

Appropriation Account 2016

Vote 16

Valuation Office

Introduction

As Accounting Officer for Vote 16, 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 Valuation Office and certain minor services.

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 €1.5 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 Valuation Office. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. 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.

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Secretary General of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18, and is responsible for the operation of controls within the shared service centres. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Valuation Office and the National Shared Service Office for the provision of human resource services.

The Accounting Officer for shared services 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 a firm of accountants in accordance with the International Standard 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 operate 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.

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 Valuation Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines in operation
- The Valuation 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. One exception, with a value of €84,987, arose during 2016 relating to licensing of Ordnance Survey Ireland (OSI) mapping. This exception has been reported under Circular 40/2002. This exception arose because it relates to copyright of OSi mapping for which OSi, as the national mapping agency, is the only entity in a position to licence the mapping data in question.

Internal Audit and Audit Committee

I confirm that the Valuation Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Valuation 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. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

John O'Sullivan
Accounting Officer
Valuation Office

28 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 16 Valuation Office

I have audited the appropriation account for Vote 16 Valuation Office 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 his control, for the efficiency and economy of administration by his 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 16 Valuation Office 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 Valuation Office. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 11 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 16 Valuation Office.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 16 Valuation Office Appropriation Account 2016

	Estimate provision	2016	2015
		Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Provision of a State valuation service	9,555	8,590	7,889
B Administration services for the Valuation Tribunal	1,086	539	633
Gross expenditure	10,641	9,129	8,522
<i>Deduct</i>			
C Appropriations-in-aid	1,150	1,139	1,325
Net expenditure	9,491	7,990	7,197

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	1,500,830	1,948,461

Analysis of administration expenditure

	Estimate provision	2016	2015
		Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	7,454	6,487	7,024
ii Travel and subsistence	250	169	118
iii Training and development and incidental expenses	214	389	209
iv Postal and telecommunications services	100	88	49
v Office equipment and external IT services	630	649	651
vi Office premises expenses	160	116	100
vii Consultancy services and value for money and policy reviews	50	47	12
	8,858	7,945	8,163

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	Note	2016	2015
		€000	€000
Programme cost		1,184	359
Pay		6,487	7,024
Non pay		1,458	1,139
Gross expenditure		9,129	8,522
<i>Deduct</i>			
Appropriations-in-aid		1,139	1,325
Net expenditure		7,990	7,197
Changes in capital assets			
Purchases cash	2.2	(282)	
Depreciation	2.2	209	
		(73)	199
Changes in assets under development			
Cash payments		—	(134)
Changes in net current assets			
Increase in closing accruals		123	
Decrease in stock		4	
		127	(47)
Direct expenditure		8,044	7,215
Net allied services expenditure (note 1.1)		4,652	4,442
Net programme cost		12,696	11,657

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 16 borne elsewhere.

		2016	2015
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	3,546	3,680
Vote 13 Office of Public Works	e	1,106	762
		4,652	4,442

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

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	<u>457</u>	<u>384</u>
Current assets			
Bank and cash	2.3	98	170
Stocks		34	38
Prepayments		124	111
Accrued income		71	140
Other debit balances	2.4	77	83
Net Exchequer funding	2.6	70	(23)
Total current assets		<u>474</u>	<u>519</u>
Less current liabilities			
Accrued expenses		121	88
Deferred income		129	95
Other credit balances	2.5	245	230
Total current liabilities		<u>495</u>	<u>413</u>
Net current (liabilities)/ assets		<u>(21)</u>	<u>106</u>
Net assets		<u>436</u>	<u>490</u>
Represented by:			
State funding account	2.1	<u>436</u>	<u>490</u>
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2.1 State Funding Account	Note	2016	2015
		€000	€000
Balance at 1 January		490	508
Disbursements from the Vote			
Estimate provision	Account	9,491	
Surplus to be surrendered	Account	(1,501)	
Net vote		7,990	7,197
Expenditure (cash) borne elsewhere	1.1	4,652	4,442
Net programme cost	1	(12,696)	(11,657)
Balance at 31 December		<u>436</u>	<u>490</u>

2.2 Capital Assets

	Office & IT Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	1,517	1,118	2,635
Additions	275	7	282
Disposals	(33)	(3)	(36)
Cost or valuation at 31 December 2016	1,759	1,122	2,881
Accumulated depreciation			
Opening balance at 1 January 2016	1,192	1,059	2,251
Depreciation for the year	198	11	209
Depreciation on disposals	(33)	(3)	(36)
Cumulative depreciation at 31 December 2016	1,357	1,067	2,424
Net assets at 31 December 2016	402	55	457
Net assets at 31 December 2015	325	59	384

2.3 Bank and Cash

	2016	2015
at 31 December	€000	€000
PMG balances and cash	46	94
Commercial bank account balance	52	76
	98	170

2.4 Other Debit Balances

	2016	2015
at 31 December	€000	€000
Recoupable travel pass scheme	77	59
Prefunding of Office of Public Works	—	16
Payroll advance	—	8
	77	83

2.5 Other Credit Balances

	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	137	152
Pay Related Social Insurance	65	65
Value Added Tax	1	1
Professional Services Withholding Tax	39	7
	242	225
Appeal fees refunds outstanding	3	5
	245	230

2.6 Net Exchequer Funding	2016	2015
at 31 December	€000	€000

Surplus to be surrendered	1,501	1,949
Exchequer grant undrawn	(1,571)	(1,926)
Funding due (from)/to Exchequer	<u>(70)</u>	<u>23</u>

Represented by:**Debtors**

Bank and cash	98	170
Debit balances: suspense	<u>77</u>	<u>83</u>
	175	253

Creditors

Due to State	(242)	(225)
Credit balances: suspense	<u>(3)</u>	<u>(5)</u>
	(245)	(230)
	<u>(70)</u>	<u>23</u>

2.7 Commitments	2016	2015
at 31 December	€000	€000

Total of legally enforceable commitments	2,035	115
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The bulk of this figure (€1,865,742) relates to one contract with CBRE for statutory revaluation of Carlow and Kilkenny rating authority areas.

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a State Valuation Service			
A.1	Administration - pay	7,078	6,290	6,730
A.2	Administration - non pay	1,404	1,458	1,139
A.3	Fees to counsel and other legal expenses	73	203	20
A.4	National revaluation projects	1,000	639	—
		<u>9,555</u>	<u>8,590</u>	<u>7,889</u>

Significant variations

Overall, the gross expenditure in relation to Programme A was €1 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	788	A recruitment campaign for ten additional valuer staff was held early in 2016 but only four staff were ultimately appointed from that competition. A further campaign is planned in early 2017. There was provision in the estimate to pay €0.2 million for a restructuring of staffing levels to restore a credible structure. Due to protracted discussions with staff interests, no progress was made on this issue until late 2016. Both of these issues resulted in a significant variance from planned expenditure.
Fees to counsel and other legal expenses	(130)	Two bills for costs were received in relation to Supreme Court appeal cases taken against the Commissioner of Valuation in 2008. Following agreement on costs, in the region of €194,500 was paid. This amount was in excess of the voted estimate for such fees of €73,000.
National revaluation projects	361	An external valuation partner, tasked with carrying out a pilot project on the revaluation of Carlow and Kilkenny was appointed in mid year. Only 64% of the anticipated payments for 2016 were made before the year end. The remaining payments will be made in 2017 and 2018.

		2016	2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B Administration Services for the Valuation Tribunal			
B.1 Administration – pay	376	197	294
B.2 Valuation Tribunal	710	342	339
	1,086	539	633

Significant variations

Overall, the gross expenditure in relation to Programme B was €0.5 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	179	The main reason for the underspend is that contrary to anticipated requirements, the Valuation Tribunal did not need to engage any additional temporary staff during 2016 due to a reduction in hearings during the year. This resulted in an estimated saving of €132,000.
Valuation Tribunal	368	The non-pay expenditure for the Valuation Tribunal was significantly less than expected due to the reduction in the number of hearings by the Tribunal and the subsequent reduction in costs paid to members in respect of those hearings. In all, 383 cases were closed by the Tribunal in 2016. The estimates were based on an envisaged 420 hearings.

4 Receipts

4.1 Appropriations-in-aid	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Valuation Tribunal appeal fees	60	31	39
2. Valuation certificates	120	83	108
3. Valuation revision fees	600	700	712
4. Fees from appeals to the Commissioner	—	2	39
5. Miscellaneous receipts	65	24	18
6. Receipts from pension related deduction on public service remuneration	305	299	409
Total	1,150	1,139	1,325

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/ (more) than provided €000	Explanation
Valuation revision fees	(100)	Revision fee intake was higher than estimated in 2016 due to a concentration of effort on third-party, new builds and legacy cases during the year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	117	116
	2016	2015
	€000	€000
Pay	5,966	6,448
Higher, special or additional duties allowance	107	145
Overtime	4	7
Employer's PRSI	410	424
Total Pay	6,487	7,024

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	23	—	8,274	18,476
Other allowances	22	—	1,855	4,693
Overtime	6	—	3,578	5,881
Extra remuneration in more than one category	18	—	7,823	18,476

5.2 Other Remuneration Arrangements

€1,140 was paid to one retired civil servant who was employed on contract on specialised tasks.

6 Miscellaneous Items

6.1 Legal costs

				2016	2015
	Number of cases	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	Total €000
Claims by members of the public					
<i>Cost awarded arising from appeals to the valuation tribunal</i>	3	3	200	—	203

6.2 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to proceed with the merger of the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The Tailte Éireann Bill is currently being drafted.

In the meantime, the Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013 has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work on the planning and design of the necessary infrastructure for the new organisation and the Valuation Office will continue to provide every support in bringing about its establishment.

Subject to the passing of necessary legislation, the governing structure of Tailte Éireann will have a statutory board. Each of the core functions of Tailte Éireann (Registration, Valuation and Survey) will be headed by a statutory officer who will report to the Chief Executive who, in turn, will report to the Board. Staff of the new organisation will be civil servants and the organisation will be funded through a Vote structure. The merger is not expected to have an impact on the carrying value of the Valuation Office assets or liabilities.

