



Appropriation Account 2013

Vote 21

Prisons

Introduction

As Accounting Officer for Vote 21, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2013 for the salaries and expenses of the Prison Service, and other expenses in connection with prisons, including places of detention; for probation services; and for payment of a grant-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.02 million is liable for surrender to the Exchequer.

The appropriation account in previous years contained an appendix relating to an Abstract Statement of the Manufacturing Accounts in the Prisons. Traditional manufacturing activities have declined in recent years in the prisons and are now a relatively minor part of the overall work training programme. Therefore, it was considered that the administrative resource requirement for this system within the prisons was no longer justified. As a result, sanction was obtained to remove the requirement to produce this appendix for the 2013 appropriation account.

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 except for the following:

Land and Buildings

The Minister for Justice and Equality owns 14 prisons and places of detention, as well as property at Beladd Park and Thornton Hall.

Land was valued at open market value by the OPW valuation section during 2009. Land at Thornton Hall has been valued at purchase price.

The basis for valuing prison buildings – average replacement cost per cell – remains unchanged. Prisons land and buildings will be revalued every 5 years with the assistance of the OPW valuation section – the next planned revaluation is 2014. Buildings are not depreciated in the years between revaluations, on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition. With the exception of land and buildings, all other capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

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 Irish Prison Service.

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.

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 Prison Service
- There are systems aimed at ensuring the security of the ICT systems
- There are appropriate capital investment control guidelines and formal project management disciplines
- The Prison Service 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 Prison Service is compliant with the exception of thirteen contracts to a value of €786,764. These are included on the Circular 40/2002 return. In total, six of these contracts (€435,576) have now had contracts put in place. In four cases, the service was a once off purchase and the supplier has been closed on the finance system, and in a further case the tender competition is currently underway. Tender specifications are being prepared for the remaining two cases (€74,849).

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Brian Purcell

Accounting Officer

Department of Justice and Equality

31 March 2014

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 21 Prisons

I have audited the appropriation account for Vote 21 Prisons for the year ended 31 December 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in the Prison Service 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 21 Prisons for the year ended 31 December 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Prison Service. The appropriation account is in agreement with the books of account.

Non compliance with procurement rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013.

Seamus McCarthy
Comptroller and Auditor General

13 August 2014

Vote 21 Prisons

Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison	328,538	321,631	334,573
Gross expenditure	328,538	321,631	334,573
<i>Deduct</i>			
B Appropriations-in-aid	17,147	16,664	17,768
Net expenditure	311,391	304,967	316,805

Surplus for surrender

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 spending the following year.

	2013	2012
	€	€
Surplus	6,424,477	1,009,846
Deferred surrender	2,400,000	—
Surplus to be surrendered	<u>4,024,477</u>	<u>1,009,846</u>

Analysis of administration expenditure

		2013		2012
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	235,600	237,310	237,807
ii	Travel and subsistence	1,816	1,931	2,005
iii	Training and development and incidental expenses	4,060	2,526	3,641
iv	Postal and telecommunications services	2,900	2,878	2,752
v	Office equipment and external IT services	4,780	6,212	5,234
vi	Consultancy services and value for money and policy reviews	100	5	—
		249,256	250,862	251,439

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	70,769	83,134
Pay	237,310	237,807
Non pay	13,552	13,632
Gross expenditure	321,631	334,573
<i>Deduct</i>		
Appropriations-in-aid	16,664	17,768
Net expenditure	304,967	316,805
Changes in capital assets		
Purchases cash	(8,550)	
Depreciation	3,197	
Disposals cash	2	
Loss on disposals	62	(55)
Changes in assets under development		
Cash payments	(7,149)	(21,422)
Changes in net current assets		
Increase in closing accruals	316	
Decrease in stock	73	
	389	(2,420)
Direct expenditure	292,918	292,908
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	35,247	39,560
Net programme cost	328,165	332,468

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 21 borne elsewhere.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 135	—
Vote 12 Superannuation and Retired Allowances	e 33,673	38,003
Vote 13 Office of Public Works	e 140	224
Vote 24 Justice and Equality - Financial Shared Services Centre	e 1,299	1,333
	<u>35,247</u>	<u>39,560</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	834,257	822,329
Capital assets under development	2.3	3,956	2,655
		838,213	824,984
Current assets			
Bank and cash	2.4	8,782	7,231
Stocks	2.5	1,130	1,203
Prepayments		529	108
Accrued income		96	111
Other debit balances	2.6	894	1,006
Total current assets		11,431	9,659
Less current liabilities			
Net liability to the Exchequer	2.8	2,423	(61)
Accrued expenses		5,682	4,960
Other credit balances	2.7	7,253	8,298
Total current liabilities		15,358	13,197
Net current liabilities		(3,927)	(3,538)
Net assets		834,286	821,446
Represented by:			
State funding account	2.1	834,286	821,446

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		821,446	797,549
Disbursements from the Vote			
Estimate provision	Account	311,391	
Deferred surrender		(2,400)	
Surplus to be surrendered	Account	(4,024)	
Net vote		304,967	316,805
Expenditure (cash) borne elsewhere	1	35,247	39,560
Transfer from Department of Justice and Equality	2.2	791	—
Net programme cost	1	(328,165)	(332,468)
Balance at 31 December		834,286	821,446

2.2 Capital Assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Motor Vehicles €000	Total €000
Gross assets					
Cost or valuation at 1 January 2013	814,993	69,448	830	8,446	893,717
Additions	12,514	1,601	—	283	14,398
Transfer in ¹	791	—	—	—	791
Disposals	—	(792)	(19)	(176)	(987)
Cost or valuation at 31 December 2013	828,298	70,257	811	8,553	907,919
Accumulated depreciation					
Opening balance at 1 January 2013	—	63,829	628	6,931	71,388
Depreciation for the year	—	2,530	35	632	3,197
Depreciation on disposals	—	(769)	(19)	(135)	(923)
Cumulative depreciation at 31 December 2013	—	65,590	644	7,428	73,662
Net assets at 31 December 2013	828,298	4,667	167	1,125	834,257
Net assets at 31 December 2012	814,993	5,619	202	1,515	822,329

¹ An asset consisting of land adjacent to the Thornton site with a cost of €791,150 was transferred from the Department of Justice and Equality Vote. There is no depreciation charge transferred in with this asset as land is revalued every five years in this Vote and it has been included at original purchase price.

2.3 Capital Assets under Development

at 31 December	Construction Contracts	
	2013 €000	2012 €000
Amounts brought forward at 1 January	2,655	30,439
Cash payments for the year	7,149	21,422
Transferred to asset register	(5,848)	(49,206)
Balance at 31 December	3,956	2,655

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
	PMG balances and cash	8,782
Orders outstanding	—	(168)
	8,782	7,231

2.5 Stocks

at 31 December	2013 €000	2012 €000
	Uniforms and clothing	1,047
Furniture and maintenance material	15	58
Miscellaneous	68	101
	1,130	1,203

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Imprests	443	728
Payroll suspense account (Paypath)	229	—
Other debit suspense items	222	278
	<u>894</u>	<u>1,006</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	3,976	3,979
Pay Related Social Insurance	1,682	1,608
Retention Tax	357	188
Value Added Tax	547	581
Construction Tax	—	3
Tax deducted from pension contribution refunds	—	1
	<u>6,562</u>	<u>6,360</u>
Payroll deductions held in suspense	593	1,937
Other credit suspense items	98	1
	<u>7,253</u>	<u>8,298</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	4,024	1,010
Deferred surrender	2,400	—
Exchequer grant undrawn	(4,001)	(1,071)
Net liability to the Exchequer	<u>2,423</u>	<u>(61)</u>

Represented by:**Debtors**

Bank and cash	8,782	7,231
Debit balances: suspense	894	1,006
	<u>9,676</u>	<u>8,237</u>

Creditors

Due to State	(6,562)	(6,360)
Credit balances: suspense	(691)	(1,938)
	<u>(7,253)</u>	<u>(8,298)</u>
	<u>2,423</u>	<u>(61)</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(a) Global Commitments

Total of legally enforceable commitments	3,580	4,807
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(b) Multi-Annual Capital Commitments

	Expenditure to 31 December 2012 €000	Expenditure in 2013 €000	Subsequent years €000	Project total 2013 €000	Project total 2012 €000
New Cork Prison	302	2,034	38,340	40,676	—

The figure for subsequent years expenditure represents commitments where formal contracts were entered into at 31 December 2013.

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2012 to 2013.

Description	Amount of increase €000	Explanation
New Cork Prison	40,465	The contract for the construction project to build a new prison was signed in 2013. The commitment of €210,556 noted in 2012 referred to contracted consultant fees only.

2.10 Matured Liabilities

There were no matured liabilities undischarged at year end (2012: €6,231).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison.			
A.1	Administration – pay	235,600	237,310	237,807
A.2	Administration – non pay	13,656	13,552	13,632
A.3	Buildings and equipment	34,188	24,584	35,371
A.4	Prison services, etc.	40,206	40,817	42,504
A.5	Manufacturing department and farm	—	—	697
A.6	Educational services	1,265	1,307	1,234
A.7	Compensation	2,873	3,978	3,270
A.8	Social disadvantage measures (Dormant Accounts Fund)	750	83	58
		328,538	321,631	334,573

Significant variations

Overall, the gross expenditure in relation to the Programme was €6.9 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	104	Savings arose in training and development and incidental expenses due to strict budgetary control coupled with a change in the delivery schedules for Prison Officer uniform packs. The overspend in the provision of IT and telecommunications equipment was as a result of an upgrade to the Windows 7 operating system which required PC replacements across the service.
Buildings and equipment	9,604	The savings in this subhead arose mainly due to less expenditure than originally planned arising in respect of large construction projects in Cork and Limerick. This was mainly due to the complexities of the business case planning and procurement processes for the projects in question. A sum of €2.4 million has been carried forward to 2014 under the deferred capital provisions.
Compensation	(1,105)	The excess arose due to the difficulty of predicting the precise amount of awards under this category based on expenditure patterns over the last 5 years. In 2013 there was an increase in compensation payments to prisoners and civilians.
Social disadvantage measures (Dormant Accounts Fund)	667	Disbursements under the Dormant Accounts Fund are administered by POBAL. The timing of expenditure is difficult to anticipate as it is dependent on the rate of progress in funded projects. The budget under this subhead has been reduced to €250,000 in 2014.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from manufacturing department and farm (including produce used in prisons)	—	—	1,093
2. European Social Fund	5	—	—
3. Proceeds from the sale of prison property	—	—	—
4. Miscellaneous	704	321	381
5. Dormant account receipts	750	83	58
6. Receipts from pension - related deduction on public service remuneration	15,688	16,260	16,236
Total	17,147	16,664	17,768

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
Miscellaneous	383	By its nature, it is difficult to predict what level of receipts will be received under this category
Dormant account receipts	667	Receipts from the Dormant Accounts Fund are linked directly to expenditure under Subhead A.8. Because projects did not proceed as anticipated, higher receipts could not be drawn. The budget has been reduced to €250,000 in 2014.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	3,433	3,433
	2013	2012
	€000	€000
Pay	140,669	139,644
Higher, special or additional duties allowance	492	722
Other allowances	47,961	48,822
Extra attendance and overtime	32,791	33,436
Employer's PRSI	15,397	15,183
Total Pay	237,310	237,807

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	132	7	12,090	16,229
Extra attendance and overtime	3,141	1,796	28,704	26,230
Shift and roster allowances	2,982	552	19,003	17,329
Miscellaneous	3,276	238	21,881	15,915

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €53,347 was paid to 13 retired civil servants in receipt of civil service pensions, ranging from €150 to €20,400, who were re-employed on various duties during 2013. A total of €29,150 was paid to eight retired members of An Garda Síochána, who were re-employed on specific duties during 2013. Appropriate procedures were in place with regard to payments to retired staff in accordance with the Pensions (Abatement) Act 1965.

6 Miscellaneous

6.1 Prison Population

The estimated daily average number of prisoners in 2013 was 4,158 (4,318 in 2012).

6.2 Compensation and Legal Costs

The account includes expenditure in relation to compensation and legal costs made to prisoners, staff and members of the public. The table below shows a breakdown of these costs.

				2013	2012
	Number of cases	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000
Claims by prison staff					
Civil claims for injuries received while on duty and other issues involving prison staff	74	465	427	892	776
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	48	827	—	827	1,687
Claims by prisoners					
Claims arising out of injuries and other actions involving prisoners	118	743	727	1,470	723
Claims by members of the public					
	16	616	167	783	81
		2,651	1,321	3,972	3,267

At 31 December 2013, the State Claims Agency recorded 585 claims as outstanding. There were also nine cases outstanding, where awards were made and accepted, in relation to the Criminal Injuries Compensation Tribunal.

6.3 Prisoner Funeral Expenses

Ex gratia payments totalling €6,447 were made towards the funeral expenses of four prisoners who died in prison.

6.4 Prisoner Assist Programme Fund

In the course of carrying out its statutory function, the Irish Prison Service operates bank accounts under the Prisoner Assist Programme Fund (PAPF). Each prison operates a PAPF account for their prisoners to finance prisoner hardship projects. These bank accounts are accounted for separately and do not form part of this account as they do not relate to Voted funds; they are funded from prisoners' funds.