

Appropriation Account 2020

Vote 31

Transport

Introduction

As Accounting Officer for Vote 31, 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 2020 for the salaries and expenses of the Office of the Minister for Transport including certain services administered by that Office, for payment of certain grants and certain other services.

The expenditure outturn is compared with the sums:

- (a) granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2020 out of unspent 2019 appropriations under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €234.406 million is liable for surrender to the Exchequer.

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

Transfer of functions

In 2020, the Department restructured following formation of Government. Tourism and sport functions, along with responsibility for their agencies transferred to the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media. A number of associated financial transfers had completed at year-end. An additional €29.456 million associated with the transfer of functions is included in this account. In 2019, the Department received sanction to defer the surrender of €29.449 million in respect of Tourism and Sport subheads. The Department of Public Expenditure and Reform have agreed that the sum should be offset against the Exchequer grant undrawn (see note 2.6) at 31 December 2020. A receipt relating to Sport for €7,000 subsequently received by the Department post transfer of functions was transferred to the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media in March 2021. This amount has been included in note 2.5 (credit balances).

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in circular 21 of 2020 have been applied in the preparation of the account with the exception of the revised capital assets threshold. As provided for in the circular, asset thresholds for the capitalisation of assets increased from €1,000 to €10,000 from 1 January 2020 with an option to continue to report on the old threshold (€1,000) on a one-off basis for 2020. This department has continued to apply the threshold of €1,000 for the capitalisation of assets in 2020 and will move to the revised asset threshold of €10,000 from 2021.

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.

Shared services

The Accounting Officer for the National Shared Services Office has provided me with a letter outlining the progress made in the development of the audit assurance process. This letter addresses the framework of governance and controls in place and includes the reports of audits conducted into the operation of controls within the shared services environment.

I rely on the letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

I have fulfilled my responsibilities in relation to the requirements of the employee services management agreement (ESMA) between this Department and the National Shared Services Office for the provision of payroll and human resource shared services.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

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, and
- with respect to its management procedures, the Finance Division of the Department has been certified as compliant with ISO 9001:2015 standard up to 2023.

This international standard, published by the International Standards Organisation (ISO) specifies the requirements for a Quality Management System (QMS). A QMS is a formalised system that documents processes, procedures and responsibilities for achieving quality policies and objectives. An annual audit of the Finance Division's QMS against the ISO requirement was conducted and has been certified as compliant with ISO 9001:2015 up to February 2023.

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 the Secretary General 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 the Secretary General, 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 the Secretary General and the Audit Committee. Procedures are in place to ensure that the reports of the internal audit function are followed up.

During 2020, the Department's internal audit function made several key recommendations during the following two audits:

Cyber security audit (two high findings) in relation to security monitoring and vulnerability identification and remediation:

The introduction of a formal on-call model for out of hours support and consideration around the introduction of a security information and event manager (SIEM) tool to support monitoring and alerting capability was recommended by internal audit (IA).

An out-of-hours proposal was agreed with the Information security management group (ISMG) and a market scoping exercise is currently underway. A security information and event manager (SIEM) tool is still being considered and is part of the 2021 Information Services Division (ISD) Business Plan and a proposal will be brought to ISMG in the coming weeks.

The agreed date for implementation is Q1 2022.

Investment in a vulnerability testing solution in Windows operating systems to ensure that vulnerability scans can be undertaken on a regular basis was recommended by Internal Audit.

The ISD agreed with the recommendation. The ISD have engaged BSI Group to undertake these testing services and are currently scoping this project with them.

The agreed timeframe for implementation is 30 September 2021.

Data protection (data retention) audit (one high finding) in the Driver Vehicle Computer Services Division (DVCS)

Prioritisation and agreement of a data retention and disposal policy in conjunction with the Data Protection Unit (DPU) and Records Management Unit (RMU) was recommended by Internal Audit.

Work in relation to this recommendation involving the prioritisation and agreement of a data retention and disposal policy in conjunction with the DPU and RMU is ongoing. DVCS are currently reviewing the data retention schedule with the RMU and assigning the appropriate periods for retention and destruction of data/files.

An update will be provided to Internal Audit by 30 September 2021.

Procurement compliance

I confirm that 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 complied with the guideline with the exception of seven contracts/payments (in excess of €25,000), totalling €1.131 million (ex. VAT), the details for which are set out below.

- Three contracts with a combined value of €777,000 relating to leased lines continued without a competitive process due to staff shortages and prioritisation of projects. Work is currently underway by the Office of Government Procurement (OGP) in conjunction with the Chief States Solicitor's Office to finalise the new OGP request for tender (RFT) framework documents. It is anticipated that these will be finalised in September 2021 at which point the Department expects to be in a position to progress this procurement in relation to leased lines.
- One contract with a total value of €67,000 was awarded following a restricted competitive procurement process to provide executive search services associated with the recruitment of three independent members of the Department's Major Projects Governance Oversight Group.
- One contract with a total value of €85,000 was awarded to provide a piece of urgent replacement personal protection equipment (boat lifejackets) required to maintain the Irish Coast Guard's emergency marine response of rescue boat teams around the country. The previous model in use was unexpectedly withdrawn from service on 15 November 2019.
- One contract with a total value of €26,000 in relation to the provision of services and specialist advice on intelligent transportation systems was extended beyond the original contract date without a new competitive process having been completed. It is intended that this issue will be rectified in 2021 when a new procurement competition will be held.
- One contract with a total value of €33,748 in relation to reactive maintenance services was extended (in part due to Covid-19) beyond the original contract date without a new competitive process having been completed. A procurement process is currently underway and it is expected that a contract will be issued to the successful supplier in Q3 2021.
- Purchases relating to IT with a combined value of €142,178 arose due to homeworking arising from the Covid-19 national lockdown where neither an existing OGP framework nor an open competition procedure could be utilised as the delays in obtaining devices would be unacceptable. A competitive procurement process was conducted albeit not a full open competition.

The Department has reviewed the circumstances in which these contracts/payments were awarded and continues to engage extensively in a root/branch review of all procurements and contracts to prevent the award of similar, non-compliant contracts arising in the future.

The Department has provided details of non-competitive contracts in the annual return in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Update on 2019 appropriation account procurement

In 2019, the Department carried out a procurement gap analysis that identified several recommendations for enhancements around procurement. The report, approved by the Management Board in early 2020, included a comprehensive suite of recommendations covering:

- appointment of a procurement officer
- functions of the procurement officer
- corporate governance matters
- measuring and monitoring compliance
- communications
- training requirements
- corporate governance of agencies as regards procurement.

A procurement officer was appointed in 2020. The remit of the procurement officer is in line with the Office of Government Procurement information note on the role of a procurement officer. Plans for enhanced corporate governance, improved measuring and monitoring of compliance and training are under development and will be implemented during 2021.

An internal audit was completed in 2020 to assess the adequacy of the control framework that supports the procurement and contracting practices within the Coast Guard. All findings specific to this report were implemented by November 2020.

Procurement of Coast Guard crew cab vehicles

The procurement process in 2014, which continued into 2020 for the Irish Coast Guard crew cab vehicles was inadequate. The initial request for tender (RFT) did not give an accurate estimation of the number of vehicles to be purchased and was used as a draw down contract over the period. The Department's processes, procedures and oversight governing the management of procurement and the tendering process is being reviewed. Specialist expertise is being procured to assist with this review.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

The register is reviewed and updated by the Management Board three times a year, with the other quarter dedicated to system maintenance and improvement. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Covid-19 pandemic

During quarter 1 2020 in light of the evolving Covid-19 pandemic, the Department established a number of oversight arrangements to ensure that all impacts both on the Department itself and its business sectors were being assessed and tracked. An internal Covid-19 group of Division heads was set up to track and assess impact internally from which updates were provided. Information was also made available to staff via the staff intranet.

Several mitigating actions have been developed and implemented to ensure we continue to operate an effective control environment. Staff in the Department were equipped technically with remote access to systems which enabled them to continue to work with minimal disruption.

Staff made extensive use of desktop unified communication systems to engage with their colleagues within the department and also external bodies. Only staff where urgent work could not be completed remotely were permitted into the office.

ICT infrastructure was already in situ to enable remote access in a secure fashion into its infrastructure both via department-controlled and personal devices. At the onset of the pandemic, essential purchasing of additional equipment and licences was facilitated by means of emergency procurement. The underlying security controls were not bypassed or diminished. As the pandemic was known to be utilised by cyber criminals, staff in the Department were made aware of potential vulnerabilities via the staff intranet and online cyber security training. The service desk was alerted to and prepared for the potential increase in social engineering attacks.

There was no impact on the control environment or the appropriation account.

Covid-19 impacted on some Departmental procurements in 2020. Where impacts occurred, the Department engaged with the OGP to seek guidance on best practice and with the CSSO to seek legal advice where necessary. The Department will continue to engage with the OGP and the CSSO regarding procurements planned for 2021.

ICT assurance methods

The Department has implemented an information security management system, central to which is an active Information Security Management Group (ISMG). This group is composed of heads of functions from representative Divisions across the Department and is chaired at Assistant Secretary level. The group meets on a bi-monthly basis and oversees all aspects of information security.

An internal audit on cyber security was concluded by EY in October 2020 and found that the ICT controls within the Department were adequate and effective.

As cyber security attacks are constantly and rapidly evolving, ISD have recently reviewed its security posture and is in the process of implementing additional controls around containment, detection and prevention. Penetration and vulnerability tests by an external body are currently being scoped. ISD are in close communication with the National Cyber Security Centre and have implemented the security recommendations as suggested in their recent advisory note '*Protecting your organisation from ransomware*' that issued during May 2021.

Stobart Air

The Regional Airports Programme (RAP) provides for a public services obligation (PSO) air services scheme in compliance with Regulation (EC) No. 1008/2008. Based on a competitive tender, this scheme provides financial support to airlines to operate essential air services to isolated areas; being those not adequately served by alternative transport services. Over the past ten years, the scheme has only supported services on two routes - Donegal/Dublin and Kerry/Dublin. Since 2015, Stobart Air via a franchise agreement with Aer Lingus held the contract for operating Government supported PSO air services on these two routes.

Stobart Air contacted the Department on 12 June 2021 to advise that it was terminating the franchise agreement with Aer Lingus with immediate effect. Regrettably, Stobart Air's plans to secure a new buyer had failed and this action resulted in Stobart Air commencing a process of voluntary liquidation. This had immediate implications for both PSO services.

As regional connectivity is of critical importance to Government, an emergency procurement process to re-instate air services on these routes for an interim period was initiated, and a request for quote (RFQ) document was issued on 21 June 2021.

Following this process, the Department accepted a commitment from Ryanair to operate all public service requirements on the Kerry/Dublin route on a commercial basis with no subsidy from the State. This service is in line with EU Regulation 1008/2008, which governs air service PSOs. Ryanair commenced services on this route on 28 July 2021.

In relation to the Donegal/Dublin route, a temporary seven month PSO air services contract, in accordance with EU law was awarded to Swedish airline Amapola Fly GB with effect from 26 July 2021.

To mitigate against any further disruption to the Donegal/Dublin air services, continued provision of the services after the temporary contract has expired will be procured. This procurement process will provide for a contract of up to four years, in line with EU law.

The Department received a notification on 17 June 2021 from Ken Fennell and Mark Degan of Deloitte Ireland LLP, advising of their appointment as joint provisional liquidators of Stobart Air. A number of payments due to Stobart Air in respect of air services that were provided by them in 2020 and 2021 under the Department of Transport's public service obligation (PSO) air services scheme were withheld by the Department due to some non-compliant reporting obligations. These payments are currently under review by the Department in conjunction with the provisional liquidators of Stobart Air.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2020 that resulted in, or may result in, a material loss.

Ken Spratt
Accounting Officer
Department of Transport

17 September 2021

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 31 Transport

Opinion on the appropriation account

I have audited the appropriation account for Vote 31 Transport for the year ended 31 December 2020 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 31 Transport for the year ended 31 December 2020, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Transport and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Expenditure on night vision technology and training for search and rescue

Chapter 5 of my report on the accounts of the public services for 2020 examines the expenditure on the provision of night vision capability for helicopter search and rescue operations and on related training.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2020.

Seamus McCarthy
Comptroller and Auditor General

21 September 2021

Vote 31 Transport

Appropriation Account 2020

	Estimate provision		2020	2019 ^a
	€000	€000	Outturn €000	Outturn €000
Programme expenditure				
A Civil aviation				
<i>Estimate provision</i>	52,565			
<i>Deferred surrender</i>	1,712			
		54,277	28,346	34,842
B Land transport				
<i>Estimate provision</i>	2,880,322			
<i>Deferred surrender</i>	13,450			
		2,893,772	2,554,453	1,905,825
C Maritime transport and safety				
<i>Estimate provision</i>	117,947			
<i>Deferred surrender</i>	4,000			
		121,947	96,788	96,278
D Sports and recreation services		—	—	106,017
E Tourism services		—	—	158,230
Gross expenditure				
<i>Estimate provision</i>	3,050,834			
<i>Deferred surrender</i>	19,162 ^b			
		3,069,996	2,679,587	2,301,192
<i>Deduct</i>				
F Appropriations-in-aid		22,323	17,800	25,791
Net expenditure				
<i>Estimate provision</i>	3,028,511			
<i>Deferred surrender</i>	19,162 ^b			
		3,047,673	2,661,787	2,275,401

Note ^a The 2019 comparatives reflect amounts for tourism and sport functions transferred in 2020. In 2020, greenways (formerly part of tourism in 2019) is under B.8 (sustainable mobility investment).

^b See note 2.6.

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €151.48 million of unspent allocations in respect of the capital elements of Subheads A.2, A.3, B.3, B.5, B.6, B.7, B.8 and C.3 was carried forward to 2021.

	2020	2019
	€	€
Surplus	385,886,299	69,833,781
Deferred surrender	<u>(151,480,000)</u>	<u>(48,611,000) ^a</u>
Surplus to be surrendered	<u>234,406,299</u>	<u>21,222,781</u>

Note ^a See note 2.6.

Ken Spratt
Accounting Officer
Department of Transport

17 September 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Programme cost	2,640,560	2,258,833
Pay	33,307	33,756
Non pay	5,720	8,603
Gross expenditure	2,679,587	2,301,192
<i>Deduct</i>		
Appropriations-in-aid	17,800	25,791
Net expenditure	2,661,787	2,275,401
Changes in capital assets		
Purchases cash	(3,051)	
Disposals cash	52	
(Profit)/loss on disposals	(37)	
Depreciation	4,262	1,226
		(394)
Changes in net current assets		
Movement in accruals	(718)	
Movement in prepayments	1,359	
Movement in stock	41	(1,632)
Direct expenditure	2,663,695	2,273,375
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	19,503	20,076
Notional rents	3,947	4,005
Net programme cost	2,687,145	2,297,456

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 31 borne elsewhere.

	2020	2019
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	46
Vote 12 Superannuation and Retired Allowances	12,353	13,190
Vote 13 Office of Public Works	6,636	6,375
Vote 18 National Shared Services Office	60	57
Central Fund – Ministerial pensions	424	408
	19,503	20,076

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	10,766	11,992
Current assets			
Bank and cash	2.2	182,594	66,983
Stocks	2.3	1,011	1,052
Prepayments		2,097	3,456
Other debit balances	2.4	1,731	754
Total current assets		187,433	72,245
Less current liabilities			
Accrued expenses		1,216	1,934
Other credit balances	2.5	1,808	1,555
Net Exchequer funding	2.6	182,517	66,182
Total current liabilities		185,541	69,671
Net current assets		1,892	2,574
Net assets		12,658	14,566
Represented by:			
State funding account	2.7	12,658	14,566

2.1 Capital assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Motor Vehicles €000	Specialist equipment €000	Total €000
Gross assets						
Cost or valuation at 1 January 2020	1,580	13,949	216	16,326	26,560	58,631
Adjustments ^a	—	(1,452)	1,469	—	—	17
Transfer of function	—	(217)	—	—	—	(217)
Additions	134	954	—	1,157	806	3,051
Disposals	—	(609)	(155)	(330)	(62)	(1,156)
Cost or valuation at 31 December 2020	1,714	12,625	1,530	17,153	27,303	60,326
Accumulated depreciation						
Opening balance at 1 January 2020	—	11,302	123	13,078	22,135	46,638
Adjustments	—	—	17	—	—	17
Transfer of functions	—	(217)	—	—	—	(217)
Depreciation for the year	—	1,158	25	1,451	1,628	4,262
Disposals	—	(605)	(143)	(330)	(62)	(1,140)
Cumulative depreciation at 31 December 2020	—	11,638	22	14,199	23,701	49,560
Net assets at 31 December 2020	1,714	987	1,508	2,954	3,603	10,766
Net assets at 31 December 2019	1,580	2,647	93	3,248	4,424	11,992

Note ^a Adjustments relate to reclassifications within furniture and fittings and office equipment and one adjustment amount within furniture and fittings.

2.2 Bank and cash

at 31 December	2020	2019
	€000	€000
PMG balances	182,498	66,878
Commercial bank account balances	96	105
	182,594	66,983

Commercial bank accounts

In addition to the commercial bank account referred to above, the Department holds a bank account to allow for the collection and allocation of motor tax and the transfer of proceeds to the Exchequer. With the exception of funding bank charges, no moneys due to or paid from the Vote are transmitted through this bank account. The amount held at the end of 2020 was €6,771 (2019: €91,343).

2.3 Stocks

at 31 December	2020	2019
	€000	€000
IT consumables	80	80
Specialised consumables (Irish Coast Guard)	931	972
	1,011	1,052

2.4 Other debit balances

at 31 December	2020	2019
	€000	€000
OPW agency services	954	587
Other	777	167
	1,731	754

2.5 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Income tax and universal social charge	564	550
Pay related social insurance	279	279
Professional services withholding tax	40	137
Value added tax	245	414
Relevant contract tax	8	63
Pension charges	51	55
Extra exchequer receipts	480	33
	1,667	1,531
Transfer of functions	7	—
Other credit suspense items	134	24
	1,808	1,555

2.6 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	234,406	21,223
Deferred surrender	151,480	48,611
Exchequer grant undrawn	(203,369) ^a	(3,652)
Net Exchequer funding	182,517	66,182
Represented by:		
Debtors		
Bank and cash	182,594	66,983
Debit balances: suspense	1,731	754
	184,325	67,737
Creditors		
Due to the State	(1,674)	(1,531)
Credit balances: suspense	(134)	(24)
	(1,808)	(1,555)
	182,517	66,182

Note ^a In 2019, the Department received sanction to defer the surrender of €29.449 million (of €48.611 million) in respect of tourism and sports subheads. The Department of Public Expenditure and Reform has agreed that the sum should be offset against the Exchequer grant undrawn at 31 December 2020.

2.7 State funding account

	Note	2020	2019
		€000	€000
Balance at 1 January		14,566	12,540
Disbursements from the Vote			
Estimate provision	Account	3,047,673	
Deferred surrender	Account	(151,480)	
Surplus to be surrendered	Account	(234,406)	
Net vote		2,661,787	2,275,401
Expenditure (cash) borne elsewhere	1.1	19,503	20,076
Non cash expenditure – notional rent	1	3,947	4,005
Net programme cost	1	(2,687,145)	(2,297,456)
Balance at 31 December		12,658	14,566

2.8 Commitments

Global commitments		
at 31 December	2020	2019
	€000	€000
Procurement of goods and services	177,449	178,072
Non-capital grant programmes	50	128
Capital grant programmes	85,088	168,334
Total of legally enforceable commitments	262,587	346,534
Commitments under procurement subheads	2020	2019
	€000	€000
Search and rescue helicopter services ^a	150,000	155,000
Airports	8,031	15,343
Vehicle/driving licencing	15,006	4,847
Climate Change Unit	—	50
Air Accident Investigation Unit	1,133	252
Information technology	558	20
Internal audit	22	25
ITF presidency 2020	—	22
Facilities management	184	—
Coast Guard services	2,515	2,513
	177,449	178,072
Non-capital grant programmes	2020	2019
	€000	€000
Opening balance	128	114
Grants paid in the year	(78)	(136)
New grant commitments	—	150
Closing balance	50	128
Capital grant programmes	2020	2019
	€000	€000
Opening balance	168,334	113,664
Transfer of functions	(126,440)	—
Grants paid in the year	(9,141)	(54,493)
New grant commitments	52,629	110,404
Grants cancelled	(294)	(1,241)
Closing balance	85,088	168,334

Note ^a The current search and rescue helicopter service contract with CHC Ireland commenced on 1 July 2012 for a period of ten years. It contains an option to extend for a period(s) up to a further three years. The contract was extended in 2020 initially for one year to July 2023. In 2021 the contract was extended for a further year to 2024. These extensions, as approved by the Minister, are to facilitate the procurement of a new service in accordance with *Public Spending Code* requirements and a seamless transition from one service to another.

2.9 Matured liabilities

at 31 December	2020	2019
	€000	€000
Estimate of matured liabilities not discharged at year end.	943	532

2.10 Contingent liabilities

The Department is involved in a number of legal cases. The Department cannot predict the outcome of such cases.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below has been apportioned across the programmes, to present complete programme costings.

	2020		2019
	Estimate provision €000	Outturn €000	Outturn €000
i Salaries, wages and allowances	33,624	33,307	33,756
ii Travel and subsistence	1,240	580	1,474
iii Training and development and incidental expenses	2,155	1,565	3,196
iv Postal and telecommunications services	467	241	296
v Office equipment and external IT services			
	<i>Estimate provision</i>	2,576	
	<i>Deferred surrender</i>	712	
		3,288	2,038
vi Office premises expenses	507	761	892
vii Consultancy services and value for money and policy reviews	1,259	535	563
	42,540	39,027	42,359

Significant variations

The following outlines an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

ii Travel and subsistence

Estimate provision €1.24 million; outturn €580,000

Lower than estimated costs as a result of suppression of travel demand due to Covid-19.

iii Training and development and incidental expenses

Estimate provision €2.155 million; outturn €1.565 million

Lower than estimated costs primarily due to reduced training as a result of staff working from home.

iv Postal and telecommunications services

Estimate provision €467,000; outturn €241,000

Lower than estimated costs due to increased reliance on email and other communication methods due to Covid-19 restrictions.

v Office equipment and external IT services

Estimate provision €3.288 million; outturn €2.038 million

Lower than estimated costs largely attributable to reduced spend across these categories due to Covid-19.

vi Office premises expenses

Estimate provision €507,000; outturn €761,000

Costs were higher than expected due to additional costs relating to health and safety measures to mitigate effects of Covid-19.

vii Consultancy services and value for money and policy reviews

Estimate provision €1.259 million; outturn €535,000

Costs were lower than estimated due to fewer consultancy tenders progressing in 2020 than expected.

Programme A Civil aviation

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay		3,716	3,664
A.2	Administration – non pay			3,376
	<i>Estimate provision</i>	1,301		
	<i>Deferred surrender</i>	712		
			2,013	628
A.3	Regional airports			741
	<i>Estimate provision</i>	22,350		
	<i>Deferred surrender</i>	1,000		
			23,350	13,884
A.4	Miscellaneous aviation services		25,198	10,170
			54,277	28,346
				34,842

Significant variations

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €25.9 million lower than (originally) estimated including the deferred surrender, representing a variance of 47%. Explanations for variances are as follows:

A.2 Administration – non pay

Estimate provision €2.013 million; outturn €628,000

The underspend arose due to lowered demand for travel and training due to Covid-19. There was also lowered demand for consultancy, office equipment and external IT services due to Covid-19.

A.3 Regional airports

Estimate provision €23.35 million; outturn €13.884 million

The underspend can be largely attributed to a deferred surrender carried into 2021 of €8.8 million and to lower operational costs being incurred by airports due to Covid-19. The majority of the €8.8 million related to two regional airport projects that were suspended/delayed due to Covid-19.

- Hold baggage screening project at Shannon Airport. Emergency grant funding (€6.1 million). Project is due for completion at the end of 2021.
- Aeronautical ground lighting project at Knock Airport. Funding (€101,000). This project completed in Q1 2021.

In addition, there was an underspend in Covid emergency funding for the Shannon Heritage Group which remained closed under level 5 restrictions.

A.4 Miscellaneous aviation services

Estimate provision €25.198 million; outturn €10.17 million

The difference arose primarily due to a significant underspend of €15 million in contingency provided to reimburse the Commission for Aviation Regulation for statutory refunds it administered relating to the refund of passengers in the event of repatriation from abroad or losses due to the collapse of travel agencies.

Programme B Land transport

		2020		2019
		Estimate provision		Outturn
		€000	€000	€000
B.1	Administration – pay		13,927	13,989
B.2	Administration – non pay		3,324	2,402
B.3	Road improvement/ maintenance		1,239,207	1,223,196
B.4	Road safety agencies and expenses		5,402	6,087
B.5	Vehicle and driver licensing expenses			
	<i>Estimate provision</i>	22,900		
	<i>Deferred surrender</i>	800		
			23,700	20,191
B.6	Carbon reduction		7,750	1,938
B.7	Public service provision payments		765,563	623,471
B.8	Sustainable Mobility Investment Programme			
	<i>Estimate provision</i>	805,150		
	<i>Deferred surrender</i>	12,650		
			817,800	646,157
B.9	Public transport agencies and expenses		17,021	16,958
B.10	Miscellaneous services		78	65
			2,893,772	2,554,454
				1,905,825

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme B was €339 million less than originally estimated including the deferred surrender, representing a variance of 12%. The variance was mainly due to the following.

B.2 Administration – non pay

Estimate provision €3.324 million; outturn €2.402 million

The difference arises primarily due to lower travel and training demand, postal costs and capital savings due to staff remote working.

B.4 Road safety agencies and expenses

Estimate provision €5.402 million; outturn €6.087 million

The variance is primarily due to ongoing Medical Bureau of Road Safety cost pressures: a shortfall in pension provision of €308,000, as well as a shortfall in pay provision and non-pay pressures due to rising costs.

B.5 Vehicle and driver licensing expenses

Estimate provision €23.7 million; outturn €20.191 million

The technology refresh programme is critical to ensure the National Vehicle and Driver File (NVDF) and its online applications are operating at maximum capacity, are resilient, have increased scalability and keep pace with industry standards. Some elements of the 2020 programme were not completed due to some other Covid related requirements.

B.6 Carbon reduction

Estimate provision €7.75 million; outturn €1.938 million

The variance is due to a number of planned projects including the introduction of a purchase grant for heavy duty vehicles and the purchase of hydrogen buses for use by the NTA being deferred until early 2021 due to delays caused by Covid-19. In addition, expenditure on the ongoing grant programmes such as the Electric Small Public Service Vehicle (eSPSV) grant scheme and the Low Emission Vehicle Toll Incentive (LEVTI) scheme has fallen due to the fall in both vehicle sales and toll traffic during Covid-19 restrictions. The shortfall in profiled expenditure resulted in significant year-end savings.

B.7 Public service provision payments

Estimate provision €765.563 million; outturn €623.471 million

Outturn was lower than forecast by €142.092 million largely due to a reduced level of PSO payments. An additional €460 million of emergency funding was allocated due to Covid-19. However, all of the additional funding was not required as passenger fare revenues were higher than forecast. Where passenger fare revenues are higher than forecast, the requirement for PSO compensation payments fall.

B.8 Sustainable Mobility Investment Programme

Estimate provision €817.8 million; outturn €646.157 million

The difference is due to slower than expected progression of sustainable mobility projects/spend, partly as a result of Covid-19 restrictions.

Programme C Maritime transport and safety

		2020		2019
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	15,981	15,654	14,515
C.2	Administration – non pay	3,579	2,690	3,185
C.3	Maritime administration and Irish Coast Guard			
	<i>Estimate provision</i>	83,297		
	<i>Deferred surrender</i>	4,000		
		87,297	75,654	78,488
C.4	Miscellaneous services	15,090	2,790	90
		121,947	96,788	96,278

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/-5% and €100,000). Overall, the expenditure in relation to Programme C was €25.159 million lower than originally estimated including the deferred surrender, representing a variance of 21%. Explanations for variances are as follows.

C.1 Administration – pay

Estimate provision €15.981 million; outturn €15.654 million

The variance is due to staff hiring being slower than anticipated.

C.2 Administration – non pay

Estimate provision €3.579 million; outturn €2.69 million

The difference arises primarily due to lower travel and training, postal costs and capital savings due to staff remote working.

C.3 Maritime administration and Irish Coast Guard

Estimate provision €87.297 million; outturn €75.654 million

The variation is primarily due to a capital underspend in relation to slow progress on the development of new Coast Guard stations in Westport and Greystones. There were also delays in the procurement of capital assets such as new rigid immersible boats held up due to travel restrictions as a result of Covid-19.

C.4 Miscellaneous services

Estimate provision €15.09 million; outturn €2.79 million

Outturn was €12.3 million lower than estimated as claims for emergency maritime PSO compensation from certain private ferry companies were less than forecast.

Note 4 Receipts

4.1 Appropriations-in-aid

	2020		2019
	Estimated €000	Realised €000	Realised €000
Administration			
1 Receipts from additional superannuation contributions on public service remuneration	2,646	2,127	3,457
Civil aviation			
2 Irish Aviation Authority refund of subscriptions to international organisations	8,473	6,449	6,748
3 Irish Aviation Authority recoupment of rents, etc.	394	395	394
4 Irish Aviation Authority payment for associated costs	2,700	2,747	2,455
Land transport			
5 Road transport licence fees	800	1,070	971
6 Miscellaneous land transport receipts	6,470	4,151	5,299
Maritime transport and safety			
7 Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919	500	470	557
Miscellaneous receipts			
8 Miscellaneous receipts	340	391	524
<i>Tourism Ireland receipts</i>	—	—	298 ^a
<i>Sports Ireland receipts</i>	—	—	5,088 ^a
Total	22,323	17,800	25,791

Note ^a Tourism and sport functions transferred from this vote in 2020.

Significant variations

The following outlines the reasons for significant variations in receipts (+/- 5% and €100,000). Overall, the appropriations-in-aid were €4.523 million lower than the estimate. Explanations for variances are as follows.

1 Receipts from additional superannuation contributions on public service remuneration

Estimate €2.646 million; realised €2.127 million

Receipts were €519,000 lower than estimated largely due to the transfer of functions in 2020.

2 Receipts from Irish Aviation Authority refund of subscriptions to international organisations

Estimate €8.473 million; realised €6.449 million

International subscriptions vary from year to year and were lower than expected this year due to Covid-19.

5 Road transport licence fees

Estimate €800,000; realised €1.07 million

The amount received in road transport licensing fees is affected by the level of activity in the sector and in the wider economy. Fees are paid for licence applications and for adding vehicles to existing haulage licences to increase fleets. Fees received in 2019 amounted to €959,000 as against an estimate of €800,000. In the context of Brexit and attendant uncertainties, it was considered apt to maintain the estimate for 2020 at €800,000.

6 Miscellaneous land transport receipts

Estimate €6.47 million; realised €4.151 million

The decrease in these receipts (€2.319 million) was due to a number of factors. The annual Road Safety Authority receipt for €4.2 million, being a fixed fee for technical and business support for driver related services provided by the Driver's Vehicle Computer Services Division was not received. It was agreed by both the Department of Transport and the Department of Public Expenditure and Reform that the Road Safety Authority would retain this receipt to combat shortfalls in funding due to Covid-19. This was offset by higher than expected receipts from pension contributions (€102,000) due to additional staff hires and timing factors for receipts for the INTERREG VA Programme (€1.779 million). The INTERREG VA Programme is an EU funded programme supported by the Irish Government designed to provide strategic cross-border co-operation with a view to creating a more prosperous and sustainable cross-border region.

4.2 Extra receipts payable to the Exchequer

	2020	2019
	€000	€000
Balance at 1 January	33	31
Shannon Development rents ^a	11	10
Grant refunds ^b	6	62
EU receipt for City Centre Re-signalling Project ^c	937	1,575
Road Safety Authority pension contributions and notional service ^d	473	472
Dividend by Dublin Airport Authority	—	40,000
EU receipt for Connecting Europe Facility programme – Intelligent Transport Systems Forum	—	60
EU receipts for Connecting Europe Facility programme: C – Roads Platform and a C-ITS pilot in Ireland	—	359
NELS project – Loran-C maritime navigation system	—	87
Commission for Railway Regulation	—	18
National Transport Authority – Sustainable Transport	—	13
National Transport Authority – Bus Market Opening	—	8,000
Ten-T upgrade ^e	2,209	—
EU Commission funds ^f	550	—
NTA refund ^g	856	—
Voluntary surrender of pay	13	24
Transferred to the Exchequer	(4,608)	(50,678)
Balance at 31 December	480	33

- Notes
- ^a Rents collected by the Shannon Airport Authority (SAA) on behalf of the Minister.
- ^b Grant funding returned to the Vote.
- ^c Moneys received from Innovation and Networks Executive Agency of the European Commission in relation to the City Centre Re-signalling Project (CCRP). The CCRP is a central element of the upgrading of rail services to allow for further capacity enhancement within the Greater Dublin Area and the delivery of the overall DART expansion programme. This work will accommodate additional train paths to provide a minimum of 17 trains per hour per direction in the critical city centre area.
- ^d The Department acts as the intermediary in making the annual pay-over of the pension contributions deducted from RSA staff. These pay-overs are made to the Department of Public Expenditure and Reform.
- ^e Pre-financing amount received for Ten-T project from Innovation and Networks Executive Agency (INEA). This programme was established by the European Commission to support the construction and upgrade of transport infrastructure across the European Union.
- ^f Pre-financing amount received from the European Commission under the C-Roads Pilot Project. The C-ROADS platform is a joint initiative of EU Member States and road operators that aims to enable seamless and interoperable cross-border Collaborative Intelligent Transport Systems (C-ITS) services for European travellers. The primary focus of this pilot project will be the rollout of C-ITS on the TEN-T core road network from Cork to the Border with Northern Ireland, including the M50.
- ^g Return of capital from the NTA in relation to the National Transport Training Centre (NTTC) project.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents (FTE)	2020 ^a	2019 ^b
Number of staff at year end		
Department	534	580
Agencies	903	1,429
	1,437	2,009

Notes ^a The reduction in staff numbers and in remuneration largely relates to the transfer of tourism and sports functions and agencies in 2020.

^b 2019 staff numbers are restated from 2,103 to (based on headcount) to 2,009 (based on FTE).

5.2 Pay – Department and agency

Remuneration of Department staff	2020 €000	2019 €000
Pay	28,997	29,597
Higher, special or additional duties allowances	796	638
Overtime	382	537
Other allowances	680	629
Employer's PRSI	2,452	2,355
Total pay	33,307	33,756
Remuneration of agency staff		
Pay	55,663	81,289
Higher, special or additional duties allowances	227	243
Overtime	273	822
Other allowances	535	461
Employer's PRSI	4,861	7,460
Total pay	61,559	90,275

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Department staff				
Higher, special or additional duties allowances	116	57	38,832	25,044
Overtime	110	13	20,506	20,899
Other allowances	65	—	7,700	19,639
Extra remuneration in more than one category	69	57	46,482	40,823
Agency staff				
Higher, special or additional duties allowances	48	2	53,461	46,764
Overtime	160	1	15,001	19,496
Other allowances	106	2	15,771	15,514
Extra remuneration in more than one category	53	8	23,486	24,487

5.4 Other remuneration arrangements

This account includes expenditure of €437,858 in respect of six officers who were serving outside the Department for all or part of 2020 and whose salaries were paid by the Department. Full recoupment of related expenditure will be completed in early 2021.

This account does not include expenditure in respect of five seconded officers who were serving outside the Department for all or part of 2020 whose salaries were paid by other Government departments/offices.

One officer was seconded on both a pay and recoup basis for the first part of the year and off-payroll basis for the second part of the year across two separate secondment assignments.

5.5 Payroll overpayments

	Number of recipients	2020	2019 ^a
		€	€
Overpayments	36	99,180	81,642
Recovery plans in place	12	36,714	39,163

Three overpayment recovery plans, in respect of three individuals, to the value of €1,080 were transferred to other Departments in the year.

Note ^a In 2020, the National Shared Services Office (NSSO) introduced an externally validated revised reporting methodology to overpayment and recovery plan amounts. As a result, the 2019 amounts have been revised. (Appropriation Account 2019: overpayments €97,296 and recovery plans €54,816).

5.6 Severance/redundancy

During 2020, five staff members whose employment was terminated were paid redundancy payments totalling €26,000 and severance payments totalling €91,000.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

A Review Board was established in 2020 to re-examine certain findings of the draft final report of the investigation into the accident involving Rescue 116 at Blacksod, Co Mayo on 14 March 2017. The Review Board was established in line with Statutory Instrument (SI) No 460 of 2009: Air Navigation (Notification and Investigation of Accidents, Serious Incidents and Incidents) Regulations 2009. A Review Board report is expected in September 2021.

The cumulative expenditure in 2020 was €100,000 (2019: nil).

6.2 Compensation and legal costs

					2020	2019
	Number of cases	Legal costs paid by the Department €000	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
Claims by employees	—	—	—	—	—	—
Claims by members of the public	7	262	135	—	397	1,667
		262	135	—	397	1,667

6.3 Fraud and suspected fraud

There were two amounts deducted by way of direct debit from a Department account totalling €125 in 2020 which were refunded by Bank of Ireland in March 2021.

6.4 EU funding

The outturn shown in Subhead B.8 sustainable mobility investments programme includes payment in respect of activities which are co-financed from the European Regional Development Fund (ERDF). A number of delays and extensions in INTERREG Greenways projects resulted in timing delays with claims. The Department received €3,579,332 in funding and paid claims totalling €3,276,716 resulting in surplus funding carried in to 2021 of €302,616.

	2020 Estimate €000	2020 Outturn €000	2019 Outturn €000
Subhead description:			
B.8 Sustainable mobility investment	3,870	3,579	619 ^a

Note ^a In 2019, the Department received funding of €618,860 and made payments of €2,535,904.

Appendix A Accounts of bodies and funds under the aegis of the Department of Transport

The following table lists the bodies under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, at 31 August 2021, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/Department	Date presented to the Oireachtas
Bus Éireann	2020	16 Apr 2021	2 Jul 2021	2 Jul 2021
Bus Átha Cliath	2020	14 Apr 2021	21 Jul 2021	22 Jul 2021
Commission for Aviation Regulation	2019	25 Sep 2020	16 Oct 2020	1 Dec 2020
Commission for Railway Regulation	2019	21 Dec 2020	15 Jan 2021	12 Mar 2021
Córas Iompair Éireann (CIE)	2020	20 Apr 2021	30 Apr 2021	2 Jun 2021
Dublin Airport Authority	2020	13 Apr 2021	16 Apr 2021	29 Apr 2021
Dublin Port Company	2020	26 Mar 2021	31 Mar 2021	6 Jul 2021
Galway Harbour Company ^a	2019	14 Apr 2020	27 May 2020	23 Jul 2020
Iarnród Éireann	2020	13 Apr 2021	17 Jun 2021	21 Jun 2021
Irish Aviation Authority	2020	24 Mar 2021	05 Apr 2021	18 May 2021
Marine Casualty Investigation Board	2020	30 Jun 2021	30 Jun 2021	7 Jul 2021
Medical Bureau of Road Safety	2019	23 Sep 2020	28 Oct 2020	17 Nov 2020
National Transport Authority	2020	24 Jun 2021	29 Jun 2021	15 Jul 2021
Port of Cork Company	2020	22 Apr 2021	26 Apr 2021	6 Jul 2021
Port of Waterford Company	2020	22 Mar 2021	19 Apr 2021	6 Jul 2021
Road Safety Authority	2020	28 Jun 2021	30 Jun 2021	31 Aug 2021
Shannon Foynes Port Company	2020	26 Mar 2021	23 Apr 2021	6 Jul 2021
Shannon Group PLC	2020	25 Mar 2021	26 Mar 2021	29 Apr 2021
Transport Infrastructure Ireland	2020	28 Jun 2021	30 Jun 2021	23 Aug 2021

Note ^a Galway Harbour Company transferred to Galway City Council on 1 January 2021 in line with National Ports Policy and section 8 of the Harbours Act 2015. Galway Harbour Company have confirmed that their 2020 annual accounts were submitted to Galway City Council.