and economy of administration by her Office 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 19 Office of the Ombudsman 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 Office of the Ombudsman. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

25 July 2014

Vote 19 Office of the Ombudsman Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Ombudsman function/ Office of the Commission for Public Service Appointments	5,200	4,341	4,675
B Standards in Public Office Commission	980	1,174	870
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	1,665	1,410	1,213
Gross expenditure	7,845	6,925	6,758
<i>Deduct</i>			
D Appropriations-in-aid	408	380	388
Net expenditure	7,437	6,545	6,370

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	891,917	1,129,209

Analysis of administration expenditure

		2013		2012
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	6,240	5,588	5,834
ii	Travel and subsistence	48	27	35
iii	Training and development and incidental expenses	480	294	282
iv	Postal and telecommunications services	81	39	53
v	Office equipment and external IT services	222	235	214
vi	Office premises expenses	184	91	97
vii	Consultancy and value for money and policy reviews	146	108	86
viii	Legal fees	444	543	157
		7,845	6,925	6,758

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	5,588	5,834
Non pay	1,337	924
Gross expenditure	6,925	6,758
<i>Deduct</i>		
Appropriations-in-aid	380	388
Net expenditure	6,545	6,370
Changes in capital assets		
Purchases cash	(72)	
Depreciation	55	
Loss on disposals	8	
	(9)	70
Changes in net current assets		
Decrease in closing accruals	(4)	
Decrease in stock	8	
	4	(47)
Direct expenditure	6,540	6,393
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,635	1,577
Net programme cost	8,175	7,970

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 19 borne elsewhere.

	2013	2012
	€000	€000
Vote 7 Finance	e 38	58
Vote 9 Office of the Revenue Commissioners	e 30	—
Vote 12 Superannuation and Retired Allowances	e 417	411
Vote 13 Office of Public Works	e 1,150	1,108
	<u>1,635</u>	<u>1,577</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	167	158
Current assets			
Bank and cash	2.3	85	457
Stocks	2.4	18	26
Prepayments		95	95
Other debit balances		18	18
Net Exchequer funding due	2.6	130	40
Total current assets		346	636
Less current liabilities			
Accrued expenses		15	19
Other credit balances	2.5	233	515
Total current liabilities		248	534
Net current assets		98	102
Net assets		265	260
Represented by:			
State funding account	2.1	265	260

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		260	283
Disbursements from the Vote			
Estimate provision	Account	7,437	
Surplus to be surrendered	Account	(892)	
Net vote		6,545	6,370
Expenditure (cash) borne elsewhere	1	1,635	1,577
Net programme cost	1	(8,175)	(7,970)
Balance at 31 December		265	260

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	812	504	1,316
Additions	72	—	72
Disposals	282	—	282
Cost or valuation at 31 December 2013	602	504	1,106
Accumulated depreciation			
Opening balance at 1 January 2013	735	423	1,158
Depreciation for the year	39	16	55
Depreciation on disposals	274	—	274
Cumulative depreciation at 31 December 2013	500	439	939
Net assets at 31 December 2013	102	65	167
Net assets at 31 December 2012	77	81	158

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	90	458
Other balances	(5)	(1)
	85	457

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	8	13
IT consumables	10	13
	18	26

2.5 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Income Tax	92	99
Pay Related Social Insurance	29	25
Professional Services Withholding Tax	48	40
Pension contributions	12	12
	181	176
Payroll deductions held in suspense	34	39
Other credit suspense items	18	300
	233	515

2.6 Net Exchequer Funding Due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	892	1,129
Exchequer grant undrawn	(1,022)	(1,169)
Net Exchequer funding due	<u>(130)</u>	<u>(40)</u>

Represented by:**Debtors**

Bank and cash	85	457
Debit balances: suspense	18	18
	<u>103</u>	<u>475</u>

Creditors

Due to State	(181)	(176)
Credit balances: suspense	(52)	(339)
	<u>(233)</u>	<u>(515)</u>
	<u>(130)</u>	<u>(40)</u>

2.7 Commitments

The Office did have commitments in respect of legal fees at the year end, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and unpredictable factors associated generally with legal costs forecasts.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function/ Office of the Commission for Public Service Appointments			
A.1	Administration - pay	4,435	3,840	4,237
A.2	Administration - non pay	765	501	439
		<u>5,200</u>	<u>4,341</u>	<u>4,676</u>

Significant variations

Overall, the expenditure in relation to Programme A was €859,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	595	The savings arose mainly because the staffing level during the year was below the authorised staffing allocation in the Office of the Ombudsman. Every effort is being made to fill these vacancies.
Administration – non pay	264	Savings of €64,000 were achieved as expenditure on litigation is difficult to predict and a judicial review case involving the CPSA did not proceed in the High Court in 2013 and was held in 2014. Expenditure on legal advice was lower than anticipated. Costs associated with the production of the annual report were significantly lower than in 2012. The travel and subsistence costs associated with the additional bodies which came within the Ombudsman's remit was lower than anticipated.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B Standards in Public Office Commission			
B.1 Administration - pay	614	602	601
B.2 Administration - non pay	366	572	269
	<u>980</u>	<u>1,174</u>	<u>870</u>

Significant variations

Overall, the gross expenditure in relation to Programme B was € 194,000 higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	(206)	The excess relates to an amount of €408,000 being incurred in respect of legal fees. The excess related to the number of investigations held during 2013; the initiation of judicial review proceedings involving one investigation; and a further case involving the findings of a Commission investigation being referred to the High Court.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1 Administration - pay	1,191	1,146	996
C.2 Administration - non pay	474	264	216
	<u>1,665</u>	<u>1,410</u>	<u>1,212</u>

Significant variations

Overall, the gross expenditure in relation to Programme C was €255,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	210	Savings of €145,000 were achieved as some anticipated Supreme Court and High Court cases involving appeals of decisions of the Information Commissioner and Commissioner for Environmental Information were not held in 2013 but are likely to be held in 2014. Savings were also achieved as a result of lower than anticipated maintenance costs and consultancy fees.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	5	16	5
2. Receipts from pension-related deductions on public service remuneration	403	364	383
	408	380	388

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%. However, no outturn on this Vote met these criteria in 2013.

4.2 Extra receipts payable to the Exchequer

An amount of €11,530 was transferred to the Exchequer during the year. This amount was a payover in respect of a voluntary salary deduction.

A refund amounting to €1,464 was received from OPW in December 2013 which was transferred to the Exchequer in 2014.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	91	92
	2013	2012
	€000	€000
Pay	5,290	5,554
Higher, special or additional duties allowance	23	20
Overtime	33	20
Employer's PRSI	242	240
Total Pay	5,588	5,834

5.1 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	6	1	10,052	10,829
Overtime and extra attendance	27	—	6,692	10,178

6. Legal Costs

Legal costs paid during the year are categorised as follows:

	2013	2012
	€000	€000
Legal fees	543	157
Compensation	—	—
Total Pay	543	157

The legal fees mainly arise from appeals to the Courts of decisions of the Office of the Information Commissioner and the Commissioner for Environmental Information. Significant expenditure was also incurred in 2013 in respect of legal fees incurred by the Standards in Public Office Commission involving judicial review proceedings regarding one investigation and a further case involving a Commission investigation being referred to the High Court.