

Appropriation Account 2019

Vote 32

Business, Enterprise and Innovation

Introduction

As Accounting Officer for Vote 32, 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 2019 for the salaries and expenses of the Office of the Minister for Business, Enterprise and Innovation, including certain services administered by that Office, for the payment of certain subsidies and grants and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums

- a) granted by the Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- b) provided for capital supply services in 2019 out of unspent 2018 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €54.275 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €42.15 million will be carried over for spending in 2020 and €12.125 million will be surrendered 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 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

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

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

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.

Procurement compliance

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 guidelines with the exception of six contracts entered into the value of €538,646 (ex VAT) which were listed in my annual return in respect of Circular 40/2002. Details of the non-compliant contracts are as follows.

- One contract involved the purchase of translation services to the amount of €75,681 required by the Department's industrial relations bodies. Whilst it was not possible to conclude an Office of Government Procurement (OGP) procurement for this service in 2019, a competitive procurement process for the required service was initiated in March 2020.
- The second contract involved the extension of contract support and maintenance for a critical ICT system in the Department's Companies Registration Office to the amount of €265,424. The contract was extended for a further year in September 2019 as it was essential to ensure that the Office retained support in respect of any system loss particularly for the period required to complete the development of its new IT System Refresh Project.
- The third contract involved the purchase of necessary office stationery for the Department to the amount of €44,333. The general OGP framework relating to the procurement of stationery goods and supplies had experienced particular difficulties due to huge market fluctuation, which made prices unsustainable. OGP has commenced work to bring forward a second generation framework which has yet to be rolled out. In the absence of a guiding framework, urgent business needs of the Department and our Offices continued to be needed to be met. Accordingly, there was necessary procurement of some stationery in the second part of 2019 across the Department and its Offices. The Department will obviously engage with the second generation framework in the future procurement of such goods and services as soon as it is finalised.

- The fourth contract involved the purchase of essential security services for one of the Department's regulatory bodies to the amount of €81,184. It was necessary to extend this contract by 12 months as there was an unanticipated delay in the completion of the OGP procurement process for such services. On completion of the OGP process, the contract was then terminated.
- The fifth contract involved the hiring of rooms by one of the industrial relations bodies operating under the aegis of the Department for the purposes of investigating industrial relations cases in the southern region of the country to the amount of €29,624. The Department is engaging with the OPW to secure permanent new premises in the region concerned to enable the body to host such investigations which it is hoped will become available in the course of 2020. In the interim the body undertakes a regular exercise approximately every six weeks whereby it seeks quotes for the hire of rooms suitable for its investigations/hearings.
- The sixth contract related to the need to secure essential and specialist legal expertise for one of the industrial relations bodies operating under the aegis of the Department to the amount of €42,400. The body concerned experienced certain difficulties in recruiting a member of staff with the necessary expertise in this area. In the interim it was essential that the body continued to be able to access legal support. Accordingly, a contract was entered into with an individual who had unique and specialist skills and the necessary experience to provide the required legal support to the body. The body has recently succeeded in recruiting a staff member with the necessary legal expertise and the agreement with the contractor is being terminated.

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 I have 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 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 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.

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 register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

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.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2019 that resulted in, or may result in, a material loss.

Dr Orlaigh Quinn
Accounting Officer
Department of Business, Enterprise and Innovation

31 March 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Business, Enterprise and Innovation

Opinion on the appropriation account

I have audited the appropriation account for Vote 32 Business, Enterprise and Innovation for the year ended 31 December 2019 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 32 Business, Enterprise and Innovation for the year ended 31 December 2019, 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 Business, Enterprise and Innovation 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*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2020

Vote 32 Business, Enterprise and Innovation

Appropriation Account 2019

	Estimate provision		2019	2018
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Jobs and Enterprise Development			
	<i>Original</i>	465,986		
	<i>Deferred surrender</i>	20,800		
	<i>Supplementary</i>	<u>(7,054)</u>		
			479,732	439,362
				392,272
B	Innovation			
	<i>Original</i>	398,440		
	<i>Deferred surrender</i>	6,800		
	<i>Supplementary</i>	<u>11,279</u>		
			416,519	411,206
				368,697
C	Regulation			
	<i>Original</i>	85,811		
	<i>Supplementary</i>	<u>(4,224)</u>		
			81,587	78,700
				76,001
Gross expenditure				
	<i>Original</i>	950,237		
	<i>Deferred surrender</i>	27,600		
	<i>Supplementary</i>	<u>1</u>		
			977,838	929,268
				836,970
	<i>Deduct</i>			
D	Appropriations-in-aid		53,272	58,977
				57,725
Net expenditure				
	<i>Original</i>	896,965		
	<i>Deferred surrender</i>	27,600		
	<i>Supplementary</i>	<u>1</u>		
			924,566	870,291
				779,245

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. €42.15 million of unspent allocations in respect of capital elements of subhead A.7, A.8, A.16, B.4, B.5 & B.9 were carried forward to 2020.

	2019	2018
	€	€
Surplus	54,274,812	39,715,758
Deferred surrender	(42,150,000)	(27,600,000)
Surplus to be surrendered	<u>12,124,812</u>	<u>12,115,758</u>

Dr Orlaigh Quinn

Accounting Officer

Department of Business, Enterprise and Innovation

31 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019		2018
	€000	€000	€000
Programme cost		893,271	802,046
Pay		27,262	26,095
Non-pay		8,735	8,829
Gross expenditure		929,268	836,970
<i>Deduct</i>			
Appropriations-in-aid		58,977	57,725
Net expenditure		870,291	779,245
Changes in capital assets			
Purchases cash	(1,818)		
Depreciation	1,838		
Loss on disposals	1	21	(424)
Changes in net current assets			
Decrease in closing accruals	(134)		
Decrease in stock	32	(102)	2,218
Direct expenditure		870,210	781,039
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		23,779	24,044
Notional rents (non-cash)		2,847	2,857
Net programme cost		896,836	807,940

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 32 borne elsewhere.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	96	97
Vote 12 Superannuation and Retired Allowances	19,432	18,786
Vote 13 Office of Public Works	3,814	4,711
Vote 18 National Shared Services Office	102	101
Central Fund – Ministerial pensions	335	349
	23,779	24,044

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	7,502	7,523
Current assets			
Bank and cash		47,246	12,549
Stocks	2.2	199	231
Other debit balances	2.3	862	909
Prepayments		1,764	1,504
Accrued income		520	571
Total current assets		<u>50,591</u>	<u>15,764</u>
Less current liabilities			
Accrued expenses		762	1,113
Deferred income		4,306	3,880
Other credit balances	2.4	4,430	3,822
Net Exchequer funding	2.5	<u>43,678</u>	<u>9,636</u>
Total current liabilities		<u>53,176</u>	<u>18,451</u>
Net current assets		<u>(2,585)</u>	<u>(2,687)</u>
Net assets		<u>4,917</u>	<u>4,836</u>
Represented by:			
State funding account	2.6	<u>4,917</u>	<u>4,836</u>

2.1 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Capital assets under development €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	35,635	3,789	2,348	41,772
Additions	604	82	1,132	1,818
Brought into use in year	693	—	(693)	—
Disposals	(3,554)	(647)	—	(4,201)
Cost or valuation at 31 December 2019	33,378	3,224	2,787	39,389
Accumulated depreciation				
Opening balance at 1 January 2019	30,908	3,341	—	34,249
Depreciation for the year	1,765	73	—	1,838
Depreciation on disposals	(3,553)	(647)	—	(4,200)
Cumulative depreciation at 31 December 2019	29,120	2,767	—	31,887
Net assets at 31 December 2019	4,258	457	2,787	7,502
Net assets at 31 December 2018	4,727	448	2,348	7,523

2.2 Stocks

at 31 December	2019 €000	2018 €000
Stationery	127	157
IT supplies	64	56
Cleaning materials	8	18
	199	231

2.3 Other debit balances

at 31 December	2019 €000	2018 €000
Advances to OPW	227	109
Miscellaneous debit balances	502	575
Recoupable expenditure:		
Travel	37	
Shared services	96	
	133	225
	862	909

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	946	1,466
Pay related social insurance	517	56
Local property tax	7	—
Professional services withholding tax	106	82
Value added tax on intra EU acquisitions	79	79
Universal social charge	179	—
	1,834	1,683
Share of patent renewal fees payable to the European Patents Office	1,720	1,618
Staff pay-overs	147	81
Employers pension liability	92	40
Recoupable salaries	133	142
Other miscellaneous balances	504	258
	4,430	3,822

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	12,125	12,116
Deferred surrender	42,150	27,600
Exchequer grant undrawn	(10,597)	(30,080)
Net Exchequer funding	43,678	9,636
Represented by:		
Debtors		
Bank and cash	47,246	12,549
Other debit balances	862	909
	48,108	13,458
Creditors		
Due to State	(1,834)	(1,683)
Other credit balances	(2,596)	(2,139)
	(4,430)	(3,822)
	43,678	9,636

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		4,836	6,530
Disbursements from the Vote			
Estimate provision	Account	924,566	
Deferred surrender	Account	(42,150)	
Surplus to be surrendered	Account	(12,125)	
Net vote		870,291	779,245
Fit-out costs and furniture provided by OPW		—	100
Expenditure (cash) borne elsewhere	1.1	23,779	24,044
Non cash expenditure – notional rent		2,847	2,857
Net programme cost	1	(896,836)	(807,940)
Balance at 31 December		4,917	4,836

2.7 Commitments

a) Global commitments ^a	2019	2018
at 31 December	€000	€000
Procurement of goods and services	190,494	148,454
Non-capital grant programmes	1,550	1,241
Capital grant programmes	1,819,969	1,471,877
Total of legally enforceable commitments	2,012,013	1,621,572

Note ^a Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

b) Non-capital grant programmes	2019	2018
	€000	€000
Opening balance	1,241	1,025
Grants paid in year	(13,103)	(11,321)
New grant commitments	13,494	11,556
Grants cancelled	(82)	(19)
Closing balance	1,550	1,241
c) Capital grant programmes	2019	2018
	€000	€000
Opening balance	1,471,877	1,411,456
Grants paid in year	(566,665)	(519,433)
New grant commitments	995,310	716,027
Grants cancelled	(80,553)	(136,173)
Closing balance	1,819,969	1,471,877

d) Major capital projects

Capital grants involving total expenditure of €10 million or more are shown below.

	Cumulative expenditure to 31 December 2018	Expenditure in 2019	Project commitments in subsequent years	Expected total spend lifetime of project 2019	Expected total spend lifetime of project 2018*
	€000	€000	€000	€000	€000
Agency commitments					
IDA Ireland (A5)	1,666	22,060	68,600	92,326	80,526
Enterprise Ireland (A7)	322,843	50,352	133,705	506,900	454,807
Science Foundation Ireland (B4)	290,407	74,631	423,079	788,117	454,434
Enterprise Ireland (B4)	32,657	5,755	25,144	63,556	40,095
Department commitments					
Programme for Research in Third Level Institutions (PRTL) (B5)	153,188	3,727	610	157,525	155,970
INTERREG (A10)	2,457	4,277	14,266	21,000	21,000
	803,218	160,802	665,404	1,629,424	1,206,832

*Excludes projects completed by end 2018.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2018 to 2019, an explanation is as follows:

IDA Ireland (A5)

Increase in expected total spend: €11.8 million

During 2019 a new grant in the category was approved for a client company totalling €11.8 million.

Enterprise Ireland (A7)

Increase in expected total spend: €52 million

The increase was due to a net increase in the value of the commitment on two projects by €1 million and four new projects with a value of €51 million.

Science Foundation Ireland (B4)

Increase in expected total spend: €334 million

The increase principally relates to twelve new research centre projects in 2019 creating a commitment of €335 million offset by a decrease in the value of one project totalling €1 million.

Programme for Research in Third Level Institutions (B5)

Increase in expected total spend: €1.6 million

The increase principally relates to an increase in the value of the commitment for one project.

2.8 Matured liabilities

at 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end.	128	301
	128	301

2.9 Contingent liabilities

The Credit Guarantee Scheme (CGS) which became operational in 2012, provides a State guarantee through the Department to accredited lenders (Allied Irish Bank, Bank of Ireland and Ulster Bank Ireland) of 80% on eligible loans or performance bonds to viable micro, small and medium-sized enterprises (SMEs). The Guarantee is paid by the State (the 'guarantor') to the lender on the unrecovered outstanding principal balance on a scheme facility in the event of a borrower defaulting on the scheme facility repayments.

Capita Asset Services were the operator and manager of the Credit Guarantee Scheme since it was launched in late 2012. In October 2016, following on from a Government decision on the issue, the Strategic Banking Corporation of Ireland became the new operator of the Credit Guarantee Scheme.

The new Credit Guarantee Scheme was made by statutory instrument in 2017. The revised scheme was launched in July 2018. The combined figures reflect a total of both the current revised scheme and the closed legacy scheme. At 31 December 2019, a total of €30.2 million in loans outstanding was covered by the Credit Guarantee Scheme loan fund. In the event of default by an SME, the accredited lender makes a claim in relation to the unrecovered principal balance. The total maximum exposure for the Department in relation to loans outstanding at 31 December 2019 is a total of €5.147 million.

SMEs availing of the scheme pay a premium of up to 2% per annum to the Department (see Note 4.1) and claims against the guarantee are paid to participating lenders and are paid out of subhead A.9. The amounts paid to SBCI to operate the scheme are also paid out of this subhead.

A summary of receipts and payments related to this are set out below.

	2019	2012-2019
	€000	€000
Receipts in relation to premiums paid by SMEs	415	2,535
Scheme expenditure		
Payments to SBCI scheme administration	(341)	(2,439)
Claims paid	—	(745)
Total cost of scheme	(341)	(3,184)
Net cost of scheme	74	(649)

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

	Estimate provision		2019	2018
	€000		Outturn	Outturn
	€000	€000	€000	€000
i Salaries, wages and allowances	<i>Original</i>	29,039		
	<i>Supplementary</i>	(448)		
			28,591	27,262
ii Travel and subsistence			856	889
iii Learning and development and incidental expenses			1,300	1,628
iv Postal and telecommunication services			300	370
v Office equipment and external IT services			4,010	4,099
vi Office premises expenses			980	771
vii Consultancy services and value for money and policy reviews			1,300	755
viii Advertising and information resources			250	223
			37,587	35,997
				34,924

Significant variations

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

vii Consultancy services and value for money and policy reviews

Estimate provision: €1.3 million, outturn: €755,000

A number of consultancy projects that had been approved for funding in 2019 did not proceed as anticipated due to delays/cancellations/reprioritisation.

Programme A Jobs and Enterprise Development

		2019		2018
		Estimate provision		Outturn
		€000	€000	€000
A.1	Administration – pay			
	<i>Original</i>	10,114		
	<i>Supplementary</i>	(213)		
			9,901	9,268
A.2	Administration – non pay		2,866	2,776
A.3	Agency legacy pensions			
	<i>Original</i>	41,040		
	<i>Supplementary</i>	(500)		
			40,540	39,741
A.4	InterTrade Ireland			
	<i>Original</i>	9,145		
	<i>Supplementary</i>	500		
			9,645	8,125
A.5	IDA Ireland			
	<i>Original</i>	193,670		
	<i>Deferred surrender</i>	20,800		
	<i>Supplementary</i>	(2,100)		
			212,370	199,470
A.6	NSAI – grant for administration and general expenses		6,646	5,854
A.7	Enterprise Ireland			
	<i>Original</i>	153,077		
	<i>Supplementary</i>	(8,000)		
			145,077	119,431
A.8	Local enterprise development		37,931	37,931
A.9	Temporary partial credit guarantee scheme		500	341
A.10	Matching funding for INTERREG			
	<i>Original</i>	3,000		
	<i>Supplementary</i>	1,200		
			4,200	4,277
A.11	Subscriptions to international organisations, etc.		1,840	2,122
A.12	Commissions, committees and special inquiries		1	—
A.13	Legal costs and other services		155	13

A.14	Future growth loan scheme					
		<i>Original</i>	6,000			
		<i>Supplementary</i>	<u>2,000</u>			
				8,000	8,031	17,000
A.15	Humanitarian relief scheme					
		<i>Original</i>	1			
		<i>Supplementary</i>	<u>59</u>			
				60	6	—
				<u>479,732</u>	<u>439,362</u>	<u>392,272</u>

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €47.424 million lower than originally provided (inclusive of deferred surrender). This was due mainly to the following.

A.4 InterTrade Ireland

Estimate provision: €9.145 million, outturn: €9.901 million

The variances comprises of:

- €500,000 of capital funding allocated in the supplementary estimates process in late 2019 for ITI's Brexit Advisory Service
- increase in pension payments.

A.5 IDA Ireland

Estimate provision: €214.47 million, outturn €199.47 million

The outturn was €15 million less than originally provided principally because of an underspend of €17 million on the property allocation due to a number of factors including delays in client projects, planning permission delays and additional site survey requirements. While there was also savings on pay of €1 million because of vacancies in 2019, there was a non-pay excess of €3 million in respect of an international investment campaign focused on delivering the message that Ireland is open for business post Brexit.

A.6 NSAI – grant for administration and general expenses

Estimate provision: €6.646 million, outturn: €5.854 million

The underspend of €792,000 was primarily due to savings on the NSAI's 2019 pay allocation and reflected difficulties and delays on filling a number of staffing vacancies in the Authority.

A.7 Enterprise Ireland

Estimate provision: €153.077 million, outturn: €119.431 million

The outturn was €33.646 million less than originally provided due to additional contribution by Enterprise Ireland (EI) to its own capital programme, a slower than expected drawdown on its Regional Enterprise Development Fund, delays in receiving grant claims and delays in the drawdown from its Seed and Venture Capital Programme. EI's additional contribution to its capital programme was a result of unanticipated increase in the own resource income that it generated in 2019.

A.9 Temporary partial credit guarantee scheme

Estimate provision: €500,000, outturn: €341,000

The allocation of €500,000 is to cover claims under the Scheme and operator costs for the year. As operator of the Credit Guarantee Scheme, the Strategic Banking Corporation of Ireland is required to hold insurance. During the year, the operator of the Scheme reduced the proportion of its overall costs allocated to the Credit Guarantee Scheme. This reduced the operational costs for the year.

A.10 Matching funding for INTERREG

Estimate provision: €3 million, outturn: €4.277 million

Accurate forecasting for INTERREG can be problematic because it is a multiannual (seven-year) programme and the Special EU Programmes Body (SEUPB, the managing authority) are working with different accounting years that do not match up. The projects in the early years of the current round of the programme were slow to get off the ground due to political uncertainty concerning Brexit. This had a knock on effect on the drawdown of funds. Whilst all projects are now underway, the delay has meant that the funding required in the later years of the programme has had to be increased. However DBEI's total funding commitment of €21 million for the seven year period of the current programme has not changed.

A.11 Subscription to international organisations, etc.

Estimate provision: €1.84 million, outturn: €2.122 million

There was an increase in Ireland's membership fee paid to the World Trade Organisation (WTO) because the fee is calculated on the basis of a member's share of total value of trade, which in Ireland's case has continued to increase.

A.13 Legal costs and other services

Estimate provision: €155,000, outturn: €13,000

It is prudent vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was less than has been estimated.

A.14 Future Growth Loan Scheme

Estimate provision: €6 million, outturn: €8.031 million

The excess spend of €2.031 million reflects the fact that the uptake of the Future Growth Loan Scheme far exceeded expectations.

Programme B Innovation

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay		7,664	7,290	6,933
B.2	Administration – non pay		2,674	2,443	2,657
B.3	Patents Office		3,033	3,165	2,899
B.4	Science and Technology Development Programme				
	<i>Original</i>	316,674			
	<i>Deferred surrender</i>	6,800			
	<i>Supplementary</i>	2,550			
			326,024	326,034	317,362
B.5	Programme for Research in Third Level Institutions (PRTL I)				
	<i>Original</i>	24,300			
	<i>Supplementary</i>	1,999			
			26,299	26,299	18,300
B.6	Subscriptions to international organisations, etc.				
	<i>Original</i>	23,934			
	<i>Supplementary</i>	6,730			
			30,664	30,556	20,543
B.7	Commissions, committees and special inquiries		1	—	—
B.8	Legal costs and other services		160	4	3
B.9	Disruptive Technologies Innovation Fund		20,000	15,415	—
			416,519	411,206	368,697

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 €5.966 million greater than originally provided (inclusive of deferred surrender). This was mainly due to the following.

B.5 Programme for Research in Third Level Institutions (PRTL I)

Estimate provision: €24.3 million, outturn: €26.299 million

Additional funding of €1.999 million was used to discharge outstanding liabilities owed under cycle 5 of the PRTL I Programme.

B.6 Subscriptions to international organisations, etc.

Estimate provision: €23.934 million, outturn €30.556 million

The excess of €6.6 million was due to an additional provision of €5 million provided to support programs under the European Space Agency and also an additional €1.7 million to support additional programmes under the European Southern Observatory. This excess was slightly offset by an underspend of €100,000 on a number of other organisations e.g. European Molecular Biology Conference.

B.8 Legal costs and other services

Estimate provision: €160,000, outturn: €4,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

B.9 Disruptive Technologies Innovation Fund

Estimate provision: €20 million, outturn: €15.415 million

This fund is one of the headline funds identified under the National Development Plan. The fund which is intended to be a €500 million fund over the lifetime of NDP, is focused on transforming business models through technology in a broad range of areas and disciplines and will focus on driving collaboration between Ireland's research and industry base. The complex nature of the fund, involving almost 100 partners, resulted in contract discussions taking longer than anticipated. Consequently, several projects did not commence in 2019 as had been expected.

Programme C Regulation

		Estimate provision		2019	2018
		€000	€000	Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	<i>Original</i>	11,261			
	<i>Supplementary</i>	<u>(235)</u>			
			11,026	10,504	9,894
C.2	Administration – non pay		3,456	3,516	3,316
C.3	Workplace Relations Programme				
	<i>Original</i>	19,120			
	<i>Supplementary</i>	<u>(1,115)</u>			
			18,005	18,066	17,554
C.4	Grants for trade union education and advisory services – cash-limited		900	900	900
C.5	Health and Safety Authority – grant for administration and general expenses				
	<i>Original</i>	19,783			
	<i>Supplementary</i>	<u>(375)</u>			
			19,408	19,297	19,075
C.6	Trade union amalgamations		60	—	—
C.7	Office of the Director of Corporate Enforcement				
	<i>Original</i>	6,057			
	<i>Supplementary</i>	<u>(1,400)</u>			
			4,657	4,300	3,702

C.8	Competition and Consumer Protection Commission				
		<i>Original</i>	12,577		
		<i>Supplementary</i>	(500)		
				12,077	11,842
					11,457
C.9	Personal Injuries Assessment Board				
		<i>Original</i>	115		
		<i>Supplementary</i>	251		
				366	408
C.10	Consumer support			70	67
C.11	Companies Registration Office and Registry of Friendly Societies – grant for administration and general expenses				
		<i>Original</i>	7,875		
		<i>Supplementary</i>	(850)		
				7,025	7,064
C.12	Irish Auditing and Accounting Supervisory Authority			2,112	1,442
C.13	Subscriptions to international organisations, etc.			1,320	1,118
C.14	Commissions, committees and special inquiries			256	80
C.15	Legal costs and other services			849	96
				81,587	78,700
					76,001

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 €7.111 million lower than originally provided. This was due mainly to the following

C.3 Workplace Relations Programme

Estimate provision: €19.12 million, outturn: €18.066 million

The underspend of €1.054 million was due to a number of factors including the following:

- an underspend in relation to the superannuation & pensions for members of the Labour Court was due to a provision being made for the payment of pensions and gratuities in respect of members who were eligible for retirement but who did not opt for retirement in 2019
- an underspend in relation to the Labour Court was due to the difficulties filling a number of vacancies that arose during the year
- with the establishment of the Workplace Relations Commission in October 2015, the Employment Appeals Tribunal (EAT) ceased to accept new claims and appeals. These historic cases have been put on hold by one or both parties due to proceedings in the Higher Courts, which has constrained the EAT in concluding same, resulting in an underspend in 2019

- the 2019 WRC pay saving arose due to delayed recruitment of adjudicators, staff vacancies and slower than expected arrival of An Garda Síochána within the remit of the WRC.

C.7 Office of the Director of Corporate Enforcement

Estimate provision: €6.057 million, outturn: €4.3 million

The underspend of €1.76 million was due to a number of staff retirements and delays in replacing staff that transferred out of the Office of the Director of Corporate Enforcement. In addition, in the non-pay allocation for the year there was an underspend relating to the legal costs associated with case work. The costs arising during the year in this respect were less than anticipated although some will fall to be paid in 2020. Additionally, provision was made in the Office's 2019 allocation to allow for the establishment of the ODCE as a statutory independent agency. Due to the delay in progressing the legislation through the Oireachtas to establish the new Agency on a statutory footing, the allocated provision was not required in 2019.

C.8 Competition and Consumer Protection Commission

Estimate provision: €12.577 million, outturn: €11.842 million

The underspend of €735,000, included savings on pay due to difficulties in filling vacancies and a number of seconded staff returning to their parent body. This underspend was offset to some degree by an excess of expenditure in non-pay administration costs, which was principally due to Brexit related communications, ICT updates, additional expenditure on legal cases and an increase in rental costs.

C.9 Personal Injuries Assessment Board

Estimate provision: €115,000, outturn: €408,000

The excess of €293,000 arose because of unexpected retirements during 2019 which had not been factored into the Board's 2019 allocation.

C.11 Companies Registration Office and Registry of Friendly Societies

Estimate provision: €7.875 million, outturn: €7.064 million

The underspend of €811,000 was made up of savings of €273,000 in pay and €538,000 in non-pay. The €273,000 pay underspend was principally due to difficulties and delays in recruiting. The €538,000 non-pay underspend was principally due to a number of factors including:

- the delay in the implementation of the Register of Beneficial Ownership
- delays in progressing the Office's ICT Refresh Project
- savings in areas such as cleaning/security, advertising and enforcement letters.

C.12 Irish Auditing and Accounting Supervisory Authority

Estimate provision: €2.112 million, outturn: €1.442 million

The underspend of €670,000 was due to the estimate being based on IAASA having a full complement of staff to carry out its statutory functions. However, delays were experienced in recruiting certain grades of staff in 2019 which resulted in a saving on the subhead.

C.13 Subscriptions to international organisations, etc.

Estimate provision: €1.32 million, outturn: €1.118 million

The contribution for membership to the International Labour Organisation is paid for in Swiss Francs and a weak exchange rate against the Euro resulted in savings.

C.14 Commissions, committees and special inquiries

Estimate provision: €256,000, outturn: €80,000

The underspend of €176,000 principally arose due to:

- reduced activity by Joint Labour Committees resulting in an underspend of €66,000
- the Company Law Review Group was only reconstituted in July 2018 with a consequent drop in the number of plenary and subcommittee meetings. This together with savings in the cost of legal research work resulted in an under spend of €64,000
- miscellaneous savings by Business Regulation Group, Sales Law Review Group, Future of Work Initiative (EAT research projects) and Company Law Inquiries resulted in further underspend of €46,000.

C.15 Legal costs and other services

Estimate provision: €849,000, outturn: €96,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
Employment Rights and Industrial Relations			
1 Receipts from the Social Insurance Fund	250	162	379
2 Employment permit fees	11,000	13,517	10,761
3 Employment agency licenses	355	411	396
4 WRC fixed penalty notices	22	6	16
5 WRC court award costs	20	26	15
Insurance and Company Law			
6 Companies Registration Office	16,200	17,567	19,189
7 Registry of Friendly Societies	45	46	43
Trade, Competition and Market Rights			
8 Receipts under the Trade Marks Act 1963 and Patents Act 1964	9,000	9,873	9,858
9 Occasional trading licenses	1	—	—
10 Competition and Consumer Protection Commission	508	523	550
11 Merger notifications	320	376	752
Other			
12 ODCE legal	50	1	8
13 Miscellaneous	200	326	998
14 Enterprise policy ^a	5,675	5,764	3,568
15 Competition and Consumer Protection Commission ^b	2,077	1,884	1,591
16 PIAB superannuation	1,133	1,129	1,189
17 HSA superannuation	306	—	176
18 Temporary Loan Guarantee Scheme	500	415	524
19 Expert Group on Future Skills Needs	507	453	460
20 Receipts from additional superannuation contributions on public service remuneration ^c	5,103	6,498	7,252
Total	53,272	58,977	57,725

- Notes
- a Enterprise policy shows amounts received from current and former enterprise agencies in relation to staff pension contributions and INTERREG-ERDF reimbursement. The agencies are InterTrade Ireland, IDA, EI, SFI and the former SFADCo.
 - b Receipts under this line are in part-recoupment of the expenditure under subhead C.8.
 - c The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Significant variations

Overall, appropriations-in-aid were €5.705 million more than the original estimate. Explanations for variances are set out below:

2 Employment permit fees

Estimate: €11 million, realised: €13.517 million

The excess of €2.517 million in receipts was due to the fact that there was an increase of approximately 22% in the total number of permits issued. There was also an increase of 13% in applications received compared to 2018. This reflects the growing demand from industry in meeting skills shortages.

6 Companies Registration Office

Estimate: €16.2 million, realised: €17.567 million

The excess of €1.367 million in receipts was due to a combination of reasons principally an increase in companies being incorporated together with a higher level of compliance.

8 Receipts under the Trade Marks Act 1963 and Patents Act 1964

Estimate: €9 million, realised: €9.873 million

The increase of €873,000 was primarily due to fee income from the renewal of European patent applications being greater than anticipated.

13 Miscellaneous

Estimate: €200,000, realised: €326,000

Due to the nature of miscellaneous receipts it is difficult to accurately estimate such receipts in any one year. A significant portion of the receipts (€179,587) related to the Patents Office's participation in some European Patent Office and European Intellectual Property Office co-operation activities and programmes.

15 Competition and Consumer Protection Commission (CCPC)

Estimate: €2.077 million, realised: €1.884 million

The shortfall of €275,000 was primarily due to the carrying forward of a significant surplus of levy funds collected in 2018. The legislation providing for the imposition of levies by the CCPC (Central Bank (Reform) Act 2010) provides for the carrying forward of any deficit or surplus from one year into the next. The shortfall was offset by an €82,000 increase in payroll costs due to the need to recruit additional staff to replace those that returned to the Central Bank.

17 HSA superannuation*Estimate: €306,000, realised: €nil*

The shortfall arose as the HSA did not remit any superannuation contribution to the Department in 2019. The Authority experienced a number of retirements during the year and it used the superannuation contributions due to be remitted to the Department to finance the lump sums of those retirees.

20 Receipts from additional superannuation contributions on public services remuneration*Estimate: €5.103 million, realised: €6.498 million*

The 2019 estimate provision was reduced from the 2018 provision to reflect the fact that additional superannuation contribution (ASC), which replaced pension related deduction, only applies to pensionable remuneration rather than all remuneration as was the case for PRD. Additionally, the ASC has more variable contribution threshold bands, which were also expected to result in reduced returns. The actual amount collected exceeded the expectation due to the increases in the numbers employed by the Department/agencies and the resultant reduced vacancy rates.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	190
Local Enterprise Offices – current ^a	131	89
Local Enterprise Offices – capital	—	2
Personal Injuries Assessment Board (PIAB) ^b	9,000	—
IAASA – excess payroll recoupment	—	180
Miscellaneous	—	8
Transferred to the Exchequer	(9,131)	(469)
Balance as at 31 December	<u>—</u>	<u>—</u>

Notes ^a Local Enterprise Offices (LEO) – current: this related to unused funds for subhead A.8 and LEO pension monies in 2018.

^b PIAB generates its funding income from fees charged to claimants and respondents. In accordance with an audit recommendation, the PIAB (Amendment) Act 2019 set out the policy of revenue reserves to be followed by PIAB. The Act also obliges PIAB to submit monies in excess of its prescribed reserves threshold to the Minister for the benefit of the exchequer. In advance of the final determination of PIAB's requisite revenue reserves threshold, the sum of €9 million was forwarded to the Department in recognition of PIAB's legal obligation under the 2019 Act.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end		
Department and offices:		
Department	475	468
Patents Office	42	43
Workplace Relations Commission	174	175
Office of Director of Corporate Enforcement	35	39
Companies Registration Office	115	106
Labour Court	31	31
	872	862
Agencies ^a	1,615	1,543
	2,487	2,405

^a Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that, aside from a pension provision, is not in direct receipt of Exchequer funding.

5.2 Pay

Department, offices and agencies	2019	2018
	€000	€000
Pay	164,724	157,074
Higher, special or additional duties allowance	2,467	867
Other allowances	3,450	2,535
Overtime	896	436
Employer's PRSI	11,764	9,196
Total pay	183,301	170,108

The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11 and C.12.

5.3 Department

	2019	2018
	€000	€000
Pay ^{a, b}	44,865	43,514
Higher, special or additional duties allowance	671	705
Other allowances	750	905
Overtime	342	282
Employer's PRSI	3,186	2,915
Total pay ^c	49,814	48,321

- Note ^a Includes pension payments to 25 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).
- ^b Excludes fees paid to office holders who are not employees of the Department e.g. adjudicators.
- ^c Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7 and C.11). The amount included for pay in Note 1 refers to administrative subheads only.

5.4 Allowances and overtime payments – Department staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2019 €	Highest individual payment 2018 €
Higher, special or additional duties	104	8	48,086	44,088
Other allowances	81	12	79,911	95,675
Overtime	157	7	18,207	12,119
Extra remuneration in more than one category	26	11	47,240	45,225

5.5 Agencies

The agencies included here are the Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, InterTrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

The pay expenditure of the agencies is not a direct financial transactions of the Department and as such the Department does not hold detailed pay and allowance information in respect of agency staff. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2019	2018
	€000	€000
Pay	119,859	113,560
Higher, special or additional duties allowances	1,796	162
Other allowances	2,700	1,630
Overtime	554	154
Employer's PRSI	8,578	6,281
Total pay	133,487	121,787

5.6 Allowances and overtime payments – Agency staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2019 €	Highest individual payment 2018 €
Higher, special or additional duties	53	4	44,212	34,977
Other allowances	269	27	31,462	33,662
Overtime	59	4	27,803	24,862
Extra remuneration in more than one category	7	2	16,757	25,393

5.7 Other remuneration arrangements

A company car was provided to the CEO of Enterprise Ireland.

This account includes expenditure of €45,367 in respect of one officer who was serving outside the Department for 2019 and whose salary was paid by the Department.

5.8 Payroll overpayments

	Number of recipients	2019 €	2018 €
Overpayments	85	235,712	256,243
Recovery plans in place	4	4,697	1,914

Four overpayment recovery plans in respect of three individuals to the value of €4,697 were transferred to the Property Registration Authority, the Oireachtas and the Department of Foreign Affairs and Trade in the year.

5.9 Severance payments/redundancy

There were no severance or redundancy payments made by the Department in 2019.

Note 6 Miscellaneous

6.1 EU funding

In addition to grants from the Vote, the Department, the Patents Office and the following bodies under the aegis of the Department received EU aid directly in 2019 as shown below:

Subhead	Description	2019	2018
		Outturn	Outturn
		€	€
A.4	InterTrade Ireland	395,528	609,237 ^a
A.10	Matching funding for INTERREG	2,215,347	878,029 ^a
B.3	Patents Office	269,635	243,557
B.4	Science Foundation Ireland	249,314	328,008
B.4	Enterprise Ireland	4,287,024	890,188 ^a
C.5	Health and Safety Authority	16,528	6,916
		7,433,376	2,955,935

Note ^a figures restated for 2018

6.2 Commissions, committees and special inquiries

	Year of establishment	2019	2018
		Outturn	Outturn
		€	€
Permanent/open-ended			
Joint Labour Committees	1946	16,809	7,169
Company Law Review Group	2000	36,658	59,447
The Future of Work Initiative	2017	13,769	1,260
Sales Law Review Group	2009	—	72
Departmental Audit Committee	2004	2,771	5,400
Business Regulation Group	2006	10,186	11,287
		80,193	84,635

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Legal costs awarded €000	Compensation awarded €000	2019	2018
					Total €000	Total €000
Claims by employees against:						
Department	1	—	—	5	5	199
Claims by members of the public against:						
Labour Court	1	15	—	—	15	308
Employment permits	2	—	—	57	57	107
Companies Registration Office	—	—	—	—	—	58
	4	15	—	62	77	672

6.4 Employment and training levy

The Employment and Training Levy set at 1% of an individual's total income with some exceptions, was abolished with effect from 6 April 1999. The Department of Business, Enterprise and Innovation continues to receive amounts relating to historical payments of the levy. The Employment and Training levy is collected by the Office of the Revenue Commissioners and paid over to the Department of Business, Enterprise and Innovation on a monthly basis. The moneys are in turn paid over to the Exchequer.

Statement of payments made in accordance with Section 25 (1) of the Labour Services Act 1987.

	2019 €	2018 €
Received from Revenue Commissioners	25,963	—
Paid into the Exchequer	25,963	—

Appendix A Accounts of bodies and funds under the aegis of the Department of Business, Enterprise and Innovation

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates 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
IDA Ireland	2018	31 May 2019	31 May 2019	25 Jun 2019
National Standards Authority of Ireland	2018	18 Jun 2019	18 Jun 2019	28 Jun 2019
Enterprise Ireland	2018	21 Jun 2019	24 Jun 2019	29 Jul 2019
Science Foundation Ireland	2018	26 Jun 2019	2 Jul 2019	18 Jul 2019
Health and Safety Authority	2018	24 Oct 2019	16 Dec 2019	19 Dec 2019
Competition and Consumer Protection Commission	2018	30 Sep 2019	15 Oct 2019	24 Oct 2019
Personal Injuries Assessment Board	2018	4 Jun 2019	13 Jun 2019	15 Jul 2019
Irish Auditing and Accounting Supervisory Authority	2018	31 May 2019	10 Jul 2019	17 Jul 2019
InterTrade Ireland	2018	5 Jul 2019	8 Jul 2019	29 Nov 2019