

Appropriation Account 2016

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 2016 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 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.63 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

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.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of shared services.

Assurance on Shared Services

Payroll and human resources functions are provided on a shared service basis by the National Shared Service Office (Vote 18).

The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres. He has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by firms of accountants in accordance with International Standards on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within Shared Services as reported to me by the Accounting Officer for 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
- 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 Department complied with the guidelines with the exception of one contract to the value of €125,498 which was listed in my annual return in respect of Circular 40/2002. However, this case concerns an instance in which the contract for legal services for the Standards in Public Office Commission had previously been in place, following competitive tendering processes, but this had expired. As the expenditure related to ongoing litigation, it was decided that continuing with the old legal service providers constituted a more prudent use of resources and would be more cost efficient. A new tender competition was held and all new legal services are assigned under this contract.

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 2016. 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.

Jacqui McCrum

Accounting Officer
Office of the Ombudsman

29 March 2017

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 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration 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 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Office of the Ombudsman. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 19 Office of the Ombudsman Appropriation Account 2016

		2016	2015
		Estimate provision	Outturn
		€000	€000
Programme expenditure			
A	Ombudsman function/ Office of the Commission for Public Service Appointments	5,975	4,458
B	Standards in Public Office Commission	2,008	1,351
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	2,157	2,137
Gross expenditure		10,140	7,946
<i>Deduct</i>			
D	Appropriations-in-aid	402	362
Net expenditure		9,738	7,584

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	1,632,379	1,154,075

Analysis of administration expenditure

		2016	2015
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	7,416	6,372
ii	Travel and subsistence	58	47
iii	Training and development and incidental expenses	435	444
iv	Postal and telecommunications services	86	33
v	Office equipment and external IT services	232	687
vi	Office premises expenses	189	123
vii	Consultancy and value for money and policy reviews	1,070	383
viii	Legal fees	644	319
ix	Referendum Commission	10	—
		10,140	8,408
			7,946

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016		2015
	€000	€000	€000
Pay		6,372	6,041
Non pay		2,036	1,905
Gross expenditure		8,408	7,946
<i>Deduct</i>			
Appropriations-in-aid		302	362
Net expenditure		8,106	7,584
Changes in capital assets			
Purchases cash	(472)		
Depreciation	286		
Loss on disposal	7	(179)	(106)
Changes in assets under development			
Cash payments		(248)	(77)
Changes in net current assets			
Increase in closing accruals	37		
Decrease in stock	—	37	(8)
Direct expenditure		7,716	7,393
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,057	2,019
Net programme cost		9,773	9,412

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.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	23	30
Vote 12 Superannuation and Retired Allowances	848	832
Vote 13 Office of Public Works	1,174	1,148
Vote 18 National Shared Services Office	12	9
	2,057	2,019

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	748	309
Capital assets under development	2.3	92	99
Current assets			
Bank and cash	2.4	207	228
Stocks	2.5	13	13
Prepayments		97	107
Other debit balances	2.6	35	41
Net Exchequer funding due	2.8	86	22
Total current assets		438	411
Less current liabilities			
Accrued expenses		66	39
Other credit balances	2.7	328	291
Total current liabilities		394	330
Net current assets		44	81
Net assets		884	489
Represented by:			
State funding account	2.1	884	489

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		489	276
Disbursements from the Vote			
Estimate provision	Account	9,738	
Surplus to be surrendered	Account	(1,632)	
Net vote		8,106	7,584
Expenditure (cash) borne elsewhere	1	2,057	2,019
Purchases cash adjustment	2.3	5	22
Net programme cost	1	(9,773)	(9,412)
Balance at 31 December		884	489

2.2 Capital Assets

	IT Equipment €000	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2016	769	129	519	1,417
Additions	707	25	—	732
Disposals	(132)	(25)	(82)	(239)
Cost or valuation at 31 December 2016	1,344	129	437	1,910
Accumulated depreciation				
Opening balance at 1 January 2016	514	123	471	1,108
Depreciation for the year	263	9	14	286
Depreciation on disposals	(132)	(24)	(76)	(232)
Cumulative depreciation at 31 December 2016	645	108	409	1,162
Net assets at 31 December 2016	699	21	28	748
Net assets at 31 December 2015	255	6	48	309

2.3 Capital Assets under Development

	2016 €000	2015 €000
Balance at 1 January 2016	99	—
Adjustment *	5	22
Cash payments for the year	248	77
Transferred to the asset register	(260)	—
Balance at 31 December 2016	92	99

* Note – An invoice amounting to €5,227 concerning an IT project was inadvertently omitted from the capital assets under development figure in the 2015 appropriation account. This required an adjustment of this amount. In 2015, there was an adjustment of €22,000 for 2014 expenditure previously omitted.

2.4 Bank and Cash

	2016 €000	2015 €000
at 31 December		
PMG balances and cash	207	228

2.5 Stocks

	2016 €000	2015 €000
Stationery	8	6
IT consumables	5	7
	13	13

2.6 Other Debit Balances	2016	2015
at 31 December	€000	€000

Other debit balances	35	41
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2.7 Other Credit Balances	2016	2015
at 31 December	€000	€000

Amounts due to the State		
Income Tax	147	147
Pay Related Social Insurance	65	56
Professional Services Withholding Tax	46	14
Pension contributions	26	24
	<u>284</u>	<u>241</u>
Payroll deductions held in suspense	39	38
Other credit suspense items	5	12
	<u>328</u>	<u>291</u>

2.8 Net Exchequer funding due	2016	2015
at 31 December	€000	€000

Surplus to be surrendered	1,632	1,154
Exchequer grant undrawn	(1,718)	(1,176)
Net Exchequer funding due	<u>(86)</u>	<u>(22)</u>

Represented by:**Debtors**

Bank and cash	207	228
Debit balances: suspense	35	41
	<u>242</u>	<u>269</u>

Creditors

Due to State	(284)	(241)
Credit balances: suspense	(44)	(50)
	<u>(328)</u>	<u>(291)</u>
	<u>(86)</u>	<u>(22)</u>

2.9 Commitments	2016	2015
at 31 December	€000	€000
Procurement of goods and services	96	111

2.10 Contingent Liabilities

The Commission for Public Service Appointments is liable to pay one third of an individual's legal costs arising from a judicial review case. As negotiations on costs have not been concluded, it is not possible to quantify the amount involved.

3 Programme Expenditure by Subhead

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Ombudsman function/ Office of the Commission for Public Service Appointments			
A.1 Administration – pay	4,748	4,061	3,845
A.2 Administration – non pay	1,227	758	613
	<u>5,975</u>	<u>4,819</u>	<u>4,458</u>

Significant variations

Overall, the expenditure in relation to Programme A was €1.16 million lower than provided. This was mainly due to the following:

Salaries, wages and allowances

Savings of €687,000 arose as a result of delays in filling vacancies and the full year costs of staff recruited during 2016.

Office machinery and office supplies

The Office is undertaking major network upgrade works. Acceleration in purchases of PCs, Sharepoint licences and Windows servers resulted in a spend of €187,000 over budgeted amount in 2016.

Consultancy services

The estimates for 2016 provided for expenditure on external consultants to develop a new document management system and a new records management system for all statutory functions in the Office of the Ombudsman. Procurement delays have resulted in expenditure in 2016 being €451,000 lower than anticipated and this expenditure will now be incurred in 2017.

Legal fees

This subhead concerns legal expenditure incurred by the Office of the Ombudsman and the Commission for Public Service Appointments (CPSA). It is difficult to predict the expenditure on legal fees with accuracy and there was an under spend of €110,000 on the amount estimated.

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B Standards in Public Office Commission			
B.1 Administration – pay	1,185	766	709
B.2 Administration – non pay	823	733	642
	2,008	1,499	1,351

Significant variations

Overall, the gross expenditure in relation to Programme B was €509,000 lower than provided. This was mainly due to the following:

Salaries, wages and allowances

The savings of €419,000 arose from delays in recruiting additional staff required for implementing the provisions of the Regulation of Lobbying Act 2015.

Office machinery and office supplies

The Office is in the process of undergoing major network upgrade works. Purchases of PCs, Sharepoint licences and Windows servers resulted in a spend of €128,000 over budgeted amount in 2016.

Consultancy services

The estimates for 2016 provided for expenditure on external consultants to develop a new document management system and a new records management system for all statutory functions in the Office of the Ombudsman. Procurement delays have resulted in expenditure in 2016 being €271,000 lower than anticipated and this expenditure will now be incurred in 2017

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1 Administration – pay	1,483	1,545	1,487
C.2 Administration – non pay	674	545	650
	2,157	2,090	2,137

Significant variations

Overall, the gross expenditure in relation to Programme C was €67,000 lower than provided. This was mainly due to the following:

Office machinery and office supplies

The Office is in the process of undergoing major network upgrade works. Purchases of PCs, Sharepoint licences and Windows servers resulted in a spend of €139,000 over budgeted amount in 2016.

Legal fees

This subhead concerns legal expenditure incurred by the Office of the Information Commissioner and the Commission for Environmental Information. Expenditure in 2016 was €254,000 less than provided for. It is difficult to predict the legal fees with accuracy. One decision of the High Court in favour of the Information Commissioner was appealed to the Supreme Court and is likely to be heard in 2017. Three further cases involving the Information Commissioner are before the High Court and a further case before the Court of Appeal.

4 Receipts

4.1 Appropriations-in-aid	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	5	13	13
2. Receipts from pension-related deductions on public service remuneration	397	289	349
	402	302	362

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%.

Pension related deduction

The receipts from pension related deductions were €108,000 lower than anticipated due to staff vacancies and the reductions in PRD thresholds

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	117	107
	2016	2015
	€000	€000
Pay	5,949	5,636
Higher, special or additional duties allowance	22	34
Overtime	23	36
Employer's PRSI	378	335
Total pay	6,372	6,041

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	8	1	10,913	11,333
Overtime and extra attendance	28	—	3,452	7,549
Extra remuneration in more than one category	5	—	5,394	13,216

5.2 Salary overpayments

Overpayments at the year end were €9,877 (9 cases) (2015 €13,148, 8 cases). Of this €2,620 (1 case) had a recovery plan in place.

6 Miscellaneous

6.1 Legal costs

				2016	2015
	Number of cases	Legal costs paid by Office of the Ombudsman	Legal costs awarded	Compensation awarded	Total
		€000	€000	€000	€000
Claims by members of the public	—	—	—	—	137

