Comptroller and Auditor General

Appropriation Accounts 2016

September 2017

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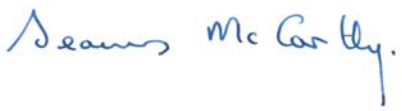
Appropriation Accounts 2016

Section 3 (11) of the Comptroller and Auditor General (Amendment) Act 1993 requires me, upon the completion of my audit of the appropriation accounts, to present to Dáil Éireann a copy of each such account together with my certificate thereon.

I hereby present, pursuant to the foregoing provision, the said accounts and certificates for the year ended 31 December 2016.



Seamus McCarthy
Comptroller and Auditor General

29 September 2017

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Part 1 — Preface

Background to the Appropriation Accounts

Dáil Éireann provides money for the ordinary services of Government department and offices, both capital and non-capital, by

- approving estimates for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

Expenditure is provided for under 'Votes', with one or more covering the functions of each department or office. The first part of the estimate for each Vote (referred to as the ambit) provides an outline of the services to be financed. The ambit is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

At the end of each financial year, each department or office is required to prepare an account, known as the appropriation account, for each voted service administered by it. The statutory requirement is for the appropriation account to provide details of the outturn for the year against the amount provided by Dáil Éireann, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

In addition to providing the statutory financial information on a cash-accounting basis, each appropriation account sets out some accrual-based information, in notes to the account.

- Note 1 presents an operating cost statement that gives information on the cost of the service for the year.
- Note 2 presents a balance sheet, with related explanatory notes, giving information on the financial position of the service at year-end. This includes information on expenditure commitments and on the actual position of the voted service *vis-à-vis* the Exchequer at year-end i.e. the net liability to the Exchequer.
- Other standard notes to the account provide information on: expenditure by programme (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Information on any other relevant matters is presented in Note 6 (miscellaneous) and Note 7 (fund reports).

Accountability and Audit Arrangements

The respective duties of Accounting Officers and the Comptroller and Auditor General are as outlined below.

Duties of Accounting Officers in relation to Appropriation Accounts

An Accounting Officer is the head of a Government department or office to whom the Minister for Public Expenditure and Reform has assigned, in accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the duty of preparing the annual appropriation account for each Vote under his/her charge. By law, the accounts must be submitted to the Comptroller and Auditor General by 31 March following the end of the year of account. The appropriation accounts must comply with the requirements of the Department of Public Expenditure and Reform's *Public Financial Procedures,* and with other directions of the Minister for Public Expenditure and Reform.

Accounting Officers are also responsible for the safeguarding of public funds and property under their control, for the efficiency and economy of administration in their departments/offices and for the regularity and propriety of all transactions recorded in the appropriation accounts.

Duties of the Comptroller and Auditor General in relation to Appropriation Accounts

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for the Comptroller and Auditor General to audit the appropriation accounts for the previous financial year prepared by the departments and offices.

In the discharge of his duty, the Comptroller and Auditor General must perform such tests as he considers appropriate for the purpose of the audit.

Upon completion of the audit, he is obliged to attach to each account a certificate stating whether, in his opinion, the account properly presents the receipts and expenditure related to the Vote concerned and 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.

He also draws attention to any material case in which the statement on internal financial control prepared by the Accounting Officer is misleading or inconsistent with other information of which the Comptroller and Auditor General is aware from the audit of the appropriation accounts.

Basis of the Comptroller and Auditor General's opinion on the appropriation accounts

The Comptroller and Auditor General plans and performs his audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation. This includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the appropriation account and an assessment of whether the accounting provisions of *Public Financial Procedures* have been complied with.

The audit is conducted in order to provide sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts have been applied for the purposes intended by Dáil Éireann and conform to the authorities which govern them. In forming the opinion, the overall adequacy of the presentation of the information in the appropriation accounts is evaluated.

Reporting on matters arising from audit

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, the Comptroller and Auditor General has the additional duty of preparing, in each year, a report on such matters as he considers it appropriate to report arising from his audits of the appropriation accounts.

Certain matters arising from the audit of the appropriation accounts for 2016 are set out in a separate report entitled *Report on the Accounts of the Public Services 2016*. Where such matters have arisen, the certificates of opinion on the appropriation accounts refer to the relevant chapter(s) in that report.

Part 2 — Appropriation Accounts 2016

Statement of Accounting Policies and Principles

Basis of accounts

Appropriation accounts, showing the financial transactions of Government departments[1], are prepared in accordance with the Exchequer and Audit Departments Act 1866 (as amended by the Comptroller and Auditor General (Amendment) Act 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Reporting period

The reporting period is the year ended 31 December 2016.

Receipts

As a general rule, all revenues of the State are paid into the Central Fund.

Departmental receipts fall into two categories: they may be appropriated in aid of expenditure borne on a Vote or they may be surrendered directly to the Central Fund as Exchequer extra receipts. The approval of the Department of Public Expenditure and Reform should always be obtained before determining whether to treat a particular type of receipt as an appropriation-in-aid or an Exchequer extra receipt.

Appropriations-in-aid are receipts that may, under section 2 of the Public Accounts and Charges Act 1891, be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a department's business under the Vote.

The Department of Public Expenditure and Reform requires certain receipts of departments to be credited directly to the Exchequer as 'extra' receipts. In general, these are receipts that have no direct connection with the Vote expenditure or are 'windfall' receipts. Such extra receipts may not be used to meet expenditure from the Vote. Where they arise, they are reported in a note to the appropriation account (Note 4).

Departments are required to provide a breakdown of the Exchequer extra receipts and an explanation where the amounts are material in nature. In addition, departments are required to disclose both the amounts lodged to the Exchequer (or Sundry Moneys Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

Departments are also required to present the breakdown of the Exchequer extra receipts on an opening balance/closing balance basis.

1 In this statement, the term 'department' includes central Government departments, offices and agencies responsible for Vote management and accounting.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected, matured liabilities are outstanding at year end, therefore, the amount of such liabilities should be given in a note to the account (Note 2).

Where a department is acting as an agent for another department resulting in financial transactions between the principal and agent, the general rule is that the agent should put the transactions through suspense, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including

- an operating cost statement (Note 1), showing the total amount of resources consumed by the department in the year
- a balance sheet showing the department's assets and liabilities at year end (Note 2), and
- explanatory notes providing details regarding capital assets, capital assets under development, the net liability to the Exchequer, and commitments.

The balance sheet includes the position at year-end in relation to the following

- **Accrued expenses** — these represent all liabilities at the balance sheet date, with the exception of liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered, but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed.
- **Prepayments** — these are payments made during the year of account to meet expenses which will arise in a subsequent financial year.
- **Accrued income** — this is income due to the department at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the department during the year of account for goods/ services which it has yet to provide.

Capital assets

The opening and closing values of capital assets on a department's asset register and details of depreciation are shown by way of note to the balance sheet (Note 2).

The following are not included in the statement of capital assets

- assets worth less that €1,000 acquired since 1 January 2004; and/or
- heritage assets, the value of which cannot be adequately expressed in financial terms. (Heritage assets which can be valued should be included in the statement.)

Valuation of assets

Land and buildings

All lands and buildings owned by the State and controlled or managed by a department are included in the balance sheet (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account.

Where ownership of land and buildings is (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are included in the account for that Office. Otherwise, they appear in the account for the relevant department.

Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the department, but the ownership of the asset is noted in the department's account.

Departments that for technical reasons cannot provide valuations for State-owned lands and buildings controlled or managed by them should append to the appropriation account a schedule of these assets.

Equipment, furniture and fittings

Equipment, furniture and fittings are valued at cost.

Other assets

Where required, accounting policies in respect of valuation of other assets (e.g. specialised vehicles) are set out in the Accounting Officer's introduction to the appropriation account.

Depreciation

Land is not depreciated. Where relevant, buildings are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Equipment, furniture and fittings are depreciated on a straight-line basis at the following annual rates over their estimated useful lives:

- furniture and fittings, and telecommunications equipment — 10%
- IT equipment and software, scientific and laboratory equipment and other office machinery — 20%; and
- major operational software systems — 10%.

Where required, other capital items are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Capital assets under development

A statement on capital assets under development is provided as a note to the balance sheet. It shows cash payments on assets being developed within the department e.g. software development or construction projects, which were not yet recognised as assets at the start of the year of account.

Stocks

Consumables are stated at the lower of cost or departmental valuations.

Net liability to the Exchequer

The net liability to the Exchequer note shows the funding position of the Vote at the balance sheet date taking account of the surplus to surrender and issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is a contractual obligation (including capital project commitments) to pay on delivery for goods or services which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

A note provides figures for all (global) contractual commitments likely to materialise in the subsequent years under (a) procurement and (b) grant subheads, excluding commitments under €10,000. A separate note is provided giving details of any multi-annual capital commitments over €6,350,000. Where the commitment has changed by more than €500,000 (due to increased or decreased commitments) compared with the previous year, the reason for the movement should be explained.

Public Private Partnerships

Public Private Partnerships (PPPs) take a number of forms including design- build- operate (DBO); design- build- operate-finance (DBOF); design - build – operate -finance (DBOF) with a concession to levy users.

Typically under the contractual arrangements for its PPP projects, the State remunerates the private sector partner – subject to satisfactory performance – for some or all of the costs incurred in the design, build, operation, maintenance and/or financing of the asset, as appropriate. This remuneration generally takes the form of regular unitary payments to the private sector partner over the term of the contract and is made from a designated PPP capital subhead in departmental Votes. In some instances, the State may also pay a capital grant to the private sector partner over the construction period. In a concession project, the private sector is remunerated, in whole or in part, by user charges, such as tolls.

Contingent liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on Exchequer funds in the future. Contingent liabilities are disclosed by way of a note, unless the possibility of an outflow of resources is remote.

Superannuation

Superannuation payments for retired civil servants, Gardaí, teachers, army personnel and health service executive personnel are met on a pay-as-you-go basis from Votes 12, 20, 26, 35 and 38, respectively.

Superannuation paid to retired civil servants does not appear in the appropriation accounts of the department from which they retired, but as part of the expenditure of Superannuation and Retired Allowances – Vote 12. An estimate of the amount attributable to each department is provided by the Department of Public Expenditure and Reform and shown under the heading allied services, for the relevant Votes.

Foreign currency transactions

Transactions arising in foreign currencies are translated into euro at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the year-end rates of exchange.

Other notes to the accounts

General principles

In general, the other notes to the appropriation accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments, and extra remuneration. Except in the cases outlined below, notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

Where amounts lower than the threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Variations from grant

Note 3 shows the explanations of variations on outturn versus original estimate provision.

A note is provided where the variation relative to the original estimate provision (including any deferred capital funding) is:

- is €100,000 or more, and
- represents 5% or more of the subhead (25% in the case of administration subheads), or
- represents a significant variation from the original estimate provision that does not meet the above criteria but which warrants explanation.

Notes in relation to variations in the categories of appropriations-in-aid are included on a similar basis.

Extra remuneration

In the case of extra remuneration, the details given in Note 5 include the total number of recipients of extra remuneration in more than one category, the number of individuals that received €10,000 or more, and the maximum individual payment, if over €10,000.

The aggregate amount paid to individuals under the various headings is set out in 'total extra payments'.

Compensation and legal costs

The components of the legal costs in respect of cases in which the Department is or was involved should be disclosed .This does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation. In cases where cumulative legal costs incurred in the year of account exceed €50,000, (i.e. in situations where legal costs of cases have exceeded €50,000 in total, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the costs into

- legal costs paid by the Department
- legal costs awarded, and
- compensation awarded.

Late payments

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations 2012, information is supplied in Note 6 where

- the total of interest and compensation payments due was €10,000 or more
- or an individual payment was €10,000 or more.

Fraud or suspected fraud

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in Note 6 where

- the total of losses during the accounting period were €10,000 or more, or
- an individual loss was €10,000 or more, or
- for losses under €10,000, a serious issue of principle arises, or
- where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a disclosure should be made.

Commissions and special inquiries

Where relevant, Note 6 should include a statement of expenditure on each commission or special inquiry financed from the Vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account and prior year is shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment is shown.

Grant funds and miscellaneous accounts

Where relevant, accounts of grant funds financed from the Vote and of other miscellaneous accounts are presented in Note 7.

Appropriation Account 2016

Vote 1

President's Establishment

Introduction

As Accounting Officer for Vote 1, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Secretary General to the President, for certain other expenses of the President's Establishment and for certain grants.

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 €286,958 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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.

Heritage assets of the President’s Establishment are not valued as assets in these financial statements. The assets include furniture, works of art and sculptures. They have the characteristics of being inalienable, irreplaceable, and fragile and consequently there is no useful purpose in capitalising the assets in these statements.

Statement on Internal Financial Control

The President’s Establishment relies upon the Department of Finance for the provision of a payment function and accounting service.

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office of the President’s Establishment.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General of the Department of the Taoiseach. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR/payroll shared service.

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

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

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- 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 Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines.

Internal Audit and Audit Committee

An Audit Committee was in place for the Vote in 2016 but did not meet as the Chairman was indisposed. No internal audit work programme was agreed for 2016 due to the fact that the Audit Committee did not meet. A new chairman will be put in place in 2017.

The President's Establishment comes under the ambit of the internal audit function provided by the Department of the Taoiseach which has appropriately trained personnel and operates under a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function and its programme of work are subject to periodic review by me and the Audit Committee, which operates under the auspices of the Department of the Taoiseach.

Once the President's Establishment Audit Committee is up and running, it is expected that an internal audit of the Office will be scheduled.

Martin Fraser
Accounting Officer

14 September 2017

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 1 President's Establishment

I have audited the appropriation account for Vote 1 President's Establishment 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 1 President's Establishment 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 President's Establishment. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 1 President's Establishment
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	President's Establishment	2,642	2,456	2,153
B	Centenarians' bounty	1,275	1,152	1,145
	Gross expenditure	**3,917**	**3,608**	**3,298**
	Deduct			
C	**Appropriations-in-aid**	**106**	**84**	**100**
	Net expenditure	**3,811**	**3,524**	**3,198**

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	286,958	246,341

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,726	1,677	1,664
ii	Travel and subsistence	310	150	194
iii	Training and development and incidental expenses	295	302	122
iv	Postal and telecommunications services	86	90	81
v	Office machinery and other office supplies and related services	280	293	150
		2,697	2,512	2,211

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		1,096	1,087
Pay		1,677	1,664
Non pay		835	547
Gross expenditure		**3,608**	**3,298**
Deduct			
Appropriations-in-aid		**84**	**100**
Net expenditure		**3,524**	**3,198**
Changes in capital assets			
Purchases cash	(54)		
Depreciation	33		
		(21)	(9)
Changes in net current assets			
Decrease in closing accruals	(2)		
Decrease in stock	4		
		2	56
Direct expenditure		**3,505**	**3,245**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,658	4,748
Net programme cost		**8,163**	**7,993**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 1 borne elsewhere.

	2016	2015
	€000	€000
Vote 7 Office of the Minister for Finance	20	--
Vote 12 Superannuation and Retired Allowances	484	462
Vote 13 Office of Public Works	2,411	2,071
Vote 18 National Shared Services Office	4	3
Vote 20 Garda Síochána	174	344
Vote 28 Foreign Affairs and Trade	241	482
Vote 36 Defence	431	408
Central Fund (Emoluments and allowances of President and presidential pensions).	893	978
	4,658	**4,748**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**79**	**58**
Current assets			
Stocks	2.3	31	35
Prepayments		29	15
Accrued income		4	5
Other debit balances		--	2
Bank and cash		71	(21)
Net Exchequer funding due	2.5	4	81
Total current assets		**139**	**117**
Less current liabilities			
Accrued expenses		101	90
Other credit balances	2.4	75	62
Total current liabilities		**176**	**152**
Net current assets		**(37)**	**(35)**
Net assets		**42**	**23**
Represented by:			
State funding account	2.1	**42**	**23**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			23	70
Disbursements from the Vote				
Estimate provision	Account	3,811		
Surplus to be surrendered	Account	(287)		
Net vote			**3,524**	**3,198**
Expenditure (cash) borne elsewhere	1.1		4,658	4,748
Net programme cost	1		(8,163)	(7,993)
Balance at 31 December			**42**	**23**

2.2 Capital Assets

	IT equipment	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	336	93	429
Additions	54	--	54
Disposals	(18)	--	(18)
Cost or valuation at 31 December 2016	372	93	465
Accumulated depreciation			
Opening balance at 1 January 2016	282	89	371
Depreciation for the year	31	2	33
Depreciation on disposal	(18)	--	(18)
Cumulative depreciation at 31 December 2016	295	91	386
Net assets at 31 December 2016	**77**	**2**	**79**
Net assets at 31 December 2015	**54**	**4**	**58**

2.3 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Centenarian medals	7	5
IT consumables and stationery	24	30
	31	35

2.4 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	33	25
Pay Related Social Insurance	14	12
Pension Levy	3	--
Universal Social Charge	8	9
Local Property Tax	--	--
Pension contributions	5	4
	63	50
Payroll deductions held in suspense	12	12
	75	62

2.5 Net Exchequer funding due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	287	246
Exchequer grant undrawn	(291)	(327)
Net Exchequer funding due	(4)	(81)
Represented by:		
Debtors		
Debit balances: suspense	—	2
	—	2
Creditors		
Bank and cash	71	(21)
Due to State	(63)	(50)
Credit balances: suspense	(12)	(12)
	(4)	(83)
	(4)	(81)

2.6 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Contracted goods and services	—	4
Total of legally enforceable commitments	—	4

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**President's Establishment**			
A.1	Administration – pay	1,686	1,636	1,621
A.2	Administration - non pay	956	820	532
		2,642	2,456	2,153
B	**Centenarians' bounty**			
B.1	Administration – pay	40	41	43
B.2	Administration - non pay	15	15	15
B.3	Centenarians' bounty	1,220	1,096	1,087
		1,275	1,152	1,145

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	95	79	96
2.	Miscellaneous	11	5	4
		106	84	100

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	27	26

	2016	2015
	€000	€000
Pay	1,483	1,535
Higher, special or additional duties allowance	83	38
Overtime	24	17
Employer's PRSI	87	74
Total pay	**1,677**	**1,664**

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	5	4	27,154[a]	19,843
Overtime	13	--	4,869	3,841
Extra remuneration in more than one category	1	--	3,322	5,828

[a] Includes arrears of €13,153

5.2 Payroll Overpayments

There was a salary overpayment outstanding at year end 2016 of €527 (1 case) (2015: €3,100,1 case). A recovery plan is in place.

Appropriation Account 2016

Vote 2

Department of the Taoiseach

Introduction

As Accounting Officer for Vote 2, 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 Department of the Taoiseach, including certain services administered by the Department and for payment of grants.

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 €6.76 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 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 are 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on Shared Services

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) of the Department of Justice and Equality, Killarney. I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

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 firms 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 a readiness assessment to identify risks and related controls and provide a gap analysis, followed by a report on the design and existence of controls, and an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality have provided me with letters 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 those letters.

I take assurance from the system of control within Shared Services and the Financial Shared Services Centre as reported to me by the Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality respectively.

The position in regards to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 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.

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 four contracts to the value of €643,939 which were listed in my annual return in respect of Circular 40/2002. The largest contract, with a value of €403,264, had been the subject of an open tender process previously. It relates to maintenance, support and license expenditure on a bespoke system for users across all Government Departments, as well as expenditure on a necessary upgrade of the system. Another contract, with a value of €105,854 was awarded without a competitive tender. However, a detailed inter-departmental cost benefit analysis was performed to ensure the proposed contract award represented good value for money. The other two contracts listed were included because they were rolled over from a previous year, with one due to be subject to a request for tender process in 2017.

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 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.

Martin Fraser
Accounting Officer
Department of the Taoiseach

30 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

I have audited the appropriation account for Vote 2 Department of the Taoiseach 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 Department 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 2 Department of the Taoiseach 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 Department of the Taoiseach. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 2 Department of the Taoiseach
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government	30,220	23,348	23,288
	Gross expenditure	**30,220**	**23,348**	**23,288**
	Deduct			
B	**Appropriations-in-aid**	**870**	**763**	**909**
	Net expenditure	**29,350**	**22,585**	**22,379**

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	6,764,751	4,643,451

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,886	11,866	12,012
ii	Travel and subsistence	535	473	468
iii	Training and development and incidental expenses	1,505	937	666
iv	Postal and telecommunications services	360	252	261
v	Office equipment and external IT services	1,060	1,241	770
vi	Office premises expenses	316	280	291
vii	Consultancy services and value for money and policy reviews	18	—	9
		16,680	15,049	14,477

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		8,299	8,811
Pay		11,866	12,012
Non pay		3,183	2,465
Gross expenditure		**23,348**	**23,288**
Deduct			
Appropriations-in-aid		**763**	**909**
Net expenditure		**22,585**	**22,379**
Changes in capital assets			
Purchases cash	(60)		
Depreciation	116	56	1
Assets under development			
Cash payments		(164)	—
Changes in net current assets			
Decrease in closing accruals	(223)		
Increase in stock	(5)		
		(228)	137
Direct expenditure		**22,249**	**22,517**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,269	4,161
Notional rents		1,395	1,395
Net programme cost		**27,913**	**28,073**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 2 borne elsewhere less amounts incurred in relation to other Votes.

		2016	2015
		€000	€000
Vote 9 Office of Revenue Commissioners	e	8	—
Vote 12 Superannuation and Retired Allowances	e	2,522	2,648
Vote 13 Office of Public Works	e	933	514
Vote 18 National Shared Services Office	e	21	14
Vote 20 Garda Síochána	e	186	256
Vote 24 Justice and Equality	e	57	63
Vote 36 Defence	e	72	72
Central Fund: Taoisigh and Ministerial pensions	e	470	594
		4,269	4,161

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**286**	**342**
Capital assets under development	2.3	164	—
		450	**342**
Current assets			
Bank and cash	2.4	1,215	574
Stocks	2.5	100	95
Prepayments		404	333
Other debit balances	2.6	100	273
Total current assets		**1,819**	**1,275**
Less current liabilities			
Accrued expenses		162	314
Other credit balances	2.7	664	654
Net liability to the Exchequer	2.8	651	193
Total current liabilities		**1,477**	**1,161**
Net current assets		342	114
Net assets		**792**	**456**
Represented by:			
State funding account	2.1	**792**	**456**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			456	594
Disbursements from the Vote				
Estimate provision	Account	29,350		
Surplus to be surrendered	Account	(6,765)		
Net vote			22,585	22,379
Expenditure (cash) borne elsewhere	1		4,269	4,161
Non cash expenditure – notional rent	1		1,395	1,395
Net programme cost	1		(27,913)	(28,073)
Balance at 31 December			**792**	**456**

2.2 Capital Assets

	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	2,234	590	2,824
Additions	55	5	60
Disposals	—	(8)	(8)
Cost or valuation at 31 December 2016	2,289	587	2,876
Accumulated depreciation			
Opening balance at 1 January 2016	1,972	510	2,482
Depreciation for the year	96	20	116
Depreciation on disposals	—	(8)	(8)
Cumulative depreciation at 31 December 2016	2,068	522	2,590
Net assets at 31 December 2016	**221**	**65**	**286**
Net assets at 31 December 2015	**262**	**80**	**342**

2.3 Capital Assets under Development

at 31 December 2016	eCabinet[a]
	€000
Amounts brought forward at 1 January 2016	—
Cash payments for the year	164
Transferred to the asset register	—
Balance at 31 December 2016	164

[a] The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3000 users across all Government Departments. The system is undergoing a major upgrade to ensure its ongoing viability.

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	1,183	528
Commercial bank accounts	32	46
	1,215	574

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Gifts	13	11
Stationery	41	38
Publications	41	41
Consumables, etc.	5	5
	100	95

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
OPW suspense account	—	148
Payroll suspense account	—	25
Recoupment of travel pass scheme	80	64
Other	20	36
	100	273

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	310	331
Pay Related Social Insurance	110	115
Value Added Tax	59	24
Professional Services Withholding Tax	53	90
	532	560
Payroll deductions held in suspense	99	93
Other	33	1
	664	654

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	6,764	4,643
Exchequer grant undrawn	(6,113)	(4,450)
Net liability to the Exchequer	651	193
Represented by:		
Debtors		
Bank and cash	1,215	574
Debit balances: suspense	100	273
	1,315	847
Creditors		
Due to State	(532)	(560)
Credit balances: suspense	(132)	(94)
	(664)	(654)
	651	193

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	22	222
Capital projects	327	—
Total of legally enforceable commitments	349	222

3.0 Matured Liabilities

There were no matured liabilities undischarged at year end 2016 or in the previous year.

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Supporting the work of the Taoiseach and Government**			
A.1	Administration – pay	12,886	11,866	12,012
A.2	Administration – non pay	3,794	3,184	2,465
A.3	National Economic and Social Council	1,990	1,822	1,919
A.4	Tribunal of inquiry	4,500	1,086	2,913
A.5	EU engagement	300	276	302
A.6	Irish personnel in EU and international institutions	1,850	1,553	1,182
A.7	Commissions of investigation	3,400	2,489	1,637
A.8	Data protection	500	248	163
A.9	Diaspora affairs	1,000	825	695
		30,220	23,349	23,288

Significant variations

Overall, the gross expenditure in relation to the programme was €6.87 million lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	1,020	Variance in this subhead was due to delays in filling vacancies in 2016. In addition, following the transfer of EU engagement and diaspora affairs functions to the Department of Foreign Affairs and Trade in autumn 2016, the related staff costs for the remainder of the year of €0.2 million was met by the Vote for Foreign Affairs and Trade.
National Economic and Social Council	168	Variance in this subhead was mainly due to non-filling of one position in 2016 that accounts for €0.1 million of the variance. The remaining variance relates to the timing of receipt bills at year-end.
Tribunal of Inquiry	3,414	Variance was due to the number of legal cost claims settled in 2016 being lower than expected.
Irish personnel in EU and international institutions	297	Recoupments are paid quarterly in arrears. The European affairs division of the Department of the Taoiseach, which administered the scheme in 2016, relies on seconded national experts' parent Departments to submit their requests for payment of salary/PRSI/allowances (if applicable) in a timely manner. When requests were not received on time, the EU Division followed up with the parent Department to try to ensure prompt payment.

Description	Less/ (more) than provided	Explanation
	€000	
Commissions of investigation	911	The Fennelly and IBRC Commissions are independent in their investigations and their expenditure levels depend on the needs and requirements of their investigations in the first instance. For example, the IBRC work was delayed due to a requirement for bespoke legislation.
Data protection	252	The variance in this subhead is due to planned expenditure in 2016 associated with the upcoming International Data Summit. This was originally expected to occur in 2016 but was delayed until June 2017.
Diaspora affairs	175	The variance is due to less expenditure on the scheme than anticipated due to difficulty predicting the level of applications at the time of estimates preparation and subsequently not all applications received met the required criteria for inclusion in the grants scheme. Also some applications only received offers of partial funding and, in some cases, did not draw down the full amount.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	58	47	55
2.	Receipts from pension-related deductions on public service remuneration	812	716	854
	Total	**870**	**763**	**909**

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	204	217

The above analysis includes non-departmental staff charged to A.1 and other subheads.

The 2016 figure in the table above include core staff from the Department (181.3), Data Protection (2), Diaspora Affairs (1.6), National Economic and Social Council (NESC) (15.7), the Fennelly Commission (1), the Commission of Investigation (IBRC) (1), Moriarty Tribunal (1).

	2016 €000	2015 €000
Pay	14,074	12,787
Redundancy and severance	47	—
Higher, special or additional duties allowance	401	310
Overtime and extra attendance	351	340
Employer's PRSI	957	848
Total pay	**15,830**	**14,285**

Included in the above details are payments to a recruitment agency in respect of the provision of a legal secretary to the Moriarty Tribunal.

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	39	9	20,439	21,406
Overtime and extra attendance	83	8	20,899	23,596
Extra remuneration in more than one category	16	9	21,808	24,668

5.2 Other Remuneration Arrangements

Ex-gratia payment of €29,681 (2015: €30,977) was made in respect of agreed retirement benefit to one former employee.

5.3 Payroll Overpayments

Overpayments at the year end were €23,439 (9 cases) (2015 €18,793, 11 cases). Of this, €22,255 (6 cases) had recovery plans in place at the end of 2016.

5.4 Redundancy and severance

Two employees received redundancy and severance payments in 2016 with cumulative values of €10,860 in respect of redundancy and €35,981 in respect of severance.

6 Miscellaneous

6.1 Commissions and Inquiries

Commission, Committee or Special Inquiry

	Year of appointment	2016	2015	Total expenditure to end 2016
		€000	€000	€000
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1997	1,086	2,856	54,742
Commission of Investigation (Fennelly Commission)	2014	1,289	1,160	3,023
Commission of Investigation (Cregan Commission)	2015	1,039	477	1,516

Cumulative expenditure for the Tribunal of Inquiry (payments to Messrs Haughey and Lowry) to the end of December 2016 was €54.7 million. There will be further payments associated with this Tribunal of Inquiry. Final costs cannot be determined at this point.

The Commission of Investigation (Fennelly) was established by Government Order on 30 April 2014 to investigate certain matters relative to An Garda Síochána and other persons.

The Commission of Investigation (Cregan) relates to Irish Banking Resolution Corporation and was established in 2015.

6.2 Official Gifts

The account includes the sum of €3,203 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2016 (2015: €5,492).

6.3 Arbitration and Conciliation Costs

Expenditure in 2016 includes seven payments relating to two cases totalling €1,516 (2015 2 cases: €2,654) made directly to the States Claims Agency.

6.4 Contingent Liability

An indemnity provided by the Department may generate costs, depending on the outcome of the litigation. The timing and size of any actual amount are uncertain.

Appropriation Account 2016

Vote 3

Office of the Attorney General

Introduction

As Accounting Officer for Vote 3, I am required each year to prepare the appropriation account for the Vote and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Attorney General including a grant.

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 €1.22 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my obligations as Director General/Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are 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.

Assurance on Shared Services

Payroll and human resource functions are provided on a shared service basis by the National Shared Services Office (Vote 18). The Secretary General of the Department of Public Expenditure and Reform is the Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Office 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 firms 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 operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the 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 monthly and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of Information and Communications Technology systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. As required in DPER circular 40/2002, I have submitted a report on procurements in 2016 that were not based on competitive tendering processes, worth a total of €365,448. This included:

- €92,765 (3 contracts) spent on subscription services not available through intermediaries,
- €123,266 (3 contracts) spent on case and records management services provided by sole suppliers,
- €149,416 (2 contracts) spent on parliamentary services that were non-compliant with procurement rules.

Internal Audit and Audit Committee

I confirm that the Office retains an internal audit function through a contract agreement with a professional auditing company 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 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 the Audit Committee. In 2015 the Office strengthened the internal audit function by engaging external auditor specialists. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Damien Moloney
Accounting Officer
Office of the Attorney General

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 3 Office of the Attorney General

I have audited the appropriation account for Vote 3 Office of the Attorney General 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 3 Office of the Attorney General for the year ended 31 December 2016.

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

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 3 Office of the Attorney General
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of professional legal services to Government, Departments and Offices	15,483	14,221	13,995
	Gross expenditure	**15,483**	**14,221**	**13,995**
	Deduct			
B	**Appropriations-in-aid**	**788**	**743**	**854**
	Net expenditure	**14,695**	**13,478**	**13,141**

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	1,216,801	1,889,100

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,200	10,283	10,115
ii	Travel and subsistence	130	153	147
iii	Training and development and incidental expenses	600	637	577
iv	Postal and telecommunications services	70	64	65
v	Office equipment and external IT services	559	653	658
vi	Office premises expenses	156	142	158
vii	Consultancy services and value for money and policy reviews	20	41	20
viii	Contract legal expertise	401	215	125
		13,136	**12,188**	**11,865**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		2,033	2,130
Pay		10,283	10,115
Non pay		1,905	1,750
Gross expenditure		**14,221**	**13,995**
Deduct			
Appropriations-in-aid		**743**	**854**
Net expenditure		**13,478**	**13,141**
Changes in capital assets			
Purchases cash	(141)		
Depreciation	185		
		44	26
Changes in assets under development			
Cash payments		(30)	(20)
Changes in net current assets			
Decrease in closing accruals	(38)		
Decrease in stock	7		
		(31)	57
Direct expenditure		**13,461**	**13,204**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		1,367	1,536
Notional rents		727	727
Net programme cost		**15,555**	**15,467**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 3 borne elsewhere.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	909	940
Vote 13 Office of Public Works	106	207
Vote 18 Shared Services	17	14
Central Fund - Pensions in respect of former Attorneys General.	335	375
	1,367	**1,536**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	421	465
Capital assets under development	2.3	30	—
		451	**465**
Current assets			
Bank and cash	2.4	393	(234)
Stocks	2.5	33	40
Prepayments		197	185
Accrued income		--	1
Other debit balances	2.6	112	128
Total current assets		**735**	**120**
Less current liabilities			
Accrued expenses		67	94
Other credit balances	2.7	433	11
Net liability to the Exchequer	2.8	72	(117)
Total current liabilities		**572**	**(12)**
Net current assets		**163**	**132**
Net assets		**614**	**597**
Represented by:			
State funding account	2.1	**614**	**597**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			597	660
Disbursements from the Vote				
Estimate provision	Account	14,695		
Surplus to be surrendered	Account	(1,217)		
Net vote			13,478	13,141
Expenditure (cash) borne elsewhere	1		1,367	1,536
Non cash expenditure – notional rent	1		727	727
Net programme cost	1		(15,555)	(15,467)
Balance at 31 December			**614**	**597**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	4,635	1,680	6,315
Additions	136	5	141
Disposals	(19)	(5)	(24)
Cost or valuation at 31 December 2016	4,752	1,680	6,432
Accumulated depreciation			
Opening balance at 1 January 2016	4,299	1,551	5,850
Depreciation for the year	154	31	185
Depreciation on disposals	(19)	(5)	(24)
Cumulative depreciation at 31 December 2016	4,434	1,577	6,011
Net assets at 31 December 2016	**318**	**103**	**421**
Net assets at 31 December 2015	**336**	**129**	**465**

2.3 Capital Assets under Development	**In-house computer applications**	
at 31 December	**2016**	**2015**
	€000	**€000**
Opening balance at 1 January	—-	21
Cash payments for the year	30	20
Transfers to asset register	—	(41)
Balance at 31 December	30	—

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	393	(235)
Commercial bank account balance	—	1
	393	(234)

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	15	17
IT consumables	18	23
	33	40

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Office of Public Works	38	38
Recoupable shared costs	—	35
Salaries control account	14	13
Travel pass scheme	55	38
Miscellaneous	5	4
	112	128

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	267	—
Pay Related Social Insurance	119	—
Professional Services Withholding Tax	8	11
Value Added Tax	38	—
Local Property Tax	1	—
	433	11

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	1,217	1,889
Exchequer grant undrawn	(1,145)	(2,006)
Net Liability to the Exchequer	72	(117)
Represented by:		
Debtors		
Debit balances: suspense	112	128
Bank and cash	393	(234)
	505	(106)
Creditors		
Due to State	(433)	(11)
	72	(117)

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	207	363

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Delivery of professional legal services to Government, Departments and Offices**			
A.1	Administration – pay	11,200	10,283	10,115
A.2	Administration - non pay	1,936	1,905	1,750
A.3	Contributions to international organisations	38	34	34
A.4	Law Reform Commission	2,119	1,878	2,002
A.5	General law expenses	190	121	94
		15,483	14,221	13,995

Significant variations

Overall, the expenditure in relation to Programme A was €1.262 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – pay	917	Savings arose due to vacancies taking longer than anticipated to fill.
Administration – non pay	31	Savings arose due to a reduced requirement for contract legal expertise. These savings were offset by excesses in travel and subsistence, training and development and incidental expenses and office equipment and external IT services.
Law Reform Commission	241	Savings arose under pay due to the length of time taken to fill the vacancies for the Commissioner and the Director of Research.
General law expenses	69	It is difficult to estimate the number of cases and the level of costings associated with same from year to year. During 2016 there was lower than anticipated monies owing to Counsel.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	8	134	140
2.	Receipts from pension-related deductions on public service remuneration	780	609	714
	Total	**788**	**743**	**854**

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 10%.

Description	Less/ (more) than provided	Explanation
	€000	
Miscellaneous	(126)	Miscellaneous apopropriations in aid were higher than anticipated due to rent received from the Law Reform Commission for the subletting of one floor of their premises which was not factored in to the 2016 estimate.
Receipts from pension related deduction on public service remuneration	171	Receipts from the pension related deduction were less than anticipated in line with salary costs being less than anticipated. As advised above vacancies took longer than anticipated to fill.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	150	151

	2016 €000	2015 €000
Pay	9,450	9,309
Higher, special or additional duties allowance	81	69
Overtime	16	12
Employer's PRSI	736	725
Total Pay	**10,283**	**10,115**

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	14	3	18,518	21,406
Overtime and extra attendance	5	—	1,510	1,495
Extra remuneration in more than one category	3	—	8,870	—

6 Miscellaneous

6.1 Compensation and legal costs

	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	2016 Total €000	2015 Total €000
Claims by employees /former employees	—	—	—	—	92

Appropriation Account 2016

Vote 4

Central Statistics Office

Introduction

As Accounting Officer for Vote 4, 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 Central Statistics Office (CSO).

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 €6.97 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 except for:

Depreciation

Assets that cost €4.60 million and were employed during the 2016 Census of Population are being depreciated over a two year period (2016-2017).

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

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 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
- the Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. My annual return in respect of Circular 40/2002 includes details of ten contracts to the value of €531,150 which were placed without a competitive tendering process.
    - One contract with a value of €52,587 related to a sole supplier.
    - Five contracts with a value of €293,255 related to renewal of software licenses in relation to systems currently in use by the CSO.
    - Four contracts with a value of €185,308 were not tendered due to short term roll over of contracts pending completion of a tendering process or instances where the CSO was of the view that the relevant supplier had a special advantage.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreements between this Office and the National Shared Service Office for the provision of HR and payroll shared service.

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

Significant financial risks

The CSO continues to have regard to significant financial and other business related risks via the Office's Risk Register. There are no significant financial risks on the CSO Risk Register.

The CSO continues to operate within a tight financial budget. All expenditure is carefully monitored to ensure that the Office does not breach the annual budget allocation. Process improvements on current activities as well as management of the financial, cyclical and project operations are required to keep the financial risk to a minimum on an on-going basis.

Internal Audit and Audit Committee

I confirm that the 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 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.

Pádraig Dalton
Accounting Officer
Central Statistics Office

29 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 4 Central Statistics Office

I have audited the appropriation account for Vote 4 Central Statistics 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 4 Central Statistics 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 Central Statistics Office. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 4 Central Statistics Office
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of annual statistical programme	83,516	76,557	49,872
	Gross expenditure	**83,516**	**76,557**	**49,872**
	Deduct			
B	**Appropriations-in-aid**	**1,435**	**1,442**	**2,287**
	Net expenditure	**82,081**	**75,115**	**47,585**

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	6,966,305	5,250,671

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	39,332	36,391	33,515
ii	Travel and subsistence	1,204	1,245	1,084
iii	Training and development and incidental expenses	3,039	2,553	1,397
iv	Postal and telecommunications services	1,986	1,767	683
v	Office equipment and external IT services	6,761	6,312	9,597
vi	Office premises expenses	1,075	845	837
vii	Consultancy services and value for money and policy reviews	197	19	66
viii	Collection of statistics	29,922	27,425	2,693
		83,516	**76,557**	**49,872**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		36,391	33,515
Non pay		40,166	16,357
Gross expenditure		**76,557**	**49,872**
Deduct			
Appropriations-in-aid		**1,442**	**2,287**
Net expenditure		**75,115**	**47,585**
Changes in capital assets			
Purchases cash	(1,007)		
Depreciation	5,918		
Loss on disposals	21		
		4,932	2,956
Changes in assets under development			
Cash payments		(1,583)	(4,963)
Changes in net current assets			
Decrease in closing accruals	(239)		
Decrease in stock	20		
		(219)	456
Direct expenditure		**78,245**	**46,034**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		6,868	6,549
Notional rents		1,568	1,542
Net programme cost		**86,681**	**54,125**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 4 borne elsewhere.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	1,726	1,722
Vote 12 Superannuation and Retired Allowances	3,905	3,765
Vote 13 Office of Public Works	1,143	1,024
Vote 18 National Shared Services Office	94	38
	6,868	**6,549**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	8,839	8,465
Capital assets under development	2.3	1,841	5,562
		10,680	**14,027**
Current assets			
Bank and cash	2.4	419	394
Stocks	2.5	52	72
Prepayments		841	948
Accrued income		424	133
Other debit balances	2.6	344	311
Net Exchequer funding due	2.8	693	687
Total current assets		**2,773**	**2,545**
Less current liabilities			
Accrued expenses		327	381
Other credit balances	2.7	1,457	1,392
Total current liabilities		**1,784**	**1,773**
Net current assets		989	772
Net assets		**11,669**	**14,799**
Represented by:			
State funding account	2.1	**11,669**	**14,799**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			14,799	13,248
Disbursements from the Vote				
Estimate provision	Account	82,081		
Surplus to be surrendered	Account	(6,966)		
Net vote			75,115	47,585
Expenditure (cash) borne elsewhere			6,868	6,549
Non cash expenditure – notional rent			1,568	1,542
Net programme cost			(86,681)	(54,125)
Balance at 31 December			**11,669**	**14,799**

2.2 Capital Assets

	Land and buildings	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	34	59,581	3,356	62,971
Additions	-—	6,183	130	6,313
Disposals	-—	(1,058)	(21)	(1,079)
Cost or valuation at 31 December 2016	34	64,706	3,465	68,205
Accumulated depreciation				
Opening balance at 1 January 2016	34	51,237	3,235	54,506
Depreciation for the year	-—	5,865	53	5,918
Depreciation on disposals	-—	(1,037)	(21)	(1,058)
Cumulative depreciation at 31 December 2016	34	56,065	3,267	59,366
Net assets at 31 December 2016	-—	**8,641**	**198**	**8,839**
Net assets at 31 December 2015	-—	**8,344**	**121**	**8,465**

2.3 Capital Assets under Development	**In-house computer applications**	
at 31 December	**2016**	**2015**
	€000	**€000**
Amounts brought forward at 1 January	5,562	1,436
Cash payments for the year	1,583	4,963
Transferred to asset register	(5,304)	(837)
Balance at 31 December	**1,841**	**5,562**

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances	398	343
Commercial bank	19	50
Petty cash	2	1
	419	394

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	38	52
IT consumables	14	20
	52	72

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable salary costs	205	231
Recoupable travel costs	16	13
Recoupable travel pass scheme	30	27
Other debit suspense items	93	40
	344	311

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	539	534
Pay Related Social Insurance	388	330
Professional Services Withholding Tax	1	11
Value Added Tax	7	3
Pension contributions	124	110
Universal Social Charge	149	177
	1,208	1,165
Payroll deductions held in suspense	241	218
Other credit suspense items	8	9
	1,457	1,392

2.8 Net Exchequer Funding Due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	6,966	5,251
Exchequer grant undrawn	(7,659)	(5,938)
Net Exchequer funding due	(693)	(687)
Represented by:		
Debtors		
Bank and cash	419	394
Debit balances: suspense	344	311
	763	705
Creditors		
Due to State	(1,208)	(1,165)
Credit balances: suspense	(248)	(227)
	(1,456)	(1,392)
	(693)	(687)

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Global Commitments		
Procurement of goods and services	1,779	6,441
Total of legally enforceable commitments	1,779	6,441

2.10 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities	5	15

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Delivery of annual statistical programme**			
A.1	Administration - pay	39,332	36,391	33,515
A.2	Administration - non pay	44,184	40,166	16,357
		83,516	76,557	49,872

Significant variations

Overall, the expenditure in relation to Programme A was €6.96 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Salaries, wages and allowances	2,941	The Estimate allocation was based on staff numbers of 843 for 2016 as detailed in the Revised Estimate Volume. The average staff number for the year was 791 but varied considerably from month to month because of the cyclical nature of the work of the Office. Funding for a critical investment programme, which included staff recruitment, and which was the subject of a business case to the Department of Public Expenditure and Reform in 2015 was included in the estimate provision for 2016. However throughout 2016 there were delays in the filling of vacancies at statistician level as the recruitment market for statisticians is currently very competitive. In addition there were delays in the filling of some headquarter posts related to the Census of Population in the early part of the year. Some of these vacancies were filled by redeployment.
Consultancy and value for money and policy reviews	178	The Office is in the process of implementing considerable change in the Irish Statistical System. Because of the scale of change, for example, in the way statistics are collected and the increased demand for statistical output both domestically and internationally, the consultancy provision was made for anticipated needs that might have arisen in 2016. In the event, no such need arose during the year.
Collection of statistics	2,497	The collection costs associated with the 2016 Census operation caused the bulk of the savings in the Subhead. Anticipated costs were €27.59 million and the actual outturn was €25.93 million (€21.42 million pay and €4.51 million non-pay). Advance provision had to be made for estimated numbers of temporary staff that would be required to complete the field operation. The required number was dependant on the number of households enumerated and was only finally established as the operation progressed. Provision had to be made for certain costs on the non-pay side that did not materialise, for example, transport and Garda clearance costs. Much of the remainder of the savings in the Subhead was due to lower than anticipated costs associated with the operation of a call centre that was brought into use during 2016 for some responses to household surveys.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	European Union receipts	130	1	575
2.	Miscellaneous	70	41	16
3.	Receipts from pension related deduction on public service remuneration	1,235	1,400	1,696
	Total	**1,435**	**1,442**	**2,287**

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 estimated	Explanation
	€000	
European Union receipts	129	Expected funding in respect of two EU contracts did not materialise during 2016. Payments are made following CSO submission of results and the Office was not in a position to submit claims by year end. Payment in respect of these contracts is expected in 2017.
Miscellaneous	29	The reduced level of income reflects CSO policy of making all statistics freely available in the internet. Income from the sales of statistical material is currently difficult to predict.
Pension related deduction	(165)	The increased number of staff throughout 2016 caused a difficulty in the accurate prediction of the amount of pension related deduction that might be payable in the year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	799	697

	2016 €000	2015 €000
Pay	33,650	31,189
Redundancy	—	3
Higher, special or additional duties allowance	119	85
Other allowances	87	73
Overtime	83	82
Employer's PRSI	2,452	2,083
Total Pay	**36,391**	**33,515**

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	62	—	7,820	5,478
Overtime and extra attendance	76	1	13,672	10,936
Shift and roster allowances	14	—	8,112	8,650
Miscellaneous	1	1	11,440	—
Extra remuneration in more than one category	23	4	21,119	18,243

5.2 Payroll Overpayments

Overpayments at the year end were €90,026 (31 cases) (2015 €86,874, 135 cases). Of this, €48,201 of overpayments have recovery plans in place.

6 Miscellaneous

6.1 Support for statistical endeavour

The Office awarded prize money of €3,210 in 2016 as part of the sixth John Hooper Medal for Statistics Competition. This competition was open to senior cycle second level students.

A sum of €10,000 was paid to University College Cork by way of funding for the Donal McCarthy Scholarship 2016-2017.The recipient of the scholarship will undertake a CSO/official statistics project.

6.2 Legal costs

					2016	2015
	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by: employees	5	14	-—	37	51	54
		14	-—	37	51	54

Appropriation Account 2016

Vote 5

Office of the Director of Public Prosecutions

Introduction

As Accounting Officer for Vote 5, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Director of Public Prosecutions.

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 €259,940 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR/payroll shared service.

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

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 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

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of four contracts to the value of €678,928 which were listed in my annual return in respect of Circular 40/2002. Two of the contracts, to the value of €64,605, involved services for which there was only one supplier. Another, to the value of €26,471, involving the provision of data connectivity was extended beyond the original advertised tender length because of a delay in reducing the number of locations in which staff of the Office are based. The final contract for the provision of static security services, with a value of €587,852, was renewed without a tender competition while awaiting the completion of an Office of Government Procurement competition to establish a framework agreement.

Internal Audit and Audit Committee

I confirm that the 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 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 5 Office of the Director of Public Prosecutions

I have audited the appropriation account for Vote 5 Office of the Director of Public Prosecutions 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 5 Office of the Director of Public Prosecutions for the year ended 31 December 2016.

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

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 5 Office of the Director of Public Prosecutions Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of prosecution service	39,861	39,417	38,622
	Gross expenditure	**39,861**	**39,417**	**38,622**
	Deduct			
B	**Appropriations-in-aid**	**975**	**791**	**953**
	Net expenditure	**38,886**	**38,626**	**37,669**

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	259,940	164,795

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	13,400	12,825	12,963
ii	Travel and subsistence	109	131	91
iii	Training and development and incidental expenses	991	1,259	1,139
iv	Postal and telecommunications services	250	207	219
v	Office equipment and external IT services	808	516	422
vi	Office premises expenses	1,142	490	983
vii	Consultancy services and value for money and policy reviews	37	13	30
		16,737	**15,441**	**15,847**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		23,976	22,775
Pay		12,825	12,963
Non pay		2,616	2,884
Gross expenditure		**39,417**	**38,622**
Deduct			
Appropriations-in-aid		**791**	**953**
Net expenditure		**38,626**	**37,669**
Changes in capital assets			
Purchases cash	(93)		
Depreciation	157		
Loss on disposals	6		
		70	83
Changes in net current assets			
Increase in closing accruals	216		
Increase in stock	(6)		
		210	354
Direct expenditure		**38,906**	**38,106**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,600	2,509
Notional rents		457	457
Net programme cost		**41,963**	**41,072**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 5 borne elsewhere.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,186	1,106
Vote 13 Office of Public Works	1,230	1,203
Vote 18 National Shared Services Office	24	20
Vote 20 Garda Síochána	160	180
	2,600	**2,509**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**301**	**358**
Current assets			
Bank and cash	2.3	854	968
Stocks	2.4	67	61
Prepayments		145	142
Other debit balances	2.5	230	84
Total current assets		**1,296**	**1,255**
Less current liabilities			
Net liability to the Exchequer	2.7	94	3
Accrued expenses		3,109	2,890
Other credit balances	2.6	990	1,049
Total current liabilities		**4,193**	**3,942**
Net current liabilities		(2,897)	**(2,687)**
Net liabilities		**(2,596)**	**(2,329)**
Represented by:			
State funding account	2.1	**(2,596)**	**(2,329)**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			(2,329)	(1,892)
Disbursements from the Vote				
Estimate provision	Account	38,886		
Surplus to be surrendered	Account	(260)		
Net vote			38,626	37,669
Expenditure (cash) borne elsewhere	1		2,600	2,509
Non cash expenditure – notional rent	1		457	457
Net programme cost	1		(41,963)	(41,072)
Non Cash Items: Capital Asset Adjustment	2.2		13	—
Balance at 31 December			**(2,596)**	**(2,329)**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	3,389	687	4,076
Additions	89	4	93
Capital Asset Adjustment [a]	13	—	13
Transfers	—	(28)	(28)
Disposals	(33)	(2)	(35)
Cost or valuation at 31 December 2016	3,458	661	4,119
Accumulated depreciation			
Opening balance at 1 January 2016	3,163	555	3,718
Depreciation for the year	112	45	157
Depreciation on transfers	—	(22)	(22)
Depreciation on disposals	(33)	(2)	(35)
Cumulative depreciation at 31 December 2016	3,242	576	3,818
Net assets at 31 December 2016	**216**	**85**	**301**
Net assets at 31 December 2015	**226**	**132**	**358**

[a] Assets purchased in 2015 with a total value of €12,976 were not capitalised in 2015. The assets are included as a capital asset adjustment in 2016.

2.3 Bank and cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	837	904
Commercial bank account balances	17	64
	854	968

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	36	36
IT consumables	31	25
	67	61

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Other debit balances	230	84

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	551	536
Pay Related Social Insurance	176	160
Professional Services Withholding Tax	259	211
Value Added Tax	4	20
	990	927
Payroll deductions held in suspense	—	115
Other credit suspense items	—	7
	990	1,049

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	260	165
Exchequer grant undrawn	(166)	(162)
Net liability to the Exchequer	94	3
Represented by:		
Debtors		
Bank and cash	854	968
Debit balances: suspense	230	84
	1,084	1,052
Creditors		
Due to State	(990)	(927)
Credit balances: suspense	—	(122)
	(990)	(1,049)
	94	3

2.8 Commitments

The Office had commitments in respect of legal fees at the year end, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and status of outstanding cases. The Office had no other legally enforceable commitments at 31 December 2016 (2015 : nil).

2.9 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at year end	138	—

3 Programme Expenditure by Subhead

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Provision of a Prosecution Service**			
A.1	Administration - pay	13,400	12,825	12,963
A.2	Administration - non pay	3,337	2,616	2,884
A.3	Fees to counsel	14,248	14,858	14,022
A.4	General law expenses	2,226	2,571	2,319
A.5	Local state solicitor service	6,650	6,547	6,434
		39,861	**39,417**	**38,622**

Significant variations

Overall, the expenditure in relation to Programme A was €444,000 lower than provided. This was mainly due to the following;

Description	Less/(more) than provided	Explanation
	€000	
Administration - non pay	721	Savings arose because capital works which were planned to be carried out in 2016 did not proceed.
General law expenses	(345)	The excess on this subhead is due to a cost award arising from a single complex financial trial.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	80	110	140
2.	Receipts from pension-related deductions on public service remuneration	895	681	813
	Total	**975**	**791**	**953**

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	Explanation
	€000	
Receipts from pension-related deductions on public service remuneration	214	Receipts were less than expected due to an increase in the annual PRD thresholds and because posts which had been budgeted for were not all filled.

4.2 Extra receipts payable to the Exchequer

Receipts of €23,324 arising from forfeitures ordered by the courts were lodged to the Exchequer.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	194	189

	2016	2015
	€000	€000
Pay	11,783	11,901
Higher, special or additional duties allowance	119	148
Overtime	5	2
Employer's PRSI	918	912
Total Pay	**12,825**	**12,963**

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	50	3	37,757	61,878
Overtime and extra attendance	4	—	2,909	632
Extra remuneration in more than one category	—	—	—	449

5.2 Other Remuneration Arrangements

This account includes expenditure of €138,244 in respect of one officer who was serving outside the Office in 2016 and whose salary was paid from Subhead A.1.

5.3 Payroll overpayments

Overpayments at year end were €10,409 (11 cases) (2015: €251, 1 case). Of this, €6,004 (10 cases) have recovery plans in place.

Appropriation Account 2016

Vote 6

Office of the Chief State Solicitor

Introduction

As Accounting Officer for Vote 6, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Chief State Solicitor.

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 €258,277 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 except for the following:

Accrued expenses

Accrued expenses include counsel fees that have been subject to an evaluation and revision process but have not been paid at year-end.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

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 are 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.

Assurance on shared services

Payroll and human resource functions are provided on a shared service basis by the National Shared Services Office (Vote 18). The Accounting Office of the Department of Public Expenditure and Reform is also the Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Office 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 firms 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 operated effectively.

The Accounting Officer for shared services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the 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 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 are adhered to.

Procurement compliance

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of 14 contracts to the value of €951,226 which were listed in my annual return in respect of Circular 40/2002. Eight (8) contracts to a value of €430,164 related to payments to sole suppliers. In the other six (6) cases with a value of €521,062, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and a contract will be signed shortly. It is also intended to make use of arrangements, which the Office of Government Procurement now has in place, to award a number of other significant new contracts during 2017.

Significant financial risks

As outlined above maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Internal Audit and Audit Committee

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company 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 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.

Information and communications technology security

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

Administrative and financial controls

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Management Board.

Eileen Creedon
Accounting Officer
Office of the Chief State Solicitor

30 March 2017

Comptroller and Auditor General

Report for the presentation to Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by her Office and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2016.

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

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 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 6 Office of the Chief State Solicitor
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	31,008	30,004	29,925
	Gross expenditure	**31,008**	**30,004**	**29,925**
	Deduct			
B	**Appropriations-in-aid**	**1,860**	**1,114**	**1,672**
	Net expenditure	**29,148**	**28,890**	**28,253**

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	258,277	212,780

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,100	13,978	14,414
ii	Travel and subsistence	70	82	72
iii	Training and development and incidental expenses	813	972	879
iv	Postal and telecommunications services	350	301	321
v	Office equipment and external IT services	750	1,002	584
vi	Office premises expenses	300	171	158
vii	Consultancy services and value for money policy reviews	25	44	25
		17,408	**16,550**	**16,453**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		13,454	13,472
Pay		13,978	14,414
Non pay		2,572	2,039
Gross expenditure		**30,004**	**29,925**
Deduct			
Appropriations-in-aid		**1,114**	**1,672**
Net expenditure		**28,890**	**28,253**
Changes in capital assets			
Purchases cash	(376)		
Depreciation	284		
Loss on disposals	1	(91)	201
Changes in assets under development			
Cash payments		(61)	(42)
Changes in net current assets			
Increase in closing accruals	181		
Increase in stock	(4)		
		177	562
Direct expenditure		**28,915**	**28,974**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,077	2,138
Notional rents		795	795
Net programme cost		**31,787**	**31,907**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 6 borne elsewhere.

	2016	2015
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,186	1,203
Vote 13 Office of Public Works	865	914
Vote 18 National Shared Services Office	26	21
	2,077	2,138

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	667	534
Capital assets under development	2.3	61	42
		728	**576**
Current assets			
Bank and cash	2.4	851	2,455
Stocks	2.5	37	33
Prepayments		232	188
Accrued income	2.6	9,485	9,746
Other debit balances	2.7	139	164
Total current assets		**10,744**	**12,586**
Less current liabilities			
Accrued expenses		1,834	1,870
Other credit balances	2.8	984	2,546
Net liability to the Exchequer	2.9	6	73
Total current liabilities		**2,824**	**4,489**
Net current assets		**7,920**	**8,097**
Net assets		**8,648**	**8,673**
Represented by:			
State funding account	2.1	**8,648**	**8,673**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			8,673	9,394
Disbursements from the Vote				
Estimate provision	Account	29,148		
Surplus to be surrendered	Account	(258)		
Net vote			28,890	28,253
Expenditure (cash) borne elsewhere	1		2,077	2,138
Non cash expenditure – notional rent	1		795	795
Net programme cost	1		(31,787)	(31,907)
Balance at 31 December			**8,648**	**8,673**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January	3,967	1,699	5,666
Additions	369	49	418
Disposals	(111)	(7)	(118)
Cost or valuation at 31 December	4,225	1,741	5,966
Accumulated depreciation			
Opening balance at 1 January	3,633	1,499	5,132
Depreciation for the year	224	60	284
Depreciation on disposals	(110)	(7)	(117)
Cumulative depreciation at 31 December	3,747	1,552	5,299
Net assets at 31 December 2016	**478**	**189**	**667**
Net assets at 31 December 2015	**334**	**200**	**534**

2.3 Capital Assets under Development

at 31 December	Computer applications
	€000
Amounts brought forward at 1 January 2016	42
Cash payments in year	61
Transferred to asset register	(42)
Balance at 31 December 2016	61

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	848	2,453
Commercial bank account balances	3	2
	851	2,455

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	37	33

2.6 Accrued Income	**2016**	**2015**
at 31 December	**€000**	**€000**
Accrued Income	9,485	9,746

Outstanding taxed costs in favour of the State are significant and such costs remain outstanding because it is the policy of the Office to pursue all cost orders awarded.

2.7 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Miscellaneous	139	164

2.8 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	360	327
Pay Related Social Insurance	188	166
Professional Services Withholding Tax	290	353
Value Added Tax	6	—
Local Property Tax	2	1
Pension contributions	—	75
	846	922
Payroll deductions held in suspense	—	70
State property deposits	138	1,554
	984	2,546

2.9 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	258	213
Exchequer grant undrawn	(252)	(140)
Net liability to the Exchequer	6	73
Represented by:		
Debtors		
Bank and cash	851	2,455
Debit balances: suspense	139	164
	990	2,619
Creditors		
Due to State	(846)	(922)
Credit balances: suspense	(138)	(1,624)
	(984)	(2,546)
	6	73

2.10 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Total of legally enforceable commitments	908	662

There are commitments in respect of ongoing legal cases which are not included in the above figure as the costs will only be finalised once legal action is completed. The expenditure is subject to the normal cost controls and the observation of budgetary limits.

2.11 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at year end	45	109

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Provision of legal services**			
A.1	Administration - pay	15,100	13,978	14,414
A.2	Administration - non –pay	2,308	2,572	2,039
A.3	External legal services	200	217	243
A.4	Fees to counsel	12,000	12,137	12,090
A.5	General law expenses	1,400	1,100	1,139
		31,008	30,004	29,925

Significant variations

Overall, the expenditure in relation to Programme A was €1.004 million lower than provided. This was mainly due to the following :

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,122	Savings arose as the Office carried a number of legal vacancies during the year owing to difficulties in recruiting and retaining staff.
Administration – non pay	(264)	The excess arose due to a combination of higher IT spending to facilitate an upgrade of the Case Management System and higher spending on legal publications.
Fees to counsel	(137)	The excess arose due to the Office dealing with a number of high profile and complex cases during the year and a faster throughput of some cases by the courts.
General law expenses	300	Expenditure on this subhead is dependent on how legal cases progress through the courts and as such is difficult to predict.

4 Receipts

4.1 Appropriations-in-aid

		2016 Estimated €000	2016 Realised €000	2015 Realised €000
1.	Costs and fees received by the Office of the Chief State Solicitor	1,000	414	805
2.	Receipts from pension-related deductions on public service remuneration	860	700	867
		1,860	1,114	1,672

Explanation of significant variations

1. The amount of costs and fees realised was €585,948 less than estimated. It is not possible to forecast accurately what costs will be awarded to the State and what fees will be actually recovered in any year.

2. Due to slower than anticipated recruitment, pension related deductions were €160,000 lower than estimated.

4.2 Extra receipts payable to the Exchequer

A total of €9,652 (2015: €9,144) was lodged to the Exchequer under the State Property Act 1954.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	237	224

	2016 €000	2015 €000
Pay	12,743	13,192
Higher, special or additional duties allowance	106	95
Other allowances	10	8
Overtime	25	15
Employer's PRSI	1,094	1,104
Total Pay	**13,978**	**14,414**

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	40	2	16,707	11,333
Other allowances	5	—	3,328	1,783
Overtime	16	—	4,713	5,305
Extra remuneration in more than one category	11	—	9,070	9,579

5.2 Payroll Overpayments

Overpayments at the year end were €77,611 (67 cases) (2015 €35,741, 13 cases). Of this, €34,034 (49 cases) have recovery plans in place.

6 Miscellaneous

6.1 Monies held in Trust

The CSSO maintains a number of commercial bank accounts. Moneys in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2016 is €3.88 million and is not included in the account. (2015: €0.774 million).

6.2 Counsel Fee Notes

The CSSO operates a robust system to determine the appropriate counsel fee level on a case by case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

Counsels' fee notes	Number	Gross value	Mark down value
		€000	€000
On hand	793	5,211	—
Accruals	231	2,318	1,576
Delayed payment	6	21	14

Appropriation Account 2016

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums:

(a) 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, and
(b) provided for capital supply services in 2016 out of the unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

Restructuring of programmes

The account has been prepared in accordance with the 2016 Revised Estimate for the Office of the Minister for Finance. The 2016 appropriation account records gross expenditure of €31.2 million, on three programme areas. The 2015 outturn figures have been reallocated across the three programmes to reflect the new structure of the Department.

A surplus of €10.4 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.

New service - fuel grant

The fuel grant constitutes a new service in the context of the Finance Vote in 2016. A sum of €10 million was provided for the new fuel grant under the Disabled Drivers and Passengers (Tax Concessions) Scheme to replace the excise repayment on the fuel element of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme.

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.

Stocks and capital assets

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), Shared Services (Vote 18) and the Office of Government Procurement (Vote 39) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7, Vote 11, Vote 18 and Vote 39 and are allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance has purchased certain assets since 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of HR and payroll shared service.

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 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
- 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. Seven contracts with a value of €680,420 which were listed on my annual return in respect of Circular 40/2002. A brief outline of each of the contracts is set out below.
    - Four legal experts were identified by the Office of the Attorney General for the provision of expert legal advice to the Department of Finance. Three of these contracts, with a total value of €432,402 at end-2016, relate to the provision of expert legal advice regarding the EU Commission State investigation into alleged aid afforded to Apple, while the fourth concerned a High Court Discovery Order which involved payments of €42,103.
    - An IT system provider was engaged in 2012 as an important information resource to conduct reviews and analysis of the financial markets as part of the Department's work related to market - based risk and financial stability issues. The contract was on a two-year renewal basis where the total spend for 2015-2016 was €45,395. A public procurement process for this service was undertaken in accordance with EU public procurement rules in late 2016 and a contract has now been signed.
    - The Department undertook a public procurement process in 2014 utilising a framework agreement, which has now expired, for the engagement of a translation service provider. External advice was imparted to the Department to retain the services of this supplier for the provision of technical translation services which amounted to €25,915. The Department will ensure that this arrangement is regularised through a formal procurement process during 2017.
    - In order to fulfil its legal obligations to the Oireachtas Committee of Inquiry into the Banking Crisis, the Department engaged the services of an eDiscovery solution provider to provide the Committee with thousands of pages of records within statutory timeframes. €134,605 was spent with this provider. It was not considered either practical or possible to undertake a formal procurement process at that time while also complying with the legal obligations from the Directions received from the Committee. A procurement process was recently undertaken and it is expected a contract will be signed with the successful supplier in 2017.

Significant financial risks

There are no significant financial risks for the Vote*.*

Internal Audit and Audit Committee

I confirm that the Department uses the services of the Department of Public Expenditure and Reform internal audit function under the terms of a service level agreement between the two Departments. The Department of Public Expenditure and Reform Internal Audit Unit operates under a written charter which has been approved by the Secretary General of the Department of Public Expenditure and Reform. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans (which are prepared in consultation with the Audit Committee and 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.

Derek Moran
Accounting Officer
Department of Finance

30 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 7 Office of the Minister for Finance

I have audited the appropriation account for Vote 7 Office of the Minister for Finance 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 Department 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 7 Office of the Minister for Finance 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 Department of Finance. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

13 September 2017

Vote 7 Office of the Minister for Finance
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Economic and Fiscal Policy		18,132	15,841	8,013
B	Banking and Financial Services Policy		11,051	6,762	9,819
C	Delivery of Shared Services				
	Current year provision	11,696			
	Deferred surrender	115	11,811	8,635	8,469
	Gross expenditure				
	Current year provision	40,879			
	Deferred surrender	115	**40,994**	**31,238**	**26,301**
	Deduct				
D	**Appropriations-in-aid**		**1,400**	**2,271**	**1,935**
	Net expenditure				
	Current year provision	39,479			
	Deferred surrender	115			
			39,594	**28,967**	**24,366**

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 spend in the following year.

	2016	2015
	€	€
Surplus	10,626,805	6,251,696
Deferred surrender	(227,000)	(115,000)
Surplus to be surrendered	10,399,805	6,136,696

Analysis of administration expenditure

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,500	16,627	17,456
ii	Travel and subsistence	677	595	556
iii	Training and development and incidental expenses	859	750	649
iv	Postal and telecommunications services	408	317	457
v	Office equipment and external IT services	1,743	1,279	963
vi	Office premises expenses	2,150	1,982	1,232
vii	Consultancy and other services	50	—	—
		24,387	21,550	21,313

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		9,689	4,988
Pay		16,627	17,456
Non pay		4,922	3,857
Gross expenditure		**31,238**	**26,301**
Deduct			
Appropriations-in-aid		**2,271**	**1,935**
Net expenditure		**28,967**	**24,366**
Changes in capital assets			
Purchases cash	(1,350)		
Depreciation	645		
Disposals cash	37		
Profit on disposal	(37)		
		(705)	(4)
Changes in net current assets			
Decrease in closing accruals	(145)		
Increase in stock	(4)		
		(149)	43
Direct expenditure		**28,113**	**24,405**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		12,005	12,315
Notional rents		979	979
Net programme cost		**41,097**	**37,699**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	7	7
Vote 12 Superannuation and Retired Allowances	e	11,755	12,239
Vote 13 Office of Public Works	e	600	437
Vote 18 National Shared Services Office	e	32	27
Central Fund – Ministerial pensions		224	253
		12,618	12,963
Apportioned cost of accounting support for other Votes	e	(613)	(648)
		12,005	**12,315**

'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	**629**	**451**
Current assets			
Bank and cash	2.3	1,097	757
Stocks	2.4	17	13
Prepayments		328	356
Other debit balances	2.5	136	202
Accrued income		270	—
Total current assets		**1,848**	**1,328**
Less current liabilities			
Accrued expenses		337	241
Other credit balances	2.6	834	862
Net liability to the Exchequer	2.7	399	97
Total current liabilities		**1,570**	**1,200**
Net current assets		**278**	**128**
Net assets		**907**	**579**
Represented by:			
State funding account	2.1	**907**	**579**

2.1 State Funding Account

	Note		2016	2015
		€000	€000	€000
Balance at 1 January			579	782
Disbursements from the Vote				
Estimate provision	Account	39,594		
Deferred surrender	Account	(227)		
Surplus to be surrendered	Account	(10,400)		
Net vote			28,967	24,366
Expenditure (cash) borne elsewhere	1		12,005	12,315
Non cash items – capital assets[a]			(908)	(353)
Non cash items – depreciation[a]			382	189
Non cash expenditure – notional rent	1		979	979
Net programme cost	1		(41,097)	(37,699)
Balance at 31 December			**907**	**579**

[a] Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition/depreciation figures in the balance sheet do not match those shown in the operating cost statement.

2.2 Capital Assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	262	5,489	2,403	8,154
Additions	236	67	139	442
Disposals	—	—	(71)	(71)
Cost or valuation at 31 December 2016	498	5,555	2,471	8,525
Accumulated depreciation				
Opening balance at 1 January 2016	184	5,125	2,394	7,703
Depreciation for the year	100	132	31	263
Depreciation on disposals	—	—	(71)	(71)
Cumulative depreciation at 31 December 2016	284	5,257	2,354	7,896
Net assets at 31 December 2016	**214**	**298**	**117**	**629**
Net assets at 31 December 2015	**78**	**364**	**9**	**451**

2.3 Bank and Cash at 31 December	**2016** €000	**2015** €000
PMG balances and cash	1,096	738
Commercial bank account balance	1	19
	1,097	757

2.4 Stocks at 31 December	**2016** €000	**2015** €000
Stationery	12	8
IT consumables	5	5
	17	13

2.5 Other Debit Balances at 31 December	**2016** €000	**2015** €000
Recoupable salaries	—	21
Recoupable travel expenditure	37	19
Travel imprests	—	7
Recoupable travel pass scheme expenditure	92	100
Other debit suspense items	7	55
	136	202

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	302	302
Pay Related Social Insurance	176	166
Professional Services Withholding Tax	53	110
Value Added Tax	21	12
Pension contributions	67	63
Local Property Tax	2	1
Universal Social Charge	75	94
	696	748
Payroll deductions held in suspense	94	95
Other credit suspense items	1	19
Recoupable salaries	43	—
	834	862

2.7 Net liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	10,400	6,137
Deferred surrender	227	115
Exchequer grant undrawn	(10,228)	(6,155)
Net liability to the Exchequer	399	97
Represented by:		
Debtors		
Bank and cash	1,097	757
Debit balances: suspense	136	202
	1,233	959
Creditors		
Due to State	(696)	(748)
Credit balances: suspense	(138)	(114)
	(834)	(862)
	399	97

2.8 Commitments

There were no commitments at 31 December 2016.

2.9 Matured Liabilities	**2016**	**2015**
At 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at year end	4	10

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Economic and Fiscal Policy**			
A.1	Administration – pay	6,191	5,970	5,712
A.2	Administration – non pay	731	967	948
A.3	Committee and commissions	370	320	327
A.4	Consultancy and other services	840	727	1,026
A.5	Fuel grant	10,000	7,857	—
		18,132	15,841	8,013

Significant variations

Overall, the expenditure in relation to Programme A was €2.3 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	(236)	This variance was primarily driven by an overspend on ICT of €174,000. The overspend is covered by sanctioned virement from other subheads and the programme remains within budget on an overall basis.
Fuel grant	2,143	The fuel grant constitutes a new service in the context of the Finance Vote in 2016. A sum of €10 million was provided for the new fuel grant under the Disabled Drivers and Passengers (Tax Concessions) Scheme to replace the excise repayment on the fuel element of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Department initially estimated that an average grant of €730 would be made to approximately 13,700 claimants which would include drivers, passengers and organisations. The actual outturn of €7.86 million was paid to 11,487 claimants and the average grant was €680. The new Fuel Grant process was introduced in 2016 with respect to eligible expenditure made by the claimants in 2015. As a result of the changed process, many eligible applications were not made relating to 2015 until 2017 which has resulted in 749 backdated claims being received in 2017. The average claim for 2016 was lower than expected compared to the previous scheme. However, as the values of individual's claims vary due to differences arising from the type of fuel and the amount of fuel consumed variance from year to year is to be expected. The average claim has risen from €680 to €710 for 2017 year to date.
Consultancy and other services	113	The underspend of €113,000 is a result of certain consultancy costs being less than anticipated with significant elements conducted in-house.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Banking and Financial Services Policy**			
B.1	Administration – pay	5,291	5,379	5,572
B.2	Administration – non pay	730	654	665
B.3	Committees and commissions	20	17	13
B.4	Consultancy and other services	5,010	712	3,569
		11,051	6,762	9,819

Significant variations

Overall, the expenditure in relation to Programme B was €4.3 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Consultancy and other services	4,298	The nature of this subhead is that the work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise. The key driver of this saving was the Shareholding Management Unit where savings of approximately €3.5 million arose in relation to the budget for litigation and transactional activity. Savings also arose on a number of projects in the Banking Division where a number of factors such as the in-house completion of work contributed to the lower outturn.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	**Delivery of Shared Services**			
C.1	Administration – pay	7,018	5,279	6,164
C.2	Administration – non pay	4,426	3,300	2,252
C.3	Consultancy and other services	252	56	53
		11,696	8,635	8,469

Significant variations

Overall, the expenditure in relation to Programme C was €3.1 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – pay	1,739	Spend was substantially below budget because a number of staff left the Department during the year due to both normal attrition and also promotion within the civil service. Recruitment to fill some of these vacancies was slower than expected and resulted in a pay-bill saving.
Administration – non pay	1,126	This variance arose due to savings across all administrative subheads. IT costs were €0.62 million less than the estimate due to the eDiscovery project being delayed into 2017. Capital spend relating to electrical and fire project works were below estimate by €0.3m but a capital carryover of €0.227 million into 2017 has been approved.
Consultancy and other services	196	The spend of €56,000 relates to the national economic dialogue. The €196,000 underspend relates to budget being provided for certain projects which were subsequently carried out in-house and certain other projects did not arise due to the later than anticipated timing of certain projects.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	1,365	701
2	Miscellaneous	50	120	243
3	Receipts from pension-related deductions on public service remuneration	850	786	991
	Total	**1,400**	**2,271**	**1,935**

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 estimated	Explanation
	€000	
Recoupment of certain expenses in relation to the stabilisation of the banking sector	(865)	Additional recoupments were secured in relation to the costs of the stabilisation of the banking sector. The budget for these recoupments had been set at a prudent level because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	—	—
Collected	3	2
Transferred to the Exchequer	(3)	(2)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	290	275

	2016 €000	2015 €000
Pay	15,183	15,893
Higher, special or additional duties allowance	98	138
Other allowances	121	163
Overtime	159	178
Employer's PRSI	1,066	1,084
Total pay [a]	**16,627**	**17,456**

[a] The total pay figure is distributed across subheads A.1, B.1 and C.1.

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	33	5	11,937	21,406
Other allowances	5	—	—	51,435
Overtime	61	5	22,069	22,102
Extra remuneration in more than one category	14	6	25,549	51,435

5.2 Other remuneration arrangements

4 retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €3,375. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €187,866 in respect of 3 officers who were serving outside the Department for all or part of 2016 and whose salaries were paid by the Department.

5.3 Payroll overpayments

Overpayments at the year-end were €37,428 (12 cases) (2015: €41,449, 23 cases). Of this, €14,022 (6 cases) have recovery plans in place.

6 Miscellaneous

6.1 Banking system functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (S.I.) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under S.I. no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and commissions

	2016	2015
	€000	€000
Credit Union Advisory Committee[a]	17	13
Disabled Drivers Appeals Board[b]	320	327
	337	340

[a] The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise regarding:

- improvement of the management of credit unions
- protection of the interest of members and creditors of credit unions and
- other matters relating to credit unions upon which the Minister, the Central Bank or such other persons as may be specified by the Minister, may from time to time seek by way of advice from the Committee.

[b] The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Board was established in 1989.

6.3 Contingent liabilities

There is litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

6.4 Legal costs

	Number of cases	Legal cost paid by Department	Compensation awarded	Legal costs awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by:						
employees	—	—	—	—	—	74
members	—	—	—	—	—	1,160
of the public						
		—	—	—	—	1,234

6.5 Carryover to 2017

Under the provisions of Section 91 of the Finance Act 2004, €227,000 of unspent allocations in respect of the capital elements of Subhead C.2 was carried forward to 2017.

Appropriation Account 2016

Vote 8

Office of the Comptroller and Auditor General

Introduction

As Accounting Officer for Vote 8, I am required each year to prepare the Appropriation Account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Comptroller and Auditor General.

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 €1.71 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.

In addition, the following accounting policy has been adopted in respect of work in progress.

Work in progress represents the estimated recoverable value associated with audit work completed at year end in cases where an audit opinion has not been reported.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared Services

The payroll function transferred to the National Shared Services Office (Vote 18) on the 1 February 2016.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of Human Resources and Payroll Processing shared services.

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

Significant Financial Risk

Audit fees are charged for certain financial audits in accordance with the Comptroller and Auditor General (Amendment) Act 1993. The fees form a significant proportion of the resources of the Office and a number of procedures have been put in place to ensure that costs are recovered for relevant audits. These measures include

- an annual review of the basis on which fees are charged including a review of the recovery of costs on individual audits over time.
- systems which records audit costs, audit progress and billing information
- the monitoring of financial information including audit costs and fee recovery.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 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
- the Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of one contract to the value of €70,000 listed in my annual return in respect of circular 40/2002. The Office extended the contract for front of house services at existing contract rates. A new tender competition was held for front of house services in 2017.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function 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 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.

The internal audit function is provided by a private firm which uses appropriately trained personnel.

Andrew Harkness
Accounting Officer
Office of the Comptroller and Auditor General

27 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 8 Office of the Comptroller and Auditor General

The appropriation account for Vote 8 Office of the Comptroller and Auditor General has been audited on my behalf by Mr Tommy Doherty of Mazars, Chartered Accountants and Registered Auditors under section 13 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, in accordance with standard accounting policies and principles for appropriation accounts.

On the basis of his audit and report, in my opinion, the appropriation account properly presents the receipts and expenditure of Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2016.

Seamus Mc Carthy
Comptroller and Auditor General

28 May 2017

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act, 1993

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, I have audited the Appropriation Account of the Office of the Comptroller and Auditor General for the year ended 31 December 2016.

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. My audit work has been undertaken so that I can state to the Comptroller and Auditor General those matters I am required to state to him in my opinion and for no other purposes. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the Accounting Officer and the Auditor

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the Appropriation Account. He is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the Appropriation Account.

It is my responsibility to audit the Appropriation Account in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2016. I also report to you whether in my opinion proper books of account have been kept by the Office. In addition, I state whether I have obtained all the information and explanations necessary for the purpose of my audit and whether the Office's Appropriation Account is in agreement with the accounting records.

Basis of Opinion

I conducted my audit of the Appropriation Account of the Office of the Comptroller and Auditor General in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Appropriation Account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of Public Financial Procedures have been complied with.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the Appropriation Account is free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Appropriation Account.

Opinion

In my opinion, the Appropriation Account of the Vote for the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2016 and there are no matters on which I need to report, pursuant to Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

I have obtained all the information and explanations which I considered necessary for the purposes of my audit. In my opinion, proper accounting records have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the accounting records.

Tommy Doherty
For and on behalf of Mazars
Chartered Accountants and Registered Auditors
Harcourt Centre
Block 3
Harcourt Road
Dublin 2.

18 May 2017

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Audit and reporting	12,520	11,567	12,141
	Gross expenditure	**12,520**	**11,567**	**12,141**
	Deduct			
B	**Appropriations-in-aid**	**5,759**	**6,514**	**6,124**
	Net expenditure	**6,761**	**5,053**	**6,017**

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	1,707,576	665,040

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	10,291	9,376	9,869
ii	Travel and subsistence	546	517	452
iii	Training and development and incidental expenses	328	390	378
iv	Postal and telecommunications services	100	70	111
v	Office equipment and external IT services	443	416	591
vi	Office premises expenses	217	176	245
vii	Consultancy services	350	59	36
viii	Legal fees	45	66	43
ix	Contract audit services	200	497	416
		12,520	11,567	12,141

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		9,376	9,869
Non pay		2,191	2,272
Gross expenditure		**11,567**	**12,141**
Deduct			
Appropriations-in-aid (Note 4)		**6,514**	**6,124**
Net expenditure		**5,053**	**6,017**
Changes in capital assets			
Purchases	(90)		
Depreciation	367		
		277	97
Changes in net current assets			
Increase in closing accruals	308		
Decrease in stock	9		
		317	(417)
Direct expenditure		**5,647**	**5,697**
Increase in value of work-in-progress		(20)	478
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,823	2,528
Notional rents		21	244
Net programme cost		**8,471**	**8,947**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts associated with Vote 8 services borne elsewhere.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	30
Vote 12 Superannuation and Retired Allowances	1,430	1,368
Vote 13 Office of Public Works	850	615
Vote 18 National Shared Services Office	15	—
Account of the Central Fund of the Exchequer	498	515
	2,823	2,528

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2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**1,879**	**2,156**
Work-in-progress	2.3	**484**	**464**
		2,363	**2,620**
Current assets			
Stocks		6	15
Prepaid expenses		106	107
Audit fee debtors		385	1,441
Accrued audit fee income	2.5	1,301	503
Other debit balances	2.6	129	116
Net Exchequer funding due	2.8	567	1,527
Total current assets		**2,494**	**3,709**
Less current liabilities			
Bank and cash	2.4	345	1,183
Accrued expenses		125	76
Other credit balances	2.7	351	460
Total current liabilities		**821**	**1,719**
Net current assets		**1,673**	**1,990**
Net assets		**4,036**	**4,610**
Represented by:			
State funding account	2.1	**4,036**	**4,610**

2.1 State funding account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			4,610	2,915
Disbursements for the Vote				
Estimate provision	Account	6,761		
Surplus to be surrendered	Account	(1,708)		
Net Vote			5,053	6,017
Fit-out costs and furniture provided by OPW			—	1,853
Expenditure (cash) borne elsewhere	1		2,823	2,528
Non cash expenditure – notional rent	1		21	244
Net programme cost	1		(8,471)	(8,947)
Balance at 31 December			**4,036**	**4,610**

2.2 Capital Assets

	Office equipment	Fixtures, furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	2,152	1,921	4,073
Additions	79	11	90
Cost or valuation at 31 December 2016	2,231	1,932	4,163
Accumulated depreciation			
Opening balance at 1 January 2016	1,719	198	1,917
Depreciation for the year	174	193	367
Cumulative depreciation at 31 December 2016	1,893	391	2,284
Net assets at 31 December 2016	**338**	**1,541**	**1,879**
Net assets at 31 December 2015	**433**	**1,723**	**2,156**

2.3 Work in Progress

Work in progress assigns a value to audit work where a fee is charged but where the audit has not yet been completed. The value of work in progress is calculated as a percentage of the agreed audit fee, based on the status of the audit at year end. The value of work in progress at year end was €484,000 (2015: €464,000).

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	(543)	(1,228)
Commercial bank account balance	198	45
	(345)	(1,183)

2.5 Accrued Audit Fee Income

Accrued audit fee income represents audit work completed but not yet invoiced at the year end.

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable travel expenditure and travel pass scheme	92	79
Recoupable expenditure from co-tenants	25	35
Miscellaneous salary suspense	12	2
	129	116

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	151	151
Pay Related Social Insurance	105	103
Income Levy	39	50
Professional Services Withholding Tax	26	32
Value Added Tax	29	17
Pension contributions	—	62
Local Property Tax	1	1
	351	416
Payroll deductions held in suspense	—	40
Haddington Road payroll deduction	—	4
	351	460

2.8 Net Exchequer funding due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	1,708	665
Exchequer grant undrawn	(2,275)	(2,192)
Net liability to the Exchequer	(567)	(1,527)
Represented by:		
Debtors		
Debit balances: suspense	129	116
	129	116
Creditors		
Bank and cash	(345)	(1,183)
Due to State	(351)	(416)
Credit balances: suspense	—	(44)
	(696)	(1,643)
	(567)	(1,527)

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Total of legally enforceable commitments	34	18

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Audit and reporting**			
A.1	Administration - pay	10,291	9,376	9,869
A.2	Administration - non pay	2,229	2,191	2,272
		12,520	11,567	12,141

Significant variations

The overall saving on expenditure headings in the year was €953,000. The significant variations were as follows:

Salaries, wages and allowances

There was an underspend of €915,000 which arises due to a shortfall in staff versus the approved complement. The average number of staff in the year was 145. The approved staff complement is 164. Some of the shortfall was addressed through the engagement of qualified accountants on short term contracts.

Consultancy Services

There was an underspend of €291,000 in the year. The use of external expert consultants is dependent upon the nature of examinations as determined by the Comptroller and Auditor General. The nature of the examinations conducted in 2016 did not require significant external expertise.

Contract Audit Service

Additional expenditure on subhead (ix) Contract Audit Services of €297,000 to facilitate the timely certification of accounts was funded from savings on subhead (i) Salaries, wages and allowances. The virement was sanctioned by the Department of Public Expenditure and Reform.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1	Audit fees	5,275	6,112	5,589
2	Receipts from pension-related deductions on public service remuneration	484	402	535
		5,759	6,514	6,124

Significant variations

Income from appropriations in aid exceed budgeted target by €755,000. The significant variations were as follows:

Audit Fees

The surplus of €837,000 is due to the timing of the completion of the Office's programme of audits.

Pension Related deductions

Receipts from pension related deductions were €82,000 lower than anticipated due to the shortfall in permanent staff numbers.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	143	139

	2016 €000	2015 €000
Pay	8,679	9,130
Higher, special or additional duties allowances	25	58
Overtime	2	—
Employer's PRSI	670	681
Total pay	**9,376**	**9,869**

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	5	1	10,081	9,948
Overtime and extra attendance	1	—	1,743	295

No staff member received additional payments in more than one category.

5.2 Remuneration of Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid directly out of the Central Fund of the Exchequer, as provided for in Section 14 of the Comptroller and Auditor General (Amendment) Act 1993. The charge on the Central Fund in 2016 in relation to the remuneration of the Comptroller and Auditor General was €175,742 (2015: €182,500). As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2016 in relation to the remuneration of the Accounting Officer was €138,546 (2015: €135,809).

5.4 Acting up allowances

One staff member received an acting up allowances for taking on the role of a higher grade. The total cost was €10,081 (2015: €37,558)

5.5 Payroll Overpayments

Payroll and human resources services are provided by the National Shared Services Office. Overpayments can occur for a number of reasons, including staff taking unpaid leave at short notice or sick leave limits being exceeded. Outstanding overpayments at the year end were €25,239, relating to 8 employees (2015: €0). Recoveries have been made in respect of €7,103 (2 employees) of the outstanding balance and arrangements to repay have been made in relation to €14,769 (4 employees). The NSSO are putting in place arrangements to recover the balance in the remaining cases.

6 Miscellaneous

Audit Committee costs amounted to €709 in 2016 (2015: €1,773).

Appropriation Account 2016

Vote 9

Office of the Revenue Commissioners

Introduction

As Accounting Officer for Vote 9, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Revenue Commissioners, including certain other services administered by that Office.

The expenditure outturn is compared with the sums:

(a) 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, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €8.81 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, with the exceptions listed here.

Capital assets: vehicles and equipment

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs cutter is depreciated at a rate of 5% per annum on a straight line basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

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.

I rely on letters of assurance from the Accounting Officer of the Vote for the National Shared Services Office in relation to the provision of Human Resources and Payroll shared services. I also rely on the letter of assurance from the Accounting Officer of the Department of Justice and Equality in relation to the provision of payroll shared services from the beginning of the year until migration to the Payroll Shared Service Centre on 13 June 2016. The letters provide assurances that the appropriate framework of controls is in place for the provision of shared services to this Office.

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 Office to identify potential risks and ensure an appropriate mitigation strategy is in place
- mitigations used to manage risk include;
    - Revenue's governance structures
    - environmental scanning to ensure Revenue are aware of influences that affect risk, such as Brexit
    - integrated strategic/business planning and Risk Management system that regularly reviews risks at Organisational, Divisional and Branch level
    - project management methodologies for all significant projects.
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks
- there are appropriate capital investment control guidelines and formal project management disciplines

Procurement

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

As required in DPER circular 40/2002, I have submitted a report on procurements in 2016 that were not based on competitive tendering processes, worth a total of €18,134,442. This included

- €12,121,477 (37 contracts) spent on goods and services from proprietary suppliers to cover ongoing support, maintenance and licencing of ICT (and other systems) to which Revenue is committed
- €671,901 (10 contracts) in place with sole suppliers of required goods and services
- €692,771 (8 contracts) in place with suppliers who provided required specialist skills and expertise
- €4,068,295 (15 contracts) contracts extended pending availability of replacement arrangements by OGP
- €579,998 (1 contract) procured contrary to national procurement guidelines. This relates to a long standing contract for telephonist services to Government Departments. Revenue intends to engage with the Office of Government Procurement (OGP) to address this issue.

The Office has introduced a financial management system that records details of all suppliers of goods and services and related payments. This database includes records relating to long term service, support and maintenance agreements, largely in respect of software and communications where regular tendering is not practical or possible.

It is the policy of my Office to avail of all centrally available frameworks as soon as they come on stream and to engage with the Office of Government Procurement where we have more specific requirements. Controls will remain in place to ensure compliance with this strategy.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a formal written Internal Audit Charter. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. 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.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

25 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 9 Office of the Revenue Commissioners

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners 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 9 Office of the Revenue Commissioners for the year ended 31 December 2016.

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

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 a contract that operated in 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 9 Office of the Revenue Commissioners
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Administration and collection of taxes and duties, and frontier management				
	Current year provision	400,600			
	Deferred surrender	2,000			
			402,600	397,003	401,440
	Gross expenditure		**402,600**	**397,003**	**401,440**
	Deduct				
B	**Appropriations-in-aid**		**69,487**	**74,696**	**82,512**
	Net expenditure				
	Current year provision	331,113			
	Deferred surrender	2,000			
			333,113	**322,307**	**318,928**

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 in the following year.

	2016	2015
	€	€
Surplus	10,805,980	10,553,281
Deferred surrender	(2,000,000)	(2,000,000)
Surplus to be surrendered	8,805,980	8,553,281

Analysis of administration expenditure

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances		294,629	288,101	288,647
ii	Travel and subsistence		3,500	3,956	3,740
iii	Training and development and other day-to-day expenses		17,846	19,721	17,839
iv	Postal and telecommunications services		10,200	10,057	9,977
v	Office equipment and external IT services		52,550	52,304	60,234
vi	Office premises expenses		7,100	7,507	6,351
vii	Consultancy services and value for money and policy reviews		45	53	55
viii	Motor vehicles and equipment maintenance				
	Current year provision	3,460			
	Deferred surrender	2,000	5,460	4,376	2,951
ix	Law charges, fees and rewards		10,770	10,532	11,046
x	Compensation and losses		500	396	600
			402,600	397,003	401,440

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		288,101	288,647
Non pay		108,902	112,793
Gross expenditure		**397,003**	**401,440**
Deduct			
Appropriations-in-aid		**74,696**	**82,512**
Net expenditure		**322,307**	**318,928**
Changes in capital assets			
Purchases cash	(8,776)		
Depreciation	15,345		
Disposals cash	16		
Loss on disposals	116		
		6,701	11,046
Changes in assets under development			
Cash payments		(15,028)	(9,727)
Changes in net current assets			
Increase in closing accruals	4,777		
(Increase) in stock	(253)		
		4,524	(10,620)
Direct expenditure		**318,504**	**309,627**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		88,956	88,542
Notional rents (non cash)		9,969	9,843
Net programme cost		**417,429**	**408,012**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

		2016 €000	2015 €000
Vote 12 Superannuation and Retired Allowances		73,202	72,294
Vote 13 Office of Public Works		18,541	18,655
Vote 18 National Shared Services Office		154	—
Vote 24 Justice and Equality		561	1,229
		92,458	92,178
Services rendered by Revenue without charge [a]	e	(3,502)	(3,636)
		88,956	88,542

[a] In addition to services rendered without charge to other Votes shown here (€3.5 million), services to the value of approximately €908,000 were also provided without charge to other non voted bodies.

“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	64,798	61,137
Capital assets under development	2.3	6,558	1,905
		71,356	**63,042**
Current assets			
Bank and cash	2.4	21,771	14,365
Stocks	2.5	1,567	1,314
Prepayments		13,278	17,418
Accrued income		1,884	2,594
Other debit balances	2.6	1,763	2,545
Total current assets		**40,263**	**38,236**
Less current liabilities			
Accrued expenses		3,193	3,350
Deferred income		135	90
Other credit balances	2.7	16,340	15,171
Net liability to the Exchequer	2.8	7,194	1,739
Total current liabilities		**26,862**	**20,350**
Net current assets		**13,401**	**17,886**
Net assets		**84,757**	**80,928**
Represented by:			
State funding account	2.1	**84,757**	**80,928**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			80,928	71,595
Disbursements from the Vote				
Estimate provision	Account	333,113		
Deferred surrender	Account	(2,000)		
Surplus to be surrendered	Account	(8,806)		
Net vote			322,307	318,928
Expenditure (cash) borne elsewhere	1		88,956	88,542
Non cash expenditure – notional rent	1		9,969	9,843
Other non-cash items – seized vehicles			26	32
Net programme cost	1		(417,429)	(408,012)
Balance at 31 December			**84,757**	**80,928**

2.2 Capital Assets

	Vehicles and equipment	Office/IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	14,335	416,950	57,973	489,258
Additions	2,445	14,707	1,966	19,118
Seized vehicles appropriated to Revenue	26	—	—	26
Transfers from Vote 10	—	5	—	5
Disposals	(455)	(5,175)	(116)	(5,746)
Cost or valuation at 31 December 2016	16,351	426,487	59,823	502,661
Accumulated depreciation				
Opening balance at 1 January 2016	11,290	364,551	52,280	428,121
Depreciation for the year	1,058	12,976	1,311	15,345
Depreciation on transfers	—	5	—	5
Depreciation on disposals	(451)	(5,064)	(93)	(5,608)
Cumulative depreciation at 31 December 2016	11,897	372,468	53,498	437,863
Net assets at 31 December 2016	**4,454**	**54,019**	**6,325**	**64,798**
Net assets at 31 December 2015	**3,045**	**52,399**	**5,693**	**61,137**

2.3 Capital Assets under Development

at 31 December	In-house computer applications
	€000
Amounts brought forward at 1 January 2016	1,905
Cash payments for the year	15,028
Transferred to asset register	(10,375)
Amounts carried forward at 31 December 2016	6,558

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	21,768	14,363
Commercial bank account balances	3	2
	21,771	14,365

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery and small stores	934	593
IT consumables	225	380
Equipment/clothing/miscellaneous	408	341
	1,567	1,314

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Shared buildings advances	183	155
Advances for travel and subsistence purposes	19	9
Advances to OPW for building works etc.	906	415
Miscellaneous suspense	352	871
Vote 10 Appeal Commissioners	271	178
Payroll suspense	—	1,037
Recoupable expenditure in advance	32	(120)
	1,763	2,545

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	5,430	5,480
Pay Related Social Insurance	2,315	1,971
Professional Services Withholding Tax	1,734	2,110
Value Added Tax	756	430
Local Property Tax	61	47
Pension contributions	1,945	927
Extra exchequer receipts	—	460
	12,241	11,425
Payroll deductions held in suspense	4,020	3,694
Other credit suspense items	79	52
	16,340	15,171

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	8,806	8,553
Deferred surrender	2,000	2,000
Exchequer grant undrawn	(3,612)	(8,814)
Net liability to the Exchequer	7,194	1,739
Represented by:		
Debtors		
Bank and cash	21,771	14,365
Other debit balances	1,763	2,545
	23,534	16,910
Creditors		
Due to State	(12,241)	(11,425)
Other credit balances	(4,099)	(3,746)
	(16,340)	(15,171)
	7,194	1,739

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	3,899	4,696
Total of legally enforceable commitments	3,899	4,696

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A	**Administration and collection of taxes, duties and frontier management**				
A.1	Administration – pay		294,629	288,101	288,647
A.2	Administration – non pay				
	Original	105,971			
	Deferred surrender	2,000			
			107,971	108,902	112,793
			402,600	397,003	401,440

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2.	Fines, forfeitures, law costs recovered	3,600	3,269	3,586
3.	Cherished numbers	50	257	177
4.	Receipts in respect of Environmental Levy collection	400	394	398
5.	Share of SASP collection cost (Single Authorisation for Simplified Procedures)	15,000	19,892	23,151
6.	Miscellaneous	2,000	2,500	2,664
7.	Receipts from pension-related deductions on public service receipts in respect of civil service staff	11,000	10,947	15,099
	Total	**69,487**	**74,696**	**82,512**

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 estimated	Explanation
	€000	
Fines, forfeitures, law costs recovered	331	Variance arises due to timing issues.
Cherished numbers	(207)	Receipts vary with demand. The increase is due to the higher volume of new car sales in line with the economic recovery. The 2017 Estimate was increased three-fold to €150,000.
Share of SASP collection costs (Single Authorisation for Simplified Procedures)	(4,892)	The estimate assumed that the reduced rate of 20% would apply for the full calendar year. However, the full rate was applied from January to September 2016. This was due to the delay in all the EU member states ratifying the rate change. The reduced rate applied from October 2016 only. If the reduced rate had applied for all of 2016, the outturn would have reduced by €2.2million putting the variance at 18%.
Miscellaneous	(500)	The variance arises mainly from: (i) the provision of an EU grant in respect of a Revenue x ray scanner (€375,000), and (ii) the payment of both 2015 and 2016 HSE Ancillary State Support Scheme contributions in 2016 (€139,000).

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	460	410
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994	439	1,054
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers	768	726
Transferred to Exchequer	(1,667)	(1,730)
Balance at 31 December	—	460

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	6,054	5,860

The number of staff at year end 2016 includes 86 temporary clerical officers (2015:80), 40 of whom were engaged in the administration of Local Property Tax. The remainder covered other peak business periods across the organisation.

	2016 €000	2015 €000
Pay	266,807	268,040
Higher, special or additional duties allowance	4,131	4,257
Overtime	2,398	2,630
Employer's PRSI	14,765	13,720
Total pay	**288,101**	**288,647**

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	100	10	17,288	17,998
Overtime and extra attendance	1,743	90	17,297	29,618
Shift and roster allowances	185	19	23,177	23,595
Miscellaneous	173	4	13,280	27,505
Extra remuneration in more than one category	240	79	23,548	29,828

5.2 Performance Awards

A total of €96,809 was spent on Staff Recognition Schemes. There were 1,705 individual awards, ranging from €12 to €350.

5.3 Other Remuneration Arrangements

The cost of Revenue staff on secondment to other departments/agencies without recoupment was €365,687 (2015: €487,977).

A total of €24,427 was paid to six Revenue staff in 2016 in compensation for loss of earnings in accordance with Labour Court recommendation 19995.

A total of €28,249 was paid to 22 retired civil servants by Revenue in 2016 in respect of Interview Board fees, training interventions and witness expenses. These payments were made in accordance with the appropriate Department of Public Expenditure and Reform rates.

5.4 Payroll Overpayments

Overpayments at the year end were €1,512,222 (1,068 cases) (2015: €1,128,777; 827 cases). Of this, €565,605 (391 cases) had recovery plans in place.

6 Miscellaneous

6.1 Write-Offs

The following sums were written off in the year:

	2016	2015
	€000	€000
Obsolete stock	24	145

6.2 Law Charges, Fees and Rewards (subhead A (ix))

	2016	2015
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	4,583	5,230
Counsel fees	2,532	2,387
Other fees and costs:		
Bankruptcy/liquidation costs	2,676	2,204
Court fees	8	484
Miscellaneous costs and rewards	733	741
	10,532	11,046

6.3 Legal Costs

					2016	2015
	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by employees of the Office						
Legal action taken by members of staff including claims pursued via the State Claims Agency	8	4	—	64	68	89
Miscellaneous expenses arising from work related incidents.	11	—	—	5	5	3
Claims by members of the public	30	12	160	151	323	508
		16	160	220	396	600

6.4 Arbitration and Conciliation Costs

Revenue had €1,678 expenditure in 2016 related to arbitration and conciliation (2015: €149,250).

This relates to 1 case that spanned both years. Figures include legal, real estate and valuers fees and stenography services (inclusive of VAT).

6.5 Contingent Liability

Revenue has contingent liabilities of €2.6 million (2015: €2.2 million).

6.6 EU Funding

A grant for €375,000 was received from the European Anti-fraud Office towards the procurement of a mobile x-ray scanner.

Appropriation Account 2016

Vote 10

Tax Appeals Commission

Introduction

As Accounting Officer for Vote 10, 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 Tax Appeals Commission.

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 €596,480 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Establishment of the Commission

The Finance (Tax Appeals) Act 2015 which establishes the Tax Appeals Commission (formerly the Office of the Appeal Commissioners) was signed into law in December 2015. The Minister for Finance signed the relevant commencement orders to give effect to the new legislative provisions in February 2016. The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

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 Commission.

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.

Financial control environment

The Tax Appeals Commission depends to a significant degree on the controls operated by the Revenue Commissioners which provides a payment function and an accounting service to the Commission. I note in this regard the assurances provided to the Revenue Commissioners by the Accounting Officer of the Vote for Shared Services in relation to the provision of Human Resources and Payroll Shared Services and from the Accounting Officer of the Department of Justice and Equality in relation to the provision of Payroll Shared Services from the beginning of the year until migration to the Payroll Shared Service Centre on 13 June 2016.

A service level agreement is in place between the Commission and the Office of the Revenue Commissioners which sets out both parties' responsibilities for all administrative and accounting procedures.

The Tax Appeals Commission did not, in 2016, have an audit committee and the agreement between the Commission and the Revenue Commissioners did not provide for access to the Revenue Commissioners' Audit Committee by the Commission. However, had I required access to the Audit Committee, I understand I would have been facilitated.

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
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks
- the Commission 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 risk management system in the Revenue Commissioners did not extend to the Tax Appeals Commission and the Commission did not, in 2016, have a separate risk management system or maintain a risk register.

As part of a reform agenda currently underway to enhance and modernise the appeals process, internal controls are being revised in line with best public service practice.

Internal Audit

I confirm that the Tax Appeals Commission has an agreement in place with the Revenue Commissioners which provides the Commission with access to Revenue's internal audit function which will, on request, advise the Commission on departmental standards of internal audit, practices and procedures in auditing generally, and ongoing developments.

In 2016, the Commission did not consult with or seek the advice of Revenue's internal audit function.

Mark O' Mahony
Accounting Officer
Tax Appeals Commission

25 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

I have audited the appropriation account for Vote 10 Tax Appeals Commission 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 in the Commission 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 10 Tax Appeals Commission 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 Tax Appeals Commission. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 9 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 10 Tax Appeals Commission.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 10 Tax Appeals Commission
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing of tax appeals	1,500	890	543
	Gross expenditure	**1,500**	**890**	**543**
	Deduct			
B	**Appropriations-in-aid**	**60**	**46**	**32**
	Net expenditure	**1,440**	**844**	**511**

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	596,480	263,662

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	820	661	473
ii	Travel and subsistence	50	4	22
iii	Training and development and incidental expenses	35	19	16
iv	Postal and telecommunications services	25	8	7
v	Office equipment and external IT services	500	181	18
vi	Office premises expenses	70	17	7
		1,500	890	543

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		661	473
Non pay		229	70
Gross expenditure		**890**	**543**
Deduct			
Appropriations-in-aid		**46**	**32**
Net expenditure		**844**	**511**
Changes in capital assets			
Purchases cash	(251)		
Depreciation	57		
		(194)	2
Changes in net current assets			
Decrease in closing accruals	(21)		
		(21)	—
Direct expenditure		**629**	**513**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		265	250
Net programme cost		**894**	**763**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following actual amounts in relation to Vote 10 borne elsewhere.

	2016	2015
	€000	€000
Vote 13 Office of Public Works	237	250
Vote 9 Revenue Commissioners [1]	28	—
	265	**250**

[1]The comparative for the previous year is not available.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**208**	**14**
Current Assets			
Paymaster General account balance		383	170
Prepayments		41	8
Accrued Income		4	—
Payroll suspense		—	1
Total current assets		**428**	**179**
Less current liabilities			
Accrued expenses		18	2
Vote 9 Revenue Commissioners		271	178
Net liability to the Exchequer	2.3	112	(7)
Total current liabilities		**401**	**173**
Net current assets		**27**	**6**
Net assets		**235**	**20**
Represented by:			
State funding account	2.1	**235**	**20**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			20	22
Disbursements from the Vote				
Estimate provision	Account	1,440		
Surplus to be surrendered	Account	(596)		
Net vote			844	511
Expenditure (cash) borne elsewhere	1		265	250
Net programme cost	1		(894)	(763)
Balance at 31 December			**235**	**20**

2.2 Capital Assets

	Furniture and fittings	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	66	26	92
Additions	12	239	251
Transfers to Vote 9	—	(5)	(5)
Cost or valuation at 31 December 2016	78	260	338
Accumulated depreciation			
Opening balance at 1 January 2016	57	21	78
Depreciation for the year	6	51	57
Depreciation on transfers	—	(5)	(5)
Cumulative depreciation at 31 December 2016	63	67	130
Net assets at 31 December 2016	**15**	**193**	**208**
Net assets at 31 December 2015	**9**	**5**	**14**

2.3 Net liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	596	264
Exchequer grant undrawn	(484)	(271)
Net liability to the Exchequer	112	(7)
Represented by:		
Debtors		
Paymaster General account balance	383	170
Payroll suspense	—	1
	383	171
Creditors		
Vote 9 Revenue Commissioners	(271)	(178)
	112	(7)

2.4 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	40	—
Total of legally enforceable commitments	40	—

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Facilitation of hearing of tax appeals**			
A.1	Administration - pay	820	661	473
A.2	Administration - non pay	680	229	70
		1,500	890	543

Significant variations

Overall, the expenditure in relation to Programme A was € 610,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – pay	159	Progress was slower than anticipated in relation to the recruitment of additional staff.
Administration – non pay	451	Variance is due to spending on ICT taking place at a slower pace than originally provided for and also to the recruitment of additional staffing resources being slower than anticipated.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	60	46	32
		60	46	32

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	7	6

	2016	2015
	€000	€000
Pay	541	454
Higher, special or additional duties allowance	4	—
Overtime	65	—
Employer's PRSI	51	19
	661	**473**

5.1 Allowances and Overtime Payments

	Number of receipients	Receipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties allowance	1	—	3,679	—
Overtime and extra attendance	1	1	65,411	—

Appropriation Account 2016

Vote 11

Office of the Minister for Public Expenditure and Reform

Introduction

As Accounting Officer for Vote 11, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants.

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 €2.5 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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 with the following exceptions.

Stocks and capital assets

The Department of Finance (Vote 7), the Department of Public Expenditure and Reform (Vote 11), National Shared Services Office (Vote 18) and the Office of Government Procurement (Vote 39) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared between the Department of Public Expenditure and Reform and the Department of Finance, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform when established in 2011. In general, IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform and furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Public Expenditure and Reform has at times, since it was established, purchased certain assets which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

I have fulfilled my responsibilities in relation to control arrangements for the HR and payroll shared services supplied to the Department by the National Shared Services Office for which I am also the Accounting Officer.

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 11.

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.
- 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 as outlined in my annual return in respect of Circular 40/2002.

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 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.

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

21 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 11 Office of the Minister for Public Expenditure and Reform

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform 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 Department 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 11 Office of the Minister for Public Expenditure and Reform 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 Department of Public Expenditure and Reform. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

8 September 2017

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Public expenditure and sectoral policy	17,766	14,908	16,688
B	Public service management and reform	28,147	28,280	24,089
	Gross expenditure	**45,913**	**43,188**	**40,777**
	Deduct			
C	**Appropriations-in-aid**	**2,165**	**1,965**	**4,309**
	Net expenditure	**43,748**	**41,223**	**36,468**

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	2,524,639	4,142,320

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	21,000	20,272	18,679
ii	Travel and subsistence	263	165	204
iii	Training and development and incidental expenses	902	1,018	770
iv	Postal and telecommunications services	375	245	289
v	Office equipment and external IT services	785	843	800
vi	Office premises expenses	445	250	550
vii	Consultancy and other services	60	15	23
		23,830	22,808	21,315

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		20,380	19,462
Pay		20,272	18,679
Non pay		2,536	2,636
Gross expenditure		**43,188**	**40,777**
Deduct			
Appropriations-in-aid		**1,965**	**4,309**
Net expenditure		**41,223**	**36,468**
Changes in capital assets			
Purchases cash	(1,187)		
Depreciation	684		
		(503)	(196)
Changes in assets under development			
Cash payments		(170)	—
Changes in net current assets			
Decrease in closing accruals	(435)		
Decrease in closing stock	1		
		(434)	(245)
Direct expenditure		**40,116**	**36,027**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,808	2,560
Notional rents		2,252	2,658
Net programme cost		**45,176**	**41,245**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 11 borne elsewhere.

		2016	2015
		€000	€000
Vote 7 Finance	e	243	262
Vote 9 Office of the Revenue Commissioners	e	229	206
Vote 12 Superannuation and Retired Allowances	e	1,129	817
Vote 13 Office of Public Works		1,168	1,247
Vote 18 National Shared Services Office	e	39	28
		2,808	**2,560**

'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	**2,984**	**1,783**
Current assets			
Bank and cash	2.4	1,765	1,185
Stocks	2.5	13	14
Prepayments		1,285	847
Other debit balances	2.6	166	238
Total current assets		**3,229**	**2,284**
Less current liabilities			
Accrued expenses		213	211
Other credit balances	2.7	1,261	1,177
Net liability to the Exchequer	2.8	670	246
Total current liabilities		**2,144**	**1,634**
Net current assets		**1,085**	**650**
Net assets		**4,069**	**2,433**
Represented by:			
State funding account	2.1	**4,069**	**2,433**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			2,433	1,828
Disbursements from the Vote				
Estimate provision	Account	43,748		
Surplus to be surrendered	Account	(2,525)		
Net vote			41,223	36,468
Expenditure (cash) borne elsewhere			2,808	2,560
Non-cash items – capital assets[a]			911	352
Non-cash items – depreciation[a]			(382)	(188)
Non cash expenditure – notional rent			2,252	2,658
Net programme cost			(45,176)	(41,245)
Balance at 31 December			**4,069**	**2,433**

[a] Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition and depreciation figures in the balance sheet do not match those shown in the operating cost statement.

2.2 Capital Assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	27,614	205	3	27,822
Additions	2,264	3	—	2,267
Disposals	(2,069)	—	—	(2,069)
Cost or valuation at 31 December 2016	27,809	208	3	28,020
Accumulated depreciation				
Opening balance at 1 January 2016	26,016	21	2	26,039
Depreciation for the year	1,044	21	1	1,066
Depreciation on disposals	(2,069)	—	—	(2,069)
Cumulative depreciation at 31 December 2016	24,991	42	3	25,036
Net assets at 31 December 2016	**2,818**	**166**	—	**2,984**
Net assets at 31 December 2015	**1,598**	**184**	**1**	**1,783**

2.3 Capital Assets under Development	**In house computer applications**	
	2016	**2015**
at 31 December	**€000**	**€000**
Opening balance at 1 January	—	—
Cash payments for the year	170	—
Transferred to asset register	(170)	—
Amounts carried forward at 31 December	—	—

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance and cash	1,764	1,160
Commercial bank account balance	1	25
	1,765	1,185

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	6	9
IT consumables	7	5
	13	14

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable travel expenditure	4	3
Recoupable travel pass scheme expenditure	139	153
Recoupable salaries	—	22
Other debit suspense items	23	60
	166	238

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	459	407
Pay Related Social Insurance	213	175
Professional Services Withholding Tax	230	103
Value Added Tax	24	64
Pension contributions	81	68
Local Property Tax	3	2
Universal Social Charge	111	123
	1,121	942
Payroll deductions held in suspense	132	130
Other credit suspense items	8	105
	1,261	1,177

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	2,525	4,142
Exchequer grant undrawn	(1,855)	(3,896)
Net liability to the Exchequer	670	246
Represented by:		
Debtors		
Bank and cash	1,765	1,185
Debit balances: suspense	166	238
	1,931	1,423
Creditors		
Due to State	(1,121)	(942)
Credit balances: suspense	(140)	(235)
	(1,261)	(1,177)
	670	246

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Global Commitments		
Procurement of goods and services	325	478
Total of legally enforceable commitments	325	478

2.10 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimates of matured liabilities not discharged at year end	3	24

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Public Expenditure and Sectoral Policy**			
A.1	Administration - pay	8,184	7,267	7,168
A.2	Administration - non pay	991	942	989
A.3	Economic and Social Research Institute- administration and general expenses	2,575	2,575	2,847
A.4	Structural funds technical assistance and other costs	1,808	1,032	952
A.5	Technical assistance costs of Regional Assemblies	650	621	843
A.6	Peace Programme/ Northern Ireland INTERREG	1,000	666	1,873
A.7	Special EU Programmes Body	1,350	1,200	1,249
A.8	Ireland/ Wales and Transnational INTERREG	750	303	767
A.9	Consultancy and other services	136	57	—
A.10	Funding for pensions for bodies under the aegis of the Department	322	245	—
		17,766	14,908	16,688

Significant variations

Overall, the expenditure in relation to programme A was €2.9 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Administration - pay	917	Administrative budget pay was an underspend because recruitment took place at a slower pace than was anticipated, particularly with regard to a number of vacant principal officer posts that were not filled in 2016. The underspend was also driven by a substantial number of retirees/leavers.
Structural funds technical assistance and other costs	776	The variance arises due to the revision of the specification for, and consequent delays in implementing, an IT system which will facilitate the electronic exchange of information between beneficiaries of EU funding and the authorities involved in the implementation of EU co-financed programmes.
Peace Programme/ Northern Ireland INTERREG	334	The commencement of 2014-2020 programme was delayed and the favourable euro to sterling exchange rate resulted in underspend.
Special EU Programmes Body	150	The impact of the delay in 2014-2020 programme expenditure resulted in lower spend with the favourable euro to sterling exchange rate also resulting in reduced spend.
Ireland/Wales and Transnational INTERREG	447	The variance arises as a result of the earlier than anticipated completion of 2007-2013 programme and reduced contribution for the 2014-2020 programme.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Public Service Management and Reform**			
B.1	Administration - pay	12,816	13,005	11,511
B.2	Administration - non pay	1,839	1,594	1,647
B.3	Institute of Public Administration	2,725	2,725	2,881
B.4	Civil service arbitration and appeals procedure	40	42	39
B.5	Consultancy and other services	290	258	248
B.6	Office of the Government Chief Information Officer	6,000	7,003	4,415
B.7	Reform agenda	2,008	1,988	1,794
B.8	Employee Assistance Officer shared service	1,320	1,232	1,277
B.9	Statute law revision programme	9	9	277
B.10	Civil service learning and development programme	800	124	—
B.11	Support for the implementation of the Protected Disclosures Act	300	300	—
		28,147	28,280	24,089

Significant variations

Overall, the expenditure in relation to Programme B was €0.1 million higher than provided. The significant variations were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Office of the Government Chief Information Officer	(1,003)	Expenditure was greater than anticipated due to an increase in the pace of implementation of the Government's public service ICT strategy particularly in respect of build to share infrastructure and application projects.

The overspend above was offset in part by the following savings.

Civil service learning and development programme	676	Savings arose as a result of a delay in the appointment of a technology specialist for the project with an ensuing delay to the associated work of evaluating existing civil service technology.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	EU programmes	250	109	2,165
2.	Pension cashflow surpluses	75	58	80
3.	Miscellaneous	40	73	63
4.	Receipts from pension-related deduction on public service remuneration	1,800	1,725	2,001
	Total	**2,165**	**1,965**	**4,309**

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	Explanation
	€000	
EU programmes	141	Receipts received during 2016 were lower than anticipated as some reimbursements will be received in 2017.

4.2 Extra receipts payable to the Exchequer	2016	2015
	€000	€000
Balance at 1 January	—	—
Voluntary surrender of ministerial salaries	1	—
Transferred to Exchequer	(1)	—
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	352	313

	2016 €000	2015 €000
Pay	21,739	20,398
Higher, special or additional duties allowance	220	239
Redundancy	210	—
Other allowances	39	47
Overtime	50	40
Employer's PRSI	1,277	1,077
Total pay [a]	**23,535**	**21,801**

[a] The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, B.1, B.7 and B.8.

Staff working in the Special EU Programmes Body (SEUPB) which is headquartered in Belfast are not included in PER staff numbers. SEUPB is a North South Body established under the Good Friday Agreement and PER contributes to its payroll costs from subheads A.6 and A.7 which are included in pay above.

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	35	8	18,854	34,209
Other allowances	12	1	11,020	10,505
Overtime	33	1	11,970	10,372
Extra remuneration in more than one category	7	2	13,080	14,421

5.2 Other Remuneration Arrangements

This account includes expenditure of €121,255 (2015: €144,867) in respect of two officers who were serving outside the Department for all or part of 2016 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% Programme for Competitiveness and Work (PCW) restructuring agreement, 35 officers (2015: 20) received a total of €83,887 (2015:€44,296) in respect of PCW/seniority allowances.

The pay figure includes €209,656 paid out in respect of redundancy and severance payments to four staff members who were formerly employed as Ministerial staff. The payments were made as a result of a change of government in May 2016.

5.3 Payroll Overpayments

Overpayments at year end were €15,928 (5 cases) (2015: €27,495, 17 cases). Of this, €9,344 (4 cases) had recovery plans in place.

6 Miscellaneous

6.1 EU Funding

The outturn shown in headings A.4, A.5, and A.6 includes the following payments in respect of activities which are co-financed by the EU.

Heading	Description	2016		2015
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	1,576	796	720
A.5	Technical assistance costs of Regional Assemblies	650	621	843
A.6	Peace Programme/Northern Ireland INTERREG	1,000	666	1,873
		3,226	2,083	3,436

6.2 Committees and Commissions

	Year of appointment	2016	2015
		€000	€000
Civil Service Arbitration Board	1950/51	26	22

6.3 Contingent Liabilities

The Department has received a judgment in respect of an ongoing legal case. Costs have been awarded against the Department. However, the amount is yet to be determined.

The Department has also accepted liability in another legal case. Costs are to be agreed by the State Claims Agency.

6.4 Suspected Fraud	2016	2015
	€000	€000
Alleged misappropriation of moneys	—	181

7 Contingency Fund

	2016	2015
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	1,200	1,200

The Contingency Fund is a non-statutory fund formed in 1923. The fund is available for use to facilitate the defraying of urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess.

The procedures in relation to the operation of the Fund are set out in Public Financial Procedures (Sections C.1.5 to C.1.12).

The size of the Fund is reviewed every five years. Following a review in 2014, it was decided that the Fund should remain at its existing level.

Appropriation Account 2016

Vote 12

Superannuation and Retired Allowances

Introduction

As Accounting Officer for Vote 12, 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 pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform; fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Authority, miscellaneous payments, etc.

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 €50.8 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 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, all transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to control arrangements for the HR and payroll shared services supplied to the Department by the National Shared Services Office for which I am also the Accounting Officer.

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 Department
- there are systems aimed at ensuring the security of the ICT systems.

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 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.

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

21 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 12 Superannuation and Retired Allowances

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances 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 Department 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 12 Superannuation and Retired Allowances 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 Department of Public Expenditure and Reform. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 12 Superannuation and Retired Allowances Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Superannuation and retired allowances	526,880	499,500	499,175
	Gross expenditure	**526,880**	**499,500**	**499,175**
B	**Appropriations-in-aid**	**135,000**	**158,403**	**136,404**
	Net expenditure	**391,880**	**341,097**	**362,771**

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	50,783,203	23,999,338

Notes to the Appropriation Account

1 Operating Cost Statement 2016

This note is not applicable. The administration costs of this Vote are borne on Vote 18 – National Shared Services Office. The costs involved in formulation of superannuation policy are borne on Vote 11 - Office of the Minister for Public Expenditure and Reform.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Current Assets			
Other debit balances	2.3	205	106
Bank and cash	2.2	29,781	33,285
Total current assets		**29,986**	**33,391**
Less current liabilities			
Other credit balances	2.4	12,429	12,858
Net liability to the Exchequer	2.5	17,557	20,533
Total current liabilities		**29,986**	**33,391**
Net current assets		**—**	**—**
Net assets		**—**	**—**
Represented by:			
State funding account	2.1	**—**	**—**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	391,880		
Surplus to be surrendered	Account	(50,783)		
Net vote			341,097	362,771
Net programme cost			(341,097)	(362,771)
Balance at 31 December			—	—

2.2 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	29,781	33,155
Commercial bank account balance	—	130
	29,781	33,285

2.3 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable pensions owed by other Departments	205	106
	205	106

2.4 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	8,506	7,895
Universal Social Charge	2,209	2,645
Local Property Tax	152	103
	10,867	10,643
Voluntary pension deductions held in suspense	12	—
Other credit suspense items	1,550	2,215
	12,429	12,858

2.5 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	50,783	23,999
Exchequer grant undrawn	(33,226)	(3,466)
Net liability to the Exchequer	17,557	20,533
Represented by:		
Debtors		
Debit balances: suspense	205	106
Bank and cash	29,781	33,285
	29,986	33,391
Creditors		
Due to State	(10,867)	(10,643)
Credit balances: suspense	(1,562)	(2,215)
	(12,429)	(12,858)
	17,557	20,533

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Superannuation and Retired Allowances**			
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	367,200	357,641	353,859
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	41,680	41,181	42,005
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	800	596	725
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	92,500	78,049	80,267
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	23,000	21,243	21,687
A.6	Injury grants and medical fees	400	359	380
A.7	Fees to Pensions Authority	140	202	96
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997	1,105	176	101
A.9	Pension liabilities of former public service bodies payable under statute	55	53	55
		526,880	499,500	499,175

Significant variations

Overall, the expenditure in relation to the programme was €27.4 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Superannuation allowances, compensation allowances, pensions and certain children's allowances	9,559	Expenditure on this subhead is impacted by the numbers entering and leaving the scheme and the grade mix, all of which can vary from year to year. It is therefore difficult to estimate expenditure from one year to the next. The estimate was based on an assumption that there would be 15,400 persons on the A1 payroll at year end. The actual year end number of pensioners ended up more or less as forecast, at 15,414. The lower outturn (2.7% lower than forecast) reflects the effect of a change in the grade mix of retirees, together with a lower than forecast impact of the public service pension reduction amelioration in the year.
Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	204	This subhead pays ex-gratia pensions for widows and children of established civil servants who had retired or died before the introduction of the contributory scheme in 1969. Accordingly expenditure on this subhead will decrease each year as the existing recipients exit the scheme. It is difficult to predict exactly how many people will exit in any one year. In 2016 there were 8 deaths. The total number of recipients of this payment at year end was 37, compared to 45 at end 2015.
Additional allowances and gratuities in respect of established officers and payments in respect of transferred services	14,451	Expenditure on this subhead is impacted by the numbers entering and leaving the scheme and the grade mix, all of which can vary from year to year. It is therefore difficult to estimate expenditure from one year to the next. The estimate was based on 1,250 retirements expected for 2016. At year end, the actual number of retirements (1,314) was slightly higher than the estimate. However, the average lump sum paid out was approximately €12,000 lower than used for the estimate calculation due to a change in grade mix. The estimate also allowed for a prudent contingency, which in the event was not required.
Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	1,757	The variation is almost entirely attributable to the amount of lump sums paid to unestablished officers, which makes up 25% approx. of the total estimate for the subhead. The lump sum estimate of €6 million in 2016 was based on the annual cost in recent years, and included a prudent contingency. In fact, total lump sums paid out was €4.4 million for the year.

Description	Less/(more) than provided	Explanation
	€000	
Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997	929	The Finance (No 2) Act 2013 provides that individuals who became liable for "chargeable excess" income tax can choose to repay any chargeable excess over a post-retirement period of up to 20 years, but the full amount owing must be paid by the pension administrator to the Collector General within three months of the person's retirement. Where this occurs, it is shown as a charge under this subhead. The 2016 estimate of €1.1 million was based on an assumption that ten higher paid civil servants would exercise the right to create such a charge for the Vote. The actual experience in 2016 was that only two retirees opted to defer amounts totalling €176,000. This has been paid out of voted moneys and will be reimbursed over a 20 year period.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipt from the Social Welfare Consolidation Act 1993 (No. 38 on 1993) in respect of pension liability of staff	28,000	28,000	28,000
2.	Receipts in respect of pension liability of staff on loan, etc.	1,000	1,617	2,149
3.	Contributions to spouses' and children's pension scheme for civil servants and others	19,500	17,399	19,739
4.	Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	26,900	29,695	29,872
5.	Repayment of gratuities, etc.	500	295	851
6.	Purchase of notional service	4,000	5,287	4,816
7.	Single scheme contributions	55,000	75,948	50,874
8.	Miscellaneous	100	162	103
	Total	**135,000**	**158,403**	**136,404**

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 estimated	Explanation
	€000	
Receipts in respect of pension liability of staff on loan, etc.	(617)	It is difficult to predict the number of staff on loan year to year.
Contributions to spouses' and children's pension scheme for civil servants and others	2,101	These contributions are made by civil servants who were appointed prior to 6 April 1995 and are members of the established scheme. There are currently approximately 14,000 people in this cohort but this will decrease each year as retirements occur. The variance with the estimate is attributable to an underestimation of the likely quantum of retirements from this cohort in the year.

Description	Less/(more) than estimated	Explanation
	€000	
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(2,795)	These contributions are made by civil servants appointed on or after 6 April 1995 and before 1January 2013 who are members of the established scheme. There are currently approximately 16,400 people in this cohort, but this will decrease as retirements occur. The variance with the estimate is attributable to an overestimation of the likely quantum of retirements from this cohort in the year.
Repayment of gratuities, etc.	205	It is difficult to predict the number of gratuities that will be repaid in any one year.
Purchase of notional service	(1,287)	Purchase of notional service is at the discretion of officers, and therefore it is difficult to accurately forecast receipts on this subhead.
Single scheme contributions	(20,948)	The Public Service Single Scheme was put in place for all new entrants to the public service from January 2013. The amount credited to the Vote represents contributions made by all new entrant public servants in the year. While there is central oversight of total public service employee numbers, the number of new entrants, the timing of their engagement and the grade and pay level at which they are engaged in individual sectors in any year is managed in those sectors and is subject to wide variation. A major project to assess and recommend the optimal steady state operating model for the single scheme began in 2016.

5 Employee and Pensioner Numbers

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 18 – National Shared Services Office. Staff engaged on the formulation of superannuation policy are charged to Vote 11 - Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

		2016	2015
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	15,414	14,428
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,816	2,783
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	37	44
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,634	4,614
A.9	Pension liabilities of former public service bodies payable under statute	3	3
		22,904	21,872

5.3 Pension Payment Agency Services

The Department (Vote 12) makes pension payments, on an agency basis, to former staff of the bodies detailed below

Name of body	Number of pensioners	Gross value (per annum) €m
Vocational Education Committee/Institute of Technology/Education Training Board pensions	9,113	253
FÁS/Solas pensions	1,565	30

The amounts paid are charged to the Vote for Education and Skills (Vote 26).

5.4 Overpayments of pensions

Overpayments at year end were €123,319 (41 cases), (2015: €257,832 - 81 cases), all with recovery plans in place.

5.5 Severance Payments

Severance payments totalling €189,320 were paid to two retiring secretaries general in 2016 under a scheme which was terminated for new appointees in November 2011. Severance payments are charged to subhead A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances.

6 Miscellaneous

6.1 Abatement of Pensions

The Pensions (Abatement) Act 1965 and the Public Service (Single Scheme and other Provisions) Act 2012 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The legislation also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

In 2016, the pensions of 22 retired civil servants were fully or partially abated. The total amount abated in 2016 was €98,441.

6.2 Legal Costs

Legal costs paid during the year are categorised as follows:

				2016	2015
	Number of cases	Legal costs paid by Department	Legal costs awarded	Total	Total
		€000	€000	€000	€000
Claims in respect of the pension functions of the Minister for Public Expenditure and Reform	2	—	57	57	—
		—	57	57	—

Appropriation Account 2016

Vote 13

Office of Public Works

Introduction

As Accounting Officer for Vote 13, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of Public Works, for services administered by that Office, for payment of certain grants and for the recoupment of certain expenditure.

The expenditure outturn is compared with the sums:

(a) 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, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €5.75 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 except for the following:

(a) Statement of capital assets: valuation of land and buildings

The Commissioners of Public Works continue to review the valuation methodologies for land and buildings and follow the current public sector accounting standards and valuation protocols produced by the Royal Institution of Chartered Surveyors, being the accepted industry standard in Ireland, in the RICS Property Measurement Valuation, 1st edition (2015) which updates the RICS Code of Measuring Practice, 6th edition, and incorporates International Property Measurement Standards (IPMS). The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value.

Assessments of market value/investment value on the ‘existing use’ basis are applied to land and buildings where market comparisons are available (291 buildings, €0.832 billion). Properties purchased since 1 January 1995 and properties constructed since 1 January 1997 are initially valued at cost (123 properties, €0.830 billion). Fifteen prestige properties have been valued using the replacement cost valuation method (€1.102 billion). The Asset Register does not include all National Historic Properties and National Monuments. For the remainder of the portfolio, estimates are based on current building cost norms and notional site values (545 buildings, €0.546 billion).

Flood Relief Works are considered infrastructure assets and are not capitalised.

(b) Threshold value for capital assets

OPW applies a threshold value of €300 for its capital assets due to the large quantity of plant and equipment items held countrywide.

(c) Depreciation

Plant and machinery assets are depreciated on a straight line basis over their estimated useful life of between five and 20 years, less a residual value.

Artworks and Heritage assets (€5.07 million) included in Furniture and Fittings are not depreciated.

Land and buildings are not depreciated.

(d) Property lease payments

The OPW recognises payment for goods and services when the goods or services have been provided satisfactorily, the supplier has submitted their account and the instruction for payment has been executed. In the case of property lease agreements, once the service is provided the rent is due and payable, then the OPW are satisfied the liability has matured. However, where there are legal or compliance difficulties in making such payments to the suppliers the OPW charges the payment to the Vote and transfers the funds to suspense.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chairman. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

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

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

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.

Significant financial risks

The Office continues to have regard to significant financial and other business related risks via the Risk Register. There are no significant financial risks on the Office‘s Risk Register. The Register is a living document and is updated to take account of new risks identified or of changes to existing risks.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- a Corporate Governance Framework for the Office was published in April 2016.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In 2016, 14 contracts with a value of €939,600 (excluding VAT) were reported under Circular 40/2002 as procured without a competitive process. These are broken down as follows:

- Three contracts with a value of €193,510 related to specialised urgent work on foot of security service reports from An Garda Síochána. The completion of framework agreements for the relevant services is pending.
- Two contracts with a value of €82,900 related to instances where urgent works were required and contractors with existing knowledge were appointed.
- Six contracts with a value of €542,390 related to instances where services were procured from a sole supplier; a contractor with specialist expertise; or the work was assigned to a State agency.
- Three contracts with a value of €120,800 related to cases where an existing contract was extended to address additional unforeseen works.

Internal Audit and Audit Committee

I confirm that the 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 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 recommendations arising from reports of the internal audit function are implemented.

Maurice Buckley
Accounting Officer
Office of Public Works

26 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 13 Office of Public Works

I have audited the appropriation account for Vote 13 Office of Public Works 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 Department 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 13 Office of Public Works for the year ended 31 December 2016.

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

Reporting on matters arising from audit

Chapter 12 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote13 Office of Public Works.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 13 Office of Public Works
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Flood Risk Management				
	Current Year Provision	73,746			
	Deferred Surrender	7,000	80,746	80,127	75,324
B	Estate Portfolio Management		310,780	311,360	314,752
	Gross expenditure				
	Current Year Provision	384,526			
	Deferred Surrender	7,000			
			391,526	**391,487**	**390,076**
	Deduct				
C	**Appropriations-in-aid**		**26,978**	**32,685**	**30,408**
	Net expenditure				
	Current Year Provision	357,548			
	Deferred Surrender	7,000			
			364,548	**358,802**	**359,668**

Surplus for surrender

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

	2016	2015
	€	€
Surplus for the year	5,746,074	10,179,584
Deferred surrender	—	(7,000,000)
Surplus to be surrendered	5,746,074	3,179,584

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	34,008	33,175	32,062
ii	Travel and subsistence	1,511	1,562	1,490
iii	Training and development and incidental expenses	737	840	723
iv	Postal and telecommunications services	1,532	1,423	1,578
v	Office equipment and external IT services	2,431	3,142	3,692
vi	Office premises expenses	1,253	1,008	1,145
vii	Consultancy services and value for money and policy reviews	317	641	136
		41,789	41,791	40,826

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		349,696	349,250
Administration pay		33,175	32,062
Administration non pay		8,616	8,764
Gross expenditure[1]		**391,487**	**390,076**
Deduct			
Appropriations-in-aid		**32,685**	**30,408**
Net expenditure		**358,802**	**359,668**
Changes in capital assets			
Purchases cash	(49,641)		
Disposals cash[2]	3,254		
Depreciation	4,939		
Loss on disposals[3]	4		
		(41,444)	(8,183)
Changes in net current assets			
Increase in closing accruals	5,219		
Decrease in stock	9		
		5,228	(655)
Direct expenditure		**322,586**	**350,830**
Expenditure on services provided free to other departments (allied services)[4]		(126,988)	(142,450)
Expenditure on services where OPW acts as client[5]		(93,851)	(107,608)
Direct expenditure (excluding allied services and services where OPW acts as client)		**101,747**	**100,772**
Expenditure borne elsewhere			
Vote 12 - Superannuation and retired allowances		18,780	19,145
Net programme cost[6]		**120,527**	**119,917**

[1] This figure is derived from the gross outturn on Vote 13 only (€391.5 million) whereas the total financial transactions of the Office of Public Works during 2016, including direct expenditure incurred by the OPW and charged to other Votes, amounted to €501.6 million.

[2] The disposals cash figure does not include proceeds from the sale of property in 2016, to the value of €0.92 million which was not included in appropriations-in-aid at year end.

[3] The loss on disposals does not include a revaluation on disposal of €1.447 million on the net book value of a number of properties sold in 2016.

[4] This includes capital expenditure of €6.2 million.

[5] The direct expenditure figure has been reduced by an amount of €93.85 million which is the net cost of capital and current services where OPW acts as client in either carrying out or funding certain works on behalf of the State (e.g. drainage maintenance, flood relief, maintenance of heritage properties, grants for certain refurbishment works, unitary payments for the Convention Centre Dublin). The cost of such works and grants do not form part of the running costs of OPW.

[6] The net programme cost figure does not include an amount for notional income or payments.

- Notional rents receivable by the OPW on State owned properties are estimated at some €82.9 million. Notional rents payable by OPW are estimated at €3.4 million.
- Amounts have not been included in the statement in respect of notional income from client departments in respect of services currently provided free of charge by the OPW.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**3,328,288**	**3,233,556**
Current assets			
Bank and cash	2.3	31,232	33,405
Stocks	2.4	2,028	2,037
Prepayments	2.5	21,564	20,697
Accrued income		1,243	1,926
Other debit balances	2.6	1,154	600
Total current assets		**57,221**	**58,665**
Less current liabilities			
Accrued expenses		8,698	4,042
Deferred income		784	37
Other credit balances	2.7	31,201	26,576
Net liability to the Exchequer	2.8	1,185	7,429
Total current liabilities		**41,868**	**38,084**
Net current assets		**15,353**	**20,581**
Net assets		**3,343,641**	**3,254,137**
Represented by:			
State funding account	2.1	**3,343,641**	**3,254,137**

2.1 State Funding Account

	Note	€000	2016 €000	2015 €000
Balance at 1 January			3,254,137	3,242,087
Disbursements from the Vote				
Estimate provision	Account	357,548		
Deferred surrender	Account	7,000		
Surplus to be surrendered	Account	(5,746)		
Net vote			358,802	359,668
Expenditure (cash) borne elsewhere	Note 1		18,780	19,145
Allied services	Note 1		(126,988)	(142,450)
Client services	Note 1		(93,851)	(107,608)
Net programme cost	Note 1		(120,527)	(119,917)
Adjustments[1]			53,288	3,212
Balance at 31 December			**3,343,641**	**3,254,137**

[1] Adjustments include capitalisation of expenditure not relating to the accounting year totalling €26.17 million, agency services capitalised by the OPW of €30.026 million and revaluations on disposal of property of €1.447 million.

2.2 Capital Assets

	Prestige properties	Land and buildings	Plant and machinery	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2016	1,052,168	2,162,166	41,812	28,761	22,347	3,307,254
Adjustments [1]	30,394	14,687	—	—	—	45,081
Additions	19,730	35,227	2,241	1,589	737	59,524
Disposals	—	(3,339)	(1,441)	(2,215)	(230)	(7,225)
Revaluation on disposal	—	(1,447)	—	—	—	(1,447)
Cost or valuation at 31 December 2016	**1,102,292**	**2,207,294**	**42,612**	**28,135**	**22,854**	**3,403,187**
Accumulated depreciation						
Opening balance at 1 January 2016	—	—	34,134	24,352	15,212	73,698
Depreciation for the year	—	—	2,152	2,122	665	4,939
Depreciation on disposals	—	—	(1,405)	(2,215)	(118)	(3,738)
Cumulative depreciation at 31 December 2016	—	—	34,881	24,259	15,759	74,899
Net assets at 31 December 2016	**1,102,292**	**2,207,294**	**7,731**	**3,876**	**7,095**	**3,328,288**
Net assets at 31 December 2015	**1,052,168**	**2,162,166**	**7,678**	**4,409**	**7,135**	**3,233,556**

[1] The adjustments figure represents prior year expenditure that was capitalised on completion of projects totalling €30.394 million for prestige properties and €14.687 million for land and buildings.

2.3 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
Central Bank account	—	33,396
Commercial bank account	31,316	8
Petty cash	10	9
Orders outstanding	(94)	(8)
	31,232	33,405

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Engineering stocks	906	905
Heritage depot stocks	1,004	1,028
Building materials	56	68
Paper and stationery	19	10
Miscellaneous stocks	43	26
	2,028	2,037

2.5 Prepayments		
at 31 December	**2016**	**2015**
	€000	**€000**
Administration	679	514
Flood risk management	2,224	2,083
Estate portfolio management	18,661	18,100
	21,564	20,697

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Rents	751	—
Schools building account	403	296
Maintenance accounts	—	293
Energy	—	11
	1,154	600

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	1,034	1,042
Universal Social Charge	308	392
Pay Related Social Insurance	927	897
Professional Services Withholding Tax	704	679
Value Added Tax	4,193	3,764
Pension contributions	213	211
Local Property Tax	13	9
	7,392	6,994
Sundry works accounts	12,460	8,514
Property management accounts	6,132	6,418
Receipts from sales of State property	916	785
Per cent for art scheme	1,235	1,563
Furniture services	358	317
Heritage	1,377	1,119
Rents	—	161
Payroll deductions held in suspense	364	430
Other credit suspense items	967	275
	31,201	26,576

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	5,746	3,180
Deferred surrender	—	7,000
Exchequer grant undrawn	(4,561)	(2,751)
Net liability to the Exchequer	1,185	7,429
Represented by:		
Debtors		
Bank and cash	31,232	33,405
Debit balances: suspense	1,154	600
	32,386	34,005
Creditors		
Due to State	(7,392)	(6,994)
Credit balances: suspense	(23,809)	(19,582)
	(31,201)	(26,576)
	1,185	7,429

2.9 Commitments

a) Global commitments	2016 €000	2015 €000
Procurement of goods and services	2,452	2,103
Capital projects including grants	115,779	101,030

There were commitments outstanding at the end of 2016 in respect of rental of leased properties and associated service charges – longer term leases would normally have a specific provision or minimum notice period for early termination. Figures have not been included for such commitments in this account but they are estimated to be €102 million in 2017 (2016: €98 million).

b) Major Capital Projects

Expenditure was incurred on ten ongoing major projects during 2016 where the total estimated cost of the individual project will exceed €6.5 million. Particulars of these projects are as follows:

Project	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Project commitments in subsequent years[1] €000	Expected total spend lifetime of project 2016 €000	Expected total spend lifetime of project 2015 €000
Flood risk management					
Mallow South	11,603	5,995	2,402	20,000	14,013
Fermoy South	20,105	5,883	1,012	27,000	29,517
River Dodder (fluvial scheme)	6,234	2,765	3,501	12,500	9,025
Ennis Lower	16,114	882	1,649	18,645	18,645
Bray	27,634	8,176	5,190	41,000	46,000
Waterford	13,753	830	1,417	16,000	18,000
Bandon	1,601	1,375	17,524	20,500	—
Skibbereen	979	4,500	24,607	30,086	—
Total	98,023	30,406	57,302	185,731	135,200
Estate portfolio management					
Knockmaun House	6,036	2,861	126	9,023	9,161
National Gallery[2]	6,034	1,683	1,000	8,717	—
Total	12,070	4,544	1,126	17,740	9,161

[1] Project commitments in subsequent years refers to the OPW's estimate of capital costs to completion of projects.

[2] This includes expenditure from the OPW vote only. The project is also funded by the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs and the National Gallery (total spend to end 2016 is €37 million).

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2015 to 2016.

Description	Less /(more) than provided	Explanation
	€000	
Mallow South	5,987	The 2015 expected total spend on this project was based on the tender price received. The final account for the works contract was higher than the tender price under the pre-tender estimate.
Fermoy South	(2,517)	The reduction in the expected final cost of the project reflects the anticipated outturn now that the construction final account is settled and most third party property compensation claims have been finalised.
River Dodder (fluvial scheme)	3,475	The cost budget was based on the outline design.
Bray	(5,000)	The 2015 cost budget included net present value maintenance costs over the lifetime of the scheme. These current costs have now been removed.
Waterford	(2,000)	The reduction reflects the anticipated outturn now that construction is substantially completed.

c) Capital Cost of Public Private Partnership Project

	Cumulative Expenditure to 31 December 2015	Expenditure in 2016	Legally enforceable commitments to be met in subsequent years	Project Total 2016	Project Total 2015
	€000	€000	€000	€000	€000
Convention Centre Dublin	139,789	8,787	131,652	280,228	280,228

The expenditure in 2016 represents repayment of the capital cost of the asset, excluding the cost of PPP financing.

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Flood Risk Management**				
A.1	Administration - pay		7,697	7,686	7,124
A.2	Administration - non pay		2,140	2,045	2,367
A.3	Purchase of plant and machinery		1,950	2,106	1,902
A.4	Hydrometric and hydrological investigation and monitoring		1,060	1,048	700
A.5	Flood risk management				
	Original	45,561			
	Deferred surrender	7,000	52,561	51,855	48,369
A.6	Drainage maintenance		15,338	15,387	14,862
			80,746	80,127	75,324

Significant variations

Overall, the expenditure in relation to the Programme was €0.619 million less than provided. The main subhead variance was:

Description	Less/(more) than provided	Explanation
	€000	
Purchase of plant and machinery	(156)	The additional spend was due to essential replacement of plant and machinery.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Estate Portfolio Management**			
B.1	Administration – pay	26,311	25,489	24,938
B.2	Administration – non pay	5,641	6,571	6,397
B.3	President's household staff	862	874	798
B.4	Grants for certain refurbishment works	250	250	250
B.5	Purchase of sites and buildings	980	3,169	3,512
B.6	New works, alterations and additions	53,950	55,189	46,802
B.7	Property maintenance and supplies	59,102	59,130	57,382
B.8	Rents	89,564	87,594	87,081
B.9	Service charges and utilities	11,043	10,477	9,648
B.10	Unitary payments	25,000	23,731	39,916
B.11	Heritage services	37,856	38,737	37,798
B.12	Government publication services	221	149	230
		310,780	311,360	314,752

Significant variations

Overall, the expenditure in relation to the Programme was €0.58 million higher than provided. The main subhead variances were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Purchase of sites and buildings	(2,189)	The additional expenditure was incurred on two property acquisitions. The investment was funded by virement from other savings on the Vote.
Service charges and utilities	566	The underspend arose on foot of reductions achieved in utility payments and the rationalisation of space in recent years.
Unitary payments	1,269	The underspend arose on foot of a reduced rates bill for the Convention Centre Dublin.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Rents, licence fees, etc.	3,040	3,607	3,813
2.	Events and facilities management	2,130	2,806	2,606
3.	Receipts for Government publication services	630	710	861
4.	Recoveries for services carried out on repayment or agency basis	7,199	9,997	7,653
5.	Sales at national monuments and historic properties	1,250	1,448	1,114
6.	Admission charges at national monuments and historic properties	6,230	7,487	6,222
7.	Miscellaneous, including fees, interest and disposals etc.	3,320	3,679	4,086
8.	Receipts from pension-related deduction on public service remuneration	3,179	2,951	4,053
	Total	26,978	32,685	30,408

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	Explanation
	€000	
Rents, licence fees, etc.	(567)	The additional receipts were due to termination penalties received on 60 mast licences.
Events and facilities management	(676)	The extra receipts were due to an increase in admission fees and self guided tours.
Recoveries for services carried out on repayment or agency basis	(2,798)	The increase was due to additional receipts from the Social Insurance Fund and agency fees. The OPW assumed responsibility for the management of an additional 70 leased properties on the OPW Vote in 2016 on behalf of Social Protection with a value in excess of €3 million. The Social Insurance Fund refunded part of the rents to the OPW which was not profiled in the 2016 Estimates.
Sales at national monuments and historic properties	(198)	The additional receipts were due to an increase in concession fees, facility fees and general revenues at various sites.
Admission charges at national monuments and historic properties	(1,257)	The additional receipts were due to an increase in visitors to Kilmainham Gaol (€0.6 million) and an increase in tour operator receipts (€0.4 million).
Miscellaneous, including fees, interest and disposals etc.	(359)	The increase in miscellaneous receipts was due to the disposal of additional surplus properties.
Receipts from pension-related deduction on public service remuneration	228	The reduction in receipts was due to the change in the pension-related deduction rates and bands during 2016.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance at 1 January	—	—
Balances on dormant suspense accounts	—	4,440
Transferred to Exchequer	—	(4,440)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Civil service grades	636	572
OPW specific grades	968	976
	1,604	1,548

	2016 €000	2015 €000
Pay		
Civil service grades	31,110	30,106
OPW specific grades	42,840	43,096
Higher, special or additional duties allowance		
Civil service grades	171	217
OPW specific grades	421	430
Overtime		
Civil service grades	66	99
OPW specific grades	3,016	2,779
Extra attendance, shift and roster		
OPW specific grades	2,379	2,195
Employer's PRSI		
Civil service grades	1,828	1,640
OPW specific grades	4,970	4,888
Total pay	**86,801**	**85,450**

The total pay figure is inclusive of pay in programme subheads A.1, A.4, A.5, A.6, B.1, B.3, B.7, and B.11 and includes pay for 316 temporary and seasonal staff in 2016 (2015: 394 staff).

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				
Civil service grades	64	3	15,471	16,066
OPW specific grades	758	—	7,463	18,252
Overtime				
Civil service grades	35	—	8,994	16,164
OPW specific grades	926	81	49,605	33,475
Extra attendance, shift and roster				
OPW specific grades	802	22	23,068	21,463
Extra remuneration in more than one category				
Civil service grades	5	1	10,689	23,372
OPW specific grades	912	138	50,922	34,150

5.2 Other remuneration arrangements

Three retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €104,965.

5.3 Overpayments

Overpayments outstanding at the year end were €13,760 (15 cases) (2015 €6,541, 16 cases). All have recovery plans in place.

6 Miscellaneous

6.1 Legal costs

	Number of cases	Legal costs paid by the OPW	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by employees						
Personal injury claims - settled in 2016	3	16	29	105	150	43
- settled in a previous year or ongoing	4	2	—	—	2	131
Claims by members of the public						
Personal injury claims - settled in 2016	11	58	39	251	348	537
- settled in a previous year or ongoing	11	81	121	—	202	182
Loss or damage claims settled in 2016	8	—	—	11	11	4
Other						
Legal costs in relation to High Court judgement	—	—	—	—	—	240
		157	189	367	713	1,137

6.2 Arbitration and Conciliation Costs

Expenditure in 2016 includes payments of €12.718 million (2015: €1.837m) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were 6 cases in 2016 (2015: 7). Figures include VAT, legal and professional fees.

6.3 Contingent Liabilities

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

6.4 Provision of Agency Services

In addition to expenditure on Vote 13, the OPW also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to the OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2016 was €110 million of which the main areas of expenditure were major capital works (€77 million); schools programme (€5 million); maintenance works (€3 million); leasing of accommodation (€9 million); property management (€8 million); and local loans (€0.9 million).

The Office also performs specific roles not funded by the OPW vote which demand input and resources on a continuing basis e.g. advising on architectural matters; developing sustainable energy options; conducting universal access audits; examining flood protection proposals for other bodies; the sourcing, assessment, acquisition and construction of sites for primary schools; procurement issues related to specific projects; art management within the State; and the sale of state property.

6.5 Interest and Compensation

Penalty interest and compensation payments amounting to €15,873 were made by the OPW in 2016 under the Prompt Payment of Accounts Act 1997, in respect of late payments (2015: €17,741). The total value of payments made by the OPW in 2016 amounted to €381 million and the total number of reckonable payments were 78,524.

6.6 Fraud and Suspected Fraud

	2016	2015
	€000	€000
Alleged misappropriation of moneys	8	—

One case of alleged misappropriation of moneys arose in 2016. The case was investigated and the misappropriated moneys, amounting to €7,500, were recovered. The staff member's employment with the OPW was terminated.

A fraud investigation into misappropriation of goods by two employees commenced in 2011 and concluded in 2016. Both employees were suspended in 2011 and formally dismissed in 2012. Following court proceedings in 2015 and 2016, payments amounting to €3,852 and €7,500 were made to the OPW.

6.7 Services supplied to Departments and Offices 2016 (Subhead B8 Rents)

Departments, etc	2016 Estimate provision	2016 Outturn	2015 Outturn
	€000	€000	€000
Houses of the Oireachtas	640	455	648
Taoiseach	—	162	—
Attorney General	93	77	94
Central Statistics Office	617	698	624
Director of Public Prosecutions	1,004	988	1,016
Chief State Solicitor's Office	651	655	658
Finance	286	260	289
Comptroller and Auditor General	510	613	516
Revenue Commissioners	14,186	14,039	14,354
Public Expenditure and Reform	1,100	951	1,113
Office of Public Works	2,633	2,018	2,664
Valuation Office	504	701	510
Public Appointments Service	1,913	1,950	1,935
Shared Services	808	762	818
Ombudsman	1,043	1,055	1,056
Garda Síochána	8,197	8,599	8,294
Prisons	131	133	133
Courts Service	652	658	659
Property Registration Authority	189	188	191
Justice and Equality	9,896	9,961	10,013
Housing, Planning and Local Government	346	220	350
Education and Skills	3,151	3,322	3,188
Foreign Affairs and Trade	3,944	3,717	3,990
Communications, Climate Action and Environment	3,490	3,506	3,531
Agriculture, Food and the Marine	2,277	2,148	2,304
Transport, Tourism and Sport	3,236	2,381	3,275
Jobs, Enterprise and Innovation	5,575	6,383	5,641
Arts, Heritage, Regional, Rural and Gaeltacht Affairs	1,863	1,643	1,885
Defence	172	375	174
Social Protection	16,779	15,137	13,436
Health	1,200	1,163	1,215
Children and Youth Affairs	2,012	2,054	2,036
Office of Government Procurement	460	622	465
Irish Human Rights and Equality Authority Commission	6	—	6
Total	**89,564**	**87,594**	**87,081**

Appropriation Account 2016

Vote 14

State Laboratory

Introduction

As Accounting Officer for Vote 14, 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 State Laboratory.

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 €450,638 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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:

Motor vehicles are depreciated at a rate of 20% per annum on a straight line basis.

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 State Laboratory. 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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the State Laboratory and the National Shared Service Office for the provision of payroll shared services and human resource shared services.

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

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 State Laboratory
- 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 State Laboratory 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 State Laboratory complied with the guidelines with the exception of two contracts to the value of €681,140 which were listed in my annual return in respect of circular 40/2002. These contracts were not competitively procured for the following reasons:
    - One contract with a value of €32,929 was awarded to a company producing specialised laboratory equipment for which they were the sole supplier.
    - There was a 10 month delay, while a legal opinion was sought, in awarding one contract with a value of €648,211. This contract was awarded and is managed by the Office of Public Works on behalf of the State Laboratory but payments are made through the Laboratory. The contract was formally signed by OPW, as the contracting authority, with a service commencement date of 1 November 2016 and is therefore now compliant.

Internal Audit and Audit Committee

I confirm that the State Laboratory 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 State Laboratory 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.

Ita Kinahan
Accounting Officer
State Laboratory

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by the State Laboratory 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 14 State Laboratory 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 State Laboratory. The appropriation account is in agreement with the accounting records.

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 a contract that operated in 2016.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 14 State Laboratory
Appropriation Account 2016

		2016 Estimate provision	2016 Outturn	2015 Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	9,240	8,882	8,626
	Gross expenditure	**9,240**	**8,882**	**8,626**
	Deduct			
B	**Appropriations-in-aid**	**790**	**883**	**888**
	Net expenditure	**8,450**	**7,999**	**7,738**

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	450,638	311,495

Analysis of administration expenditure

		2016 Estimate provision	2016 Outturn	2015 Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,255	4,923	4,948
ii	Travel and subsistence	35	30	31
iii	Training and development and incidental expenses	256	233	226
iv	Postal and telecommunications services	70	56	61
v	Office equipment and external IT services	2,150	2,169	1,868
vi	Office premises expenses	1,460	1,457	1,478
vii	Consultancy services and value for money and policy reviews	14	14	14
		9,240	8,882	8,626

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		4,923	4,948
Non pay		3,959	3,678
Gross expenditure		**8,882**	**8,626**
Deduct			
Appropriations-in-aid		**883**	**888**
Net expenditure		**7,999**	**7,738**
Changes in capital assets			
Purchases cash	(889)		
Depreciation	668		
		(221)	(188)
Changes in net current assets			
Decrease in closing accruals	(217)		
Decrease in stock	16		
		(201)	152
Direct expenditure		**7,577**	**7,702**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		1,143	1,061
Notional rents		1,622	1,485
Total Operating Cost		**10,342**	**10,248**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 14 borne elsewhere.

		2016	2015
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	1,133	1,054
Vote 18 National Shared Services Office	e	10	7
		1,143	**1,061**

“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	**1,520**	**1,299**
Current assets			
Bank and cash	2.3	240	237
Stocks	2.4	146	162
Prepayments		652	548
Accrued income		129	61
Other debit balances	2.5	14	18
Net Exchequer funding due	2.7	10	(5)
Total current assets		**1,191**	**1,021**
Less current liabilities			
Accrued expenses		89	134
Other credit balances	2.6	264	250
Total current liabilities		**353**	**384**
Net current assets		**838**	**637**
Net assets		**2,358**	**1,936**
Represented by:			
State funding account	2.1	**2,358**	**1,936**

2.1 State Funding Account

	Note	€000	2016 €000	2015 €000
Balance at 1 January			1,936	1,900
Disbursements from the Vote				
Estimate provision	Account	8,450		
Surplus to be surrendered	Account	(451)		
Net vote			7,999	7,738
Expenditure (cash) borne elsewhere	1		1,143	1,061
Non cash expenditure – notional rent	1		1,622	1,485
Net programme cost	1		(10,342)	(10,248)
Balance at 31 December			**2,358**	**1,936**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	13,116	538	20	13,674
Additions	884	5	—	889
Disposals	(217)	—	(16)	(233)
Cost or valuation at 31 December 2016	13,783	543	4	14,330
Accumulated depreciation				
Opening balance at 1 January 2016	11,818	537	20	12,375
Depreciation for the year	667	1	—	668
Depreciation on disposals	(217)	—	(16)	(233)
Cumulative depreciation at 31 December 2016	12,268	538	4	12,810
Net assets at 31 December 2016	**1,515**	**5**	—	**1,520**
Net assets at 31 December 2015	**1,298**	**1**	**—**	**1,299**

2.3 Banks and Cash at 31 December	2016 €000	2015 €000
PMG balance	234	232
Commercial bank account balance	6	5
	240	**237**

2.4 Stocks at 31 December	2016 €000	2015 €000
Chemicals and laboratory consumables	120	138
Stationery and IT consumables	26	24
	146	**162**

2.5 Other Debit Balances at 31 December	2016 €000	2015 €000
Recoupable salaries	—	5
Recoupable travel expenses	1	—
Recoupable travel pass scheme expenditure	12	12
Recoupable cycle to work scheme	1	1
	14	**18**

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	86	86
Pay Related Social Insurance	59	53
Universal Social Charge	23	29
Local Property Tax	1	1
Relevant Contracts Tax	2	—
Value Added Tax on intra-EU acquisitions	36	25
	207	194
Payroll deductions held in suspense	55	56
Miscellaneous	2	—
	264	**250**

2.7 Net Exchequer Funding Due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	451	311
Exchequer grant undrawn	(461)	(306)
Net Exchequer funding due	**(10)**	**5**
Represented by:		
Debtors		
Bank and cash	240	237
Debit balances: suspense	14	18
	254	255
Creditors		
Due to State	(207)	(194)
Credit balances: suspense	(57)	(56)
	(264)	(250)
	(10)	5

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Goods and services	66	52
Total of legally enforceable commitments	**66**	**52**

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Government Analytical Laboratory and Advisory Service**			
A.1	Administration - pay	5,255	4,923	4,948
A.2	Administration - non pay	3,985	3,959	3,678
		9,240	**8,882**	**8,626**

Explanation of significant variations

Overall the expenditure in relation to Programme A was €358,000 lower than provided. This mainly comprised an underspend in relation to pay (€332,000), due to delays in recruitment.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	550	657	604
2.	Receipts from pension-related deductions on public service remuneration	240	219	283
3.	Miscellaneous receipts	—	7	1
	Total	**790**	**883**	**888**

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 estimated (€000)	Explanation
Receipts for various analyses, examinations, tests etc.	(107)	The income under this heading includes Coroner's fees for analysis of post-mortem samples etc. This service is demand led and it is not possible to accurately predict the figure for A-in-A.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	**89**	**82**

	2016 €000	2015 €000
Pay	4,560	4,616
Higher, special or additional duties allowance	19	19
Overtime	1	—
Employer's PRSI	343	313
Total Pay	**4,923**	**4,948**

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	1	1	14,172	12,665
Other allowances	4	—	2,477	2,430
Overtime	1	—	1,345	—
Extra remuneration in more than one category	—	—	—	—

5.2 Performance and Merit Payments

Under the terms of the AHCPS 1% PCW restructuring agreement, 12 officers received a total of €28,156 in respect of PCW allowances.

Appropriation Account 2016

Vote 15

Secret Service

Introduction

As Accounting Officer for Vote 15, 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 Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2016.

A surplus of €316,994 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 3 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

Prescribed arrangements are in place with the Department of Justice and Equality and the Department of Defence for the drawdown of moneys from the Secret Service Vote and for the annual certification by the relevant Ministers of moneys actually expended during the year, as well as balances at year end.

For security reasons, restrictions are in place regarding operations and information about the individual transactions. This places a limitation on the normal direct controls available to me as Accounting Officer of a Vote. In the circumstances, I rely on annual certified statements signed by the Ministers to whom moneys have been issued, which are underpinned by operational controls put in place by their Departments.

Robert Watt
Accounting Officer

31 August 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 15 Secret Service

I have audited the appropriation account for Vote 15 Secret Service 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 under his control 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

The audit of the appropriation account involves obtaining sufficient evidence to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or other irregularity or error. The audit also seeks 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.

For the purposes of this audit, I have been furnished with certificates from the Minister for Justice and Equality, and the Minister for Defence which support the expenditure from the Vote. The audit included review of operational controls over the moneys issued from the Vote and, on a sample basis, of related transactions. For security reasons, certain information about those transactions was not reviewed.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 15 Secret Service for the year ended 31 December 2016.

Seamus McCarthy
Comptroller and Auditor General

1 September 2017

Vote 15 Secret Service
Appropriation Account 2016

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
Secret Service	1,000	683	635
	1,000	**683**	**635**

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	316,994	364,856

Notes to the Appropriation Account

1 Operating Cost Statement 2016

The note is not applicable in the case of the Secret Service Vote.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Current assets			
Sub-account balances		318	302
Net Exchequer funding due	2.2	58	64
Total current assets		**376**	**366**
Less current liabilities			
PMG balance		301	366
Extra receipts due to Exchequer	2.3	75	—
Total current liabilities		**376**	**366**
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	1,000		
Surplus to be surrendered	Account	(317)		
Net vote			683	635
Net programme cost			(683)	(635)
Balance at 31 December			—	—

2.2 Net Exchequer funding due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	317	365
Exchequer grant undrawn	(375)	(429)
Net Exchequer funding due	(58)	(64)
Represented by:		
Debtors		
Sub-account balances	318	302
Creditors		
Net PMG balance	(301)	(366)
Extra receipts due to Exchequer	(75)	—
	(58)	(64)

2.3 Extra Receipts payable to Exchequer	**2016**	**2015**
	€000	**€000**
Balance at 1 January	—	—
Drawdown returned	75	—
Transferred to Exchequer	—	—
Balance at 31 December	75	—

3 Variations in Expenditure

The estimate is necessarily conjectural.

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

		2016		2015
		Estimate provision	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**
	Deduct			
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

		2016		2015
		Estimate provision	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	€000
Programme cost			1,184	359
Pay			6,487	7,024
Non pay			1,458	1,139
Gross expenditure			**9,129**	**8,522**
Deduct				
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	**457**	**384**
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		**474**	**519**
Less current liabilities			
Accrued expenses		121	88
Deferred income		129	95
Other credit balances	2.5	245	230
Total current liabilities		**495**	**413**
Net current (liabilities)/ assets		(21)	106
Net assets		**436**	**490**
Represented by:			
State funding account	2.1	**436**	**490**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€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			**436**	**490**

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	(70)	23
Represented by:		
Debtors		
Bank and cash	98	170
Debit balances: suspense	77	83
	175	253
Creditors		
Due to State	(242)	(225)
Credit balances: suspense	(3)	(5)
	(245)	(230)
	(70)	23

2.7 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Total of legally enforceable commitments	2,035	115

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	—
		9,555	8,590	7,889

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 €000	2015 €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

	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by members of the public						
Cost awarded arising from appeals to the valuation tribunal	3	3	200	—	203	20

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.

Appropriation Account 2016

Vote 17

Public Appointments Service

Introduction

As Accounting Officer for Vote 17, 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 Public Appointments Service.

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 €136,188 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 Public Appointments Service.

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

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Public Appointments Service and the National Shared Service Office for the provision of human resources and payroll shared services.

I rely on a letter of assurance from the accounting officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Public Appointments Service.

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 Public Appointments 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 Public Appointments 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. Two exceptions, with a combined value of €140,344, arose during 2016. Both related to Oracle support and software licensing and have been reported under Circular 40/2002. These two exceptions arose because there was only a single suitable supplier available for the proprietary software.

Internal Audit and Audit Committee

I confirm that the Public Appointments Service 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 Public Appointments Service 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.

Fiona Tierney
Accounting Officer
Public Appointments Service

29 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 17 Public Appointments Service

I have audited the appropriation account for Vote 17 Public Appointments Service for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by the Public Appointments 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 17 Public Appointments Service 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 Public Appointments Service. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 17 Public Appointments Service
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Civil and public service - redeployment/ recruitment/selection	**9,650**	**9,537**	**8,802**
	Gross expenditure	**9,650**	**9,537**	**8,802**
	Deduct			
B	**Appropriations-in-aid**	**252**	**275**	**414**
	Net expenditure	**9,398**	**9,262**	**8,388**

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	136,188	195,848

Analysis of administration expenditure [a]

		2016		2015
		Estimate provision	**Outturn**	**Outturn**
		€000	**€000**	**€000**
i	Salaries, wages and allowances	5,906	5,613	5,218
ii	Travel and subsistence	70	60	86
iii	Training and development and incidental expenses	180	245	158
iv	Postal and telecommunications services	130	79	109
v	Office equipment and external IT services	780	842	748
vi	Office premises expenses	260	155	184
vii	Recruitment costs – research and corporate governance	70	13	56
viii	Recruitment costs – advertising and testing	1,216	992	1,023
ix	Recruitment costs – interview boards	1,038	1,538	1,220
		9,650	9,537	8,802

[a] The 2015 outturn values for subhead iii Training and development and incidental expenses and subhead ix Recruitment costs – interview boards, have bèen adjusted to reflect the reallocation of interview board member lunch expenses in 2016.

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		5,613	5,218
Non pay		3,924	3,584
Gross expenditure		**9,537**	**8,802**
Deduct			
Appropriations-in-aid		**275**	**414**
Net expenditure		**9,262**	**8,388**
Changes in capital assets			
Purchases cash	(168)		
Depreciation	416		
Loss on disposals	1		
		249	312
Changes in net current assets			
Increase in closing accruals	93		
Decrease in stock	4		
		97	81
Direct expenditure		**9,608**	**8,781**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		883	954
Notional rent		2,211	2,232
Net programme cost		**12,702**	**11,967**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 17 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	45	45
Vote 12 Superannuation and Retired Allowances	e	822	898
Vote 18 National Shared Services Office	e	16	11
		883	954

"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	**921**	**1,170**
Current assets			
Bank and cash	2.3	258	129
Stocks	2.4	143	147
Prepayments		256	339
Accrued income		54	50
Other debit balances	2.5	41	81
Total current assets		**752**	**746**
Less current liabilities			
Accrued expenses		101	87
Net Liability to the Exchequer	2.6	11	(38)
Other credit balances	2.7	288	248
Total current liabilities		**400**	**297**
Net current assets		352	449
Net assets		**1,273**	**1,619**
Represented by:			
State funding account	2.1	**1,273**	**1,619**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			1,619	2,012
Disbursements from the Vote				
Estimate provision	Account	9,398		
Surplus to be surrendered	Account	(136)		
Net vote			9,262	8,388
Expenditure (cash) borne elsewhere	1.1		883	954
Non cash expenditure – notional rent	1		2,211	2,232
Net programme cost	1		(12,702)	(11,967)
Balance at 31 December			**1,273**	**1,619**

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Building Improvement	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	8,599	667	691	9,957
Additions	157	11	—	168
Disposals	(2,018)	—	—	(2,018)
Cost or valuation at 31 December 2016	6,738	678	691	8,107
Accumulated depreciation				
Opening balance at 1 January 2016	7,486	610	691	8,787
Depreciation for the year	403	13	—	416
Depreciation on disposals	(2,017)	—	—	(2,017)
Cumulative depreciation at 31 December 2016	5,872	623	691	7,186
Net assets at 31 December 2016	**866**	**55**	—	**921**
Net assets at 31 December 2015	**1,113**	**57**	—	**1,170**

2.3 Bank and Cash at 31 December	**2016** €000	**2015** €000
PMG balance	248	119
Commercial bank account balance	10	10
	258	129

2.4 Stocks at 31 December	**2016** €000	**2015** €000
Test materials	115	125
IT consumables/stationery	28	22
	143	147

2.5 Other Debit Balances at 31 December	**2016** €000	**2015** €000
Salary suspense	—	20
Advances to OPW	—	11
Recoupable travel pass scheme	41	48
Other debit balance suspense items	—	2
	41	81

2.6 Net Liability to the Exchequer

at 31 December	2016 €000	2015 €000
Surplus to be surrendered	136	196
Exchequer grant undrawn	(125)	(234)
Net Liability to the Exchequer	11	(38)
Represented by:		
Debtors		
Bank and cash	258	129
Debit balances suspense	41	81
	299	210
Creditors		
Due to State	(274)	(236)
Credit balances suspense	(14)	(12)
	11	(38)

2.7 Other Credit Balances at 31 December	2016 €000	2015 €000
Amounts due to the State		
Income Tax	165	148
Pay Related Social Insurance	83	65
Local Property Tax	1	1
Professional Services Withholding Tax	11	7
Value Added Tax	14	15
	274	236
Credit balances suspense	14	12
	288	248

2.8 Commitments at 31 December	2016 €000	2015 €000
a) Global Commitments		
Procurement of goods and services	23	112
Total of legally enforceable commitments	23	112

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Civil and Public Service-Redeployment/Recruitment/Selection**			
A.1	Administration - pay	5,906	5,613	5,218
A.2	Administration - non pay	3,744	3,924	3,584
		9,650	9,537	8,802

Explanation of significant variations

Overall, the expenditure in relation to Programme A was €113,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than estimated €000	Explanation
Administration-pay	293	The significantly higher levels of recruitment and resourcing activity that PAS was requested to progress throughout 2016 across the civil and wider public service (see below) and the resultant need to reallocate resources to support such recruitment activity necessitated the deferral of planned additions of staff until later in 2016.
Administration-non pay	(180)	Significantly higher levels of recruitment and resourcing activity throughout 2016 (candidate applications increased to 103,973 - up over 60%; and job assignment increased to 7,736) required the reallocation of available funding from the pay subhead to recruitment and resourcing related subheads.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	25	62	131
2.	Receipts from pension-related deductions on public service remuneration	227	213	283
		252	275	414

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	144	113

	2016	2015
	€000	**€000**
Pay	5,053	4,728
Higher, special or additional duties allowance	68	43
Overtime	87	81
Employer's PRSI	405	366
Total pay	**5,613**	**5,218**

The staff complement, at full time equivalent, as per the revised estimates was 137 while the outturn was 144.

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	19	—	7,479	1,898
Other allowances	10	—	8,025	8,320
Overtime and extra attendance	86	2	13,000	11,567
Extra remuneration in more than one category	19	2	16,704	14,779

5.2 Other Remuneration Arrangements

A total of €35,055 was paid as fees to four members of the Board of the Public Appointments Service in 2016 (2015: €26,290).

			Annual spend	
Member	**Status**	**Sector**	**2016**	**2015**
			€	**€**
Ms. Fiona Tierney	Member (Chief Executive)	Civil servant	—	—
Ms. Judith Eve	Chairman	Private sector	11,970	8,977
Mr. Paul Lemass	Member	Civil servant	—	—
Dr. Eddie Molloy	Member	Private sector	7,695	5,771
Ms. Anne Marie Taylor	Member	Private sector	7,695	5,771
Ms. Eimear Kenny	Member	Private sector	7,695	5,771
Ms. Oonagh McPhillips	Member	Civil servant	—	—
Mr. Damien McCallion	Member	Public servant	—	—
Mr. David Cagney	Member	Civil servant	—	—
Total			**€35,055**	**€26,290**

6 Miscellaneous

6.1 Legal and compensation costs

Legal costs paid during the year are categorised as follows:

	Number of cases	**Legal costs paid by the Office**	**Legal costs awarded**	**Compensation awarded**	**2016 Total**	**2015 Total**
		€000	**€000**	**€000**	**€000**	**€000**
Claims by employees of the Vote						
Employee injury claim	1	4	11	34	49	—
Claims by members of the public						
Injunction proceedings in relation to the constitution of an interview panel.	—	—	—	—	—	21

Appropriation Account 2016

Vote 18

National Shared Services Office

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 18. I am required 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 National Shared Services Office.

The expenditure outturn is compared with the sums:

(a) 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, and
(b) provided for capital supply services in 2016 out of the unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €8.09 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 except for the following.

Stock policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), National Shared Service Office (Vote 18) and the Office of Government Procurement (Vote 39) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on IT consumable stock is recorded under Vote 11. However, as the stock is deemed to be shared, it is included in the operating cost notes to the Accounts of Vote 7, Vote 11, Vote 18 and Vote 39 and is allocated on the basis of staff numbers in the respective Departments.

Basis of charge for services

The National Shared Service Office applies a service charge for its HR and pensions administration service. The PeoplePoint 2016 service charge has distributed 35% of operational costs on a pro-rata basis among each public sector body served (based on their employee headcount). The remaining 65% is borne by the National Shared Service Office.

The method of charge for payroll shared services is by way of payroll budget suppression on an Exchequer- neutral basis. As public sector bodies come on-board for payroll shared services, a related budget reduction is applied on the customer Vote.

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 National Shared Services Office, which exists on an administrative basis within the Department of Public Expenditure and Reform.

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
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 18.

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. All capital spend has been executed in accordance with relevant guidelines with the exception of one project where actual costs incurred have greatly exceeded the contract value
- The National Shared Services 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 supply arrangement was reported under Circular 40/02 with a total value of €30,000.

Matter for attention – Overpayments

In the appropriation accounts of 2014 and 2015, I drew attention to the matter of overpayments which can occur for a number of reasons in any organisation be it private or public sector. These include, but are not limited to, delays in applying, approving or processing pay-impactful absences, including sick leave absences or other leave arrangements, and errors in calculating allowances, payroll or expenses. Once an organisation becomes a customer of PeoplePoint, the responsibility for agreeing and processing the recoupment plans for any moneys owed transfers to PeoplePoint with assistance from local HR where required, while some legacy cases are managed by the relevant public sector bodies. The National Shared Services Office, through PeoplePoint and the Payroll Shared services Centre (PSSC), continue to engage with client bodies on the early identification and reporting of overpayment cases.

The Public Service Sick Leave Scheme, that reduced thresholds and has saved circa €50 million annually across the public sector, has had an unintended consequence of bringing overpayments 'forward'. The pay-affecting threshold moved from six months to three months, therefore halving the time within which an overpayment could occur, with employees potentially reaching the thresholds of paid sick leave twice as fast. The payroll process is necessarily completed before the end of the pay period to avoid late payment of salary. This has impacted significantly on the overpayments value within the system.

Since early 2016, the number of employees serviced by PeoplePoint has increased by 4,400 to 34,500. The number of new overpayment cases at c. 450 a month has remained constant due primarily to a number of interventions identified by the overpayment working group and implemented through policy and technology changes.

A lack of centralised historic information (pre-PeoplePoint) on overpayments within PeoplePoint's existing customer base means that the previous number and value of overpayments is difficult to accurately conclude. In addition, while the transition of clients to PeoplePoint is substantially complete, there are still transitions to happen during 2017 into the PSSC, therefore values referenced in this note are for those public sector bodies currently being serviced by either PeoplePoint or PSSC.

For the calendar year to 31 December 2016, overpayments to the value of €4,405,335 (5,481 cases) have been identified. Some of these pre-date 2016.

Cases are closed for a number of reasons – for example, recoupment plans have been put in place, or a case has been referred back to the relevant public sector body to manage. During the year, 5,200 cases with overpayments of €4.4 million, including 780 cases with no values, were closed. At 31 December 2016, 1,378 cases with a value of €2.8 million were being pursued in collaboration with departmental local HR units and a further 648 cases recorded were awaiting a value.

The PSSC (the relevant payment centre within the NSSO) collected €1.9 million in respect of overpayments through departmental payrolls it services.

NSSO management and the cross departmental overpayments working group convened to examine the issue continue to work at identifying interventions in policy, process and technology which will have the effect of reducing the incidence of overpayments and the time taken to get an overpayment into recoupment.

Internal Audit and Audit Committee

The National Shared Services Office (Vote 18) exists on an administrative basis within the Department of Public Expenditure and Reform and I confirm that that 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 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.

Robert Watt
Accounting Officer
National Shared Services Office

24 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 National Shared Services Office

I have audited the appropriation account for Vote 18 National Shared Services 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 Department 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 18 National Shared Services 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 Department of Public Expenditure and Reform. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 10 of my report on the accounts of the public services for 2016 refers to certain other matters relating to Vote 18 National Shared Services Office.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 18 National Shared Services Office
Appropriation Account 2016

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Provision of shared services including personnel, payroll and pension administration services				
	Current year provision	42,690			
	Deferred surrender	1,248			
			43,938	36,405	26,183
	Gross expenditure				
	Current year provision	42,690			
	Deferred surrender	1,248			
			43,938	**36,405**	**26,183**
	Deduct				
B	**Appropriations-in-aid**		**4,780**	**5,338**	**4,193**
	Net expenditure				
	Current year provision	37,910			
	Deferred surrender	1,248			
			39,158	**31,067**	**21,990**

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 in the following year.

	2016	2015
	€	€
Surplus	8,091,142	18,040,605
Deferred surrender	_	(1,248,000)
Surplus to be surrendered	8,091,142	16,792,605

Analysis of administration expenditure

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	22,950	19,306	15,417
ii	Travel and subsistence	95	83	67
iii	Training and development and incidental expenses	1,005	812	586
iv	Postal and telecommunications services	1,070	559	195
v	Office equipment and external IT services	4,610	2,728	3,081
vi	Office premises expenses	635	362	202
		30,365	23,850	19,548

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	Note	2016 €000	2016 €000	2015 €000
Programme cost			12,555	6,635
Pay			19,306	15,417
Non pay			4,544	4,131
Gross expenditure			**36,405**	**26,183**
Deduct				
Appropriations-in-aid			**5,338**	**4,193**
Net expenditure			**31,067**	**21,990**
Changes in capital assets				
Purchases cash		(6,368)		
Depreciation		4,718		
			(1,650)	3,213
Changes in assets under development				
Cash payments			(5,824)	(3,816)
Changes in net current assets				
Increase in closing accruals		746		
Decrease in stock		3		
			749	(907)
Direct expenditure			**24,342**	**20,480**
Expenditure borne elsewhere				
Net allied services expenditure	1.1		(8,498)	(1,877)
Notional rents (non cash)			302	151
Net programme cost			**16,146**	**18,754**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 18 borne elsewhere

		2016 €000	2015 €000
Vote 7 Finance	e	198	194
Vote 9 Revenue		5	1
Vote 13 Office of Public Works		922	1,033
Apportioned cost of shared services for other votes		(9,623)	(3,105)
		(8,498)	(1,877)

'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	14,729	11,535
Capital assets under development	2.3	12,809	8,439
		27,538	**19,974**
Current assets			
Bank and cash	2.4	20,118	17,528
Stocks	2.5	15	18
Prepayments		545	1,288
Accrued income		–	71
Other debit balances	2.6	150	252
Total current assets		**20,828**	**19,157**
Less current liabilities			
Accrued expenses		167	236
Other credit balances	2.7	1,792	720
Client funding/advance balances	2.9	17,294	15,804
Net liability to the Exchequer	2.8	1,182	1,255
Total current liabilities		**20,435**	**18,015**
Net current assets		**393**	**1,142**
Net assets		**27,931**	**21,116**
Represented by:			
State funding account	2.1	**27,931**	**21,116**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			21,116	19,871
Disbursements from the Vote				
Estimate provision	Account	39,158		
Surplus to be surrendered	Account	(8,091)		
Net vote			31,067	21,990
Expenditure (cash) borne elsewhere	1.1		(8,498)	(1,877)
Non cash items – capital assets and depreciation			—	(265)
Non cash items – capital assets and depreciation – transfer from OGP			47	—
Non cash items – capital assets and depreciation – transfer to OGP			(36)	—
Non cash item – CAUD adjustment			79	—
Non cash expenditure – notional rent			302	151
Net programme cost	1		(16,146)	(18,754)
Balance at 31 December			**27,931**	**21,116**

2.2 Capital Assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	15,199	486	77	15,762
Additions	7,881	20	—	7,901
Assets transferred from OGP [a]	79	—	—	79
Assets transferred to OGP [a]	(36)	—	—	(36)
Cost or valuation at 31 December 2016	23,123	506	77	23,706
Accumulated depreciation				
Opening balance at 1 January 2016	4,070	128	29	4,227
Depreciation for the year	4,652	51	15	4,718
Depreciation on transferred assets [a]	32	—	—	32
Cumulative depreciation at 31 December 2016	8,754	179	44	8,977
Net Assets at 31 December 2016	**14,369**	**327**	**33**	**14,729**
Net Assets at 31 December 2015	**11,129**	**358**	**48**	**11,535**

[a] IT equipment was moved between the Office of Government Procurement and the National Shared Services Office to address business needs.

2.3 Capital Assets under Development	**In-house computer applications**	
at 31 December	**2016**	**2015**
	€000	**€000**
Opening balance at 1 January	8,439	17,021
Cash payments for the year	5,824	3,816
Transfer to capital assets	(1,533)	(12,398)
Adjustment	79	—
Balance at 31 December	12,809	8,439

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	2,824	1,724
Commercial bank account	17,294	15,804
	20,118	17,528

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	4	7
IT consumables	11	11
	15	18

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Travel pass scheme	67	—
Recoupable salaries	6	9
Other debit suspense items	77	243
	150	252

2.7 Other Credit Balances	**2016**	**2015**
At 31 December	**€000**	**€000**
Amounts due to the State		
VAT	—	—
Income Tax	217	178
Pay Related Social Insurance	245	181
Professional Services Withholding Tax	1,074	142
Pension contributions	70	58
Local Property Tax	3	3
Universal Social Charge	70	72
	1,679	634
Payroll deductions held in suspense	113	86
	1,792	720

2.8 Net Liability to the Exchequer	**2016**	**2015**
At 31 December	**€000**	**€000**
Surplus to be surrendered	8,091	16,792
Deferred surrender	—	1,248
Exchequer grant undrawn	(6,909)	(16,785)
Net liability to the Exchequer	1,182	1,255
Represented by:		
Debtors		
Bank and cash	20,118	17,527
Debit balances: suspense	150	252
	20,268	17,779
Creditors		
Due to State	(1,679)	(634)
Client funding/advance balances	(17,294)	(15,804)
Credit balances suspense	(113)	(86)
	(19,086)	(16,524)
	1,182	1,255

2.9 Client Funded Payroll Bank Account

The National Shared Services Office provides a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account was €17,294,408 at 31 December 2016, all of which represents money lodged to the account by these client offices to cover funding for salaries over the new year period.

2.10 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	2,235	4,418
Capital projects	33,955	—
Total of legally enforceable commitments	36,190	4,418

b) Major Capital Commitments

	Cumulative expenditure to 31 December 2015	**Expenditure in 2016**	**Project commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015**
Project	**€000**	**€000**	**€000**	**€000**	**€000**
Payroll shared services	7,145	1,466	1,761	10,373	8,745
Financial management shared services	1,850	8,617	32,194	42,661	36,231
	8,995	10,083	33,955	53,034	44,976

Significant variations

An explanation is provided below where major capital commitments increase by more than €500,000 from 2015 to 2016

Project	**Expected total spend 2016**	**Expected total spend 2015**	**Year on year increase**	**Explanation**
	€000	**€000**	**€000**	
Payroll shared services	10,373	8,745	1,628	The increase is due to additional commitments arising from the revision of the project implementation plan.
Financial management shared services	42,661	36,231	6,430	The estimated costs were reviewed in 2016 following procurement of services required to develop the project in December 2015 and review of other project related costs such as the staffing requirements for the Financial Management Shared Services Centre, facilities and transition support for public service bodies.

2.11 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at year end	2	3

3 Programme Expenditure by Subhead

			2016 Estimate provision	2016 Outturn	2015 Outturn
			€000	€000	€000
A	**National Shared Services Office**				
A.1	Administration – pay		22,950	19,306	15,417
A.2	Administration – non pay		7,415	4,544	4,131
A.3	PeoplePoint project		600	496	2,114
A.4	Payroll shared services project		2,690	2,387	2,251
A.5	Financial management shared services project				
	Current year provision	9,035			
	Deferred surrender	1,248	10,283	9,672	2,270
			43,938	36,405	26,183

Significant variations

Overall, the expenditure in relation to the programme was some €7.5 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – pay	3,644	This surplus arose due largely to delays in transfers of staff from departmental payroll centres to the payroll shared service as well as delays in staffing within HR shared services and corporate business units.
Administration – non pay	2,871	Largely driven by delays in staffing migrations which in turn affected non pay costs also. Office fit outs were delayed and due to commence in early 2017. There was also a revision of the prepayment of the 2017 systems maintenance for which a rescheduled payment pattern has been agreed.
PeoplePoint project	104	Underspend arose on payroll costs within the project, as actual staff numbers were lower than budget.
Payroll shared services project	303	Payroll shared services underspend arose on payroll €180,000 and capital fit out costs €130,000, which were being carried out in 2017.
Financial shared services project	611	Underspend largely driven by delays in recruitment of staff.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deduction on public service remuneration	720	461	598
2.	PeoplePoint levy	4,000	4,714	3,517
3.	Miscellaneous	60	163	78
	Total	**4,780**	**5,338**	**4,193**

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	Explanation
	€000	
Receipts from pension-related deduction on public service remuneration	259	Receipts were lower than budgeted due to salaries being significantly underspent in 2016.
PeoplePoint levy	(714)	This additional receipt arose as the percentage recharged to public service bodies was increased in 2016.
Miscellaneous	(103)	Miscellaneous receipts include illness benefit / maternity benefit etc. and as such are extremely difficult to predict.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	601	542

	2016 €000	2015 €000
Pay [a]	19,226	15,825
Higher, special or additional duties allowance	11	69
Other allowances	29	16
Overtime	163	83
Employer's PRSI	1,607	1,291
Redundancy	51	—
Total pay	**21,087**	**17,284**

[a] The total pay figure is inclusive of pay in subheads A.1, A.3, A.4 and A.5.

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	9	—	2,811	18,056
Other allowances	7	—	6,532	3,692
Overtime	208	—	5,343	7,014
Extra remuneration in more than one category	—	—	—	3,766

5.2 Redundancy Payments

Redundancy payments totalling €51,393 were paid to two staff members under the voluntary redundancy scheme.

5.3 Payroll Overpayments

Overpayments at the year-end were €86,500 (121 cases) (2015: €27,200, 26 cases). Of this, €24,800 (14 cases) have recovery plans in place.

6 Miscellaneous

6.1 Public Service Bodies in Shared Services at 31 December 2016

HR Shared Services – PeoplePoint

An Garda Síochána Ombudsman Commission
Central Statistics Office
Chief State Solicitor's Office
Courts Service
Department of Communications, Climate Action and Environment.
Department of Agriculture, Food and the Marine
Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs
Department of Children and Youth Affairs
Department of Defence
Department of Education and Skills
Department of Housing, Planning, Community and Local Government
Department of Finance
Department of Foreign Affairs and Trade (incl. Ireland Aid)
Department of Health
Department of Jobs, Enterprise and Innovation
Department of Justice and Equality
Department of Public Expenditure and Reform (including the Office of Government Procurement and the National Shared Services Office)
Department of Social Protection
Department of the Taoiseach
Department of Transport, Tourism and Sport
Irish Human Rights and Equality Commission
Legal Aid Board
National Council for Special Education
National Library of Ireland
National Museum of Ireland
Office of Public Works
Office of the Attorney General
Office of the Comptroller and Auditor General
Office of the Director of Public Prosecutions
Office of the Ombudsman
Office of the Revenue Commissioners
Ordnance Survey Ireland
President's Establishment
Property Registration Authority
Public Appointments Service
Road Safety Authority
State Examination Commission
State Laboratory
Valuation Office

Payroll Shared Services Centre

An Garda Síochána (including Garda Force and Garda Civilian)
Central Statistics Office
Chief State Solicitor's Office
Courts Service
Civil Service Redress Board
Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs
Department of Communications, Climate Action and Environment
Department of Defence (including the Defence Forces, Civilian Staff and Military Pensioners)
Department of Education and Skills
Department of Finance (including PMG Pensioners)
Department of Foreign Affairs and Trade (incl. Ireland Aid)
Department of Health
Department of Justice and Equality (including An Garda Síochána Ombudsman Commission (GSOC), National Disability Authority and Child Detention Schools)
Department of Public Expenditure and Reform (including the Office of Government

Procurement and the National Shared Services Office)
Department of Housing, Planning, Community & Local Government
Department of the Taoiseach
Department of Transport, Tourism and Sport
Department of Agriculture, Food and the Marine
Health Information and Quality Authority (HIQA)
Irish Human Rights and Equality Commission
Irish Prison Service
Law Reform Commission
Legal Aid Board
National Council for Curriculum and Assessment
National Council for Special Education
National Library of Ireland
National Museum of Ireland
Office of the Attorney General
Office of the Comptroller and Auditor General
Office of the Director of Public Prosecutions
Office of the Ombudsman
Office of the Revenue Commissioners
President's Establishment
Property Registration Authority
Public Appointments Service
State Examinations Commission
State Laboratory
Dept. of Children and Youth Affairs

Appropriation Account 2016

Vote 19

Office of the Ombudsman

Introduction

As Accounting Officer for Vote 19, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Ombudsman, the Office of the Commission for Public Service Appointments, the Standards in Public Office Commission, the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office of the Ombudsman.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

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

Assurance on Shared Services

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

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

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

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

I take assurance from the system of control within Shared Services as reported to me by the Accounting Officer for Shared Services.

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- the Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- there are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of one contract to the value of €125,498 which was listed in my annual return in respect of Circular 40/2002. However, this case concerns an instance in which the contract for legal services for the Standards in Public Office Commission had previously been in place, following competitive tendering processes, but this had expired. As the expenditure related to ongoing litigation, it was decided that continuing with the old legal service providers constituted a more prudent use of resources and would be more cost efficient. A new tender competition was held and all new legal services are assigned under this contract.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operates under a charter which was approved in 2016. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Jacqui McCrum
Accounting Officer
Office of the Ombudsman

29 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

I have audited the appropriation account for Vote 19 Office of the Ombudsman for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by her Office and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 19 Office of the Ombudsman for the year ended 31 December 2016.

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

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 19 Office of the Ombudsman
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/ Office of the Commission for Public Service Appointments	5,975	4,819	4,458
B	Standards in Public Office Commission	2,008	1,499	1,351
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	2,157	2,090	2,137
	Gross expenditure	**10,140**	**8,408**	**7,946**
	Deduct			
D	**Appropriations-in-aid**	**402**	**302**	**362**
	Net expenditure	**9,738**	**8,106**	**7,584**

Surplus for surrender

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

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

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,416	6,372	6,041
ii	Travel and subsistence	58	47	48
iii	Training and development and incidental expenses	435	444	484
iv	Postal and telecommunications services	86	33	42
v	Office equipment and external IT services	232	687	381
vi	Office premises expenses	189	123	130
vii	Consultancy and value for money and policy reviews	1,070	383	209
viii	Legal fees	644	319	611
ix	Referendum Commission	10	—	—
		10,140	8,408	7,946

Notes to the Appropriation Account

1 Operating Cost Statement 2016

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

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 19 borne elsewhere.

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

2 Balance Sheet as at 31 December 2016

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

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

2.2 Capital Assets

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

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

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

2.4 Bank and Cash at 31 December	**2016** **€000**	**2015** **€000**
PMG balances and cash	207	228

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

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Other debit balances	35	41

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	147	147
Pay Related Social Insurance	65	56
Professional Services Withholding Tax	46	14
Pension contributions	26	24
	284	241
Payroll deductions held in suspense	39	38
Other credit suspense items	5	12
	328	291

2.8 Net Exchequer funding due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	1,632	1,154
Exchequer grant undrawn	(1,718)	(1,176)
Net Exchequer funding due	(86)	(22)
Represented by:		
Debtors		
Bank and cash	207	228
Debit balances: suspense	35	41
	242	269
Creditors		
Due to State	(284)	(241)
Credit balances: suspense	(44)	(50)
	(328)	(291)
	(86)	(22)

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

2.10 Contingent Liabilities

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

3 Programme Expenditure by Subhead

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

Significant variations

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

Salaries, wages and allowances

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

Office machinery and office supplies

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

Consultancy services

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

Legal fees

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

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

Significant variations

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

Salaries, wages and allowances

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

Office machinery and office supplies

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

Consultancy services

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

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

Significant variations

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

Office machinery and office supplies

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

Legal fees

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

4 Receipts

4.1 Appropriations-in-aid

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

Explanation of significant variations

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

Pension related deduction

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

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	117	107

	2016	2015
	€000	€000
Pay	5,949	5,636
Higher, special or additional duties allowance	22	34
Overtime	23	36
Employer's PRSI	378	335
Total pay	**6,372**	**6,041**

5.1 Allowances and Overtime Payments

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

5.2 Salary overpayments

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

6 Miscellaneous

6.1 Legal costs

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

Appropriation Account 2016

Vote 20
Garda Síochána

Introduction

As Accounting Officer for Vote 20, I am required 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 Garda Síochána, including pensions, etc. for the payment of certain witnesses' expenses, and for payment of certain grants.

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 €2.18 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 except for the following:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month recorded in the fixed asset register.

The standard depreciation rates are applied in respect of office and IT equipment, and furniture and fittings. The following depreciation rates apply to other capital assets

- aircraft: 5% per annum
- boats: 10% per annum
- vehicles: 25% per annum

Land and buildings

The Minister for Justice and Equality owns eight Garda stations which are included in the appropriation account of the Office of Public Works (Vote 13).

An Garda Síochána holds lands for sports fields at Templemore for the use of students. This land is the subject of discussions with the Office of Public Works to regularise the management and title in line with public service norms. All other property utilised by An Garda Síochána is owned by the Office of Public Works, and is accounted for in the appropriation account of that Office.

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 An Garda Síochána. This responsibility is exercised in the context of the resources available to me and my other obligations as the Acting Commissioner of An Garda Síochána. 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 An Garda Síochána
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Risk management

An Garda Síochána notes the findings of the Garda Inspectorate report entitled *Changing Policing in Ireland – November 2016,* where a number of improvement opportunities were identified in the areas of governance and risk management. Improvement opportunities identified in risk management included the oversight and operation of risk management at an operational level in addition to the operation of the Risk Governance Board.

In order to address the issues identified, a number of improvement initiatives are being prioritised under the Garda modernisation and renewal plan 2016 – 2021:

- A new organisational structure has been developed with a single senior management lead for policy, auditing and oversight roles which will strengthen internal control and governance.
- A policy management framework is being developed that will provide a transparent and co-ordinated approach to the development, implementation and monitoring of policy.

The revised approach to risk management has been implemented in quarter one 2017. This approach is centred on a system where risks within an area of responsibility are identified, assessed, prioritised, managed and reported in line with policy. Risk champions and spine superintendents will provide support to ensure that the revised approach is successfully deployed in each region, division and district. All risk managers will be supported by the Garda Risk Management Unit. This process is overseen by the Risk and Policy Governance Board which was established to provide strategic direction with respect to risk management and the management of policy in An Garda Síochána. The Board, which includes key senior managers, will ensure that the organisation's corporate risks are managed and mitigated effectively.

To support this revised approach, the Garda Risk Management Unit has provided training to the senior management and will continue to provide training to senior management and on promotion modules. In addition, a new dedicated risk management webpage has been developed on the Garda Portal and this provides a range of support materials such as a risk matrix, risk, template guidelines for rating 'likelihood' and 'consequence 'risk categories and brief definitions and various informative documents.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service level agreements between An Garda Síochána and the Financial Shared Services Centre of the Department of Justice and Equality and the National Shared Services Office for the provision of financial and payroll shared services.

I rely on letters of assurance from the Accounting Officers of Vote 24 Justice and Equality and of Vote 18 Shared Services that the appropriate controls are exercised in the provision of shared services to An Garda Síochána.

Procurement

An Garda Síochána 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.

An Garda Síochána complied with the guidelines with the exception of 94 contracts to the value of €27,803,949 which were listed in my annual return in respect of Circular 40/2002.

- 25 contracts to a value of €3,959,052 related to sole suppliers and security-related services.
- 27 contracts to a value of €20,258,511 were extended beyond the original contract date without competitive procurement. Tenders are in progress in 2017 for these services. The Office of Government Procurement and An Garda Síochána are advancing a supplementary request for tender for interpretation services.
- 21 contracts to a value of €2,155,361 in respect of medical services were paid in accordance with the Department of Public Expenditure and Reform sanctioned rates for professional services. A competitive tender for medical services has been undertaken with the support of the HSE which is at tender evaluation finalisation stage.
- In the other 21 cases with a value of €1,431,025, local contract arrangements were in place contrary to national procurement guidelines. An Garda Síochána has already put contracted arrangements in place for a number of these supplies and is taking steps to put tenders in place in 2017 for the remainder.

Internal Audit and Audit Committee

I confirm that An Garda Síochána has an internal audit function with appropriately trained personnel. Its work is informed by analysis of the financial risks to which An Garda Síochána 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 the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Significant financial risks

Property and Evidence Management

The management, recording and storage of property taken into the possession of An Garda Síochána, both evidential and non-evidential, was a frequently occurring financial and reputational risk identified by Internal Audit in 2016. As part of the Strategic Transformation Programme, two new divisional property and exhibit management stores were completed in 2016 and an additional three will be completed in 2017 with five more planned for 2018 which will address the storage capacity deficit. In addition, a new information system for the tracking of exhibits went live in March 2016 and this will be integrated into the PULSE system in 2017 which will facilitate an efficient holistic management of property and exhibits within the possession of An Garda Síochána.

Garda Payroll and Pension Overpayments

The overpayment of Garda and civilian salaries arise largely from the late notification of sick/maternity leave, retirements, resignations, dismissals, and family friendly applications to the Payroll Shared Services Centre. To address the overpayment of salaries and Garda pensions, the Garda Human Resource Directorate established a dedicated unit in 2014 to put overpayment recovery plans in place. Since 2014 and up until 2016, there were various resourcing issues within the Overpayments Unit. These were resolved in February 2017. To date 69% of overpaid Garda pensions and for 65% of overpaid Garda and civilian salaries recovery plans have been agreed.

The overpayment of Garda pensions is mainly due to the payment of pensions in advance rather than in arrears in line with public sector norms. An Garda Síochána requested the Department of Justice and Equality to amend the Pensions Order 1925 to facilitate pension payment in arrears following consultation with the Garda Associations.

Audit of the Garda College

An internal audit report (February 2017) concluded that significant financial irregularities had existed in the financial management of the Garda College for many years. The report made nineteen recommendations to ensure compliance with *Public Financial Procedures*. A Steering Group was established to commence the implementation of the recommendations. At 31 August 2017, three of the nineteen recommendations have been implemented and the balance is expected by the end of the year. Internal Audit has undertaken another audit in relation to cash and general management of the Garda College restaurant and shop, and other audit work is planned for 2017.

These issues were subject to a report of the Dáil Committee on Public Accounts which found that oversight structures were not informed of the issues of concern in a timely way. Arising from the findings of these audits some issues have been informed to the Garda Síochána Ombudsman Commission (GSOC) and the European Anti-Fraud Office (OLAF) for future investigation and these investigations are on-going.

Following a review of systems, managers were asked to review all records to ensure themselves that all relevant reports have been forwarded to the Garda Internal Audit Section (GIAS) and to ensure that all risks are recorded on the risk registers. A revised risk management policy was implemented in March 2017. The GIAS has access to the risk register at all stages and the Audit Committee will be briefed on the risk reports. The Policing Authority will be updated on the risk reports and the Comptroller and Auditor General will be informed.

Fixed charge notice and breath test issues

In March 2017 An Garda Síochána detailed concerns in respect of the administration of fixed charge notices and road side breath tests.

In relation to fixed charge notices an examination of 830,687 summonses, issued between 1 January 2006 and 27 May 2016, identified that a total of 146,865 cases of persons who had committed offences had been brought before the courts incorrectly. Of these summonses, 14,700 cases resulted in a penalty being imposed by the courts. An Garda Síochána has undertaken to appeal those outcomes to the Circuit Court. Any fines imposed will be reimbursed and all records involved will be corrected.

In relation to breath tests, in March 2017 An Garda Síochána identified that there was a significant discrepancy between the data recorded on the Garda computer system (PULSE) for roadside breath tests versus the number of breath tests recorded on the apparatus used by the Medical Bureau for Road Safety. An examination identified that from June 2009 to April 2017, 3,498,400 breath tests were recorded on PULSE compared to 2,040,179 recorded on the Drager test devices, a discrepancy of 1,458,221 breath tests. A combination of deficiencies enabled this to happen - in technology and data controls, resources, supervision, policy, procedures and training. Arising from the findings of the examination An Garda Síochána's focus will be on more strategic roads policing operations focusing on outcomes rather than outputs and to implement investment in the appropriate supporting mechanisms to enable Garda members to accurately record data.

Dónall Ó Cualáin
Accounting Officer
An Garda Síochána

26 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 20 Garda Síochána

I have audited the appropriation account for Vote 20 Garda Síochána 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 An Garda Síochána 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.

The audit of Vote 20 included a review of operational controls over the monies issued for the witness security programme and, on a sample basis, of related transactions. For security reasons, certain information about those transactions was not reviewed.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 20 Garda Síochána 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 An Garda Síochána. The appropriation account is in agreement with the accounting records.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2016.

Reporting on matters arising from audit

Chapter 12 of my report on the accounts of the public services for 2016 refers to certain other matters relating to Vote 20 An Garda Síochána.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 20 Garda Síochána
Appropriation Account 2016

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Working with communities to protect and serve				
	Original	1,554,524			
	Deferred surrender	6,644			
	Supplementary	20,500			
			1,581,668	1,570,562	1,503,468
	Gross expenditure		**1,581,668**	**1,570,562**	**1,503,468**
	Deduct				
B	**Appropriations-in-aid**				
	Original	112,976			
	Supplementary	10,500			
			123,476	**123,894**	**128,485**
	Net expenditure				
	Original	1,441,548			
	Deferred surrender	6,644			
	Supplementary	10,000			
			1,458,192	**1,446,668**	**1,374,983**

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 in the following year.

	2016	2015
	€	€
Surplus	11,524,000	8,490,200
Deferred surrender	(9,344,000)	(6,644,000)
Surplus to be surrendered	2,180,000	1,846,200

Analysis of administration expenditure

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	971,751			
	Supplementary	10,300	982,051	979,500	963,316
ii	Travel and subsistence				
	Original	15,983			
	Supplementary	2,117	18,100	18,567	15,345
iii	Training and development and incidental expenses				
	Original	12,706			
	Supplementary	6,344	19,050	19,830	15,576
iv	Postal and telecommunications services				
	Original	39,647			
	Supplementary	2,903	42,550	40,630	43,687
v	Office equipment and external IT services				
	Original	37,212			
	Supplementary	16,599	53,811	51,525	38,598
vi	Maintenance of Garda premises				
	Original	721			
	Supplementary	2,979	3,700	3,818	3,347
vii	Consultancy services and value for money and policy reviews		261	327	231
viii	Station services				
	Original	18,700			
	Supplementary	1,600	20,300	20,032	19,530
ix	Garda Reserve				
	Original	895			
	Supplementary	(495)	400	341	439
			1,140,223	1,134,570	1,100,069

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	€000	2016 €000	2015 €000
Programme cost		435,992	403,399
Pay		979,500	963,316
Non pay		155,070	136,753
Gross expenditure		**1,570,562**	**1,503,468**
Deduct			
Appropriations-in-aid		**123,894**	**128,485**
Net expenditure		**1,446,668**	**1,374,983**
Changes in capital assets			
Purchases cash	(26,759)		
Depreciation	17,332		
Disposals cash	35		
Loss on disposals	128	(9,264)	(6,877)
Assets under development			
Cash payments		(9,032)	(5,073)
Changes in net current assets			
Increase in closing accruals	4,950		
Increase in stock	(1,296)		
		3,654	(9,132)
Direct expenditure		**1,432,026**	**1,353,901**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,432	20,617
Net programme cost		**1,453,458**	**1,374,518**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 20 borne elsewhere

		2016 €000	2015 €000
Vote 13 Office of Public Works	e	17,034	17,856
Vote 18 National Shared Services Office	e	2,688	993
Vote 24 Justice and Equality - Financial Shared Services Centre	e	2,605	2,884
Less			
Services provided by An Garda Síochána to other Votes[a]	e	(895)	(1,116)
		21,432	20,617

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

[a] Garda transport was made available as escorts to Prison Service personnel to convey prisoners to court.

Assistance was rendered to An Garda Síochána by the Defence Forces in the disposal of explosive materials, without payment.

Garda personnel availed of Air Corps aircraft during 2016 without payment. Air Corps support was also provided without charge in relation to the operation of the Garda fixed-wing aircraft and pilot costs of Garda helicopters.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	56,816	51,063
Capital assets under development	2.3	16,329	7,297
		73,145	**58,360**
Current assets			
Bank and cash	2.4	49,617	46,571
Stocks	2.5	7,293	5,997
Prepayments	2.6	11,751	11,731
Accrued income		2,147	3,540
Other debit balances	2.7	5,690	3,705
Total current assets		**76,498**	**71,544**
Less current liabilities			
Accrued expenses	2.8	9,584	9,518
Other credit balances	2.9	45,783	43,536
Net liability to the Exchequer	2.10	9,524	6,740
Total current liabilities		**64,891**	**59,794**
Net current assets		**11,607**	**11,750**
Net assets		**84,752**	**70,110**
Represented by:			
State funding account	2.1	**84,752**	**70,110**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			70,110	49,028
Estimate provision	Account	1,458,192		
Deferred surrender		(9,344)		
Surplus to be surrendered	Account	(2,180)		
Net vote			1,446,668	1,374,983
Expenditure (cash) borne elsewhere	1		21,432	20,617
Net programme cost	1		(1,453,458)	(1,374,518)
Balance at 31 December			**84,752**	**70,110**

2.2 Capital Assets

	Aircraft	Motor boats	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2016	18,637	1,060	68,732	168,190	5,959	262,578
Additions [a]	—	—	12,617	10,453	178	23,248
Disposals	—	—	(7,932)	(951)	—	(8,883)
Cost or valuation at 31 December 2016	18,637	1,060	73,417	177,692	6,137	276,943
Accumulated depreciation						
Opening balance at 1 January 2016	11,734	947	45,065	149,795	3,974	211,515
Depreciation for the year	905	68	10,130	5,797	432	17,332
Depreciation on disposals	—	—	(7,774)	(946)	—	(8,720)
Cumulative depreciation at 31 December 2016	12,639	1,015	47,421	154,646	4,406	220,127
Net assets at 31 December 2016	**5,998**	**45**	**25,996**	**23,046**	**1,731**	**56,816**
Net assets at 31 December 2015	**6,903**	**113**	**23,667**	**18,395**	**1,985**	**51,063**

[a] Included in additions is an asset related to a portacabin transferred to An Garda Síochána from the State Pathology Laboratory. The net book value of the asset €60,000.

2.3 Capital Assets under Development

at 31 December 2016	Schengen project[a]	MIMS project[b]	Total
	€000	€000	€000
Amounts brought forward at 1 January 2016	2,676	4,621	7,297
Cash payments for the year	4,000	5,032	9,032
Balance at 31 December 2016	6,676	9,653	16,329

[a] The Schengen Information System was developed as part of the Schengen Convention which allows for the removal of internal borders and provides increased co-operation between member state police forces. The project recommenced in late 2016 following the provision of €4 million in funding by the Department of Public Expenditure and Reform. The €4 million was spent on ICT consultancy services in the year. The project has an estimated cost of €21.7 million and the estimated completion date is 2019.

[b] The Major Investigation Management System supports specialist units within An Garda Síochána in the capture, analysis and dissemination of intelligence. The MIMS project has an estimated five year cost of €24.8 million and a preferred supplier has been sourced after a tender competition. Phase 2 was deployed in 2015 and the development of phases 3a, 3b and 5 commenced in 2015 and continued in 2016. The estimated completion date is 2018.

2.4 Bank and Cash at 31 December	2016 €000	2015 €000
PMG balances and cash	29,442	26,810
Commercial bank accounts	20,175	19,761
	49,617	46,571

The commercial bank account balance reflects €15,576,065 at end 2016 (2015: €15,110,000) in a commercial bank account operated by the Department of Public Expenditure and Reform - Payroll Shared Services. The balance of €4,598,811 is held by An Garda Siochana in 114 imprest accounts (2015: €4,651,000).

2.5 Stocks at 31 December	2016 €000	2015 €000
Stationery	454	419
Telecommunications stock	969	1,038
Clothing	2,801	2,299
Technical Bureau	128	99
United Nations stock	143	87
Armoury	2,141	1,493
Miscellaneous	657	562
	7,293	5,997

2.6 Prepayments

Prepayments consist of national digital radio €6.9 million and ICT skilled resources of €2.9 million and the balance across other subheads.

2.7 Other Debit Balances at 31 December	2016 €000	2015 €000
Advances to OPW	4,158	1,480
Imprests	698	789
Payroll suspense account (Paypath)	—	753
Cycle to Work scheme	420	501
Other debit suspense items	414	182
	5,690	3,705

2.8 Accrued Expenses

There were accrued expenses of €9.58 million at the year end of which €0.98 million related to capital purchases, €0.81 million being the purchase of Garda vehicles. The accrued expenses also included expenditure of €1.2 million for fuel and maintenance of the Garda fleet, €1.2 million for the outsourced GoSafe contract, €1.4 million for travel and subsistence, €0.9 million for the national digital radio system, €1 million for station services with the balance spread across a number of other subheads.

2.9 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	22,268	21,651
Pay Related Social Insurance	9,309	8,608
Professional Services Withholding Tax	2,223	1,311
Value Added Tax	732	639
Construction Tax	9	—
Road Traffic Act fines	778	1,015
Tax on pension contribution refunds	1	9
Civil Service Pension Scheme	67	148
Garda account balances	4,599	4,651
	39,986	38,032
Payroll deductions held in suspense	4,882	4,961
Garda Reward Fund	392	359
Other credit suspense items	523	184
	45,783	43,536

2.10 Net liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	2,180	1,846
Deferred surrender	9,344	6,644
Exchequer grant undrawn	(2,000)	(1,750)
Net liability to the Exchequer	9,524	6,740
Represented by:		
Debtors		
Bank and cash	49,617	46,571
Debit balances: suspense	5,690	3,705
	55,307	50,276
Creditors		
Due to State	(39,986)	(38,032)
Credit balances: suspense	(5,797)	(5,504)
	(45,783)	(43,536)
	9,524	6,740

2.11 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	93,434	17,005
Capital projects	83,240	83,459
Total of legally enforceable commitments	176,674	100,464

Explanation

The commitments, in relation to the procurement of goods and services at the end of 2016 amounted to €93.4 million. The Go Safe commitment was €92.3 million which consisted of an extension to the existing contract until April 2017 and a new six year contract signed in August 2016 and due to start in May 2017.

b) Major capital commitments

Project	**Cumulative expenditure to 31 December 2015**	**Expenditure in 2016**	**Project commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015**
Regional/Divisional HQ	**€000**	**€000**	**€000**	**€000**	**€000**
• Galway	639	6,699	23,616	30,954	28,346
• Kevin Street	6,357	10,748	16,453	33,558	31,191
• Wexford	2,831	10,386	13,000	26,217	25,311
MIMS phases 3a, 3b & 5 [a]	4,621	5,032	15,147	24,800	24,800
Schengen	2,676	4,000	15,024	21,700	23,900
	17,124	**36,865**	**83,240**	**137,229**	**133,548**

[a] The comparative figure in 2015 was incorrect and has been restated at €24.8 million.

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2015 to 2016.

Description	**Amount of increase/ (decrease)**	**Explanation**
	€000	
Galway	2,608	Amendments made to the original design required additional structural works. In addition, there were other design changes to meet Garda requirements which increased total expected costs.

Description	Amount of increase/ (decrease)	Explanation
	€000	
Kevin Street	2,367	Due to poor ground conditions, additional water pumping and concrete basement works were required which gave rise to additional costs and delays.
Wexford	906	The expected costs increased as a result of the inclusion of the OPW project design team costs.
Schengen	(2,200)	At the end of 2015, the estimated lifetime costs of the project were €23.9 million. Following the finalisation of the contractual negotiations, this figure was reduced to €21.7 million.

2.12 Matured Liabilities

There were €397 matured liabilities un-discharged at year end 2016.

3 Programme Expenditure by Subhead

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A	**Working with communities to protect and serve**				
A.1	Administration – pay				
	Original	971,751			
	Supplementary	10,300	982,051	979,500	963,316
A.2	Administration - non pay				
	Original	126,125			
	Supplementary	32,047	158,172	155,070	136,753
A.3	Clothing and accessories				
	Original	2,764			
	Supplementary	1,736	4,500	4,704	4,356
A.4	St. Paul's Garda Medical Aid Society		124	124	124
A.5	Transport				
	Original	28,516			
	Supplementary	334	28,850	29,116	28,017
A.6	Communications and other equipment				
	Original	29,027			
	Supplementary	2,076	31,103	31,745	30,440
A.7	Aircraft				
	Original	1,050			
	Supplementary	550	1,600	1,607	2,869
A.8	Superannuation, etc.				
	Original	325,542			
	Supplementary	(5,500)	320,042	319,272	310,962
A.9	Witnesses' expenses		1,805	1,675	1,652
A.10	Compensation				
	Original	16,622			
	Supplementary	(1,122)	15,500	17,332	13,954
A.11	Witness security programme				
	Original	1,198			
	Supplementary	122	1,320	1,320	1,198
A.12	Capital building programme				
	Original	50,000			
	Deferred surrender	6,644			
	Supplementary	(20,043)	36,601	29,097	9,827
			1,581,668	1,570,562	1,503,468

Significant variations

Overall, the gross expenditure in relation to Programme A was €11.1 million higher than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	(7,749)	There was an excess variance of €7.75 million on the original budget of €971.8 million. This was due to the additional costs associated with a number of one-off events that took place in 2016 such as the State Visits by US Vice President Biden (€3.15 million) and the Prince of Wales (€0.5 million), as well as the 1916 Centenary celebrations (€2.8 million) that took place over the Easter period. Additional funds were also required for the continuation of ongoing policing operations on organised crime and Operation Thor. The original budget was increased by €10.3 million in the supplementary estimate. There was an underspend of €2.55 million on the supplementary budget which mainly related to the provision of €2 million for the annual surrender balance as agreed with the Department of Justice and Equality.
Administration - non pay	(28,945)	There was an excess variance of €28.95 million on the original budget of €126 million. This is due to additional funding requirements over a number of non pay subheads. In particular, due to a significant underspend on the capital building programme, an amount of €16 million was reallocated to the IT capital subhead to bring forward investment in critical ICT systems such as further phases of the major investigations systems (MIMS). Additional expenditure associated with the intake of Garda recruits was also incurred on the training budget. Furthermore, the state visits by US Vice President Biden and the Prince of Wales, as well as the one-off 1916 Centenary celebrations incurred additional expenditure under travel and subsistence and incidental expenses. To this end, the allocation was increased by €32 million in the supplementary estimate. There was an underspend of €3.1 million on the supplementary budget as a result of delays with regard to some planned ICT expenditure and savings generated under other demand led subheads.

Description	Less/ (more) than provided	Explanation
	€000	
Clothing and accessories	(1,940)	There was an excess variance of €1.94 million on the original budget of €2.8 million. The additional costs arose from the uniform requirements of new Garda recruits and the equipping of the newly established Armed Response Unit in the Dublin Metropolitan Region. The original budget allocation was increased by €1.7 million in the supplementary estimate. There was an overspend of €0.2 million on the supplementary budget due to a greater demand under the areas mentioned above which was offset by savings generated under other subheads.
Transport	(600)	There was a variance of €0.6 million on the original budget of €28.5 million. This was due to additional capital funding within the Vote to bring forward the procurement of new Garda vehicles from 2017. The total investment in the transport fleet in 2016 was €10 million. The original budget was increased by €0.33 million in the supplementary estimate as a result of the additional capital cost in this subhead of €4 million which was offset in part by expected savings of approximately €3.67 million in relation to the maintenance and running expenses of the Garda fleet. This current expenditure saving was largely due to reduced fuel costs and less maintenance costs due to the proportion of newer vehicles in the Garda fleet. While there was a subsequent overspend of €0.27 million on the supplementary budget this was mainly due to timing issues in relation to the payment of fuel and maintenance invoices at year-end.
Communications and other equipment	(2,718)	There was a variance of €2.7 million on the original budget of €29 million. The additional provision relates to increased communications commitments and extra firearms and equipment requirements in respect of the newly established Armed Response Unit in the Dublin Metropolitan Region and the Emergency Response Unit to tackle organised crime. The original budget was increased by €2.07 million in the supplementary estimate. There was an underspend of €0.64 million on the revised budget due to the delay in receipt of certain invoices to meet payment deadlines at year-end.
Aircraft	(557)	There was a variance of €0.56 million on the original budget of €1.05 million. The additional requirement was mainly due to the increased maintenance (€0.3 million) and replacement of equipment on the Garda aircraft. Additional flying hours were also required in respect of the major policing operations for the visit of Vice President Biden, the Prince of Wales and the 1916 celebrations (€0.2 million). To this end the original budget was increased by €0.55 million in the supplementary estimate.

Description	Less/ (more) than provided	Explanation
	€000	
Superannuation	6,270	There was a positive variance of €6.27 million on the original budget of €325.5 million due to lower retirement numbers than were initially anticipated. As a consequence, the original budget was reduced by €5.5 million in the supplementary estimate. There was a further saving of €0.77 million on the supplementary budget due to lower retirement numbers in December than were anticipated and the timing of some retirements at the year end which resulted in the associated gratuity payments being made in 2017.
Witnesses' expenses	130	The savings arose due to a reduction in operational demand.
Compensation	(710)	There was an excess variance of €0.71 million on the original budget of €16.6 million. However, the original budget was actually reduced by €1.1 million in the supplementary estimate, as it was expected that savings would arise as there was a reduction of 28 High Court cases processed through the Garda Compensation Act 2016 than had been previously estimated and a reduction in the legal costs associated with firearm licence appeals. The reduction against estimate on the firearm licence appeals was €0.4 million. However a year-end excess of €1.8 million was incurred following a large civil action payment of €1.75 million in December 2016 in relation to a miscarriage of justice case which was originally expected to be paid in 2017.
Capital building programme	20,903	There was a variance of €20.9 million on the original budget of €50 million under the capital building programme. This arose due to delays in completing certain projects including the new Divisional Headquarters in Kevin Street, Dublin. The original budget was reduced by €20.04 million in the supplementary estimate which allowed for the reallocation of this capital funding within the Vote to the ICT (€16 million) and Transport (€4 million) subheads. The underspend of €7.5 million against the supplementary budget formed part of the €9.34 million carried forward to 2017 under the agreed capital carry-over provisions.

4 Receipts

4.1 Appropriations-in-aid			2016		2015
			Estimated	Realised	Realised
		€000	€000	€000	€000
1.	Contributions to the Garda Síochána spouses' and children's pension schemes				
	Original	12,278			
	Supplementary	(228)	12,050	11,962	12,501
2.	Contributions to the Garda Síochána pensions scheme		21,528	21,669	22,583
3.	Miscellaneous receipts (note 4.2)				
	Original	10,000			
	Supplementary	1,900	11,900	12,149	11,622
4.	Receipts from banks in respect of cash escort services				
	Original	—			
	Supplementary	1,273	1,273	1,273	999
5.	Firearm fees				
	Original	10,000			
	Supplementary	750	10,750	10,578	3,139
6.	Safety cameras - certain receipts from fixed charges				
	Original	13,770			
	Supplementary	330	14,100	13,991	17,279
7.	Receipts from pension-related deduction on public service remuneration				
	Original	45,400			
	Supplementary	6,475	51,875	52,272	60,362
			123,476	**123,894**	**128,485**

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	Explanation
	€000	
Miscellaneous receipts (see note 4.2)	(2,149)	There was a variance of €2.15 million on the original budget of €10 million as a result of greater than anticipated receipts for non public duty services due to the timeliness of moneys received. In addition greater than anticipated receipts were generated under forfeitures to the State. The original budget was increased by €1.9 million in the supplementary estimate to address these additional receipts. However there were additional receipts of €0.25 million on the supplementary allocation due to the timeliness of moneys received which can be difficult to predict.

Description	Less/(more) than provided	Explanation
	€000	
Receipts from banks in respect of cash escort services	(1,273)	No original estimate was included for receipts from banks in respect of cash escort services as these services ended in 2015. However, an amount of €1.27 million was recovered in 2016 that related to the prior year and a supplementary estimate was raised accordingly.
Firearm fees	(578)	There was a variance of €0.58 million on the original budget of €10 million due to a greater than estimated number of applications for firearm licences under the three year licensing cycle. The original budget was increased by €0.75 million in the supplementary estimate, however there was an underspend of €0.17 million on the supplementary budget due to the timing of receipts.
Receipts from pension-related deduction on public service remuneration	(6,872)	There was a variance of €6.9 million on the original budget of €45.4 million as the number of retirements was lower than originally estimated, resulting in higher numbers of serving Gardai. In addition, extra funding was provided in the overtime subhead for targeted operations on organised crime and for Operation Thor which resulted in additional pension related deductions receipts. The original budget was increased by €6.5 million in the supplementary estimate.

4.2 Analysis of miscellaneous receipts

	2016	2015
	€000	€000
Payment for non-public duty services rendered by Gardaí	5,218	4,644
Recovery in respect of damage to official vehicles and other Garda property	202	219
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	931	1,638
Fees for accident and malicious damage reports	740	765
Contribution for living quarters	54	54
Recoupment of witnesses' expenses	7	7
Percentage charge to insurance companies for collection of insurance premia	86	87
Taxi licence fees	208	192
Road Traffic Act - Section 41 charges	2,337	2,067
Fingerprint fees for employment and visa purposes	50	46
Garda masts	523	492
Carrier liability	716	485
Age cards	252	279
Unclassified items	825	647
	12,149	11,622

4.3 Extra receipts payable to the Exchequer

		2016	2015
	Estimate	Realised	Realised
	€000	€000	€000
Balance at 1 January		1,015	207
Receipts from Road Traffic Act fines		3,650	3,409
Transferred to Exchequer		(3,887)	(2,601)
Balance at 31 December		778	1,015

4.4 Fixed charge notice receipts

Total receipts from fixed charge notices in 2016 was €17.64 million (2015: €20.68 million). Of this, €13.99 million (2015: €17.28 million) was retained as appropriation-in-aid of the Vote. The balance of receipts of €3.65 million (2015: €3.4 million) was paid over to the Exchequer.

The reduction in the receipts is due to an overall reduction in the number of fixed charge notices issued in respect of non-intercept speeding detections. The rate of payment in respect of these fixed charge notices has remained relatively static with a slight 1% increase in the payment rate. The reason for the reduction in overall detections is twofold with increased compliance within the safety camera zones and a reduction in the number of Garda robot vans operating.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Garda members	12,943	12,816
Student Gardaí	507	250
Civilians	1,999	2,007
Garda reservists [a]	682	941
	16,131	16,014

[a] Garda reservists are recruited by an online application process which is managed by the Public Appointments Service.

Garda reservist members are entitled to an annual allowance of €1,000 per annum. However, in order to claim this allowance, reservists must perform a minimum of 208 hours over a 12 month period.

	2016 €000	2015 €000
Pay	625,808	638,386
Higher, special or additional duties allowance	344	339
Other allowances	193,455	202,600
Overtime	91,076	56,330
Employer's PRSI	68,817	65,661
Total Pay	**979,500**	**963,316**

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	194	2	11,056	15,863
Overtime and extra attendance	12,512	3,154	67,947	62,996
Shift and roster allowances	12,889	7,231	36,894	33,571
Miscellaneous	13,622	740	74,021	75,421
Extra remuneration in more than one category	12,871	11,820	102,651	82,036

5.2 An Garda Síochána Reward Fund

The purpose of the Fund is to pay awards for Garda bravery and an annual contribution for Garda chaplaincy services from moneys received in relation to Garda disciplinary fines.

The following statement shows the total receipts proper to the Fund in the year, the amount of payments in the period and the balance of the Fund at year end.

	2016 €000	2015 €000
Balance brought forward on 1 January	407	379
Receipts	86	82
Payments	(52)	(54)
Balance on 31 December	441	407

5.3 Payroll overpayments

Garda and civilian payroll overpayments at the year end were €1,313,072 (857 cases) (2015: €1,161,648 in 961 cases). Of this, €472,113 (312 cases) had recovery plans in place.

Garda pension overpayments at the year end were €498,684 (195 cases) (2015: €484,698 in 185 cases). Of this, €202,618 (27 cases) had recovery plans in place.

5.4 Other remuneration arrangements

Twenty three retired civil servants in receipt of civil service pensions were re-engaged on various duties in 2016 at a total cost of €73,692.

6 Miscellaneous

6.1 Support for representative associations

Included in subhead A.1 is a total of €241,514 in respect of the remuneration of members of An Garda Síochána on special leave with pay to staff representative bodies or assigned to welfare organisations.

Grants of €58,000 each were made to both the Association of Garda Superintendents and the Association of Chief Superintendents.

Sums of €46,584 and €131,743 were charged in respect of postal and telecommunications services and accommodation availed of by staff representative bodies and welfare organisations.

6.2 Commissions and special inquiries

	Year of appointment	Cumulative expenditure to 31 December 2016	2016 Outturn	2015 Outturn
		€000	€000	€000
Ronan McLochlainn Commission of Investigation	2014	288	81	207
O'Higgins Commission of Investigation	2015	238	81	157

6.3 Statement of losses (Garda vehicles, etc.)

A total of 602 accidents involving Garda vehicles were reported in 2016 (2015: 682). Damage to official vehicles and other costs amounted to €774,093. Compensation totalling €78,974 was recovered.

6.4 Fraud and suspected fraud

	2016	2015
	€000	€000
Alleged misappropriation of moneys	7	8

There were 27 detected/alleged fraud instances in 2016 which are currently under Garda investigation (2015: 25).

6.5 Compensation and legal costs

The account includes expenditure in relation to legal costs and compensation awards taken by members and employees of An Garda Síochána and by members of the public.

	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded[a]	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by members and employees of An Garda Síochána[b]						
Under Garda Síochána Compensation Acts 1941-1945	93	4,742	1,611	—	6,353	5,001
Through the State Claims Agency for injuries received while on duty[c]	52	666	279	39	984	864
Legal actions taken by Garda members	6	231	169	—	400	157
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	227	4,244	2,392	27	6,663	5,535
Claims (including by Garda members) resulting from accidents involving Garda vehicles	218	2,064	637	113	2,814	2,251

At 31 December 2016

- 1,432 claims outstanding under the Garda Síochána Compensation Acts (2015: 1,038)
- 178 civil claims outstanding relating to accidents involving Garda vehicles (2015: 196)
- 1,423 civil claims other than those involving Garda vehicles outstanding (2015: 1,643)

[a] Other costs awarded relate to agency fees, investigator fees, medical fees etc.

[b] Compensation payments amounting to €112,969 (2015: €143,628) were paid on foot of the Occupational Injuries Benefit Scheme which is administered through the Department of Social Protection. These payments are not included in the table above.

[c] These may include part payments over a number of years for individual cases.

6.6 Carryover to 2017

Under section 91 of the Finance Act 2004, €9.34 million in unspent allocation in respect of capital elements for subhead A.12 capital building programme was carried forward to 2017.

6.7 EU Projects

There were three EU funded projects in 2016. The funds received in the year are as follows:

	2016 €000
Internal Security Fund	1,109
Broadmap	93
Slándáil	11
Total	1,213

The Internal Security Fund is to promote the implementation of an internal security strategy, law enforcement cooperation and the management of the Union's external borders. The fund will focus on two specific objectives from 2014 to 2020:

- **Fight against crime**: combating cross-border, serious and organised crime including terrorism, and reinforcing coordination and cooperation between law enforcement authorities and other national authorities of EU states, including with EUROPOL and other relevant EU bodies, and with relevant non-EU and international organisations.
- **Managing risk and crisis**: enhancing the capacity of EU states and the Union for managing effectively security-related risk and crisis, and preparing for protecting people and critical infrastructure against terrorist attacks and other security related incidents.

Broadmap is to collect and validate public protection and disaster relief organisations existing requirements with the aim to establish a core of set specifications, and roadmap for procurement to achieve future evolution of EU broadband applications and interoperable radio communications solutions.

Slándáil is to improve the use of social media in disaster management by developing a cost effective and ethical social media information system for use in a variety of emergency situations.

Also in the year, funding is received from CEPOL. CEPOL is an agency of the European Union dedicated to develop, implement and coordinate training for law enforcement officials. In 2016, two CEPOL training programmes entitled 'Instruments and Systems of European Police Cooperation in English' were delivered to law enforcement officials in Ireland. CEPOL provided €119,000 in funding to An Garda Síochána to provide these courses.

Appropriation Account 2016

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 2016 for the salaries and expenses of the Prison Service, and other expenses in connection with prisons, including places of detention and for payment of certain grants.

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 €4.2 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 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 Irish Prison Service College, Portlaoise and property adjacent to the Headquarters building in Longford, and three sites in Dublin: one adjacent to Cloverhill Prison and others in Kilmainham and Thornton.

Valuation
Land was valued at existing use value (or market value if not in use) by the Valuation Office during 2014. Land at Thornton continues to be valued at historic cost, including investment in infrastructure and services, on the basis that it is a strategic State asset with potential future use value. This position will be kept under review on an annual basis.

The basis for valuing prison buildings is average replacement cost per cell. Prisons land and buildings will be revalued every 5 years – the next planned revaluation is 2019.

Depreciation
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.

Shared services

The Payroll Shared Services Centre (PSSC) provides payroll processing services to the Prison Service. The PSSC is a function managed by the National Shared Services Office in the Department of Public Expenditure and Reform.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Irish Prison Service.

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, whose remit includes the Irish Prison Service, that advises 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.
- In total 35 supply arrangements were reported under Circular 40/02 in 2016 with a total value of €7,007,188. These are broken down as follows:
    (a) Five urgent purchases with a total value of €518,211,
    (b) Nine proprietary purchases accounted for a total of €3,318,519,
    (c) Twelve existing supply contracts were extended/rolled over with a value of €1,881,149,

(d) Two situations arose where there was a single suitable supplier available and the value of these contracts were €156,490,
(e) Four local arrangements/tenders were entered in to with a value of €134,680,
(f) Three other procurements with a value of €998,139 have mainly arisen while the finalisation of centralised tenders in the Office of Government Procurement and Office of the Government Chief Information Officer are awaited.

Internal Audit and Audit Committee

I confirm that the Department of Justice and Equality has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. The remit of the Department's internal audit function includes the Irish Prison Service. Its work is informed by an analysis of the financial and management risks to which the Irish Prison Service 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.

Noel Waters
Accounting Officer
Prisons

31 March 2017

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 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 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 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 Prison Service. The appropriation account is in agreement with the accounting records.

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 2016.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 21 Prisons
Appropriation Account 2016

		2016		2015
		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	332,058	325,041	331,203
	Gross expenditure	**332,058**	**325,041**	**331,203**
	Deduct			
B	**Appropriations-in-aid**	**13,407**	**13,440**	**15,922**
	Net expenditure	**318,651**	**311,601**	**315,281**

Surplus for surrender

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

	2016	2015
	€	€
Surplus	7,049,978	1,259,379
Deferred surrender	(2,833,000)	—
Surplus to be surrendered	4,216,978	1,259,379

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	236,681	230,781	235,013
ii	Travel and subsistence	1,816	1,770	1,894
iii	Training and development and incidental expenses	3,860	2,397	2,795
iv	Postal and telecommunications services	2,900	2,956	2,935
v	Office equipment and external IT services	4,480	6,801	5,672
vi	Consultancy services and value for money and policy reviews	100	22	—
		249,837	244,727	248,309

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		80,314	82,894
Pay		230,781	235,013
Non pay		13,946	13,296
Gross expenditure		**325,041**	**331,203**
Deduct			
Appropriations-in-aid		**13,440**	**15,922**
Net expenditure		**311,601**	**315,281**
Changes in capital assets			
Purchases cash	(2,884)		
Depreciation	1,716	(1,168)	(419)
Changes in assets under development			
Cash payments		(18,356)	(28,826)
Changes in net current assets			
Decrease in closing accruals	(1,484)		
Increase in stock	(130)	(1,614)	1,634
Direct expenditure		**290,463**	**287,670**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		45,197	44,387
Net programme cost		**335,660**	**332,057**

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.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	270	270
Vote 12 Superannuation and Retired Allowances	e	43,771	43,088
Vote 13 Office of Public Works	e	148	203
Vote 18 National Shared Services Office	e	453	219
Vote 24 Justice and Equality - Financial Shared Services Centre	e	555	607
		45,197	44,387

"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	920,719	889,370
Capital assets under development	2.3	5,438	55,667
		926,157	**945,037**
Current assets			
Bank and cash	2.4	11,111	7,933
Stocks	2.5	1,169	1,039
Prepayments		929	380
Accrued income		111	91
Other debit balances	2.6	275	469
Total current assets		**13,595**	**9,912**
Less current liabilities			
Net liability to the Exchequer	2.8	2,911	259
Accrued expenses		3,259	4,174
Other credit balances	2.7	8,475	8,143
Total current liabilities		**14,645**	**12,576**
Net current liabilities		**(1,050)**	**(2,664)**
Net assets		**925,107**	**942,373**
Represented by:			
State funding account	2.1	**925,107**	**942,373**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			942,373	914,762
Disbursements from the Vote				
Estimate provision	Account	318,651		
Surplus to be surrendered	Account	(4,217)		
Deferred surrender	Account	(2,833)		
Net vote			311,601	315,281
Expenditure (cash) borne elsewhere	1		45,197	44,387
Non cash expenditure – revaluation	2.2		(38,404)	—
Net programme cost	1		(335,660)	(332,057)
Balance at 31 December			**925,107**	**942,373**

2.2 Capital Assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	884,878	71,166	810	8,699	965,553
Additions	68,639	1,783	3	1,044	71,469
Disposals	—	(759)	—	(24)	(783)
Revaluation [a]	(38,404)	—	—	—	(38,404)
Cost or valuation at 31 December 2016	915,113	72,190	813	9,719	997,835
Accumulated depreciation					
Opening balance at 1 January 2016	—	67,266	709	8,208	76,183
Depreciation for the year	—	1,437	29	250	1,716
Depreciation on disposals	—	(759)	—	(24)	(783)
Cumulative depreciation at 31 December 2016	—	67,944	738	8,434	77,116
Net assets at 31 December 2016	**915,113**	**4,246**	**75**	**1,285**	**920,719**
Net assets at 31 December 2015	**884,878**	**3,900**	**101**	**491**	**889,370**

[a] The revaluation relates to the old Cork Prison which is no longer in use as a prison. A site valuation of €1.683 million carried out in 2014 remains in the statement of capital assets. This valuation will be reviewed further pending a final decision as to the future use of the site and buildings.

2.3 Capital Assets under Development

at 31 December	Construction Contracts	
	2016	2015
	€000	€000
Amounts brought forward at 1 January	55,667	28,461
Cash payments for the year	18,356	28,826
Transferred to asset register	(68,585)	(1,620)
	5,438	55,667

2.4 Bank and Cash	2016	2015
at 31 December	€000	€000
PMG balances and cash	10,805	7,821
Commercial bank accounts	306	112
	11,111	7,933

2.5 Stocks	2016	2015
at 31 December	€000	€000
Uniforms and clothing	914	916
Furniture and maintenance material	92	28
Miscellaneous	163	95
	1,169	1,039

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Imprests	67	150
Payroll suspense account (Paypath)	1	61
Other debit suspense items	207	258
	275	469

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	4,188	4,420
Pay Related Social Insurance	1,878	1,877
Retention Tax	211	239
Value Added Tax	1,486	930
	7,763	7,466
Payroll deductions held in suspense	666	675
Other credit suspense items	46	2
	8,475	8,143

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	4,217	1,259
Deferred surrender	2,833	—
Exchequer grant undrawn	(4,139)	(1,000)
Net liability to the Exchequer	2,911	259
Represented by:		
Debtors		
Bank and cash	11,111	7,933
Debit balances: suspense	275	469
	11,386	8,402
Creditors		
Due to State	(7,763)	(7,466)
Credit balances: suspense	(712)	(677)
	(8,475)	(8,143)
	2,911	259

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Capital projects	4,627	4,657
Total of legally enforceable commitments	4,627	4,657

b) Multi Annual Capital Commitments

	Cumulative expenditure to 31 December 2015	**Expenditure in 2016**	**Project Commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015**
	€000	**€000**	**€000**	**€000**	**€000**
Cork Prison	**44,503**	**1,582**	—	**46,085**	**45,285**

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2015 to 2016

Description	**Amount of increase**	**Explanation**
	€000	
Cork Prison	800	The increase relates to operational and security matters identified in transitioning from an old operating prison to a new building including a greater commitment to more recognized/accredited levels of education and work-training which, for example, resulted in upgraded requirements for kitchen equipment capable of training prisoners to FETAC Level 4.

Cork Prison has now been completed at a total cost of €46.085 million. The prison was operational from February 2016.

2.10 Matured Liabilities

There were no matured liabilities undischarged at year end (2015: Nil).

3 Programme Expenditure by Subhead

		2016		2015
		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	236,681	230,781	235,013
A.2	Administration – non pay	13,156	13,946	13,296
A.3	Buildings and equipment	45,188	38,861	47,099
A.4	Prisoner services	28,976	27,649	26,524
A.5	Operational services	3,730	6,650	4,945
A.6	Educational services	1,265	1,065	1,123
A.7	Compensation	2,873	5,901	3,014
A.8	Social disadvantage measures (Dormant accounts funded)	189	188	189
		332,058	325,041	331,203

Significant variations

Overall, the gross expenditure in relation to the Programme was €7.02 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Administration - pay	5,900	The process for recruitment of prison officers took longer than expected resulting in no prison officer recruitment in the year. The number of retirements was also greater than anticipated.
Administration - non pay	(790)	The excess arose across a number of administrative areas but was mainly due to increased ICT expenditure in relation to projects such as the call manager system upgrade and the purchase of replacement servers (€2.3 million). Offsetting savings of €1.53 million were generated in other administrative areas including in relation to the purchase of uniforms and training costs, as there was no prison officer recruitment during the year.
Buildings and equipment	6,327	The saving arose due to delays in a number of large projects planned for Wheatfield and Cloverhill and an enhancement programme for CCTV throughout the Prisons estate. A number of construction framework contracts concluded during 2016 and were retendered during the year. This was a contributory factor to the delay in a number of capital projects. An amount of €2.83 million was carried forward to 2017 under the capital carryover provisions.

Description	Less/(more) than provided	Explanation
	€000	
Prisoner services	1,327	The saving mainly arose due to the continuing reduction in prisoner numbers and cost and procurement efficiencies achieved in a number of areas including the prison cleaning services.
Operational services	(2,920)	The excess arose mainly due to increased purchases for the prison transport fleet (€1.3 million). After a review of the age of the existing fleet, it was decided to replace a number of the vehicles registered prior to 2008, in order to continue the process of updating and modernising the fleet. This investment will substantially reduce health and safety risks associated with older vehicles and reduce the running costs in respect of the newer models. €1.1 million of the remaining excess is accounted for by other operational services including the need to invest in updating certain items of operational and security equipment.
Educational services	200	The saving is linked to the ongoing reduction in prison numbers over the last number of years and also the precise level of expenditure is difficult to predict in each year as it depends on the level of uptake of the various courses. In addition, the level of expenditure on library services has been less than expected pending the finalisation of negotiations with the local authorities for the reinstatement of librarian services in a number of prisons. Further, the number of teaching hours lost due to resourcing difficulties was higher than expected leading to a general underspend on the education budget.
Compensation	(3,028)	The excess arose due to the higher than expected number and quantum of compensation cases falling due for payment in 2016. Most of the cases in question were managed by the State Claims Agency on behalf of the Irish Prison Service.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	405	237	203
2.	Dormant account receipts	189	188	189
3.	Receipts from pension - related deduction on public service remuneration	12,813	13,015	15,530
	Total	**13,407**	**13,440**	**15,922**

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	Explanation
	€000	
Miscellaneous	168	It is difficult to predict the level of receipts under this heading. While the level is similar to 2015, it is a reduction on 2014 receipts (€313,000).

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	3,215	3,308

	2016 €000	2015 €000
Pay	137,047	139,840
Higher, special or additional duties allowance	273	279
Other allowances	46,283	48,316
Extra attendance and overtime	31,416	30,897
Employer's PRSI	15,762	15,681
Total Pay	**230,781**	**235,013**

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	62	3	11,560	12,004
Extra attendance and overtime	2,977	1,805	29,072	26,028
Shift and roster allowances	2,707	631	15,601	16,130
Miscellaneous	3,079	203	15,176	23,903
Extra remuneration in more than one category	3,025	2,922	52,743	52,549

5.2 Other Remuneration Arrangements

A total of €174,394* was paid to 28* retired civil servants in receipt of civil service pensions, ranging from €150 to €36,297, who were re-employed on various duties during 2016. A total of €43,073 was paid to 14 retired members of An Garda Síochána, who were re-employed by the Prison Service on specific duties during 2016. Appropriate procedures were in place with regard to payments to retired staff in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012

* The corresponding figures reported in the published account for 2015 were €120,339 and 14 retired civil servants respectively. Due to incorrect categorisation, the figures for 2015 should have been €58,813 and 8 retired civil servants respectively.

5.3 Payroll Overpayments

Overpayments at the year end were €542,561(197 cases) (2015: €625,952, 218 cases). Of this, €379,862 (138 cases) had recovery plans in place at 31 December 2016, including 37 preserved pension cases.

6 Miscellaneous

6.1 Prison Population

The estimated daily average number of prisoners in 2016 was 3,717 (2015: 3,722)

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.

	Number of cases	Legal costs paid by the Prison Service	Compensation awarded	Legal costs awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by prison staff						
Civil claims for injuries received while on duty and other issues involving prison staff	94	—	1,194	940	2,134	1,056
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	35	—	744	1	745	579
Claims by prisoners						
Claims arising out of injuries and other actions involving prisoners	221	—	647	2,235	2,882	1,129
Claims by members of the public	29	—	116	24	140	233
		—	2,701	3,200	5,901	2,997

At 31 December 2016, the State Claims Agency recorded 1,893 claims as outstanding (2015: 1,622 cases). Legal costs incurred by the Prison Service in relation to 26 non-compensation cases amounted to €575,000 (2015: €564,000).

6.3 Contingent Liability

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

6.4 Prisoner Funeral Expenses

Ex gratia payments totalling €4,000 were made towards the funeral expenses of two prisoners who died in prison.

6.5 Fraud and Suspected Fraud	2016 €000	2015 €000
Alleged misappropriation of stock/monies	—	1

6.6 Cash Losses

A total of seven cash losses totalling €1,692 were identified across various prisons. Sanction was received to write-off the losses in question.

6.7 Other Financial Operations within the Irish Prison Service

Separate to the expenditure reflected in the appropriation account, a number of other financial operations arise within the Prison Service in order to carry out its functions. The operations in question relate to the prison shops, a Prisoner Assist Programme Fund and a bank account for prisoner cash. The details are as follows;

Prison shops — Each prison has an internal shop ("tuck shop") where prisoners can purchase small items such as sweets and soft drinks, etc. The items are paid for from individual prisoner funds. All procurement for the shop is done through the cash generated and is funded from sales to prisoners and any 'net profit' generated is transferred to the Prisoner Assist Programme Fund to assist prisoner hardship cases.

The total of the bank account balances for the 13 prison shops at 31 December 2016 was €976,187 (2015: €702,260). The value of stock on hand was €360,597 (2015: €307,852).

Prisoner Assist Programme Fund (PAPF) — Each prison operates a PAPF account to fund prisoner hardship projects. The funding for the account is not from voted funds but rather from the 'net profit' surplus generated from the prison shop.

The total of the bank account balances at 31 December 2016 was €503,819 (2015: €584,526).

Prisoner cash account — a bank account is maintained specifically for prisoner's personal cash and is managed by the Prisons Finance Directorate. As prisoners leave prison, they receive the balance of their personal cash from this account. The balance in the account at 31 December 2016 was €1,058,875 (2015: €914,473). This represents the accumulated prisoner balances at year end but also includes payments due to the prison shops for December sales that will be transferred, shortly after month end, to the corresponding prison shop bank accounts to facilitate payment to suppliers for December purchases.

In addition, Voluntary Mess Committees (VMCs) were established in each of the relevant prisons (nine in all) to coordinate the administration of the operation of canteen facilities for prison staff provided through prisoner training kitchens. VMCs operate as separate and independent entities from the Irish Prison Service. Notwithstanding this, the Irish Prison Service has undertaken to engage with each VMC to remind them of their governance obligations and to reinforce to the Committees their responsibilities for adherence with policies, procedures, controls and Revenue regulations where appropriate. The operation of the VMCs will be included as part of a review of certain administrative processes currently being undertaken in the Prison Service.

Appropriation Account 2016

Vote 22

Courts Service

Introduction

As Accounting Officer for Vote 22, 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 such of the salaries and expenses of the Courts Service and of the Supreme Court, the Court of Appeal, the High Court, the Special Criminal Court, the Circuit Court and the District Court and of certain other minor services as are not charged to the Central Fund.

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 €1.08 million is liable for surrender to the Exchequer.

The Service is governed by a Board consisting of a chairperson and 17 other members. In accordance with the Courts Service Act, 1998 the term of office of the Board is three years. The current Board was established on 9 November 2014. The Board is responsible for determining policies for the Service and for overseeing their implementation. It performs these functions directly and through the committees of the Board.

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:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life, starting in the month placed in service.

Buildings are depreciated at a rate of 2% per annum on a straight line basis.

Court buildings are valued upon vesting in the Courts Service. In prior years, land and buildings vested in the Courts Service were valued at market valuation, or in absence of a market valuation, at historic cost until a valuation was completed. In 2016, the Courts Service was advised that depreciated replacement cost is a more appropriate basis of valuation for public buildings in use. Depreciated replacement cost is the current cost of replacing the asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. The effects of this change is outlined in note 2.2 capital assets. For land and buildings not in use but required for future development the basis of valuation is market value/fair value. In the absence of a valuation and where a building has been refurbished, such buildings are capitalised at cost, until such time that a valuation is carried out.

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 Courts Service. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive Officer. 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 control is a continuous process and the system and its effectiveness is kept under ongoing review.

Financial control environment

I confirm that a control environment including 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.

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 Courts 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 Courts 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. In total sixteen supply arrangements were reported under Circular 40/02 in 2016 with a total value of €3,923,249. These are broken down as follows:

a) Five contracts with a value of €357,706 were extended beyond the original contract date. A contract was put in place in February 2017 in relation to one item, with contracts for the remaining 4 items to be completed in 2017.
b) Two contracts with a value of €1,686,934 in relation to certain services where the finalisation of tenders in the Office of Government Procurement and Office of Government Information Officer are awaited. A new contract will be in place in 2017 in relation to item number one, while we await the OGP commencing a new contract in relation to item number two.
c) Two contracts with a value of €609,915 relate to extensions to existing contracts. As required under Circular 40/02, prior independent review was undertaken by Internal Audit for both items. The extensions were required to allow sufficient time for OGP frameworks to be put in place.
d) Seven contracts with a value of €1,268,694 in relation to proprietary purchases, primarily relating to subscriptions, publications and ICT maintenance and licences.

Audit Committee

I confirm that the Courts Service has an Audit Committee. The Committee is a sub-committee of the Courts Service Board. The role of the Committee is to oversee, advise and support the Board and the Chief Executive Officer/Accounting Officer by reviewing the comprehensiveness of assurances on a range of matters including the integrity of internal financial controls. The Audit Committee operates under a written charter and reports annually to the Courts Service Board. It also reviews and approves the Internal Audit annual work programme.

Internal Audit

I confirm that the Courts Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which has been approved by the Audit Committee and by me. Its work is informed by analysis of the financial and operational risks to which the Service 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. 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.

Governance

Good governance is fundamental to the effective operation of the Service. During 2016 and in line with the Civil Service Corporate Governance Standard, the existing Corporate Governance Framework was updated. This sets out the statutory basis within which we operate, including the governance arrangements in place, functions and organisational structure, accountability, audit and assurance arrangements. This framework was published during 2016. The Courts Service also has a Performance Delivery Agreement in place with the Department of Justice and Equality.

The Code of Practice for the Governance of State Bodies 2016 came into effect in September 2016. The Courts Service has a robust governance framework in place and generally meets best practice and is compliant with the main features of the new code. The Courts Service has carried out a gap analysis to identify measures to enhance compliance, which will be introduced during 2017.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Courts Service and the Financial Shared Services Centre Killarney for the provision of financial shared services, and the National Shared Service Office for the provision of human resource services and payroll services.

I rely on a letter of assurance from the relevant Accounting Officers of those services that the appropriate controls are exercised in the provision of shared services to the Courts Service.

Brendan Ryan
Accounting Officer
Courts Service

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 22 Courts Service

I have audited the appropriation account for Vote 22 Courts Service 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 in the Court 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 22 Courts Service 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 Courts Service. The appropriation account is in agreement with the accounting records.

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 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 22 Courts Service
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Manage the courts and support the judiciary				
	Original	109,672			
	Supplementary	3,500			
			113,172	112,365	107,112
	Gross expenditure		**113,172**	**112,365**	**107,112**
	Deduct				
B	**Appropriations-in-aid**				
	Original	46,003			
	Supplementary	1,500	**47,503**	**47,780**	**48,097**
	Net expenditure				
	Original	63,669			
	Supplementary	2,000			
			65,669	**64,585**	**59,015**

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	1,084,418	1,135,706

Analysis of administration expenditure			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
i	Salaries, wages and allowances				
	Original	50,226			
	Supplementary	(500)	49,726	48,998	48,907
ii	Travel and subsistence				
	Original	2,763			
	Supplementary	—	2,763	2,768	2,893
iii	Training and development and incidental expenses				
	Original	6,106			
	Supplementary	167	6,273	6,122	5,631
iv	Postal and telecommunications services				
	Original	2,291			
	Supplementary	109	2,400	2,053	2,680
v	Office equipment and external IT services				
	Original	6,067			
	Supplementary	2,848	8,915	9,749	7,032
vi	Office premises expenses				
	Original	15,076			
	Supplementary	(90)	14,986	15,283	15,003
vii	Consultancy services and value for money and policy reviews				
	Original	100			
	Supplementary	(34)	66	84	69
			85,129	85,057	82,215

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	Note		2016	2015
		€000	€000	€000
Programme cost			27,308	24,896
Pay			48,998	48,907
Non pay			36,059	33,309
Gross expenditure			**112,365**	**107,112**
Deduct				
Appropriations-in-aid			**47,780**	**48,097**
Net expenditure			**64,585**	**59,015**
Changes in capital assets				
Purchases cash		(333)		
Depreciation		6,624		
			6,291	6,499
Changes in assets under development				
Cash payments		(1,378)	(1,378)	(1,780)
Changes in net current assets				
Decrease in closing accruals		(1,615)		
Increase in stock		(4)		
			(1,619)	1,045
Direct expenditure			**67,879**	**64,779**
Expenditure borne elsewhere				
Net allied services expenditure	1.1		41,139	41,641
Notional rents			3,315	3,365
Net programme cost			**112,333**	**109,785**

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

		2016	2015
		€000	€000
Vote:			
Vote 9 Office of the Revenue Commissioners	e	180	180
Vote 12 Superannuation and Retired Allowances	e	8,339	8,108
Vote 13 Office of Public Works	e	793	1,094
Vote 18 National Shared Services Office	e	107	78
Vote 20 Garda Síochána	e	161	178
Vote 24 Justice and Equality - Financial Shared Services Centre	e	268	293
Central Fund – Judicial salaries and pensions	e	31,291	31,710
		41,139	41,641

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	193,129	211,828
Capital assets under development	2.3	1,335	743
		194,464	**212,571**
Current assets			
Bank and cash	2.4	1,631	1,557
Stocks	2.5	217	213
Prepayments		2,493	1,730
Accrued income		1,223	2,500
Other debit balances	2.6	1,134	1,407
Total current assets		**6,698**	**7,407**
Less current liabilities			
Accrued expenses		2,693	3,749
Other credit balances	2.7	2,749	2,827
Net liability to the Exchequer	2.8	16	137
Total current liabilities		**5,458**	**6,713**
Net current assets		**1,240**	**694**
Net assets		**195,704**	**213,265**
Represented by:			
State funding account	2.1	**195,704**	**213,265**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			213,265	219,030
Disbursements from the Vote				
Estimate provision	Account	65,669		
Surplus to be surrendered	Account	(1,084)		
Net vote			64,585	59,014
Expenditure (cash) borne elsewhere	1		41,139	41,641
Non cash				
– notional rent	1		3,315	3,365
– revaluations	2.2		(14,149)	—
– transfer of asset to local authority	2.2		(118)	—
Net programme cost	1		(112,333)	(109,785)
Balance at 31 December			**195,704**	**213,265**

2.2 Capital Assets

	Land and buildings	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	252,096	41,266	32,343	325,705
Additions	57	2,015	120	2,192
Revaluations [a]	(17,065)	—	—	(17,065)
Transfer of asset to local authority	(150)	—	—	(150)
Disposals	—	(8)	—	(8)
Cost or valuation at 31 December 2016	234,938	43,273	32,463	310,674
Accumulated depreciation				
Opening balance at 1 January 2016	44,646	38,781	30,450	113,877
Depreciation for the year	4,769	1,054	801	6,624
Depreciation for Revaluation [a]	(2,916)	—	—	(2,916)
Depreciation for transfer of asset to Local Authority	(32)	—	—	(32)
Depreciation on disposals	—	(8)	—	(8)
Cumulative depreciation at 31 December 2016	46,467	39,827	31,251	117,545
Net assets at 31 December 2016	**188,471**	**3,446**	**1,212**	**193,129**
Net assets at 31 December 2015	**207,450**	**2,485**	**1,893**	**211,828**

Section 26 of the Courts Service Act 1998 provides for the transfer to the Courts Service of legal title in respect of certain land and buildings.

Included in land and buildings are four buildings in the following locations: - Ballinamora, Birr, Ballyhaunis and Swinford, with a total cost of €1.87 million. These buildings have been identified for disposal. One property in Borrisokane with a valuation of €150,000 was transferred in 2016 to Tipperary County Council.

There are currently fifteen courthouses awaiting valuation. Of these, Cork (Anglesea Street), Letterkenny, Limerick, Drogheda, Waterford, Mullingar, and Wexford, will be valued after the completion of the PPP projects. The remaining eight courthouses, Clonakilty - €152,567, Kanturk - €70,000, Macroom - €277,003, Mallow - €575,996, Midleton - €254,224, Youghal - €150,000, Galway - €3,868,016 and Birr - €100,000, have been valued. The valuations were confirmed in 2017 and will be added to the asset register in 2017.

In the absence of a valuation and where a building has been refurbished, such buildings are capitalised at cost, until such time that a valuation is carried out. The Courts Service engages the Valuation Office to carry out valuations on Court buildings.

[a] In line with Courts Service policy, seven vested courthouses were revalued by the Valuation Office, namely; two premises in Clifden, Kilkenny, Nenagh, Tullamore, Cork (Washington Street), and Wicklow. The seven buildings were revalued from a total figure of €82.56 million down to €65.5 million.

2.3 Capital Assets under Development

	Construction projects	Computer applications	Total
	€000	€000	€000
Amounts brought forward at 1 January 2016	9	734	743
Cash payments for the year	—	1,378	1,378
Transferred to asset register	—	(786)	(786)
Balance at 31 December 2016	9	1,326	1,335

2.4 Bank and Cash	2016	2015
at 31 December	€000	€000
PMG balances and cash	812	586
Commercial bank accounts [a]	819	971
	1,631	1,557

[a] Represents the Exchequer-related balances of the bank accounts held by the Courts Service at 31 December each year.

Not included is the account balance of €7.4 million (€7.9 million in 2015) which principally consists of non Exchequer funding relating to maintenance lodgements under family law, bail money lodgements and court poor box receipts.

Also, the Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Department of Finance. These funds are not included in the above. The 2016 receipts relate to funds lodged in 2009. The balance of these funds as at the 31 December 2016 is €2.3 million. The amounts transferred to the Exchequer in 2016 and 2015 are confirmed in Note 4.2.

2.5 Stocks	2016	2015
at 31 December	€000	€000
Stationery	183	138
Consumables	21	39
Miscellaneous	13	36
	217	213

2.6 Other Debit Balances	2016	2015
at 31 December	€000	€000
Advances to OPW	903	942
Payroll suspense account (Paypath)	—	211
Recoupment of salaries	43	85
Other debit suspense items	174	157
Imprests	14	12
	1,134	1,407

2.7 Other Credit Balances	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	995	1,013
Professional Services Withholding Tax	9	30
Value Added Tax	60	21
Pay Related Social Insurance	439	380
Funds for surrender to the Exchequer [a]	819	971
	2,322	2,415
Payroll deductions held in suspense	426	411
Other credit suspense items	1	1
	2,749	2,827

[a] This balance relates to forfeited bail and other funds held by the Courts Service that will, subject to determination of the courts, be surrendered to the Exchequer in due course.

2.8 Net Liability to the Exchequer	**2016**	**2015**
At 31 December	**€000**	**€000**
Surplus to be surrendered	1,084	1,136
Exchequer grant undrawn	(1,068)	(999)
Net liability to the Exchequer	16	137
Represented by:		
Debtors		
Bank and cash	1,631	1,557
Debit balances: suspense	1,134	1,407
	2,765	2,964
Creditors		
Due to State	(2,322)	(2,415)
Credit balances: suspense	(427)	(412)
	(2,749)	(2,827)
	16	137

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services		
A.2 (v) ICT	1,699	3,719
A.2 (vi) Leases	21,035	26,115
Refurbishment loan for Washington Street Courthouse [a]	14,587	16,998
PPP	278,439	284,381
Total of legally enforceable commitments	315,760	331,213

[a] The principal (capital) element of this loan outstanding at year end, amounting to €11,995,000 (2015: €13,643,000) is disclosed under note 2.9(b) –multi-annual capital commitments. The balance of the commitment relates to interest.

(b) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2016 €000	Expected total spend lifetime of project 2015 €000
Refurbishment loan for Washington Street courthouse	11,357	1,688	11,955	25,000	25,000

(c) Capital cost of Public Private Partnership project

	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Legally enforceable commitments to be met in subsequent years €000	Project total 2016 €000	Project total 2015 €000
Criminal Courts Complex	42,610	5,942	128,545	177,097	177,097
PPP bundle [a]	—	—	149,894	149,894	149,894

[a] In July 2012, the Government announced an investment package which includes seven courthouse projects, as follows: Wexford, Mullingar, Waterford, Limerick, Cork, Letterkenny and Drogheda. The Courts Service entered into a contract with the preferred bidder in December 2015. The PPP projects are on schedule to be completed in full in early 2018.

2.10 Matured Liabilities

There were no matured liabilities undischarged at year end, or in the previous year.

3 Programme Expenditure by Subhead

				Estimate provision	2016 Outturn	2015 Outturn
				€000	€000	€000
A	**Manage the Courts and Support the Judiciary**					
A.1	Administration - pay					
		Original	50,226			
		Supplementary	(500)	49,726	48,998	48,907
A.2	Administration - non pay					
		Original	32,403			
		Supplementary	3,000	35,403	36,059	33,309
A.3	Courthouse (capital works)					
		Original	4,880			
		Supplementary	(157)	4,723	4,223	4,602
A.4	PPP costs					
		Original	22,163			
		Supplementary	1,157	23,320	23,085	20,294
				113,172	**112,365**	**107,112**

Significant variations

Overall, the gross expenditure in relation to the programme was €0.81 million less than provided. This was mainly due to the following.

Description	Less/(more) than provided	Explanation
	€000	
Administration – pay	1,228	The underspend relates to the delay in the filling of posts primarily from outside panels particularly at clerical and executive officer level, in addition to savings as a result of the replacement of some staff at the top of their pay scale with staff lower down the pay scale. The original estimate of €50.23 million was reduced by a virement of €0.5 million to €49.73 million, in order to maximise the non-pay current budget. There was an underspend of €0.73 million against the revised budget at the end of the year. This underspend was as a result of the delay in the filling of posts. The final outturn of €49 million is 1.5% less than the final allocation.

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	(3,656)	The overspend against the original allocation is primarily due an overspend on ICT of €3.29 million due to the necessary expenditure for the maintenance and support of the Courts Service ICT infrastructure. The original estimate of €32.4 million was increased by way of supplementary estimate by €3 million. This funding was provided by €0.5 million from payroll and €1.5 million from excess fee Income and €1 million by way of supplementary estimate. There was an overspend of €0.66 million against the revised budget at the end of the year. This overspend was made up of a combination of overspends and underspends, as follows: Overspends: - ICT (€0.79 million) due to the timing of payments in relation to the managed services in addition to a refresh of Digital Audio Recording (DAR) and video conferencing equipment in a number of courthouses. - Leases (€0.35 million) as a result of the prepayment of a small number of leases at year end. - Courthouse maintenance (€0.12 million) due to a number of projects that were required to be completed during the year including Green Street, the Children's Court and Naas courthouse. Underspends: - DAR (€0.33 million) due to savings from a new contract and the reclassification of expenditure of storage from current to capital. - Telecoms (€0.25 million) due to the introduction of Wide Area Network to all areas. The final outturn of €36.06 million is 1.9% higher than the final allocation.
Courthouses (capital works)	657	The underspend against the original allocation is due to the delay in the purchase of sites as planned for 2016. The original estimate of €4.88 million was reduced by a virement of €0.16 million. There was an underspend of €0.5 million against the revised budget at the end of the year. This underspend is due to the delay in the purchase of sites as planned for 2016. The final outturn of €4.22 million was 10.6% less than the final allocation.

Description	Less/(more) than provided	Explanation
	€000	
PPP costs	(922)	The overspend against the original allocation is due to the part payment of the final invoice in 2016. The original estimate of €22.16 million was increased by a virement of €1.16 million. This increased funding was provided by €1 million by way of supplementary estimate and €0.16 million from capital works by way of virement. There was an underspend of €0.24 million against the revised budget at the end of the year. This underspend is due to the payment of the final invoice in 2016 which was less than initially estimated. The final outturn of €23.09 million was 1% less than the final allocation.

4 Receipts

4.1 Appropriations-in-aid

				Estimated	2016 Realised	2015 Realised
				€000	€000	€000
1.	Fees	*Original*	*42,693*			
		Supplementary	*1,500*	44,193	44,336	44,136
2.	Miscellaneous			1,442	1,497	1,288
3.	Receipts from pension-related deduction on public service remuneration			1,868	1,947	2,673
	Total			47,503	47,780	48,097

4.2 Extra receipts payable to the Exchequer

	Estimated	2016 Realised	2015 Realised
	€000	€000	€000
Balance at 1 January	—	—	—
Road Traffic Act fines[a]	7,032	5,606	6,734
Other fines[a]	4,000	3,308	4,217
Other receipts[b]	—	425	94
Total transferred to Exchequer	(11,032)	(9,339)	(11,045)
Balance at 31 December	—	—	—

[a] The reduction in fines receipts is primarily due to the transition to the Fines (Payment and Recovery) Act 2014, which commenced on 11 January 2016, and the delay in the introduction of enforcement proceedings under the Act.

[b] The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Department of Finance. The 2016 receipts relate to funds lodged in 2009. The balance of these funds as at the 31 December 2016 is €2.3 million.

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following government departments / agencies in respect of fines and fees collected by the Court Service on their behalf in 2016.

	2016 €000	2015 €000
Balance at 1 January	—	—
Revenue Commissioners		
Revenue fines [a]	1,421	1,633
Excise Duty [b]	4,935	5,033
Department of Communications, Energy and Natural Resources	19	25
Department of Agriculture, Food and the Marine	187	775
Total transferred	(6,562)	(7,466)
Balance at 31 December	—	—

[a] Moneys collected relate to court fines imposed where the prosecutor is the Revenue Commissioners.

[b] Moneys collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are received by the Court Service on behalf of the Revenue Commissioners.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	976	948

	2016 €000	2015 €000
Pay	44,865	44,938
Higher, special or additional duties allowance	59	39
Other allowances	974	1,000
Overtime	283	274
Employer's PRSI	2,819	2,656
Total pay	**49,000**	**48,907**

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	31	—	8,658	7,041
Other allowances	270	14	19,961	19,585
Overtime	169	7	22,323	18,164
Extra remuneration in more than one category	69	13	24,476	22,715

5.2 Other Remuneration Arrangements

A total of €31,768 was paid in 2016 to two retired civil servants in receipt of civil service pensions who were engaged for short periods during 2015 and 2016. This amount is made up of €14,110 payroll and €17,658 travel and subsistence. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.3 Recouped Costs

Salary costs of €275,941 were recouped from tribunals and government departments in respect of staff on secondment.

5.4 Salary Overpayments

Overpayments at the year end were €92,818 (76 cases) (2015: €42,622, with 37 cases). Of this, €32,982 (15 employees) have recovery plans in place.

6 Miscellaneous

6.1 Legal costs

	Number of cases	Compensation awarded	Legal costs awarded and paid	Legal costs paid by the Courts Service	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by members of the public	56	175	181	246	602	304
		175	181	246	602	304

Total payments in respect of third-party legal costs and compensation costs amounted to €356,551. These included costs associated with judicial review proceedings where the Courts Service was a party to such proceedings, and payments in respect of actions dealt with by the State Claims Agency amounting to €35,792.

6.2 Arbitration and Conciliation Costs

Expenditure in 2016 includes payments of €15,188 (2015: €1,402) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There was one case in 2016 (2015: one). Figures include VAT, legal, engineering consultants and resolver fees.

6.3 Write-Offs and Provisions

During 2016, Vote 22 wrote off €1,871 in relation to administrative errors (2015: €53,000).

Appropriation Account 2016

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, 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 Property Registration Authority.

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 €2.4 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 except for the following:

Statement of capital assets – depreciation

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 Authority.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive of the Authority. 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.

Compensation claims

In the normal course of its business, the Authority receives compensation claims under section120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

In October 2016, the Authority was alerted by a bank of two potential claims for compensation on foot of recent court action taken by it. Those claims were subsequently lodged in January 2017. In the intervening period, the Authority carried out a review of the issue which gave rise to the claims, and as a result, uncovered eight other cases that had the potential to give rise to future claims under section 120 of the 1964 Act. In four of those cases corrective action has since been taken to restore the register to its correct position, eliminating the potential for any future claim. In the remaining cases, the Authority is fully engaging with all parties concerned to bring this matter to a conclusion under the appropriate advices.

In 2017, the Authority and the Authority's Audit Committee were informed of the issue. The Internal Audit Unit carried out a detailed fact finding review of the cases and the steps taken by the Authority in response. This report was issued in July 2017 and its recommendations are being implemented.

I am overseeing the enhancement of controls in the processing of applications for registration to mitigate all related risk. Arising from the Authority's ongoing counter fraud strategy and to mitigate against the risk of compensation claims, the specific measures that have been implemented include:

- In January 2017, a dedicated unit was established to process all cases of a similar nature to those which gave rise to these claims. This change in process ensures consistency of practice in the processing of these applications, the support of a senior legal officer for referral and oversight, and that appropriate notice is served in all such cases;
- A Compliance Officer has been assigned to act independently in the performance of her functions and reports directly to the Accounting Officer in strengthening and implementing an enhanced counter fraud strategy and fraud response plan.

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 Authority
- 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 Authority 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 Authority complied with the guidelines. Seven contracts to the value of €3.5 million were listed in my annual return in respect of Circular 40/2002. These are broken down as follows:
    (a) one contract in the amount of €3 million relates to payments to Ordnance Survey Ireland, the national mapping agency
    (b) four contracts to the value of €0.45 million relate to services available from one source only and
    (c) two contracts to the value of €0.09 million are in respect of extensions of existing contracts.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice and Equality for the provision of financial shared services. I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office.

I also rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of payroll and human resources shared services to the Department.

Internal Audit and Audit Committee

I confirm that the Authority 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 Authority 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.

Elizabeth Pope
Accounting Officer
Property Registration Authority

15 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

I have audited the appropriation account for Vote 23 Property Registration Authority for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration in the Authority 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 23 Property Registration Authority 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 Property Registration Authority. The appropriation account is in agreement with the accounting records.

Weakness in title registration controls

The title registration system operated by the Property Registration Authority is a guaranteed title system, the principal objective of which is to confer certainty of title to support an efficient property market. The integrity and conclusiveness of the register is central to the system. The Accounting Officer has disclosed in the statement on internal financial control registration controls lapses in relation to a small number of cases, resulting in compensation claims. She outlines the steps that have been taken to strengthen the controls.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 23 Property Registration Authority
Appropriation Account 2016

		Estimate provision	2016 Outturn	2015 Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the Land Registry and the Registry of Deeds	31,044	28,799	29,924
	Gross expenditure	**31,044**	**28,799**	**29,924**
	Deduct			
B	**Appropriations-in-aid**	**610**	**750**	**1,125**
	Net expenditure	**30,434**	**28,049**	**28,799**

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	2,385,273	1,511,824

Analysis of administration expenditure

		Estimate provision	2016 Outturn	2015 Outturn
		€000	€000	€000
i	Salaries, wages and allowances	23,530	21,953	23,133
ii	Travel and subsistence	110	108	117
iii	Training and development and incidental expenses	4,300	4,116	3,956
iv	Postal and telecommunications services	800	681	668
v	Office equipment and external IT services	1,817	1,355	1,509
vi	Office premises expenses	462	571	531
vii	Consultancy services and value for money and policy reviews	25	15	10
		31,044	28,799	29,924

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		21,953	23,133
Non pay		6,846	6,791
Gross expenditure		**28,799**	**29,924**
Deduct			
Appropriations-in-aid		**750**	**1,125**
Net expenditure		**28,049**	**28,799**
Changes in capital assets			
Purchases cash	(317)		
Depreciation	370		
Loss on disposals	1		
		54	51
Changes in net current assets			
Increase in closing accruals	98		
Decrease in stock	7		
		105	113
Direct expenditure		**28,208**	**28,963**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,994	4,770
Notional rents		2,861	2,732
Net programme cost		**36,063**	**36,465**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

		2016	2015
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	4,340	3,899
Vote 13 Office of Public Works	e	488	713
Vote 18 National Shared Services Office	e	54	35
Vote 24 Justice and Equality - Financial Shared Services Centre	e	112	123
		4,994	4,770

“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	1,141	1,195
Current assets			
Bank and cash	2.3	2,315	1,770
Stocks	2.4	214	221
Prepayments		480	538
Accrued Income		5	32
Other debit balances	2.5	36	162
Net funding due from Exchequer	2.7	56	—
Total current assets		**3,106**	**2,723**
Less current liabilities			
Accrued expenses		142	129
Other credit balances	2.6	2,407	1,841
Net funding due to Exchequer	2.7	—	91
Total current liabilities		**2,549**	**2,061**
Net current assets		557	662
Net assets		**1,698**	**1,857**
Represented by:			
State funding account	2.1	**1,698**	**1,857**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			1,857	2,021
Disbursements from the Vote				
Estimate provision	Account	30,434		
Surplus to be surrendered	Account	(2,385)		
Net vote			28,049	28,799
Expenditure (cash) borne elsewhere	1		4,994	4,770
Non cash expenditure – notional rent	1		2,861	2,732
Net programme cost	1		(36,063)	(36,465)
Balance at 31 December			**1,698**	**1,857**

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost at 1 January 2016	34,612	3,667	38,279
Additions	290	27	317
Disposals	(225)	(9)	(234)
Reclassification	(6)	6	—
Cost at 31 December 2016	34,671	3,691	38,362
Accumulated depreciation			
Opening depreciation as at 1 January 2016	33,617	3,467	37,084
Depreciation for the year	321	49	370
Depreciation on disposals	(225)	(8)	(233)
Reclassification	(6)	6	—
Cumulative depreciation at 31 December 2016	33,707	3,514	37,221
Net assets at 31 December 2016	**964**	**177**	**1,141**
Net assets at 31 December 2015	**995**	**200**	**1,195**

2.3 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	716	682
Commercial bank accounts	1,599	1,088
	2,315	1,770

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	128	121
Miscellaneous supplies	9	18
IT consumables	77	82
	214	221

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Payroll suspense account (Paypath)	—	96
Building charges recoupable	36	39
Advances to OPW	—	27
	36	162

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	409	414
Retention Tax	—	2
Pay Related Social Insurance	206	177
Value Added Tax	—	30
Extra receipts payable to the Exchequer	1,599	1,088
	2,214	1,711
Payroll deductions held in suspense	168	130
Owed to OPW	25	—
	2,407	1,841

2.7 Net funding due to Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	2,385	1,512
Exchequer grant undrawn	(2,441)	(1,421)
Net funding due (from) / to Exchequer	(56)	91
Represented by:		
Debtors		
Bank and cash	2,315	1,770
Debit balances: suspense	36	162
	2,351	1,932
Creditors		
Due to State	(2,214)	(1,711)
Credit balances: suspense	(193)	(130)
	(2,407)	(1,841)
	(56)	91

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	20	212

2.9 Matured Liabilities

There were matured liabilities in the amount of €8,400 undischarged at year-end 2016 (2015:€6,000).

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Manage the Land Registry and the Registry of Deeds**			
A.1	Administration - pay	23,530	21,953	23,133
A.2	Administration - non pay	7,514	6,846	6,791
		31,044	28,799	29,924

Significant variations

Overall, the gross expenditure in relation to the programme was €2.25 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
A.1 Administration - pay	1,577	Expenditure on salaries was less than budgeted as average level of staff serving reduced during year to 474 (2015: 491). The serving staff level was below the overall projected level of the workforce plan due to delays in the recruitment of staff. Delays in filling senior posts also contributed to the underspend.
A.2 Administration – non-pay	668	The main reasons for the saving against estimate are: 1. Savings of €120,000 accrued in the postal budget as a result of competitive tendering for document delivery services 2. A significant ICT hardware project due for completion in Q4 2016 was delayed to early 2017. Expenditure of €350,000 that was expected to be incurred in 2016 will now be incurred in 2017 instead.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	610	750	1,125
	Total	610	750	1,125

Significant variations

Description	Less/(more) than provided	Explanation
	€000	
Receipts from pension-related deductions on public service remuneration	(140)	Budgeted receipts for pension related deductions were reduced in 2016 arising out of higher exemption thresholds in the Landsdowne Road agreement. In doing so however, the overall level of receipts were underestimated, resulting in an over-recoupment.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Opening balance at 1 January	1,088	1,860
Land Registry fees	56,782	55,761
Registry of Deeds fees	1,575	1,520
Ground rent fees received	71	69
Paid over to Exchequer	(57,917)	(58,122)
Closing balance at 31 December	1,599	1,088

The overall level of fees collected in 2016 was very similar to that of 2015 which is reflective of a consistent level of intake of applications over 2015 and 2016.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	481	487

	2016 €000	2015 €000
Pay	20,415	21,527
Higher, special or additional duties allowance	5	23
Other allowances	59	78
Overtime	209	247
Employer's PRSI	1,265	1,258
Total Pay	**21,953**	**23,133**

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	1	—	5,138	16,538
Other allowances	25	—	7,518	8,128
Overtime	124	—	8,914	7,457
Extra remuneration in more than one category	12	2	12,364	12,150

5.2 Payroll overpayments

Overpayments at the year end were €192,983 (89 cases) (2015 €235,000, 304 cases) Of this, €86,777 (22 cases) have recovery plans in place.

6 Miscellaneous

6.1 Section 120 Compensation

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. 22 Section 120 compensation payments (2015: 27/ €3,500 each on average) were paid in 2016, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows -

	Number of cases	Legal costs awarded €000	Compensation awarded €000	2016 Total €000	2015 Total €000
Claims under S.120 of the Registration of Title Act 1964	22	45	83	128	94

6.2 Contingent Liability

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain. This includes the section 120 cases referred to above and the potential cases noted in the Statement on Internal Financial Control.

6.3 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. As a result, a new organisation, to be called Tailte Éireann will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

The establishment of the new entity requires primary legislation. Drafting of the Tailte Eireann Bill to provide for the merger is ongoing.

Appropriation Account 2016

Vote 24

Justice and Equality

Introduction

As Accounting Officer for Vote 24, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Justice and Equality, Probation Service staff and of certain other services, including payments under cash-limited schemes administered by that Office, and payment of certain grants.

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 €25.52 million is liable for surrender to the Exchequer.

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

Transfer of Functions

Responsibility for Ordnance Survey Ireland (OSI) transferred from the Department of Communications, Energy and Natural Resources (now Department of Communications, Climate Action and Environment) with effect from 1 January 2016 under the Transfer of Departmental Administration and Ministerial Functions Order 2015 (S.1. No. 637 of 2015).

Vote Structure

The Justice and Equality vote has been structured on a programme basis since 2013. The programme structure was revised in 2016 to reflect the Department's Strategy Statement 2015-2017. As a result, the comparative figures for 2015 have been presented in the new programme format.

Each of the existing subheads has been grouped under one of five programmes and the administrative costs have been apportioned across the programmes.

The programmes are as follows

A Leadership in and oversight of Justice and Equality policy and delivery
B A safe secure Ireland
C Access to justice for all
D An equal and inclusive society
E An efficient, responsive and fair immigration, asylum and citizenship system

The Policing Authority (formerly Subhead A.11) has been established as a separate Vote with effect from 1 January 2016. The prior year expenditure for the Policing Authority has been included under Programme A to ensure that the entire outturn for the vote in 2015 is reflected.

The subhead for the payments to the promoters of certain charitable lotteries (formerly Subhead D.12) has been retired in 2016 following the cessation of the payments scheme in question. The expenditure for 2015 is reflected under Programme A to ensure that the entire outturn for the vote in 2015 is reflected.

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:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset is placed in service. Buildings are depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life. Vehicles and equipment are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life.

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

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office.

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

I have provided a letter of assurance to Accounting Officers in receipt of financial shared services from the Department's Financial Shared Services (FSS) centre in Killarney regarding the controls in place.

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 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.

Public Procurement

The Department ensures that it is compliant with procurement law and Government policy and procedures. It utilises a central database to review expenditure in the Financial Management system to ensure that expenditure is on foot of appropriate procurement procedures. The vast majority of tender competitions are now being run by or in conjunction with the Office of Government Procurement (OGP). In circumstances where tendering is deemed not feasible, as envisaged in circular 40/2002, approval is sought from the Procurement Officer. An annual return is made to the Comptroller and Auditor General and the Office of Government Procurement in compliance with that circular.

A total of 31 supply arrangements are being reported under Circular 40/2002 in 2016 with a total value of €6,098,361. These are broken down as follows:

- Fourteen instances totalling expenditure of €2,092,438, where there is a sole supplier mostly for Forensic Science Ireland and ICT related expenditure. This category is mostly where long term support arrangements arise or in respect of consumables for proprietary laboratory equipment. Annual renewal costs of proprietorial ICT licences are also included.

- Thirteen instances totalling expenditure of €3,547,694, where an existing contract is extended while OGP led arrangements are put in place. Eight of these are the subject of published tenders and OGP has indicated that they will be running tenders in the other five cases. In support of OGP policy of "one voice to market" it is generally deemed not to be prudent to go to market for stop-gap, short-term tenders.

- Four instances totalling expenditure of €458,229 where the requirement for highly specialist knowledge precluded running a tender for services to do with the location of victims remains and for the services of an international expert to support a review by the Prisons Inspectorate and for specialist professional services required by the Criminal Assets Bureau.

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.

Noel Waters
Accounting Officer
Department of Justice and Equality

25 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 24 Justice and Equality

I have audited the appropriation account for Vote 24 Justice and Equality 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 Department 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 24 Justice and Equality 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 Department of Justice and Equality. The appropriation account is in agreement with the accounting records.

Non-effective expenditure

Note 6.8 to the account discloses a settlement payment and expenditure in relation to fit-out and rent of a property leased by the Probation Service for a community based project. Due to planning issues, the property was not occupied for the purpose for which it was acquired and the Department could not find an alternative use for the premises. The lease has now been terminated. Total related costs incurred on the Vote were €3.89 million. The matter was reported on in Chapter 15 of the report on the accounts of the public services 2011.

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 2016.

Reporting on matters arising from audit

Chapter 13 of my report on the accounts of the public services for 2016 refers to the development of ICT systems by the Department.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 24 Justice and Equality
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Leadership in and oversight of justice and equality policy and delivery	52,656	48,631	41,669
B	A safe, secure Ireland	148,237	153,075	147,245
C	Access to justice for all	47,601	42,726	48,743
D	An equal and inclusive society	17,678	15,645	9,494
E	An efficient responsive and fair immigration asylum and citizenship system	145,123	129,765	119,185
	Gross expenditure	**411,295**	**389,842**	**366,336**
	Deduct			
G	**Appropriations-in-aid**	**60,879**	**64,949**	**64,225**
	Net expenditure	**350,416**	**324,893**	**302,111**

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	25,522,743	9,014,861

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,966	19,387	19,786
ii	Travel and subsistence	340	274	362
iii	Training and development and incidental expenses	3,517	5,139	4,835
iv	Postal and telecommunications services	635	1,213	1,003
v	Office equipment and external IT services	5,235	8,946	9,758
vi	Office premises expenses	1,633	2,024	1,773
vii	Consultancy services and value for money and policy reviews	73	136	5
viii	Research	82	—	1
ix	Financial shared services	8,542	6,186	7,461
		40,023	43,305	44,984

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		346,537	321,352
Pay [a]		23,526	24,983
Non-pay		19,779	20,001
Gross expenditure		**389,842**	**366,336**
Deduct			
Appropriations-in-aid		**64,949**	**64,225**
Net expenditure		**324,893**	**302,111**
Changes in capital assets			
Purchases cash	(2,829)		
Depreciation	6,463		
Loss on disposals	6		
Disposals cash	10		
		3,650	1,999
Changes in assets under development			
Cash payments	(2,016)		
Write off of lease improvements (note 2.3)	1,068		
		(948)	(2,231)
Changes in net current assets			
Increase in closing accruals	3,160		
Increase in stock	(35)		
		3,125	(3,568)
Direct expenditure		**330,720**	**298,311**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		32,221	30,482
Notional rents		4,493	4,581
Net programme cost		**367,434**	**333,374**

[a] The pay figure for 2016 includes salaries for the Financial Shared Services Centre amounting to €4,138,719 (2015: €5,197,147). This cost is charged to programme A – Leadership in and oversight of justice and equality policy and delivery, sub-head A.1 Administration – pay.

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 24 borne elsewhere and apportioned cost of the Departments' shared service centre.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	199	166
Vote 12 Superannuation and Retired Allowances	e	23,504	23,190
Vote 13 Office of Public Works	e	12,662	12,322
Vote 18 National Shared Services Office	e	272	169
Vote 20 Garda Síochána	e	170	185
Central Fund – Ministerial pensions		208	311
		37,015	36,343
Vote 24 Allied services – apportioned cost of Financial Shared Services Centre	e	(4,794)	(5,861)
		32,221	30,482

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

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	16,557	17,961
Capital assets under development	2.3	2,041	3,619
		18,598	**21,580**
Current assets			
Bank and cash	2.4	27,248	16,551
Stocks	2.5	1,628	1,593
Prepayments		6,723	6,405
Accrued income		4,435	7,859
Other debit balances	2.6	604	840
Total current assets		**40,638**	**33,248**
Less current liabilities			
Accrued expenses		5,876	5,810
Deferred income		103	115
Other credit balances	2.7	27,229	16,984
Net liability to the Exchequer	2.8	623	407
Total current liabilities		**33,831**	**23,316**
Net current assets		**6,807**	**9,932**
Net assets		**25,405**	**31,512**
Represented by:			
State funding account	2.1	**25,405**	**31,512**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			31,512	27,494
Disbursements from the Vote				
Estimate provision	Account	350,416		
Surplus to be surrendered	Account	(25,523)		
Net vote			324,893	302,111
Net expenditure (cash) borne elsewhere	1.1		32,221	30,482
Non cash expenditure – notional rent	1		4,493	4,581
Net programme cost	1		(367,434)	(333,374)
Asset adjustments	2.2		(280)	218
Balance at 31 December			25,405	31,512

2.2 Capital Assets

	Land and buildings	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	6,974	1,363	97,383	2,659	108,379
Additions	—	271	4,844	240	5,355
Adjustment [1]	—	—	(544)	—	(544)
Transfer in [2]	—	—	102	—	102
Transfer out [3]	(73)	—	—	—	(73)
Disposals [4]	—	(79)	(3,035)	(42)	(3,156)
Cost or valuation at 31 December 2016	6,901	1,555	98,750	2,857	110,063
Accumulated depreciation					
Opening balance at 1 January 2016	1,044	990	86,281	2,103	90,418
Depreciation for the year	139	124	6,022	178	6,463
Adjustment [1]	—	—	(324)	—	(324)
Depreciation transfer in [2]	—	—	102	—	102
Depreciation transfer out [3]	(13)	—	—	—	(13)
Depreciation on disposals [4]	—	(79)	(3,024)	(37)	(3,140)
Cumulative depreciation at 31 December 2016	1,170	1,035	89,057	2,244	93,506
Net assets at 31 December 2016	**5,731**	**520**	**9,693**	**613**	**16,557**
Net assets at 31 December 2015	**5,930**	**373**	**11,102**	**556**	**17,961**

[1] The adjustment relates to a reclassification of costs from capital to current expenditure in relation to an IT system for the Insolvency Service of Ireland.

[2] The assets transferred in refer to application licences for the Oracle financial management system received from the Department of Housing, Planning, Community and Local Government.

[3] The asset transferred out relates to a portacabin from the State Pathology Laboratory to An Garda Síochána. The net book value of the asset is €60,000.

[4] Arising from a review of fixed assets which is ongoing, a number of assets (most with a net book value of nil), which were not in place during the inventory were retired from the asset register in 2016. The removal of these assets from the asset register comprises the main part of the disposals figure in 2016.

2.3 Capital Assets under Development

	In-house computer applications	Buildings	Totals
	€000	€000	€000
Amounts brought forward at 1 January 2016	2,551	1,068	3,619
Cash payments for the year	2,016	—	2,016
Termination of lease [1]	—	(1,068)	(1,068)
Transferred to capital assets	(2,526)	—	(2,526)
Balance at 31 December 2016	2,041	—	2,041

[1] Legal proceedings in relation to the use of an office premises in Wolfe Tone Street, Dublin 1, by a community based project funded by the Probation Service have now concluded with a settlement of €1.8 million paid by the Department. An amount of €1.068 million, spent on leasehold improvements, was reflected as an asset under development in previous years. As part of the settlement, the lease on this premises has now been terminated and no further costs will be incurred in relation to this property (see note 6.8).

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	17,922	8,525
Commercial bank accounts	9,326	8,026
	27,248	16,551

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	158	162
Forensic consumables	233	159
IT consumables	36	76
Immigration registration cards	1,128	1,133
Miscellaneous	26	18
Publications	23	23
Equipment/clothing	24	22
	1,628	1,593

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Advance to the Office of Public Works	29	(28)
Imprests	56	55
Recoupment of travel pass scheme	424	409
Criminal Assets Bureau receivership	35	35
Payroll suspense account (Paypath)	—	345
Other	60	24
	604	840

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	2,592	2,590
Pay Related Social Insurance	1,349	1,184
Value Added Tax	216	193
Construction Tax	1	—
Professional Service Withholding Tax	2,096	2,362
Balances in departmental accounts	9,326	8,026
	15,580	14,355
Payroll deductions held in suspense	863	906
ESF advance social inclusion project funding 2014 – 2020	1,702	1,216
Asylum, Migration and Integration Fund advance payments 2014 – 2020	8,473	—
Emergency resettlement and reach projects	53	(33)
Extra receipts payable to the Exchequer	1	—
Other	557	540
	27,229	16,984

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	25,523	9,015
Exchequer grant undrawn	(24,900)	(8,608)
Net liability to the Exchequer	623	407
Represented by:		
Debtors		
Bank and cash	27,248	16,551
Debit balances: suspense	604	840
	27,852	17,391
Creditors		
Due to State	(15,580)	(14,355)
Credit balances: suspense	(11,649)	(2,629)
	(27,229)	(16,984)
	623	407

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	6,162	3,350
Capital projects	51	57
Total of legally enforceable commitments	6,213	3,407

2.10 Matured Liabilities

There were no matured liabilities un-discharged at year end 2016 or in the previous year.

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Leadership in and oversight of justice and equality policy and delivery**			
A.1	Administration – pay	9,957	8,576	9,725
A.2	Administration – non pay	5,790	6,106	6,326
A.3	Prisons Inspectorate	384	481	414
A.4	Garda Ombudsman Commission	9,546	8,386	8,648
A.5	Office of the Garda Inspectorate	1,255	904	1,061
A.6	Office of Data Protection Commissioner	4,748	3,906	2,963
A.7	Irish Film Classification Office	683	786	627
A.8	Central Authority	135	19	43
A.9	Legal Services Regulatory Authority	1,001	1,001	—
A.10	Charities Regulatory Authority	2,665	2,708	1,366
A.11	Property Services Regulatory Authority	1,760	1,915	1,341
A.12	Insolvency Service of Ireland	7,317	6,528	7,916
A.13	Ordnance Survey Ireland	7,415	7,315	—
	Policing Authority	—	—	239
	Payments to the promoters of certain charitable lotteries	—	—	1,000
		52,656	48,631	41,669

Significant variations

Overall, the expenditure in relation to the Programme was €4.03 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Garda Ombudsman Commission	1,160	The saving arose mainly due to not proceeding with a contract for investigation support services pending a review of all organisational matters being undertaken by the newly appointed Commission.
Office of the Garda Inspectorate	351	A saving of approximately €140,000 is attributable to less payroll costs than expected primarily due to the non-filling of two vacancies for much of 2016. The balance of the saving of €211,000 relates to administrative underspends in a number of areas including publication and external support costs.
Office of Data Protection Commissioner	842	The saving arose due to actual payroll costs being less than expected in 2016. Additional funding was provided to facilitate an increase in staffing levels by the end of 2016. However, there was a slower than expected increase with some staff being assigned later in the year than anticipated.

Description	Less/ (more) than provided	Explanation
	€000	
Irish Film Classification Office	(103)	The excess mainly arose as a result of legal costs in relation to a Supreme Court case which was settled in 2016 and once off building costs. In total, there was an overrun of €209,000 on non-payroll costs which was partially offset by a saving on payroll of €106,000 due to a time-lag in replacing staff taking up positions elsewhere in the public service.
Central Authority	116	The Central Authority provides a translation service for applications relating to international child abduction and maintenance recovery. The saving arose due to the number of applications received in 2016 being less than expected. As this is a demand led service, it is difficult to predict the expenditure requirement in a particular financial year.
Property Services Regulatory Authority	(155)	The excess is mainly due to expenditure on additional projects which arose during the year. The Authority outsourced its compliance audit inspections and a number of complaints which were in arrears were assigned to external inspectors. The Authority also engaged in a media campaign to raise consumer protection awareness and target unlicensed operators in the sector. The total overrun in non-payroll costs as a result of these initiatives was €296,000 which was offset by an underspend in payroll of €141,000 due to delays in filling certain posts.
Insolvency Service of Ireland	789	The saving mainly relates to an underspend on payroll costs due to the ISI not having its full complement of staff throughout the year.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**A safe and secure Ireland**			
B.1	Administration – pay	7,158	6,949	7,093
B.2	Administration – non pay	4,128	6,355	6,356
B.3	Criminal Assets Bureau	7,042	6,687	6,678
B.4	Probation Service – salaries, wages and allowances	22,834	19,643	20,773
B.5	Probation Service – operating expenses	3,275	3,372	2,945
B.6	Probation Service – services to offenders	10,732	12,365	9,784
B.7	Community Service Order Scheme	2,122	1,953	1,999
B.8	Irish Youth Justice Service	17,396	17,551	17,426
B.9	Funding for services to victims of crime	1,462	1,446	1,212
B.10	Mental Health (Criminal Law) Review Board	397	400	390
B.11	Compensation for personal injuries criminally inflicted	4,233	3,963	4,166
B.12	Legal Aid (Criminal)	47,552	52,998	50,879
B.13	Legal Aid – Custody Issues	3,000	2,981	2,749
B.14	Parole Board	336	348	331
B.15	Crime prevention measures	397	397	197
B.16	Private Security Authority	2,447	2,640	2,390
B.17	COSC – domestic, sexual and gender based violence	2,416	2,210	1,582
B.18	Forensic Science Ireland	9,911	9,741	8,999
B.19	State Pathology	1,399	1,076	1,296
		148,237	153,075	147,245

Significant variations

Overall, the expenditure in relation to the Programme was €4.84 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	(2,227)	The excess is mainly attributable to additional ICT costs which have been apportioned across the various programmes. Developments in accordance with the Public Service ICT Strategy (PSICTS), including additional infrastructure investment to support a 30% increase in the number of users of the Department's ICT shared services, migration to PSICTS Microsoft platform for ongoing and future delivery of services and development of a Justice and Equality data hub are the main items of additional expenditure. The excess is also accounted for by increased expenditure in 2016 in relation to certain other administrative costs such as contracted services, telecommunications and office premises expenses.
Criminal Assets Bureau	355	The savings arose mainly due to less expenditure on legal costs than expected.

Description	Less/ (more) than provided	Explanation
	€000	
Probation Service - salaries, wages and allowances	3,191	The saving arose due to a combination of unforeseen vacancies and slower than expected recruitment in 2016. The Probation Service intends to recruit a minimum of 39 Probation Officers in 2016/2017 with only 6 posts being filled by the end of 2016.
Probation Service – services to offenders	(1,633)	The excess mainly arose due to the settlement of legal proceedings in relation to the lease on a premises in Wolfe Tone Street, Dublin 1 for use by a community based project funded by the Probation Service (see note 6.8).
Community service order scheme	169	The saving arose due to a number of Community Service Supervisor vacancies which exist within the Probation Service and consequently impacted on payroll and non-pay expenditure. A recruitment competition was held in late November 2016 with a number of critical posts due to be filled by the second quarter of 2017.
Compensation for personal injuries criminally inflicted	270	The saving arose mainly due to a lower number of awards than expected partly due to vacancies in the membership of the Tribunal for a period during 2016.
Legal Aid (Criminal)	(5,446)	The excess arose due to the number and category of criminal matters coming before the Courts in which legal aid certificates were issued. Under the Criminal Justice (Legal Aid) Act 1962 the Judiciary are responsible for the granting of legal aid. This is a demand led scheme and the fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme.
Private Security Authority	(193)	The excess arose mainly due to expenditure on legal services and processing costs being greater than anticipated.
COSC - domestic, sexual and gender based violence	206	There were savings across a range of activities including payroll costs of €96,000 — €56,000 in relation to perpetrator programmes which started later in the year than had been planned and an underspend of €54,000 in rent and maintenance payments due to renegotiation of the lease of the office premises occupied by COSC. As this was not finalised before year end, it resulted in two quarterly payments not being made in 2016.
State Pathology	323	The savings arose due to staff vacancies and an underspend on capital totalling €648,000. The underspend on payroll and capital was €198,000 and €450,000 respectively. This was offset in part by an overrun on non-pay current expenditure of €325,000 mainly due to the fit out and equipment costs for the new laboratory.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	**Access to justice for all**			
C.1	Administration – pay	173	169	172
C.2	Administration – non pay	100	154	154
C.3	Magdalen Fund	4,902	2,400	5,455
C.4	Commissions and Special Inquiries	7,104	3,545	10,257
C.5	Legal Aid Board	34,838	36,188	32,471
C.6	Free Legal Advice Centres	98	98	98
C.7	Coroners Service	386	172	136
		47,601	42,726	48,743

Significant variations

Overall, the expenditure in relation to the Programme was €4.88 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Magdalen Fund	2,502	The saving arose as fewer new applications were received in 2016 than expected. The Assisted Decision Making (Capacity) Act 2015 was not commenced in 2016, and payments could not be made in approximately 19 cases in respect of applicants with capacity issues. In addition, there are approximately 25 cases on hands which are at various stages of processing – awaiting acceptance of offers, probate issues to be resolved and further investigation necessary before a determination can be made.
Commissions and Special Inquiries	3,559	The saving arose mainly due to further third party costs in relation to tribunals, which have been concluded such as Smithwick and Morris not falling due for payment in 2016 as anticipated.
Coroners Service	214	The saving arose due to less than anticipated expenditure on payroll (€86,000) and legal costs (€128,000). Implementation of Section 60 of the Coroners Act 1962 as amended (provision of legal services to a family member of the deceased person in certain circumstances) has not yet been implemented.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	**An equal and inclusive society**			
D.1	Administration – pay	553	536	547
D.2	Administration – non pay	318	491	490
D.3	National Disability Authority	3,804	3,743	3,750
D.4	Office for the Promotion of Migrant Integration	4,445	3,660	2,591
D.5	Social disadvantage measures (dormant accounts funded)	3,311	2,951	733
D.6	Grants to National Women's Organisations	400	400	300
D.7	Traveller Initiatives	2,205	2,080	738
D.8	Positive Action for Gender Equality	2,385	1,511	163
D.9	Disability Awareness Initiatives	257	273	182
		17,678	15,645	9,494

Significant variations

Overall, the expenditure in relation to the Programme was €2.03 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	(173)	The excess is mainly attributable to additional ICT costs which have been apportioned across the various programmes. Developments in accordance with the Public Service ICT Strategy (PSICTS), including additional infrastructure investment to support a 30% increase in the number of users of the Departments ICT shared services, migration to PSICTS Microsoft platform for ongoing and future delivery of services and development of a Justice and Equality data hub are the main items of additional expenditure. The excess is also accounted for by increased expenditure in 2016 in relation to certain other administrative costs such as contracted services, telecommunications and office premises expenses.
Office for the Promotion of Migrant Integration	785	In the region of €249,000 of the saving arose in payroll costs due to a number of unfilled positions at the end of 2016. The balance of the saving is accounted for by less expenditure on integration programmes than expected. This is mainly due to the slower than expected intake of refugees for relocation under the Irish Refugee Protection Programme.
Social disadvantage measures (dormant accounts funded)	360	The saving is due primarily to delays in the setting up of new Garda youth diversion projects including a pilot mentoring service. Although significant progress was made on these projects in 2016, the delays encountered were mainly due to the recruitment of workers by the projects concerned being slower than expected.
Traveller initiatives	125	The saving arose due to a number of new projects and initiatives not being identified pending completion of the National Traveller and Roma Inclusion Strategy.

Description	Less/ (more) than provided	Explanation
	€000	
Positive action for gender equality	874	The saving arose due to delays in expenditure in relation to projects under the European Social Fund. The selected projects are commencing in 2017.

		2016		2015
E	**An efficient, responsive and fair immigration, asylum and citizenship system**	**Estimate provision**	**Outturn**	**Outturn**
		€000	**€000**	**€000**
E.1	Administration – pay	7,513	7,296	7,446
E.2	Administration – non pay	4,333	6,673	6,675
E.3	Asylum Migration and Integration Fund	1,500	18	1,045
E.4	Irish Naturalisation and Immigration Service	62,657	51,641	46,994
E.5	Asylum seekers accommodation	69,120	64,137	57,025
		145,123	129,765	119,185

Significant variations

Overall, the expenditure in relation to the Programme was €15.36 million lower than provided. This was mainly due to the following:

Description	**Less/ (more) than provided**	**Explanation**
	€000	
Administration – non pay	(2,340)	The excess is mainly attributable to additional ICT costs which have been apportioned across the various programmes. Developments in accordance with the Public Service ICT Strategy (PSICTS), including additional infrastructure investment to support a 30% increase in the number of users of the Departments ICT shared services, migration to PSICTS Microsoft platform for ongoing and future delivery of services and development of a Justice and Equality data hub are the main items of additional expenditure. The excess is also accounted for by increased expenditure in 2016 in relation to certain other administrative costs such as contracted services, telecommunications and office premises expenses.
Asylum Migration and Integration Fund	1,482	The saving arose due to the fund not becoming fully operational in 2016. The projects due to receive funding have now been selected and will commence in 2017.
Irish Naturalisation and Immigration Service	11,016	A saving of approximately €3.1 million arose in payroll due mainly to the fact that the additional staffing resources for a number of operational areas did not come on stream as quickly as expected. The areas in question included the border control function at Dublin Airport and case processing in preparation for the implementation of the International Protection Act 2015. The saving of €7.8 million in non-payroll costs is due to the demand led nature of many services provided from the subhead which can be difficult to predict. In particular, the savings arose due to the slower than anticipated intake of refugees for relocation under the Irish Refugee Protection Programme.
Asylum seekers accommodation	4,983	The saving arose as a result of the planned numbers of persons arriving in Ireland under the EU Relocation Programme being less than scheduled. Ireland has committed to receiving 4,000 persons under the Irish Refugee Protection Programme with the vast majority expected to arrive from Greece and Italy. In total, 519 refugees have arrived in Ireland under resettlement and 320 persons under relocation to the end of 2016.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Film censorship fees	1,703	1,641	1,581
2.	Data protection fees	550	747	931
3.	EU receipts	3,350	184	2,438
4.	Miscellaneous receipts	583	416	350
5.	Immigration registration fees	24,000	26,339	27,792
6.	Visa fees	4,000	8,741	6,322
7.	Dormant accounts receipts	3,311	2,940	733
8.	Private Security Authority fees	2,364	3,241	2,386
9.	Nationality and citizenship certificates fees	12,500	11,799	11,743
10.	Legal Services Regulatory Authority – levy on professional bodies	1	—	—
11.	Property Services Regulatory Authority fees	2,300	2,260	2,240
12.	Insolvency Service Ireland fees	680	682	654
13.	Pension Contribution from OSI staff	390	375	—
14.	Receipts from Pension – related deduction on public service remuneration	5,147	5,584	7,055
		60,879	64,949	64,225

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	Explanation
	€000	
Data protection fees	(197)	The surplus mainly arose due to the Data Protection Commissioner proactively engaging with data controllers and data processors who had not renewed their registrations. This together with a much greater awareness of the requirement to register on foot of several prosecutions of data processors for failing to register contributed to the increase in administrative fees received in the year.
EU receipts	3,166	The shortfall in expected receipts was mainly due to a delay in the development of a centralised system, known as e-Cohesion, which is required to process ESF claims. It is expected that this system will be available in late 2017, at which point outstanding claims can be submitted.
Miscellaneous receipts	167	The shortfall is due to the difficulty in predicting the precise amount of receipts under this category which can vary from year to year.

Description	Less/ (more) than provided	Explanation
	€000	
Immigration registration fees	(2,339)	The surplus was as a result of a small increase in the number of non-European Economic Area (EEA) nationals registered over the course of the year. It is difficult to predict the level of these fees as it can be impacted by many factors but in particular by the prevailing economic environment. Also, contributing to the surplus was a student probationary scheme which dealt with a specific cohort of students in Ireland.
Visa fees	(4,741)	The surplus in Visa Fees is mainly as a result of an increased demand for both visa and re-entry applications. Improving economic conditions are a contributory factor to the increased demand and consequential increase in income from this source.
Dormant accounts receipts	371	The receipts in this subhead are linked to subhead D.5. As the drawdown in funding to projects such as the Garda Youth Diversion Project was less than expected there was a shortfall in receipts to correspond with the expenditure saving in subhead D.5. (€360,000). In addition, the corresponding receipt for expenditure of €11,000 under Dormant accounts in 2016 was not received by the end of the year but will be reimbursed during 2017.
Private Security Authority fees	(877)	The surplus was as a result of an increase in the volume of both first time and renewal licence applications received by the Private Security Authority in 2016. A total of 145 new contractor licence applications were received in the year compared to the expected figure of 90. In addition, contractors who renewed their licence showed an increase in turnover which in many cases resulted in higher fees.
Nationality and citizenship certificates fees	701	Income from nationality and citizenship certificate fees was lower than anticipated due to a continuing decline, from the historically high figures of recent years (2012 to 2014), in the number of citizenship applications and resulting certificates of naturalisation issued annually. The income which is generated by nationality and citizen certificate fees is directly attributable to the number of applications received during the year which is difficult to predict.
Receipts from Pension–related deduction on public service remuneration	(437)	The receipts from this source are directly related to payroll costs and were greater than expected.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	—	—
Receipts from voluntary surrender of salary	1	—
Transferred to Exchequer	—	—
Balance at 31 December	1	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	2,378	2,233

	2016 €000	2015 €000
Pay	116,163	115,801
Higher, special or additional duties allowance	296	283
Other allowances	2,837	3,092
Overtime and extra attendance	2,340	1,745
Redundancy and severance	58	—
Employer's PRSI	7,035	6,709
Total Pay	**128,729**	**127,630**

The total pay figure included elements of pay from the following subheads: A.1, A.3, A.4, A.5, A.6, A.7, A.9, A.10, A.11, A.12, B.1, B.3, B.4, B.7, B.8, B.10, B.11, B.14, B.16, B.17, B.18, B.19, C.1, C.3, C.4, C.5, C.7, D.1, D.3, D.4, E.1 and E.4.

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	47	7	52,906	55,033
Overtime and extra attendance	499	38	47,606	25,350
Shift and roster allowances	98	6	11,578	9,736
Miscellaneous	240	26	19,112	21,406
Extra remuneration in more than one category	150	69	32,459	30,043

5.2 Other Remuneration Arrangements

A total amount of €231,598 was paid to 22 retired civil servants who were in receipt of civil service pensions in 2016. In addition, an amount of €97,143 was paid to 10 former public servants and €222,828 to 6 former judiciary members who were engaged in various roles in 2016. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and other provisions) Act 2012.

A total amount of €1,916,810 was paid through payroll to 143 individuals in respect of duties performed in relation to various boards, committees and commissions, etc.

5.3 Payroll Overpayments

Based on the reports provided by PeoplePoint and the PSSC, overpayments at the end of 2016 were €550,003 (150 employees) (2015: €665,617, 216 employees). Of this, €343,181 (73 employees) have recovery plans in place.

5.4 Redundancy and severance

Three employees received redundancy and severance payments in 2016 with cumulative values of €11,628 in respect of redundancy and €46,243 in respect of severance.

6 Miscellaneous

6.1 National Lottery Funding

		2016		2015
		Estimate	Outturn	Outturn
		€000	€000	€000
Subhead	Description			
	Payments to promoters of certain charitable lotteries (part funded by the National Lottery)	—	—	1,000

The subhead for the payments to the promoters of certain charitable lotteries (formerly Subhead D.12) has been retired in 2016 following the cessation of the payments scheme in question. The expenditure for 2015 is reflected under Programme A to ensure that the entire outturn for the vote in 2015 is reflected.

6.2 EU Funding

The outturns in respect of the subheads in the table below include expenditure in respect of activities co-funded by the European Union.

In addition, funding for an EU funded programme called the Safety Internet Plus Programme is administered through a suspense account by the Office for Internet Safety. Due to technical difficulties encountered in submitting an application for EU funding, it was necessary to make payments of €339,100 from the vote to four organisations under the EU programme in question. This was required to ensure continuity of service in relation to the area of internet safety. A further request for EU funding was made later in 2016 which is currently being evaluated.

The Department also received funding in 2016 for a number of EU funded projects that are administered through suspense accounts. This includes a number of projects in the Probation Service and the Asylum Migration and Integration Fund.

		2016		2015
		Estimate	Outturn	Outturn
		€000	€000	€000
Subhead	Description			
B.6.	Probation Service – services to offenders	263	—	—
B.8.	Garda youth diversion programmes	1,856	—	1,821
D.8.	Positive Action for Gender Equality	—	3	—
E.3.	Vulnerable migrants projects	165	—	—
E.4.	EU receipts (European Returns Fund)	443	—	—
E.3/D.4.	European Refugee Fund/European Integration Fund	860	—	617
E.3/D.4.	Asylum Migration and Integration Fund	1,960	181	—
		5,547	184	2,438

6.3 Commissions and Inquiries

	Year of appointment	2015	2016	Cumulative expenditure to 31 December 2016
		€000	€000	€000
Permanent Commissions				
Criminal Injuries Compensation Tribunal	1974	95	36	—
Fixed Purpose Commissions				
Morris Tribunal	2002	1,003	1,343	68,695
Smithwick Tribunal	2005	5,217	56	19,485
Dublin Archdiocese and Diocese of Cloyne Commission	2006	—	—	8,797
Location of Victims Remains	2007	1,043	529	6,738
Ronan MacLochlainn Commission of Investigation	2014	492	557	1,153
Independent Review Mechanism – certain allegations in relation to An Garda Síochána	2014	200	23	394
Inquiry under section 109 of the Garda Síochána Act 2005 into the conduct of a GSOC investigation	2015	63	113	176
Commission of Investigation Cavan/Monaghan Garda Division (O'Higgins)	2015	952	840	1,792
Murray Review - (review of the law in respect of providing for access to the retained telecommunications records of journalists)	2016	—	48	48
		9,065	3,545	107,278

6.4 Contingent Liability

The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

There will be further payments associated with the Morris Tribunal, Smithwick Tribunal, Dublin Archdiocese and Diocese of Cloyne Commission, Independent Commission for the Location of Victims Remains, Ronan MacLochlainn Commission of Investigation, the Independent Review Mechanism into Garda allegations, the Inquiry under Section 109 of the Garda Síochána Act 2005 into the conduct of a GSOC investigation, the Commission of Investigation Cavan/Monaghan Garda Division and the Murray Review.

The Morris Tribunal concluded its work in 2008. The only remaining costs relate to third party legal fees. The estimated final cost of the Tribunal is in the region of €70 million but this is a tentative provision pending the quantification of outstanding legal costs.

The Smithwick Tribunal concluded at the end of 2013. There are remaining costs with regard to the discharge of two third party costs orders. It is anticipated that, overall, these costs will be in the order of €1.2 million and it is intended that they will be discharged before the end of 2017.

The work of the Dublin Archdiocese and Diocese of Cloyne Commission has also concluded. As far as can be ascertained, the only remaining cost likely to occur relates to costs associated with a number of hearings concerning the publication of certain sections of the Commission's reports in respect of which the fees have yet to be settled. The remaining costs are unlikely to be significant.

The work of the Independent Commission for the Location of Victims Remains is ongoing and its activity and the associated costs are largely dependent on the information made available to it with regard to the victims whose remains it is seeking to locate.

The MacLochlainn Commission was established by Government Order on 23 July 2014 following the shooting dead of Ronan MacLochlainn on 1 May 1998 by members of An Garda Síochána. In its report of 24 May 2016, the Sole Member of the Commission, Ms Mary Rose Gearty SC, advised that on 16 May 2016 one person who is identified in the Commission's final report brought an application to the High Court seeking a direction pursuant to Section 35(1)(b) of the Commissions of Investigation Act 2004 that the report be amended before it is submitted to the Minister for Justice and Equality. The submission of the Commission's final report to the Minister must await the determination of this court application.

In May 2014, following publication of the Guerin report, an Independent Review Mechanism was set up to review certain allegations of Garda misconduct or inadequacies in the investigation of the allegations with a view to determining to what extent and in what manner further action may be required in each case. The Review Mechanism was established as a temporary measure, comprising of a review panel of two Senior and five Junior Counsel. The Panel returned recommendations in all 320 cases referred to them. The issuing of notification letters to complainants concluded during 2016.

The next phase of the Independent Review Mechanism, which is to undertake the actions agreed following recommendations by Counsel, is underway. This includes the establishment of five inquiries under Section 42 of the Garda Síochána Act 2005. An accurate estimation of the expenditure involved cannot be made at this point.

An inquiry was established under Section 109 of the Garda Siochana Act in June 2015 in relation to the conduct of an investigation by the Garda Síochána Ombudsman Commission (GSOC). The report in this case was received in the Department during 2016. It has yet to be determined if any third party legal costs will arise in this case.

The Commission of Investigation in relation to the Cavan/Monaghan Garda Division commenced its work in February 2015 and reported in May 2016. A legal challenge has been initiated in relation to certain aspects of costs in this case. The outcome of these proceedings are awaited.

The former Chief Justice, Mr John Murray, was appointed to carry out a non-statutory, independent review of the law in respect of providing for access to the retained telecommunications records of journalists. The review is expected to conclude shortly with total costs not expected to exceed €150,000.

6.5 Ex-gratia payments

Ex-gratia payments amounting to €85,231 (2015: €177,835) were made in respect of the non-statutory Legal Aid Scheme for CAB-type actions. This scheme is applicable to persons who are respondents and/or defendants in any court proceedings brought by, or in the name of, the Criminal Assets Bureau, including court proceedings under the Proceeds of Crime Act 1996, the Revenue Acts and the Social Welfare Acts and applications made by the Director of Public Prosecutions under Section 39 of the Criminal Justice Act 1994.

Ex-gratia payments amounting to €1,771,092 (2015: €1,443,647) were made in respect of the non-statutory Garda Station Legal Aid Advice Scheme. This scheme provides that where a person is detained in a Garda station for the purpose of the investigation of an offence and s/he has a legal entitlement to consult with a solicitor and the person's means are insufficient to enable him/her to pay for such consultation, that consultations with solicitors will be paid for by the State.

Ex-gratia payments totalling €22,182 (2015: €8,473) were made in a number of cases in relation to the Coroners' service. The payments in question relate to the cost of legal representation at inquests into the deaths of persons in State custody.

Ex-gratia payments amounting to €3,144 were made in respect of one other case related to the provision of legal aid in criminal proceedings.

6.6 Drugs Initiative Fund

An amount of €347,349 (2015: €282,487) was received from the Drugs Initiative Fund and is accounted for through a suspense account. The funding is provided under the National Drugs Strategy 2009 – 2016 and relates to a number of Local Drug Task Force owned projects which are Probation Service supported initiatives.

6.7 Legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by members of the public	338	1,401	5,555	10	6,966	7,337

Of the total of €6,966,000 in legal costs, €5,011,000 (72%) relates to the Irish Naturalisation and Immigration Service (INIS). The remaining legal costs were incurred across a number of areas of the Department including the Department's Courts Division, the Office of the Data Protection Commissioner, the Garda Síochána Ombudsman Commission, the Private Security Authority, the Irish Film Classification Office and the Property Services Regulatory Authority.

6.8 Probation Service Premises

Legal proceedings in relation to the leasing of an office premises in Wolfe Tone Street, Dublin 1, planned for use by a community-based project funded by the Probation Service have now concluded. The total cost of this issue was €3.89 million analysed as follows:

- a settlement of €1.8 million paid by the Department.
- write off of an amount of €1.068 million spent on leased premises fit out reflected as an asset under development in (note 2.3)
- €1.022 million incurred in rental of the premises and other related costs.

The Department had been legally advised that the draft lease agreement in relation to the premises was in order for signature. Subsequent to the lease being signed, it transpired that no planning permission was in existence. Legal proceedings which subsequently ensued were settled in late 2016 on the basis of strong legal advice to do so, thus avoiding any further costs accruing to the State. Prior to that settlement, significant efforts had been made to find an alternative use for the property but to no avail. As part of the settlement, the lease on this premises has now been terminated and no further costs will be incurred in relation to this property. The Department relied on legal advice at all times in relation to the matter.

6.9 Prompt Payment of Account Interest

The amount of prompt payment interest incurred by the Department in 2016 was €3,836 (2015: €4,700).

Appropriation Account 2016

Vote 25

Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission, I am the Accounting Officer for Vote 25. I am required 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 Irish Human Rights and Equality Commission and for payment of certain grants.

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 €0.13 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 except for the following:

Depreciation

Leasehold premises improvements are depreciated at a rate of 5% per annum on a straight line basis.

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 Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the Commission. 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Payroll and human resources services are provided to the Commission on a shared services basis by the National Shared Services Office. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of payroll and human resources shared services.

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

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 and Risk Committee to advise me in discharging my responsibilities for the internal financial control system
- there is a Finance Committee which assists the Commission in fulfilling its responsibilities by providing oversight of the financial implications of the activities of the Commission.

Administrative controls and management

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 budgets
- a risk management system operates within the Commission
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines

Public Procurement

The Commission 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 Commission complied with the guidelines with the exception of six supply arrangements to the value of €597,417 which were listed on my annual return in respect of Circular 40/2002.

- two instances totalling expenditure of €396,137, where the contractor for the fit out of the new premises of the Commission procured furniture, fittings and equipment on behalf of the Commission by means of competitive quotations without going to tender.
- three instances totalling expenditure of €170,877, where services were procured locally by means of competitive quotations without going to tender, including services of a temporary nature to the value of €125,995 not expected to re-occur in future years.
- one instance with expenditure of €30,403, where a pre-existing contract for ICT support and maintenance was continued pending the completion of an ICT strategy that in turn will involve the procurement of ICT support services.

Internal Audit, and Audit and Risk Committee

I confirm that the Commission has an internal audit function (currently outsourced) 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 Commission 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 & Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Laurence Bond

Accounting Officer
Irish Human Rights and Equality Commission

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission 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 in the Commission 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 25 Irish Human Rights and Equality Commission 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 Irish Human Rights and Equality Commission. The appropriation account is in agreement with the accounting records.

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 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 25 Irish Human Rights and Equality Commission Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Irish Human Rights and Equality Commission Function	6,306	6,208	3,954
	Gross expenditure	**6,306**	**6,208**	**3,954**
	Deduct			
B	**Appropriations-in-aid**	**116**	**153**	**222**
	Net expenditure	**6,190**	**6,055**	**3,732**

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	134,747	2,457,959

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,213	2,113	1,763
ii	Travel and subsistence	80	69	68
iii	Training and development and incidental expenses	1,527	1,308	1,033
iv	Postal and telecommunications services	122	47	36
v	Office equipment and external IT services	165	346	196
vi	Office premises expenses	1,100	2,042	696
vii	Consultancy services and value for money and policy review	99	283	162
		6,306	6,208	3,954

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Pay		2,113	1,763
Non pay		4,095	2,191
Gross expenditure		**6,208**	**3,954**
Deduct			
Appropriations-in-aid		**153**	**222**
Net expenditure		**6,055**	**3,732**
Changes in capital assets			
Additions	(1,534)		
Disposals	11		
Depreciation	135		
		(1,388)	**245**
Changes in net current assets		**90**	**53**
Direct expenditure		**4,757**	**4,030**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4	34
Net programme cost		**4,761**	**4,064**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 25 borne elsewhere.

	2016	2015
	€000	€000
Vote 13 Office of Public Works	—	33
Vote 18 National Shared Services Office	4	1
	4	34

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	1,649	255
Current assets			
Bank and cash	2.3	946	241
Accrued income	2.4	—	374
Prepayments		155	150
Other debit balances		10	9
Net funding due from the Exchequer	2.6	—	325
Total current assets		**1,111**	**1,099**
Less current liabilities			
Accrued expenses		126	347
Deferred income		1	342
Other credit balances	2.5	906	113
Net funding due to the Exchequer	2.6	50	—
Total current liabilities		**1,083**	**802**
Net current assets		**28**	**297**
Net assets		**1,677**	**552**
Represented by:			
State funding account	2.1	**1,677**	**552**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Net assets at 1 January			552	850
Disbursements from the Vote				
Estimate provision	Account	6,190		
Surplus to be surrendered	Account	(135)		
Net vote			6,055	3,732
Expenditure (cash) borne elsewhere	1.1		4	34
Adjustment			6	—
Pre-incorporation grant funding	6.2		(179)	—
Net programme cost			(4,761)	(4,064)
Balance at 31 December			**1,677**	**552**

2.2 Capital assets

	Leasehold improvements	Furniture and fittings	IT & office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	222	4	76	302
Adjustment*	—	—	9	9
Additions	1,088	323	123	1,534
Disposals	(8)	(4)	(18)	(30)
Cost or valuation at 31 December 2016	1,302	323	190	1,815
Accumulated Depreciation				
Opening balance at 1 January 2016	11	1	35	47
Adjustment*	—	—	3	3
Disposals	—	(1)	(18)	(19)
Depreciation for the year	65	32	38	135
Cumulative depreciation at 31 December 2016	76	32	58	166
Net assets at 31 December 2016	**1,226**	**291**	**132**	**1,649**
Net assets at 31 December 2015	**211**	**3**	**41**	**255**

*An asset tagging exercise undertaken in January 2017 identified a number of assets purchased in 2014 and 2015 which should have been capitalised.

2.3 Bank and cash	**2016**	**2015**
	€000	**€000**
PMG balances and cash	77	(190)
Commercial bank accounts	869	431
	946	241

2.4 Movement in Accrued Income

Arising from the Commission's involvement in the European Social Fund (ESF) Human Capital Investment Operational Programme 2007-2013 (HCIOP), the Commission recognised an amount of €374,160 as a receivable at the end of 2015.

In June 2016, the Department of Education and Science, as Managing Authority, submitted a final claim in respect of the HCIOP, which did not include the Commission's projects. Other projects included in the claim maximised the drawdown of ESF funding to the Exchequer for the entire Programme, meaning that any additional projects would not give rise to any further drawdown of funds.

As a result, the amount brought forward (€374,000) is no longer receivable by IHREC. Sanction was sought from and provided by the Department of Public Expenditure and Reform to derecognise this balance in 2016.

2.5 Other credit balances	**2016**	**2015**
At 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	39	36
Pay Related Social Insurance	30	31
Professional Services Withholding Tax	24	29
Pension contributions	9	(4)
Universal Social Charge	10	12
Value Added Tax	—	3
Relevant Contracts Tax	—	4
	112	111
Payroll deductions held in suspense	3	1
Project balances	612	1
Pre-incorporation funding repayable to the Exchequer	179	—
	906	113

2.6 Net funding due to/ (from) the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Exchequer grant undrawn	(85)	(2,783)
Surplus to be surrendered	135	2,458
Net funding due to/(from) the Exchequer	50	(325)
Represented by:		
Debtors		
Bank and cash	946	(190)
Debit balances	10	9
	956	(181)
Creditors		
Due to State	(112)	(111)
Credit balances	(615)	(2)
Pre-incorporation grant funding	(179)	(31)
	(906)	(144)
	50	(325)

2.7 Commitments

at 31 December	2016 €000	2015 €000
a) Global commitments		
Procurement of goods and services*	2,095	2,124
Grant programmes	80	—
Legal and other projects	605	—
Total of legally enforceable commitments	2,780	2,124

*Lease of premises commitment is €261,818 per year up to 2024.

2.8 Matured liabilities

at 31 December	2016 €000	2015 €000
Estimate of matured liabilities not discharged at year end	3	36

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A				
A.1	Administration – pay	3,213	2,113	1,763
A.2	Administration – non pay	3,093	4,095	2,191
		6,306	6,208	3,954

Significant variations

Overall, the expenditure in relation to Programme A was € 0.1million lower than provided. Within the outturn, the significant variations were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Administration – pay	1,100	Pay is €1.1 million less than the estimate provided. This is primarily due to IHREC not reaching its full employment control framework of 48 within 2016. At the start of the year, IHREC had 33 staff members (FTE). As at 31 December 2016, the Commission had 41 staff members (FTE). Recruitment campaigns are planned for 2017. Sanction was received from the Department of Public Expenditure and Reform in 2016 to reallocate €1million from pay to non-pay expenditure.
Administration-non pay	(1,002)	Non-pay expenditure is €1 million more than estimate provided. This is primarily due to the increased costs of fit-out expenditure for the Commission's Green Street premises in subhead vi office premises expenses. Sanction was received from the Department of Public Expenditure and Reform in 2016 to reallocate €1 million from pay to non-pay expenditure.

4 Receipts

4.1 Appropriations-in-aid

		2016 Estimated €000	2016 Realised €000	2015 Realised €000
1.	Receipts from pension-related deduction on public service remuneration	116	96	106
2.	External funding	—	51	114
3.	European travel refunds	—	6	2
	Total	116	153	222

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	41	33

	2016 €000	2015 €000
Pay	1,907	1,591
Allowances	11	12
Overtime	—	—
Employer's PRSI	195	160
Total pay	**2,113**	**1,763**

5.1 Allowance payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Allowances	1	1	10,914	8,497

6 Miscellaneous

6.1 Legal costs

Currently a case, which the Commission is funding, is under appeal to the Supreme Court. A provision has been made in the balance sheet in respect of the legal costs of the IHREC which are expected to be payable. A provision has not been made in respect of the legal costs of the other party.

6.2 Pre-incorporation funding and other non-voted receipts

In migrating to a cash based appropriation account system, the Commission reviewed balances on a number of advocacy, research and promotion campaign projects that benefited from philanthropic funding. As a result, project balances were recognised in credit suspense with the matching bank balances reflected in Note 2.3. Comparative figures have not been reclassified.

The review identified unspent pre-incorporation State grant funding of €179,000 repayable to the Exchequer.

Appropriation Account 2016

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote 26, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by the Office, and for the payment of certain grants.

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 €14.65 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.

Appropriation account structure

Expenditure on education services in 2016 is accounted for under Vote 26 across four main subhead headings and covers both current and capital expenditure.

Administration costs are also identified under individual headings as well as being apportioned across the four expenditure headings, in conformance with the performance budgeting approach introduced for all Government departments. The four programmes are as follows:

- Programme A – which caters for first, second and early years education
- Programme B – which caters for skills development
- Programme C – which caters for higher education
- Programme D – which caters for capital services.

The Department's gross expenditure is offset by appropriations-in-aid which are brought to account in subheads E.1 to E.5.

Public sector reform

In response to the mandate provided in the Government's Public Service Reform Plans, published in 2011 and 2014, the Department developed and published its Integrated Reform Delivery Plans and a Shared Services Plan for 2014 - 2016.

The Shared Services plan proposes that the Department actively participates in the roll out of traditional shared services for the Civil Service and commits to also investigate all possible opportunities for shared services initiatives across the entire education and training sector.

The key projects which have been progressed during 2016 were:

- Payroll Shared Services for the Education and Training Board (ETB) sector. The project advanced to detailed design in 2016, including the development of detailed requirements, procurement approach and implementation strategies. Implementation to commence during 2017.
- Financial Shared Services for ETB sector. The project business case was completed in 2015. During 2016, detailed requirements and design were commenced and interim solutions for e-invoicing and procurement cards were implemented. Procurement approach and implementation strategies to be developed in 2017.
- HR/Payroll Shared Services for higher education sector. The project business case was completed in 2015. During 2016, progress has been made on upgrading common HR/payroll systems in preparation for the next stage of the project.
- The development of procurement initiatives to support the operation of the Office of Government Procurement model continued in 2016. In 2017, the Department will explore how these initiatives can be further developed to provide a single procurement service to the education sector.

Reform of Education and Training Boards/SOLAS

The ETB/SOLAS Reform Programme, which consists of 17 individual projects, is supported and governed by a programme board. This board is chaired by me in my capacity as Secretary General and its membership includes members of the Department's Management Board along with the General Secretary of Education and Training Boards Ireland, the Director General of SOLAS and the Chief Executives of two ETBs.

The ongoing reconfiguration of the ETBs continued throughout 2016 with a number of key targets met during 2016 including implementation of a new organisational structure for the ETBs, completion of the transfer of functions and rollout of a government network connection to most of the ETB head offices and training centres.

The annual accounts of the ETBs and of SOLAS are audited by the Comptroller and Auditor General.

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:

Multi-annual capital commitments

Legally enforceable capital commitments are reported on at the threshold of €12.7 million under sanction from the Department of Public Expenditure and Reform (DPER) - (S14/03/06).

Assets not under the direct control of the Department

Assets which are not under the direct control of the Department are not included as assets for the purposes of the statement of capital assets but are referenced by way of note to the account under sanction from DPER - (F7/11/94).

Statement on Internal Financial Control

Along with the account, I have submitted a statement in the standard format on the system of internal financial control (SIFC) that operates in the Department of Education and Skills.

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 control 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.

Internal Audit, European Social Fund Audit and Audit Committee

Annual audit programmes are prepared under the auspices of the Department's Audit Committee and both the Internal Audit Unit and the European Social Fund (ESF) Audit Authority (which ensures compliance with the regulatory requirements of the European Union in relation to the management, control and audit of such functions in Ireland) report to the Committee on the conduct of these programmes and the finalisation of audit reports. During 2016, a total of twelve ESF and Internal Audit reports were finalised. Progress on the implementation of recommendations arising from the audit reports is tracked, by both units, on a quarterly basis.

The Audit Committee, the Internal Audit Unit and the ESF Audit Authority operate under separate written charters.

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.

Public procurement

The Department seeks to ensure that there is an appropriate focus on good practice in purchasing and that procedures are in place for compliance with all relevant guidelines. The Department is compliant with all relevant guidelines regarding procurement with the exception of procurement totalling €1.47 million, which is made up of the following:

- twenty four services and purchases with a total contract value of €102,728 were undertaken or contracts extended in 2016 without recourse to an appropriate procurement process
- six contracts in the value range €25,000 to €60,000, four contracts in the value range €100,000 to €200,000 per annum, and one contract over €500,000 per annum were undertaken without a competitive process and details were provided to the Comptroller and Auditor General and the Department of Public Expenditure and Reform in the Circular 40/2002 return.

These exceptions occurred for several reasons including contract extensions pending the establishment of centralised public service arrangements, sole/limited supplier availability and business continuity. All cases are being kept under active review and action is being taken where feasible. Additionally, the Department is proactively engaged with the procurement reform programme and is taking the opportunity to use centralised contracts and frameworks where appropriate.

Assurances on shared services

Payroll and human resources functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Secretary General of the Department of Public Expenditure and Reform is the Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Services Centres.

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 firms 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 operated effectively.

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

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Significant financial risks

The Department continues to have regard to significant financial and other risks via the mechanism of the Departmental risk register. The register is a living document and is updated to take account of new risks identified or of changes to existing risks. It is used by the Internal Audit Unit in the assessment of risk within the Department's audit universe to assist in focusing its resources on the auditing of the Department's highest risks.

Risk management

In accordance with its Corporate Governance Framework, the Department established a Risk Committee in quarter one 2016. The Risk Committee is a sub-committee of the Management Board and comprises a number of Deputy/Assistant Secretaries General, heads of business units which have identified significant risks on the Department's risk register and an external expert representative nominated by the Management Board.

The role of the Risk Committee is to advise the Management Board on risk management strategy and on the development and oversight of an appropriate framework of policies, procedures and systems to support the effective management of risk within the Department.

During 2016, the Risk Committee oversaw the development of a Risk Management Policy and Risk Appetite Statement for the Department of Education and Skills for approval in early 2017.

Corporate governance framework

During 2016, the Department of Education and Skills continued to work to enhance the Department's governance capacity. In conjunction with the November 2015 publication by the Department of Public Expenditure and Reform of the Corporate Governance Standard for the Civil Service, the Department developed a corporate governance framework. The Department's framework, which was published in April 2016, describes the key details of the Department's governance processes, structures and procedures.

In tandem with the production of governance standards across the Civil Service, relevant staff of the Department have become members of the Governance Forum for Civil and Public Servants. The forum, which is run by the Institute of Public Administration, promotes good governance in the public interest and aids the Department with the supply of timely advice, information and supports to enhance good governance.

Education sector corporate governance

Arising from work commenced in 2014/2015, in 2016 the Department worked to strengthen its approach to managing governance across the Education Sector. Oversight on governance is led by the Management Board Committee on Sectoral Governance and Accountability. This committee considers and rolls out approaches to enhancing the Department's oversight role in regard to bodies and the wider education sector. Additionally, during 2016 and early 2017, the Department's Sectoral Governance Compliance Unit made significant progress to enhance corporate governance oversight via a pilot programme of work which commenced with a series of governance compliance checks on bodies under the remit of the Department. Work on phase one of the review process is expected to be completed during early quarter two of 2017.

Arising from the publication in August 2016 of the revised Code of Practice for the Governance of State Bodies, the Department has worked with the Institute of Public Administration to deliver training to staff of the Department to ensure that the enhanced oversight conditions as laid out in the 2016 Code can be satisfied, where appropriate, by the Department and its agencies. Additionally, the Department is working to establish the level of progress by its non-commercial state bodies in regard to their capacity to adhere to the Department of Public Expenditure and Reform's 2016 Code.

The Department continues to work on advancing the development of robust reporting arrangements with its bodies and agencies in order to manage their performance and governance. This work encompasses an approach that focuses on outputs and outcomes and includes meaningful performance indicators so as to ensure that resources are used both in an effective and efficient manner to deliver quality services to the public.

Regulation of Lobbying Act 2015

The Regulation of Lobbying Act 2015, which came into force on 1 September 2015, requires all Government departments to designate certain departmental officers as Designated Public Officials (DPOs) to allow key officials of the Department interact with persons who may be defined as a lobbyist.

The Department of Education and Skills publishes a list of all DPOs within the Department on its website and provides updates to each DPO every four months on lobbying activity which has occurred in the previous period and registered on www.lobbying.ie. In addition, the Department publishes on its website the membership and details of meetings of relevant committees and working groups which are exempted under the Regulation of Lobbying Act Transparency Code.

Protected Disclosures Act 2014

In 2016, the Department produced internal guidance and procedures for use by sections when receiving potential protected disclosures within the Department. Staff at Principal Officer level and equivalent received training on the operation of the Department's guidance in quarter two 2016. The Department's Corporate Governance Unit is responsible for the recording and tracking of disclosures made and liaises with Internal Audit Unit and the Management Board in overseeing this process. A report is published annually on the Department's website providing an account of all disclosures received in the Department and their status.

Data management

During 2016, the Department developed a new data strategy with a view to enabling data to be used to best effect to support and inform the development and implementation of education policy. The strategy was published in quarter one 2017.

The new strategy sets out four key objectives and these are to:

- build (staff and organisational) data capacity and capability
- strengthen data management
- strengthen data related collaboration
- maximise the use and value of data.

Each of the first three objectives will support the achievement of the fourth. The aim is to use data to optimum effect to enable us to be responsive to the changing needs of learners, society, and the economy in an open and accountable way, to anticipate and predict future challenges and to accurately direct resources and as a consequence, contribute to the achievement of better education outcomes.

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills

5 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 26 Education and Skills

I have audited the appropriation account for Vote 26 Education and Skills 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 Department 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 26 Education and Skills 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 Department of Education and Skills. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 26 Education and Skills

Appropriation Account 2016

				2016	2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	First, Second and Early Years Education				
		Original	6,283,086		
		Supplementary	7,000	6,290,086	6,258,807	6,220,665
B	Skills Development			339,834	336,212	329,636
C	Higher Education				
		Original	1,514,937		
		Supplementary	11,000	1,525,937	1,535,860	1,521,826
D	Capital Services				
		Original	572,105		
		Supplementary	100,000	672,105	682,575	654,585
Gross expenditure						
		Original	8,709,962		
		Supplementary	118,000	**8,827,962**	**8,813,454**	**8,726,712**
Deduct						
E	**Appropriations-in-aid**				
		Original	505,309		
		Supplementary	(18,000)		
				487,309	**487,448**	**548,816**
Net expenditure						
		Original	8,204,653		
		Supplementary	136,000		
				8,340,653	**8,326,006**	**8,177,896**

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	14,646,701	9,228,648

Analysis of administration expenditure

		2016		2015
		Estimate provision	**Outturn**	**Outturn**
		€000	**€000**	**€000**
i	Salaries, wages and allowances	58,450	56,649	56,436
ii	Travel and subsistence	1,670	1,443	1,470
iii	Training and development and incidental expenses	1,317	1,072	2,381
iv	Postal and telecommunications services	1,800	2,150	1,930
v	Office equipment and external IT services	5,794	5,116	4,850
vi	Office premises expenses	1,600	1,603	1,376
vii	Consultancy and other services	130	125	151
viii	National Educational Psychological Service	18,250	16,848	17,250
		89,011	85,006	85,844

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Expenditure on administration		85,006	85,844
Expenditure on services and programmes		8,728,448	8,640,868
Gross expenditure		**8,813,454**	**8,726,712**
Deduct			
Appropriations-in-aid		**487,448**	**548,816**
Net expenditure		**8,326,006**	**8,177,896**
Changes in capital assets			
Purchases cash	(28,092)		
Depreciation	780		
Loss on disposals	3	(27,309)	(7,527)
Changes in assets under development			
Cash payments		(112,125)	(84,046)
Changes in net current assets			
Decrease in closing accruals	(15,704)		
Increase in stock	(26)		
		(15,730)	1,291
Direct expenditure		**8,170,842**	**8,087,614**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		27,162	25,829
Notional rents		4,073	3,898
Net programme cost		**8,202,077**	**8,117,341**

1.1 Net Allied Services Expenditure

The net allied services expenditure is made up of the following amounts in relation to Vote 26 borne elsewhere.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	249	243
Vote 12 Superannuation and Retired Allowances	19,531	19,405
Vote 13 Office of Public Works	5,743	5,021
Vote 18 National Shared Services Office	1,358	809
Central Fund – Ministerial pensions	281	351
	27,162	**25,829**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	98,498	71,357
Capital assets under development	2.3	140,121	82,364
		238,619	**153,721**
Current assets			
Stocks[a]		147	121
Prepayments	2.5	16,942	1,014
Overpayments for recoupment	5.5	6,051	6,825
Recoupment of secondment costs		151	141
Amounts due from the EU		23	15
Other debit balances	2.6	2,205	3,573
Bank and cash	2.4	22,707	72,520
Total current assets		**48,226**	**84,209**
Less current liabilities			
Accrued expenses		17,048	10,924
Deferred income		—	13
Salary recoupment to other departments and agencies		48	—
Advances received from EU		13,767	46,279
Other credit balances	2.7	788	26,448
Net liability to the Exchequer	2.8	10,380	3,381
Total current liabilities		**42,031**	**87,045**
Net current assets/(liabilities)		**6,195**	**(2,836)**
Net assets		**244,814**	**150,885**
Represented by:			
State funding account	2.1	**244,814**	**150,885**

[a] Stocks consist of stationery €87,000 (2015: €63,000) and IT consumables €60,000 (2015: €58,000).

2.1 State Funding Account	Note		2016	2015
		€000	€000	€000
Balance at 1 January			150,885	188,625
Disbursements from the Vote				
Estimate provision	Account	8,340,653		
Surplus to be surrendered	Account	(14,647)		
Net vote			8,326,006	8,177,896
Expenditure (cash) borne elsewhere	1		27,162	25,829
Non-cash expenditure – notional rent	1		4,073	3,898
Other non-cash items[a]	2.2		(61,235)	(128,022)
Net programme cost	1		(8,202,077)	(8,117,341)
Balance at 31 December			**244,814**	**150,885**

[a] The non-cash items relate to the accounting treatment for the disposal by the Department of construction assets valued at €63.02 million and the transfer of properties to the Department valued at €1.785 million under the redress indemnity agreement.

2.2 Capital assets

	Land and buildings	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	69,726	7,465	17,781	94,972
Additions	88,204	24	2,716	90,944
Disposals[a]	(63,020)	(3)	(210)	(63,233)
Cost or valuation at 31 December 2016	94,910	7,486	20,287	122,683
Accumulated depreciation				
Opening balance at 1 January 2016	—	7,192	16,423	23,615
Depreciation for the year	—	60	720	780
Depreciation on disposals	—	(3)	(207)	(210)
Cumulative depreciation at 31 December 2016	—	7,249	16,936	24,185
Net assets at 31 December 2016	**94,910**	**237**	**3,351**	**98,498**
Net assets at 31 December 2015	**69,726**	**273**	**1,358**	**71,357**

[a.] The Department treats the transfer of the control of an asset to a school authority as a disposal for accounting purposes in this account. Ownership is not transferred.The schools transferred during 2016 were as follows:

Name of School	Valuation €
Gaelscoil Tulach na nÓg, Dunboyne, County Meath	5,595,756
Iomair National School, Kilmore,County Galway	2,744,063
Tullamore Educate Together National School, County Offaly	4,432,962
Wicklow Educate Together, Ballynerrin, County Wicklow	5,845,789
Scoil Caitlín Maude, Tallaght, Dublin 24	5,101,985
Cabra Primary School, Dublin 7	4,273,140
Esker Educate Together National School, Lucan, County Dublin	1,953,000
St. Corban's Boys National School, Naas, County Kildare	81,667
Gaelscoil Mhainistir na Corann, Middleton, County Cork	3,771,297
Caomhain Torrchoill, Tara Hill, Wexford	10
Ballymakenny College, Drogheda, County Louth	14,790,440
St Angela's College, St. Patrick's Hill, Cork	14,036,929
Meánscoil Iognáid Rís, Naas, County Kildare	163,333
St. Patricks Boys National School/Scoil Bríd Naofa, Ballinamore, County Leitrim	230,000
Total	**63,020,371**

General Information Note

1. First level

1.1 The total number of national schools in operation on 31 December 2016 was 3,252. With the exception of 1.3 (i) to 1.3 (iii) below, the majority of these schools are denominational and owned by the relevant diocesan authority.

1.2 59 first-level sites are owned and controlled/managed by the Minister for Education and Skills.

1.3 (i) 72 Gaelscoileanna and 33 multi-denominational schools are operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation and are controlled/managed by boards of management. Three community national schools are operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation and are controlled/managed by a single manager appointed by the Minister for Education and Skills, pending the appointment of a board of management.

1.3 (ii) Four multi-denominational sites and one Catholic school site and/or buildings are held by the Minister for Education and Skills under long term lease agreements but are controlled/managed by boards of management.

1.3 (iii) Nine model schools, owned/leased by the State, are controlled/managed by boards of management.

1.4 Following the enactment of the Children's Act 2001, one children's detention school remained vested in the Minister for Education and Skills. The process of transferring this school to the Child and Family Agency (Tusla) is underway. The school is managed by a board of management.

1.5 The Minister is one of two guarantors of Middletown Centre for Autism (Holdings) Limited, a company limited by guarantee, which owns and holds a property in Co. Armagh, which is used for the Middletown Centre for Autism.

2. Second level

2.1 25 sites for second-level schools are owned and controlled/managed by the Minister for Education and Skills.

2.1(i) 14 comprehensive schools, 82 community schools and four secondary schools owned by the Minister for Education and Skills are controlled/managed by boards of management.

2.1(ii) 240 vocational schools are vested in Education and Training Boards under the Education and Training Board Act 2013.

2.1(iii) 370 secondary schools are privately owned.

2.3 Capital Assets under Development

	Construction contracts	In-house computer applications	Totals
	€000	€000	€000
Amounts brought forward at 1 January 2016	80,805	1,559	82,364
Cash payments for the year	111,338	787	112,125
Transferred to asset register	(52,046)	(2,322)	(54,368)
Balance at 31 December 2016	**140,097**	**24**	**140,121**

2.4 Bank and Cash

at 31 December	2016	2015
	€000	€000
PMG balances and cash	22,255	72,278
Commercial banks	449	239
Petty cash	3	3
	22,707	**72,520**

2.5 Prepayments

at 31 December	2016	2015
	€000	€000
Advance to Waterford Institute of Technology[a]	9,934	—
Advance to Bus Éireann – school transport[b]	1,306	—
Rental of Temporary School Accommodation	2,729	—
Site Purchases	2,135	—
Other	838	1,014
	16,942	**1,014**

[a] The advance to Waterford Institute of Technology was not previously included in prepayments. In 2015, the balance was €10,836,640.

[b] The advance to Bus Éireann was not previously included in prepayments. In 2015, the balance was €1,342,000.

2.6 Other Debit Balances

at 31 December	2016	2015
	€000	€000
Agency payments to OPW	57	121
Superannuation related payovers	—	3
Recoupable salaries	193	214
Schools Broadband Programme	1,440	1,440
Travel passes	258	247
Due from the State	4	2
Shared offices' costs recoupment	102	99
Cycle to work scheme	59	56
Payroll suspense	—	180
Travel and subsistence advances	49	82
Due from the Redress Special Account	43	898
Other	—	231
	2,205	**3,573**

2.7 Other Credit Balances

at 31 December	**2016**	**2015**
	€000	**€000**
Due to the State	12	25,933
Pension refund	114	58
Energy building programme	319	394
Unallocated receipts control account	—	19
Cycle to work	4	2
Superannuation related payovers	219	—
Other	120	42
	788	**26,448**

2.8 Net liability to the Exchequer

at 31 December	**2016**	**2015**
	€000	**€000**
Surplus to be surrendered	14,647	9,229
Exchequer grant undrawn	(4,267)	(5,848)
Net liability to the Exchequer	**10,380**	**3,381**
Represented by:		
Debtors		
Bank and cash	22,707	72,520
Other debit balances	2,201	3,571
Due from the State	4	2
Amounts due from the EU	23	15
	24,935	76,108
Creditors		
Due to the State	(12)	(25,933)
Advances received from the EU	(13,767)	(46,279)
Other credit balances	(776)	(515)
	(14,555)	(72,727)
	10,380	**3,381**

2.9 Commitments

at 31 December	**2016**	**2015**
	€000	**€000**
a) Global commitments		
Procurement of goods and services	106	30
Grant programmes [a]	3,129,058	3,001,367
Capital grant programmes [b]	13,863	16,610
Capital projects [c]	439,073	587,600
Public Private Partnerships	1,619,222	1,426,400
Total legally enforceable commitments	**5,201,322**	**5,032,007**

[a] Grant programme commitments represent the voted amount of non-capital grants for 2017 (2015: amount voted for 2016).

[b] Capital grant programmes relate to grants that will be made to aegis bodies for capital projects, such as to universities, institutes of technology and education and training boards.

[c] Capital projects are managed and overseen by the Department itself.

b) Capital grant programmes	**2016**	**2015**
	€000	**€000**
Opening balance	16,610	13,128
New grant funding in year	6,559	4,157
Grants paid out in year	(9,306)	(675)
Closing balance	**13,863**	**16,610**

c) Major capital commitments

Capital projects involving total expenditure of €12,697,380 or more

	Cumulative expenditure to 31 December 2015	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015
	€000	€000	€000	€000	€000
Subhead D.3					
1. Hansfield Educate Together Secondary School, Dublin 15	11,387	5,208	268	16,863	16,438
2. Carrickphierish Campus, Waterford	14,500	89	183	14,772	14,747
3. St Colmcille's, Dublin 16	16,238	–	589	16,827	16,827
4. Ardgillan Community College, Balbriggan, Co Dublin	13,341	200	48	13,589	13,589
5. Temple Carrig Secondary School, Wicklow	12,596	89	120	12,805	12,806
6. Colaiste Ghlór na Mara, Balbriggan, Co Dublin	1,614	13,303	1,455	16,372	16,372
7. St John's Primary School, Drogheda, Co Louth	2,680	4,807	6,994	14,481	14,279
8. Le Chéile Secondary School, Mulhuddart, Dublin 15	688	14,304	1,290	16,282	16,282
9. Portlaoise Parish School, County Laois	4,281	4,914	3,802	12,997	–
10. St. Angela's College, Cork	11,868	1,171	283	13,322	–
11. Newpark Comprehensive Blackrock, County Dublin	13,687	–	169	13,856	–
12. Carrigaline Post Primary School, County Cork[a]	–	8,966	4,281	13,247	–
13. Dun an Ri College, Kingscourt, Cavan[a]	–	4,666	10,107	14,773	–
Subtotal D.3	**102,880**	**57,717**	**29,589**	**190,186**	**121,340**
Subhead D.4					
14. Grangegorman campus – site infrastructure and public realm	30,073	2,213	–	32,286	30,078
Subtotal D.4	**30,073**	**2,213**	**–**	**32,286**	**30,078**
Total	**132,953**	**59,930**	**29,589**	**222,472**	**151,418**

[a] Two new schools' projects commenced during 2016 – Carrigaline post-primary school and Dun an Ri College, Cavan.

Significant variations

An explanation is provided below where projected total expenditure increased by more than €500,000 from 2015 to 2016.

Project	Total projected cost (increase) in 2016	Explanation
	€000	
9. Portlaoise Parish School, County Laois	(12,997)	Projected total expenditure of €13 million at the end of 2015 was inadvertently not included in the 2015 list of projects exceeding €12,697,380, as fees expenditure of €748,600 had been omitted from the 2015 calculation of the project costs.
10. St. Angela's College, Cork	(13,322)	Projected total expenditure of €12.4 million at the end of 2015 was below the threshold for inclusion in the 2015 list of projects exceeding €12,697,380. The threshold was reached in 2016 due to the approval of additional works and fees of €902,400.
11. Newpark Comprehensive, Blackrock, County Dublin	(13,856)	Projected total expenditure of €13.8 million at the end of 2015 was inadvertently not included in the 2015 list of projects exceeding €12,697,380, as fees of €1.3 million had been omitted from the calculation of the total project cost.
14. Grangegorman campus – site infrastructure and public realm	(2,208)	The Grangegorman campus development is managed by the Grangegorman Development Agency (GDA) and is funded by the Department and from other sources – including the Dublin Institute of Technology (DIT). While the Department has committed to contributing to a number of elements of the development, its contribution to the site infrastructure and public realm (SIPR) element is the only place where the commitment exceeds €12.6 million – and falls to be disclosed in this note. During 2016, the Department agreed to increase its contribution to SIPR to fund an additional cost that arose from a conciliation settlement between the GDA and a contractor. The Department also increased its contribution to SIPR following a review of funding arrangements for the various elements of the development. The Department's overall commitment increase to SIPR of €2.2 million has been matched by a corresponding decrease in its commitments on other Grangegorman projects – which will now be funded by DIT.

d) Costs of public private partnership projects

The Department has to date entered into eight separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model. PPPs are structured arrangements between public sector bodies and private sector investors for the purpose of providing infrastructure projects that would otherwise be delivered through traditional procurement mechanisms with all related construction expenditure being made up front. The costs are paid by the Department in the form of monthly unitary charges spread over 25 years, with the first unitary charge being paid once construction has been completed.

	Expenditure to 31 December 2015	Expenditure in 2016	Legally enforceable commitments to be met in subsequent years	Project total 2016	Project total 2015 restated[a]
	€000	€000	€000	€000	€000
1. National Maritime College of Ireland PPP	104,600	7,741	75,484	187,825	188,200
2. Five Pilot Schools Bundle	150,500	10,832	129,139	290,471	291,800
3. Cork School of Music	77,100	8,277	137,046	222,423	221,900
4. 1st Bundle PPP Schools	54,600	9,099	181,937	245,636	246,300
5. 2nd Bundle PPP Schools	63,400	12,295	266,728	342,423	344,400
6. 3rd Bundle PPP Schools	40,600	14,767	355,036	410,403	412,000
7. 4th Bundle PPP Schools	—	13,967	205,348	219,315	212,600
8. 5th Bundle PPP Schools[b]	—	—	268,504	268,504	—
	490,800	**76,978**	**1,619,222**	**2,187,000**	**1,917,200**

[a] The Department of Public Expenditure and Reform directed that, in respect of expenditure from 2016 onwards, all unitary charge payments would be classified as capital for accounting purposes. The project totals for 2015 in the table above have been restated to include non-capital unitary charges that were previously excluded.

[b] The contract for Schools Bundle 5 was signed in July 2016.

Significant variations

An explanation is provided below where projected total expenditure increased or decreased by more than €500,000 from 2015 to 2016.

Project	Total projected cost (increase)/ decrease in 2016	Explanation
	€000	
2. Five Pilot Schools Bundle	1,329	This decrease arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review. In the case of the Pilot Bundle, a higher percentage of the unitary charge is subject to indexation than is the case with other bundles. In that context, there is a greater degree of year-to-year fluctuations in projections for this bundle.
3. Cork School of Music	(523)	This increase arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.
4. 1st Bundle PPP Schools	664	This decrease arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.
5. 2nd Bundle PPP Schools	1,977	This decrease arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.
6. 3rd Bundle PPP Schools	1,597	This decrease arises primarily as a result of the annual review of unitary charge projections for the bundle which in turn is generated by the annual indexation review.
7. 4th Bundle PPP Schools	(6,715)	In initial projections for this bundle (which generated the 2015 projected costs), it was not possible to predict the element of the unitary charge that was indexed. Commencement of services has led to greater certainty around the element of unitary charge to which indexation is applied.

Note on PPPs

National Maritime College

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Five Pilot Schools PPP

The five post-primary schools in the Pilots School PPP bundle are located in Dunmanway and Ballincollig, Co. Cork; Tubbercurry, Co. Sligo; Clones, Co. Monaghan; and Shannon, Co. Clare. The contract for the Five Pilot Schools PPP was signed with Jarvis Projects Ltd. in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools); Banagher and Ferbane (both in Co. Offaly); was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post-primary schools and one primary school in Wicklow, Co. Wicklow; Athboy, Co. Meath; Kildare, Co. Kildare; Abbeyfeale, Co. Limerick; and Bantry, Co. Cork (two schools) ; was signed with Maquarie Partnerships for Ireland in June 2010. All six schools became operational in late 2011.

3rd Bundle PPP Schools

There are seven post-primary schools and one primary school in the 3rd Bundle PPP Project. They are located in Ballinamore, Co Leitrim; Letterkenny, Co Donegal; Gorey, Co Wexford; Doughiska, Co Galway (2 schools); Doon, Co Limerick; Tramore, Co Waterford; and Athlone, Co Westmeath. The contract for the design, build, financing, operation and maintenance of the schools was signed with BAM PPP in November 2012. All eight schools became operational between November 2013 and May 2014.

4th Bundle PPP Schools

There are four post primary schools in the 4th Bundle PPP Project. They are located in Tulla, Co Clare; Skibbereen, Co Cork; Dundalk, Co Louth; and Carrick-on-Suir, Co Tipperary. The contract for the design, build, financing, operation and maintenance of four post primary schools was signed with BAM PPP in December 2014. These schools became operational between March and May 2016.

5th Bundle PPP Schools

There are four post primary schools and one primary school in the 5th Bundle PPP Project. They are located in Carlow; Kells, Co. Meath; Bray Co. Wicklow (two schools); and Wexford. The contract for the design, build, financing, operation and maintenance of the schools was signed in July 2016. These schools are currently under construction and are expected to be completed and ready for handover between quarter four of 2017 and quarter one of 2018.

2.10 Matured liabilities

at 31 December	**2016**	**2015**
	€000	**€000**
Estimate of matured liabilities not discharged at year end	268	99

3 Programme Expenditure by Subhead

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform, the Department of Education and Skills used a financial process known as virement in 2016, as in other years. The virement process allowed for savings on one or more subheads to be used to meet excesses on other subheads in Vote 26. As a result of ongoing monitoring of expenditure trends within the Department, virement was used on certain subheads where, for example, schemes/projects progressed more rapidly than originally forecast or demand/costs were higher in 2016 than originally anticipated.

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**First, Second and Early Years Education**				
A.1	Administration – pay		57,725	55,194	55,210
A.2	Administration – non pay		10,735	9,850	10,462
A.3	Salaries, wages and allowances (including incidental payments) of primary school teachers				
	Original	2,162,512			
	Supplementary	(24,000)	2,138,512	2,132,039	2,150,935
A.4	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers		1,131,836	1,111,028	1,098,989
A.5	Grants to Education and Training Boards in respect of teachers' salaries		597,857	596,327	571,039
A.6	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools		428,612	428,290	413,093
A.7	Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)		104,506	99,879	102,546
A.8	Superannuation etc. in respect of teaching and non-teaching staff				
	Original	1,037,495			
	Supplementary	37,000	1,074,495	1,069,993	1,083,573
A.9	School transport services		175,000	182,188	172,955
A.10	Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions				
	Original	430,168			
	Supplementary	(6,000)	424,168	432,468	417,719
A.11	Grants to education bodies working in the primary and post primary sectors		72,524	73,101	80,916
A.12	Teacher education		27,900	22,606	22,803
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission		4,050	4,403	13,806
A.14	Miscellaneous grants and services		42,166	41,441	26,619
			6,290,086	**6,258,807**	**6,220,665**

Significant variations

Overall, the expenditure in relation to Programme A was €31.3 million less than finally provided. An explanation is provided below in the case of each heading where the outturn varied from the amount originally estimated by more than €100,000 and by more than 5%.

An explanation is also provided in relation to Subheads A.3 and A.10 which were the subject of decreased supplementary estimates and A.8 which received an increased supplementary estimate.

Description	Less/ (more) than originally provided €000	Explanation
Salaries, wages and allowances (including incidental payments) of primary school teachers	30,473	The original estimate of €2,162,512,000 was reduced by a supplementary estimate of €24 million to €2,138,512,000. The decrease on this subhead arose as a result of lower than anticpated salary and allowance and substitution costs including estimated impact of retirements, appointment dates, increments, unpaid leave etc. which are difficult to accurately forecast due to complexity of payroll. Other impacts include once off arrears payable to substitute teachers being lower than anticipated and timing issues relating to the processing of employers PRSI changes which arose as a result of a change in PRSI Class (from D to A) for a number of individuals which will now be processed in 2017. The final outturn of €2,132,039,000 is 0.3% lower than the final allocation.
Superannuation etc. in respect of teaching and non-teaching staff	(32,498)	The original estimate of €1,037,495,000 was increased by a supplementary estimate of €37 million to €1,074,495,000. The increase was required to fund the costs of lump sums and retirement gratuities for about 500 more retirements than originally allocated across the first and second level sectors. The final outturn of €1,069,993,000 is 0.4% less than the final allocation.
Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions	(2,300)	The original estimate of €430,168,000 was reduced by a supplementary estimate of €6 million to €424,168,000. The decrease on this subhead arose primarlily as a result of payments due to the phased implementation of an arbitrator's recommendation for pay increases for grant funded school secretaries and caretakers. The 2017 to 2019 phases of the Arbitrator's recommendation were not payable in 2016. Other savings also arose in relation to a lower than anticipated drawdown by the Education Research Centre due to deferrals of certain projects and recruitment of staff for new projects. The final outturn includes €9 million additional grants made to Education and Training Boards in December 2016 for non-pay expenditure – leading to an overspend of €2.3 million compared with the original Estimate. The final outturn of €432,468,000 is 2% more than the final allocation.

Description	Less/ (more) than originally provided €000	Explanation
Teacher Education	5,294	The savings of €5.3 million arose due to a lower than expected cost for continuous professional development in respect of Junior Cycle Reform and other projects including the TL21 (Teaching and Learning for the 21st Century) programme, Active School Awards and Arts Charter project; reduced uptake on some support schemes and reduction in costs due to courses not filled to capacity; Centre for School Leadership - Post Grad course not now starting until September 2017; changes to calendar year from academic year for Teacher Induction budget and a requirement for Education Centres to decrease accumulated funds which has resulted in a reduced charge on the subhead.
Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission	(353)	The excess arose as the Redress Board did not cease operations in 2016 as originally anticipated.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Skills Development**			
B.1	Administration – pay	3,234	3,141	3,568
B.2	Administration – non pay	682	684	773
B.3	Grants to SOLAS in respect of administration and general expenses	23,588	23,588	23,588
B.4	European Social Fund (ESF) and European Globalisation Fund (EGF) supports	650	84	480
B.5	Grants to SOLAS in respect of further education and training activities	272,655	272,147	265,999
B.6	Grant to Quality and Qualifications Ireland (QQI)	5,400	3,414	3,600
B.7	Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)	32,600	32,500	31,626
B.8	Miscellaneous grants and services	25	30	2
B.9	Regional Skills FORA Services	1,000	624	–
		339,834	**336,212**	**329,636**

Significant variations

Overall, the expenditure in relation to Programme B was €3.6 million less than finally provided. An explanation is provided below in the case of each heading where the outturn varied from the amount originally estimated by more than €100,000 and by more than 5%.

Description	Less/ (more) than originally provided	Explanation
	€000	
European Social Fund (ESF) and European Globalisation Fund (EGF) supports	566	The savings of €0.6 million arose due to a delay in central contracting of an IT system required for EU funds and lower than expected take up of supports in respect of a number of EGF programmes.
Grant to Quality and Qualifications Ireland (QQI)	1,986	The savings of €2 million primarily arose as a result of reduced need for Exchequer funding due to increases in funding from other sources, deferral of retirements and a number of staff vacancies.
Regional Skills Fora Services	376	The saving of €0.38 million arose due to the delay in Regional Skills Manager appointments.

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C	**Higher Education**				
C.1	Administration – pay		4,362	4,207	3,898
C.2	Administration – non pay		918	900	845
C.3	Grant-in-aid for general expenses of Higher Education Authority		5,729	5,729	5,394
C.4	General current grants to universities, institutes of technology and other designated institutions of higher education		928,389	938,833	922,849
C.5	Training colleges for primary teachers – excluding those funded through the Higher Education Authority		8,444	7,465	7,984
C.6	Dublin Dental Hospital (grant)		10,471	10,471	10,471
C.7	Dublin Institute for Advanced Studies (grant)		6,256	6,256	6,136
C.8	Royal Irish Academy of Music (grant)		2,955	2,955	2,955
C.9	Grants to certain third level institutions		8,644	7,691	8,971
C.10	Superannuation etc payable to former staff of universities and institutes of technology				
	Original	85,094			
	Supplementary	11,000	96,094	95,779	93,163
C.11	Student support and related expenses		407,656	410,660	414,000
C.12	Research activities		37,600	37,600	37,600
C.13	EU, international and north south activities		5,289	4,212	4,510
C.14	Grangegorman Development Agency		3,030	3,030	2,881
C.15	Miscellaneous grants and services		100	72	169
			1,525,937	**1,535,860**	**1,521,826**

Significant variations

Overall, the expenditure in relation to Programme C was €9.9 million more than finally provided. An explanation is provided below in the case of each heading where the outturn varied from the amount originally estimated by more than €100,000 and by more than 5%.

An explanation is also provided in relation to Subhead C.10 which received an increased supplementary estimate.

Description	Less/ (more) than originally provided €000	Explanation
Training colleges for primary teachers – excluding those funded through the Higher Education Authority	979	Savings of €0.98 million primarily arose due to a change in the funding arising from the incorporation of a training college into Dublin City University and from reduced costs arising from delays in strategy implementation.
Grants to certain third level institutions	953	The saving arises from a change in the funding subhead used for St. Patricks College, Thurles.

Description	Less/ (more) than originally provided €000	Explanation
Superannuation etc payable to former staff of universities and institutes of technology	(10,685)	The original estimate of €85,094,000 was increased by a supplementary estimate of €11 million to €96,094,000. The increase was required to provide for 59 additional retirement lump sum payments in the Institutes of Technology, a net increase of 161 people on the pension payroll and the 2016 full-year costs of retirements from 2015. The final outturn of €95,779,000 is 0.3% less than the final allocation.
EU, international and North South activities	1,077	Savings of just over €1 million arose principally due to the lower drawdown of matched funding for the George Mitchell Scholarship Fund, lower than anticipated funding requirements for a number of North-South projects and a less than expected national membership contribution for UNESCO.

				2016	2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
D	**Capital Services**				
D.1	Administration – pay		9,379	9,086	9,113
D.2	Administration – non pay		1,976	1,945	1,975
D.3	Building equipment and furnishings of primary and post primary schools				
	Original	446,000			
	Supplementary	100,000	546,000	554,976	524,503
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education		21,500	31,500	52,639
D.5	Public private partnership costs		93,250	85,068	66,355
			672,105	**682,575**	**654,585**

Significant variations

Overall, the expenditure in relation to Programme D was €10.5 million more than finally provided. An explanation is provided below in the case of each heading where the outturn varied from the amount originally estimated by more than €100,000 and by more than 5%. An explanation is provided in relation to Subhead D.3 which received an increased supplementary estimate.

Description	Less/ (more) than originally provided €000	Explanation
Building equipment and furnishings of primary and post primary schools	(108,976)	The original estimate of €446,000,000 was increased by a supplementary estimate of €100 million to €546,000,000. In mid-April 2016, the Minister for Public Expenditure and Reform agreed to the provision of extra funding to facilitate large scale projects advancing to tender and construction. The final outturn of €555 million is 1.6% higher than the final allocation.
Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education	(10,000)	The €10 million excess arose as a result of a reallocation of unspent capital funding to the Higher Education capital subhead in order to meet significant additional demands presenting in respect of Higher Education capital projects.
Public private partnership costs	8,182	The saving of just over €8 million arose from deductions to the unitary charge during the year which are applied in respect of agreed service and availability failures; lower indexation increases in unitary charges relating to current inflation rates; lower than expected costs associated with operational projects and savings on certain construction costs.

4 Receipts

4.1 Appropriations-in-aid

			2016		2015
			Estimated	Realised	Realised
		€000	€000	€000	€000
E					
E.1	Superannuation contributions				
	Original	185,496			
	Supplementary	(15,700)	169,796	166,357	170,789
E.2	Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts				
	Original	33,925			
	Supplementary	4,700	38,625	40,388	27,379
E.3	Receipts from pension-related deductions on public service remuneration				
	Original	277,036			
	Supplementary	(7,000)	270,036	269,599	341,735
E.4	Secondments/ overpayments		3,561	4,426	4,198
E.5	Miscellaneous		5,291	6,678	4,715
			487,309	**487,448**	**548,816**

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%.

An explanation is also provided in relation to subheads E.1 and E.3 which received reduced supplementary estimates and E.2 which received an increased supplementary estimate.

Description	Less/ (more) than originally provided €000	Explanation
Superannuation contributions	19,139	The original estimate of €185,496,000 for the collection of receipts was reduced by €15.7 million in a supplementary estimate to €169,796,000. A supplementary estimate of €13.5 million was required as schools staff superannuation contributions did not reach the level originally anticipated. These superannuation receipts are difficult to predict due to the impact of retirements and the increase in teachers recruited in recent years, where the unknown is the exact-scale point for new starters by comparison to higher scale-points of those retiring. A further €2.2 million reduction in estimated receipts was required as the original estimate of one-off purchases of added years, which is also difficult to predict, did not materialise. There was a shortfall of 2% between the final allocation and the receipts realised.

Description	Less/ (more) than originally provided €000	Explanation
Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	(6,463)	The original estimate of €33,925,000 was increased by €4.7 million to €38,625,000. The Supplementary Estimate reflects additional ESF receipts allocated to the Department's ESF eligible activities – the receipts were originally budgeted to fund National Training Fund and other ESF eligible activities. The reallocation followed decisions by the European Commission and the ESF Monitoring Committee, based on the level of implementation by the various ESF co funded activities, in order to fully utilise the overall ESF allocation. Total receipts of €40,388,000 were 4.6% higher than the final estimate.
Receipts from pension-related deductions on public service remuneration	7,437	The original estimate of €277,036,000 was decreased by €7 million to €270,036,000. The reduction in pension-related deduction (PRD) receipts arose primarily due to the impact of expanded PRD thresholds and reduced rates, effective from 1 January 2016, which was difficult to accurately forecast. Total receipts of €269,599,000 were slightly less than the final estimate.
Secondments/ overpayments	(865)	It is difficult to predict the level of receipts with complete accuracy as recoupment of overpayments may be made on a once-off basis or on a phased basis and may cross over a financial year. Recoupment of salary in respect of secondments may also cross the financial year.
Miscellaneous	(1,387)	This subhead caters for receipts of an ad hoc nature and is therefore difficult to estimate the level of expected receipts. The surplus in 2016 principally materialised due to construction-related bond settlements which arose on three post-primary school building projects – where the contractors ceased trading, did not complete the contract and the bonds were activated.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance at 1 January	—	50
Recoupment of unspent funding disbursed in prior years to the HEA[a]	1,347	2,673
Receipts from sale of assets by SOLAS	20	1
Receipts from legal settlements	—	2
Receipts from conscience money	34	8
Transferred to Exchequer	(1,401)	(2,734)
Balance at 31 December	—	—

[a] During 2016, €1,346,647 of the Exchequer extra receipts that were surrendered to the Exchequer arose from the recoupment of funds from the HEA in respect of grants made by the Irish Research Council in prior years which remained unspent.

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2016	2015
Number of staff at year end (full time equivalents)	101,728	98,354

The numbers reported include only core funded posts at third level, as only these posts are included in the overall count of public sector numbers.

5.(a) Staffing numbers and associated pay costs disbursed from Vote 26

Category of staff remunerated	Subhead from which funds disbursed		ECF numbers as at 31 December 2016	Pay out-turn as at 31 December 2016
				€000
First level	A.3	Primary teachers	35,800	2,132,039
	A.6.1	Special Needs Assistants	10,249	346,791
	A.7.1	Non-teaching staff	272	10,605
Second level	A.4	Secondary teachers	18,284	1,111,028
	A.5	ETB teachers	11,850	596,327
	A.6 (2-3)	Special Needs Assistants	2,561	81,499
	A.7(2-4)	Non-teaching staff	2,136	89,274
First and second level subtotal			**81,152**	**4,367,563**
Third level	C.3	HEA	59	3,516
	C.4	University/IOT/RIA /colleges of education	17,452	662,127
	C.5	Other teacher training colleges	28	2,126
	C.6	Dublin Dental Hospital	122	9,283
	C.7	Dublin Institute for Advanced Studies (DIAS)	51	3,706
	C.11	Student grant administration	81	3,862
	C.14	Grangegorman Development Agency	11	1,665
Third level sub-total			**17,804**	**686,285**

Category of staff remunerated	Subhead from which funds disbursed		ECF numbers as at 31 December 2016	Pay out-turn as at 31 December 2016
				€000
Department staff	(i)	Administration	1,019	56,649
	(viii)	National Educational Psychological Services	184	14,979
Department sub-total			**1,203**	**71,628**
Other	A.11.1	National Council for Curriculum and Assessment (NCCA)	34	2,591
	A.11.4	State Exams Commission (SEC)	149	10,148
	A.11.5	National Council for Special Education	98	6,326
	A.11.7	Educational Research Centre	30	677
	A.13.1	Redress Board	6	389
	A.13.2	Commission on Child Abuse	2	313
	A.14	PDST Technology in Education (NCTE)	11	722
	B.3.1	SOLAS administration	189	10,530
	B.6	Quality and Qualifications Ireland (QQI)	70	1,501
	B.5	Further education – SOLAS (Education and Training Boards)	840	101,507
	C.8	Royal Irish Academy of Music (RIAM)	58	2,828
Other sub total			**1,487**	**137,532**
Total			**101,646**	**5,263,008**

The table above outlines remuneration details for teaching, non-teaching and bodies funded from Vote 26 during 2016 along with their associated whole time equivalent (WTE) numbers as at 31 December 2016 with reference to the figures disclosed in the Revised Estimate.

A further 82 WTE staff are paid from subheads with no separate pay designation in respect of the subheads B.6 (QQI), C.8 (RIAM), C.3 (HEA) and C.7 (DIAS).

5.(b) Department staff [a]

	2016 €000	2015 €000
Pay [b]	66,833	67,191
Higher, special or additional duties allowance	248	244
Other allowances [c]	51	75
Overtime	319	604
Employers' PRSI [d]	4,177	3,675
Total pay	**71,628**	**71,789**

[a] The financial details in this table relate solely to salaries and allowances paid to administrative staff in the Department and staff in the National Educational Psychological Service.

[b] 2015 pay has been restated to €67,191,000 to include salaries of National Educational Psychological Service staff.

[c] 2015 other allowances have been restated to €75,000 as some allowances were incorrectly classified as pay in 2015, and to include salaries of the National Educational Psychological Service staff.

[d] 2015 Employers' PRSI has been restated as it included PRSI for staff on the payroll which is recoupable - including SEC, NCCA, and staff on secondment.

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	101	4	15,471	20,339
Other allowances	22	–	5,191	25,209
Overtime	169	3	18,728	21,386
Extra remuneration in more than one category	7	–	4,439	5,129

The details of allowances and overtime payments in this table relate solely to administrative and National Educational Psychological Service staff.

5.2 Performance and merit pay

Nine staff in receipt of special service payments under the AHCPS 1% PCW restructuring agreement received in total €24,777 in 2016.

5.3 Re-engaged civil servants

During 2016, 29 retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €129,256 which included travel and subsistence costs of €21,500. In line with advice from the Department of Public Expenditure and Reform (DPER), the Department applied rates as sanctioned by DPER and is satisfied that fees are abated appropriately.

5.4 Severance/Redundancy

During 2016, five staff were paid severance and redundancy payments totalling €169,202 from the Department's staff payroll. The highest value sum paid in combined severance and redundancy in 2016 was €64,099.

During 2016, 331 non-teaching staff were paid redundancy sums totalling €2,115,850 – which included payment for both statutory and non-statutory redundancy sums. 73 payments of redundancy exceeded €10,000. The highest value sum paid in 2016 was €74,678. Staff receiving redundancy were paid via the Department's teacher payrolls, in the Department's capacity as paymaster for certain schools.

5.5 Overpayments

(a) Administrative staff salary overpayments

Overpayments at the year end were €324,496 (132 cases) (2015: €394,000 (262 cases)).

Of this, 57 have recovery plans in place, 51 have overpayment values identified but repayment plans were not in place due to timing issues at the year end. In the remaining 24 cases, an overpayment value was not known at the year end.

(b) Supplementary pension overpayments

Supplementary Pension Overpayments at the year end were €1.6 million. Of the original 320 cases, 308 cases have either paid in full or are set up in a repayment arrangement.

In 2012, the Department's Pension Unit carried out a review of pensioners aged over 65 who were in receipt of supplementary pension.

Following the review, it was found that 320 pensioners were no longer entitled to this supplementary pension as they were also in receipt of a state pension from the Department of Social Protection.

Pension overpayments for these 320 pensioners on subhead A.8 totalled €2.8 million gross.

Recovery of the overpayments commenced in July 2015 – following detailed engagement, over 18 months between the Department and the Revenue Commissioners, regarding the tax implications for pensioners of any repayment regime in respect of repayments made which fell outside the Revenue Commissioners four-year time limit, and subsequent engagement with the Department of Public Expenditure and Reform whereby sanction was obtained to recover the amount net of statutory deductions for repayments which fall outside the Revenue four-year limit.

The overall amount for recovery was, therefore, reduced to €2.3 million in 2016 following procedures to net off statutory deductions.

Cumulative repayments to the end of 2016 are of the order of €0.7 million. Recoupment of the outstanding amount of €1.6 million at 31 December 2016 is ongoing.

(c) Teacher/non-teacher and retired personnel overpayments

Overpayments in respect of teachers, non-teaching staff and retired personnel (excluding the supplementary pension overpayments referenced above) in primary, voluntary secondary, community and comprehensive schools were €4.1 million at 31 December 2016 compared to overpayments of €3.8 million at 31 December 2015.

There are recovery plans in place for all overpayments existing at the end of 2016.

The Department acts as paymaster on behalf of the managerial authorities of over 3,700 schools, and is therefore reliant on school authorities submitting the data required for the appointment/payment and cessation of staff payments on a timely basis.

Overpayments may also occur if insufficient time is allocated for the implementation of new Budget decisions and new industrial relations agreements.

6 Miscellaneous

6.1 EU funding

Receipts in relation to EU funding received during 2016 and lodged to appropriations-in-aid is detailed in the table below:

EU funding category	2016	2015
	€000	€000
E.2.1 ESF pay	26,652	18,947
E.2.1 ESF non pay	11,422	8,120
E.2.2 EGF programmes	1,970	–
E.2.3 EC education projects	344	312
	40,388	**27,379**

2016 ESF receipts (pay and non-pay)

ESF receipts in subhead E.2.1 of €38,073,690 (€26,651,583 pay and €11,422,107 non-pay) received in 2016 and shown as appropriations-in-aid was included in the recorded expenditure from the following subheads of the Office of the Minister for Education and Skills: B.3, B.4, B.5, C.4 and C.11.

2016 European Globalisation Adjustment Fund (EGF) receipts

EU co-funding of €725,000 in relation to provision of services under the Anderson Ireland EGF programme and €1.245 million in respect of the Lufthansa Technik Airmotive Ireland EGF programme was disbursed to Education and Skills' appropriations-in-aid for 2016. The costs incurred by the Department mainly comprised grants provided in the normal course of business to bodies that provided services under the programmes – including SOLAS, education and training boards, the HEA, 3rd level institutions and local enterprise offices.

EC education projects

Receipts in 2016 under the EC education projects included compensatory payments for administrative expenses in relation to attendance at the Centre for European Schooling, Dunshaughlin, Co. Meath, activities under Ireland's participation in the European Commission's Eurydice information network, and the Eurostudent VI project 2016-2018.

6.2. 2016 Direct EU funding to bodies under the Department's aegis

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2016 was as shown below:

Aegis body	2016 Funding	2015 Funding
	€000	€000
National Council for Guidance in Education	71	142
Quality and Qualifications Ireland	988	721
Léargas	13,248	8,279
	14,307	**9,142**

National Council for Guidance in Education

The National Council for Guidance in Education received EU funding in respect of its Euroguidance, European Guidance Policy Network, European Schools and PLOTEUS project activities in 2016. In total, this funding amounted to €70,588 in 2016.

Quality and Qualifications Ireland (QQI)

QQI received EU funding in respect of its EQAVET, EQF (European Qualifications Framework), EUROPASS and IQAVET (Irish National Reference Point for European Quality Assurance in Vocational Education and Training) activities in 2016. In total, this funding amounted to €988,241 in 2016.

Léargas

Léargas received EU funding in respect of the Erasmus +, Eurodesk, ECVET, Etwinning Epale and Euroguidance. EU funding in relation to Léargas was not previously included in this note.

6.3. European Globalisation Adjustment Fund

Irish EGF Programmes

The Department of Education and Skills (the Department) acts as the Managing Authority for the European Globalisation Adjustment Fund (EGF) in Ireland. Based on an agreed budget, EU co-funding is submitted to the Department in advance of the programme and is lodged to a holding account pending disbursement to organisations based on actual expenditure incurred during the lifetime of the programme. Where expenditure is less than budgeted, unused co-funding is repayable to the EU after the conclusion of the programme.

Ireland has submitted ten successful applications for EGF co-funding totalling €68 million. Eight programmes had concluded by the end of 2016 and the 9th programme in respect of Lufthansa Technik Airmotive Ireland concluded in March 2017. The 10th programme in respect of PWA International – with co-funding of €442,000 – will conclude in December 2017.

Total expenditure on Ireland's nine completed EGF programmes was €64.48 million, representing 61% of their programme allocations – exceeding the average EU co-financing utilisation rate of 55%.

EU co-funding of €41.1 million has been disbursed to organisations that provided/funded services under the nine completed programmes. The organisations include the Department itself, the National Training Fund and the Department of Social Protection.

Unused EGF co-funding totalling €25 million has been reimbursed to the EU in respect of seven of the closed programmes. Requests for repayment of the unused EU co-financing in respect of the Andersen Ireland and Lufthansa Technik programmes of €411,500 and €700,744, respectively, are expected in 2017.

The table below sets out the EGF programmes that were active during 2016, along with a summary of the seven programmes previously finalised and settled with the European Commission.

Programme	Rate of EU co-funding	Programme allocation	Programme spend	Receipts from EU	Unused EU co-funding repaid to European Commission[a]
		€000	€000	€000	€000
Andersen Ireland	60%	2,502	1,816	1,501	412
Lufthansa Technik Airmotive Ireland	60%	4,151	2,983	2,491	701
PWA International	60%	737	—	442	—
Programmes previously finalised with the European Commission	50% – 65%	98,607	59,682	63,286	25,062
		105,997	**64,481**	**67,720**	**26,175**

[a] Includes €2,974 relating to a 65% co-funding of expenditure under the NACE 41 and 71 programmes that was refunded to the Department in late 2015 and which has since been refunded to the Commission.

National co-funding of EGF programmes has been provided to date from:

- Department of Education and Skills, Subheads B.3 – training supports and allowances and technical assistance, B.4.1. – enterprise supports, B.5 – further education supports and allowances, C.4 – third level education fees and C.11 – student maintenance grants
- National Training Fund (guidance, education, training supports and allowances and technical assistance).
- Department of Social Protection – Vote 38 – Back to Education Allowance and employment service supports.

6.4 Commissions and enquiries

	Year of appointment	Cumulative Expenditure to 31 December 2016	Expenditure in 2016	Expenditure in 2015
		€000	€000	€000
Commission to Inquire into Child Abuse	1999	80,667	730	1,290
Residential Institutions Redress Scheme[a,b]	2002	1,239,335	2,675	12,370
		1,320,002	**3,405**	**13,660**

[a] The overall expenditure of €1,239 million on the Residential Institutions Redress Scheme at the end of 2016 was funded by €1,197 million Exchequer contributions and contributions received from the religious congregations under the 2002 Indemnity Agreement of €42 million.

A further €10 million expenditure was incurred in respect of court settlements pursuant to the 2002 Indemnity Agreement, whereby religious congregations are not liable for any cases settled in court and outside of the redress scheme.

[b] The cumulative Residential Institutions Redress Scheme cost of €1,239 million at the end of 2016 includes expenditure by the Residential Institutions Review Committee of €9.5 million.

Residential Institutions Redress Special Account under Terms of Indemnity Agreement

Section 23 of the Residential Institutions Redress Act 2002 provided for the establishment of a special account to be funded from "moneys provided by the Oireachtas" and by "a person, with the consent of the Minister (for Education and Science) and the Minister for Finance". In addition to moneys provided by the Oireachtas, funding for the special account comes from moneys contributed under the terms of the indemnity agreement between the State and the contributing congregations. The first schedule of the agreement contains a list of the contributing congregations. Moneys from the special account are used to pay awards made by the Residential Institutions Redress Board and associated legal and settlement costs. The special account is subject to audit by the Comptroller and Auditor General.

Residential Institutions Statutory Fund Investment Account established by the National Treasury Management Agency

In April 2010, the Government announced its intention to utilise €110 million of the offers of contributions from religious congregations to establish and operate a statutory fund to support the needs of survivors of residential institutional child abuse. Pending the establishment of the statutory fund, a special interest bearing account, under the dual control of the Department of Public Expenditure and Reform and the Department of Education and Skills was opened in the Central Bank to receive the cash contributions from congregations.

Following the commencement of the Residential Institutions Statutory Fund Act 2012 and the establishment of the Residential Institutions Statutory Fund (RISF) investment account by the National Treasury Management Agency (NTMA), a total of €41.3 million was transferred to the NTMA account in 2013, in accordance with section 29(1) of the 2012 Act. The designated Central Bank account was subsequently closed in 2013.

Between 2013 and 2016 inclusive, €54.8 million was received from congregations and lodged to the RISF investment account. At 31 December 2016, total lodgements into the NTMA account amounted to €96.1 million.

The 2012 Act provides that the NTMA may advance to the RISF (which uses the name Caranua) sums requested for the purpose of defraying expenditure incurred by it in the performance of its functions. The 2012 Act also provides that the NTMA shall advance to the Minister for Education and Skills sums requested by the Minister to enable payments to be made to the independent Appeals Officer appointed under Section 21 of the 2012 Act. The financial statements of the RISF are subject to audit by the Comptroller and Auditor General.

6.5 Legal awards

	Number of cases	Compensation awarded	Legal costs awarded	Legal costs paid by Department	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department	—	—	—	—	—	—
Claims by members of the public						
Damage to property claims	—	—	—	—	—	50
Injury claims	27	858	752	—	1,610	341
	27	**858**	**752**	—	**1,610**	**391**

The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

In the course of the day-to-day running of the Department, the total legal costs incurred by the Department in 2016 was €2.02 million (2015: €2.6 million) which includes the legal costs and compensation awards listed above.

6.6 Contingent liability

Child abuse inquiry and redress

There will be further payments associated with the Commission to Inquire into Child Abuse and the Residential Institutions Redress Scheme.

Expenditure for the Commission to Inquire into Child Abuse from inception to the end of 2016, was €80.67 million. It is estimated that additional costs of €1 million could arise in meeting the Commission's remaining costs.

Expenditure associated with institutional redress to the end of 2016 was €1,249 million. It is estimated that additional costs of about €500,000 may arise and includes a provision for any potential awards pending the dissolution of the Residential Institutions Redress Board .

6.7 Write-offs

The following sums were written off in the year:

	2016 €000	2015 €000
Payable orders cashed in irregular circumstances	—	8
Overpayments of tuition grants	47	12
Legacy advance payments to model schools & teacher centre	24	—
	71	**20**

6.8 Fraud, suspected fraud and irregularities

	2016 €000	2015 €000
Fraud	9	—
Irregular use of school funds	82	40
Suspected fraud	158	4
	249	**44**

In 2016, the Department was made aware of 13 new cases of suspected fraud/irregularities, six of which are referenced in the table above.

There was not sufficient information available to categorise the remaining seven cases as investigations are ongoing in order to establish whether the cases involve fraud/irregularity or relate to human error.

The Department will continue to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred.

6.9 Late payment interest

	2016	2015
Total interest payable	€3,000	€4,400
Number of recipients of €10,000 or more	—	—

The Department's prompt payment interest and compensation paid in 2016 arose in respect of payments to 33 suppliers.

6.10 Expenditure on temporary school accommodation

During 2016, expenditure under subhead D.3.3 included amounts totalling €25.2 million in respect of temporary premises (2015: €18 million).

6.11 Educational trusts

Educational trusts totalling €2.262 million were invested on behalf of the Department in a common investment fund under the stewardship of the Charities Regulator at the close of 2016. The Minister for Education and Skills remains the trustee of these educational trusts.

6.12 Budget carryover

Vote 26 did not avail of a carryover from 2016 to 2017.

Appropriation Account 2016

Vote 27

International Co-operation

Introduction

As Accounting Officer for Vote 27, 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 certain Official Development Assistance, including certain grants, and for contributions to certain International Organisations involved in development assistance and for salaries and expenses in connection therewith.

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 €1.98 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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:

Depreciation

Vehicles have been depreciated on a straight line basis at a rate of 20% per annum.

Buildings are not depreciated.

Foreign exchange transactions

Transactions arising on convertible currencies are translated into Euro at the rate of exchange prevailing at the date of settlement. At programme country mission level, transactions arising on non-convertible currencies are translated into Euro at the market rate of exchange prevailing at the beginning of that month.

Grant refunds

Refunds of grants which were funded out of the bilateral and other co-operation fund are returned to the fund on receipt.

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, that transactions are 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
- an Audit Committee is in place 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 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
- 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 one contract to the value of €150,177 which was listed in my annual return in respect of Circular 40/2002. The contract was not tendered due to the contract being awarded to the sole qualified supplier.

Significant financial risks

By its nature, development assistance carries inherent risks, which I acknowledge and seek to manage and mitigate. Robust controls are in place at head office, as outlined above, which are supplemented by additional controls in Key Partner Countries as set out below.

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 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.

Enhancing internal control environment

In addition to the controls in place at head office, the following controls are operated in Key Partner Countries to mitigate the risks inherent in development assistance.

- Each embassy, in addition to the Ambassador, has a Head of Development with responsibility for the management of the aid programme.
- The Ambassador and Head of Development are supported, in the larger programmes, by development specialists plus locally-recruited programme advisors with qualifications in relevant areas.
- There is a robust multi-annual planning and approval process for each Country Programme, which includes the development of a Country Strategy Programme (CSP) which is evaluated through an independent external quality assurance (EQA) process prior to approval, a mid-term review of the Programme, and a final evaluation of the Programme on completion of the CSP term and in advance of preparation of the new CSP.
- In addition, there is a robust annual business planning process in place at all missions including an assessment of risks to business plan implementation and controls in place to manage that risk. These plans and risk registers are developed in consultation with head office and are monitored and updated as necessary on a quarterly basis.
- Each embassy also has a locally-based finance function, led by an appropriately qualified head of finance, who reports both to the Ambassador and to Finance at head office.
- A detailed financial procedures manual is in place which sets out the procedures to be followed in respect of all payments, both at head office and by Key Partner Countries.
- In addition to the internal audit function at head office (Evaluation and Audit Unit), each mission in a Partner Country has its own internal audit function, led by an appropriately qualified accountant, who reports directly to the Ambassador and to the Evaluation and Audit Unit.

In addition, in respect of payments at head office in respect of overseas development assistance (including humanitarian, multilateral and civil society funding),robust business planning mechanisms are in place, including approval of the overall budget by the Interdepartmental Committee, monitoring of expenditure by the Senior Management Group on a monthly basis and robust pre and post disbursement grant management procedures.

Particular emphasis has been placed on the strengthening of risk management systems at embassy level with a focus on the identification of risks and appropriate internal controls for each element of our programmes. The risk management system is designed to alert management to changes in the perceived risk profile of any aspect of the programme so that appropriate action can be taken at the earliest opportunity.

Following on from the 2013 systems assessment review across all the Key Partner Countries, significant steps have been taken to further strengthen management systems and internal controls across all aspects of the aid programme. A programme is in place for the development of programme management standards which has identified areas for improvement to programme management and these improvements are currently being implemented. This process is continuing with a view to introducing new programme cycle management guidelines and accompanying revised financial regulations that will address the particular risks associated with aid programmes.

I am committed to ensuring that we continue to strengthen our systems of risk identification and management and to ongoing monitoring and audit to minimise the potential for the misuse of funds in the future.

Shared services

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

I must rely on a Letter of Assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Fixed assets

Historically, capital funding was provided to the Department through Vote 28 Foreign Affairs and Trade and a separate capital allocation was not provided to Vote 27 International Co-operation until 2002. Consequently there are a number of assets included in the Fixed Assets of Vote 28 Foreign Affairs and Trade which are attributable to Vote 27 International Co-operation. The Department is undertaking a review of these assets with a view to transferring relevant assets to Vote 27 International Co-operation in 2017.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

26 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 27 International Co-operation

I have audited the appropriation account for Vote 27 International Co-operation 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 Department 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 27 International Co-operation 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 Department of Foreign Affairs and Trade. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 14 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 27 International Co-operation.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 27 International Co-operation
Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Work on poverty and hunger reduction	486,431	484,822	475,028
	Gross expenditure	**486,431**	**484,822**	**475,028**
	Deduct			
B	**Appropriations-in-aid**	**1,150**	**1,518**	**1,557**
	Net expenditure	**485,281**	**483,304**	**473,471**

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	1,977,290	2,001,715

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,916	14,437	14,595
ii	Travel and subsistence	2,100	1,514	1,767
iii	Training and development and incidental expenses	1,800	1,654	1,931
iv	Postal and telecommunications services	1,650	1,369	1,405
v	Office equipment and external IT services	1,420	1,391	1,278
vi	Office premises expenses	4,230	4,016	3,908
vii	Consultancy services and value for money and policy reviews	500	246	265
viii	Promotional support and accommodation	1,500	1,880	1,564
		28,116	26,507	26,713

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		458,315	448,315
Pay		14,437	14,595
Non pay		12,070	12,118
Gross expenditure		**484,822**	**475,028**
Deduct			
Appropriations-in-aid		**1,518**	**1,557**
Net expenditure		**483,304**	**473,471**
Changes in capital assets			
Purchases cash	(689)		
Disposals cash	167		
Gain on disposals	(166)		
Depreciation	366		
		(322)	(103)
Changes in net current assets			
Decrease in closing accruals	(1,061)		
Increase in stock	(32)		
		(1,093)	(696)
Net programme cost		**481,889**	**472,672**

Expenditure borne on other votes and the related notional rents for this programme are disclosed in note 1 of Vote 28 – Department of Foreign Affairs and Trade.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**8,644**	**8,322**
Current assets			
Bank and cash	2.3	10,778	6,042
Stocks of stationery		64	32
Prepayments		3,212	2,215
Other debit balances	2.4	65	168
Total current assets		**14,119**	**8,457**
Less current liabilities			
Accrued expenses		146	210
Other credit balances	2.5	686	103
Net liability to the Exchequer	2.6	587	1,070
Bilateral and other co-operation fund (grant) account	7	9,570	5,037
Total current liabilities		**10,989**	**6,420**
Net current assets		**3,130**	**2,037**
Net assets		**11,774**	**10,359**
Represented by:			
State funding account	2.1	**11,774**	**10,359**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			10,359	9,560
Disbursements from the Vote				
Estimate provision	Account	485,281		
Surplus to be surrendered	Account	(1,977)		
Net vote			483,304	473,471
Net programme cost	1		(481,889)	(472,672)
Balance at 31 December			**11,774**	**10,359**

2.2 Capital Assets

	Land and buildings	Equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	7,639	1,499	1,079	2,467	12,684
Additions	—	243	9	437	689
Disposals	—	(52)	(5)	(312)	(369)
Cost or valuation at 31 December 2016	7,639	1,690	1,083	2,592	13,004
Accumulated depreciation					
Opening balance at 1 January 2016	—	1,364	957	2,041	4,362
Depreciation for the year	—	94	49	223	366
Depreciation on disposals	—	(52)	(4)	(312)	(368)
Cumulative depreciation at 31 December 2016	—	1,406	1,002	1,952	4,360
Net assets at 31 December 2016	**7,639**	**284**	**81**	**640**	**8,644**
Net assets at 31 December 2015	**7,639**	**135**	**122**	**426**	**8,322**

2.3 Bank and Cash at 31 December	2016 €000	2015 €000
PMG balance	10,393	5,112
Commercial bank account balance	385	930
	10,778	6,042

2.4 Other Debit Balances at 31 December	2016 €000	2015 €000
Other debit balances	65	168

2.5 Other Credit Balances at 31 December	2016 €000	2015 €000
Amounts due to the State		
Professional Services Withholding Tax	58	86
Value Added Tax	—	17
	58	103
Other credit balances	628	—
	686	103

2.6 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	1,977	2,002
Exchequer grant undrawn	(1,390)	(932)
Net liability to the Exchequer	587	1,070
Represented by:		
Debtors		
Bank and cash	10,778	6,042
Debit balances: suspense	65	168
	10,843	6,210
Creditors		
Due to State	(58)	(103)
Credit balances: suspense	(628)	—
Bilateral and other co-operation fund (grant) account	(9,570)	(5,037)
	(10,256)	(5,140)
	587	1,070

2.7 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2017 and relate to property rental payments abroad and other administrative commitments.

Commitments are analysed by date of expiry of contract.

a) Global Commitments	**2016**	**2015**
	€000	**€000**
Procurement of goods and services, including rental commitments	1,492	1,815
Total of legally enforceable commitments	1,492	1,815

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Work on poverty and hunger reduction**			
A.1	Administration - pay	14,916	14,437	14,595
A.2	Administration - non pay	13,200	12,070	12,118
A.3	Payment to grant fund for bilateral and other co-operation	315,348	315,648	315,965
A.4	Emergency humanitarian assistance	65,500	65,500	58,500
A.5	Payments to international funds for the benefit of developing countries	40,857	40,257	37,460
A.6	Contributions to United Nations and other development agencies	36,610	36,910	36,390
		486,431	484,822	475,028

Significant variations

The outturn for the year was €1.6 million less than provided. This was mainly due to the following:

Description	Less / (more) than provided	Explanation
	€000	
Administration - pay	479	Savings were delivered on the administration pay subhead mainly due to delays in filling vacancies as sanction was required to commence a recruitment process for specialist staff.
Administration – non pay	1,130	Savings were delivered on the non-pay administration subheads primarily due to savings in travel & subsistence (arising from delays in filling staff vacancies) and post & telecommunications (due to the implementation of new communications links with Missions).

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	
		€000	€000	€000
1.	Appropriations-in-aid	450	981	841
2.	Receipts from pension-related deductions on public service remuneration	700	537	716
	Total	1,150	1,518	1,557

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%.

The outturn for the year was €0.4 million more than provided. This was mainly due to the following:

Description	(More) / Less than provided	Explanation
	€000	
Appropriations-in-aid	(531)	Appropriations-in-aid were higher than anticipated and arose due to higher than anticipated passport / consular fees, which are demand driven and proceeds on sale of fixed assets following a decision to replace a number of old vehicles during the year.
Receipts from pension-related deductions on public service remuneration	163	Receipts from pension related deductions on public service remuneration was less than anticipated due to lower than expected pay cost arising from the delay in filling vacancies.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	204	196

	2016 €000	2015 €000
Pay	13,196	12,989
Higher, special or additional duties allowance	12	37
Other allowances	19	19
Overtime	52	62
Employer's PRSI	865	825
Foreign social security and other costs	293	663
Total pay	**14,437**	**14,595**

In addition, security staff costs in the missions are charged to security costs under incidental expenses.

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	7	—	4,143	10,926
Other allowances	7	—	5,627	7,194
Overtime	15	1	10,398	9,869
Extra remuneration in more than one category	6	2	13,986	11,601

5.2 Other Remuneration

Five retired civil servants in receipt of civil service pensions were re-engaged, on a fee basis, at a total cost of €51,959.

Severance payments amounting to €38,667 were paid to two former Ministerial staff.

5.3 Payroll Overpayments

Overpayments at the year end were €25,514 (10 cases) (2015: €0). Of this, €9,624 (4 cases) have recovery plans in place.

6 Miscellaneous Items

6.1 Contributions to United Nations and other development agencies (A.6)

	2016 €000	2015 €000
United Nations Development Programme (UNDP)	7,750	7,750
United Nations Children's Fund (UNICEF)	7,500	7,200
United Nations High Commissioner for Refugees (UNHCR)	7,000	5,800
World Health Organisation (WHO) Programmes	300	1,000
United Nations Population Fund	2,800	2,800
Office of the United Nations High Commissioner for Human Rights	2,008	2,024
UNAIDS	2,648	2,700
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN Industrial Development Organisation	412	490
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
UNEP Trust Fund	169	250
United Nations Volunteers	500	595
Others - various	323	281
	36,910	36,390

6.2 Legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department						
Claim by staff following closure of embassy		—	—	—	—	188
		—	—	—	—	188

7 Bilateral and other co-operation fund (grant) account

Account of receipts and payments during the year ended 31 December 2016

	2016 €000	2015 €000
Balance on 1 January	5,037	9,967
Grant	315,648	315,965
	320,685	325,932
Expenditure for the year	(313,266)	(321,738)
Amounts returned during the year	2,151	843
Balance on 31 December	9,570	5,037

In addition, at 31 December 2016, unspent balances totalling €1.2 million (2015: €1.5 million) were held in bank accounts controlled by Irish embassies and Irish Aid offices in eleven countries.

Appropriation Account 2016

Vote 28

Foreign Affairs and Trade

Introduction

As Accounting Officer for Vote 28, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Foreign Affairs and Trade, and for certain services administered by that Office, including grants and contributions to International Organisations.

The expenditure outturn is compared with the sum:

(a) 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, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations under the deferred surrender arrangements established by sections 91 of the Finance Act 2004

A surplus of €8.71 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 except for the following:

Foreign currency transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of the month.

Accruals, prepayments, commitments and stocks at diplomatic missions

The accruals, prepayments and commitments figures do not include amounts in respect of the Department's diplomatic missions other than those relating to property rental. The value of stock held by missions at year end is also not included.

Commitments

Commitments include those amounts for which the Department may be legally liable in 2017 and subsequent years under binding enforceable contracts.

Capital assets

The value of land and buildings included in capital assets is based on a valuation conducted in 2005 except for

- land and buildings acquired since 2005 which are valued at cost
- three embassy premises that are included on the basis of a professional valuation conducted in 2011.

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.

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 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.
- 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 procurement guidelines. The Department is compliant with these guidelines with the exception of 3 contracts to the value of €197,413. These contracts were extended beyond the original contract date without a new competitive process. A further 8 contracts with a value of €507,859 were entered into without a competitive process taking place. The contracts were not tendered as 2 related to provision of proprietary ICT services (€235,001) and 6 related to situations where there was a single suitable supplier available (€272,858). These contracts will be reviewed by my Department’s procurement team during 2017.

Fixed asset register

The Department has been working on a project to update its capital asset register.

Historically, capital funding was provided to the Department via Vote 28 Foreign Affairs and Trade. A separate capital allocation was not provided to Vote 27 International Co-operation until 2002. Consequently there are a number of assets included in the fixed assets of Vote 28 Foreign Affairs and Trade which are attributable to Vote 27 International Co-operation. The Department is undertaking a review of the assets in Vote 28 Foreign Affairs and Trade with a view to transferring relevant assets to Vote 27 International Co-operation in 2017.

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 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.

Shared services

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

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

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

26 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade 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 Department 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 28 Foreign Affairs and Trade 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 Department of Foreign Affairs and Trade. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 28 Foreign Affairs and Trade
Appropriation Account 2016

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	To Serve Our People At Home And Abroad And To Promote Reconciliation And Co-Operation				
	Current year provision	67,273			
	Supplementary	801			
	Deferred surrender	475	68,549	65,359	68,686
B	To Work For A Fairer More Just Secure And Sustainable World				
	Current year provision	56,849			
	Supplementary	3,586	60,435	60,385	54,792
C	To Advance Our Prosperity By Promoting Our Economic Interests Internationally				
	Current year provision	27,589			
	Supplementary	614	28,203	28,088	26,927
D	To Protect And Advance Ireland's Values And Interests In Europe		19,291	19,483	18,847
E	To Strengthen Our Influence And Our Capacity To Deliver Our Goals		41,009	42,109	39,655
	Gross expenditure				
	Current year provision	212,011			
	Supplementary	5,001			
	Deferred surrender	475	**217,487**	**215,424**	**208,907**
	Deduct				
F	**Appropriations-in-aid**				
	Original	45,253			
	Supplementary	5,000	**50,253**	**56,903**	**51,482**
	Net expenditure				
	Current year provision	166,758			
	Supplementary	1			
	Deferred surrender	475			
			167,234	**158,521**	**157,425**

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 in the following year.

	2016	2015
	€	€
Surplus	8,713,785	7,533,377
Deferred surrender	—	(475,000)
Surplus to be surrendered	8,713,785	7,058,377

Analysis of administration expenditure

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
i	Salaries, wages and allowances		78,858	78,959	77,258
ii	Travel and subsistence		5,144	5,255	6,136
iii	Training and development and incidental expenses		4,047	3,993	4,254
iv	Postal and telecommunications services		5,786	5,899	5,795
v	Office equipment and external IT services				
	Current year provision	20,129			
	Supplementary	801			
	Deferred surrender	475	21,405	24,140	17,424
vi	Office premises expenses		25,119	23,310	23,723
vii	Consultancy services and value for money and policy reviews		100	2	—
viii	Foreign representation and accommodation expenses		10,525	11,406	11,181
			150,984	152,964	145,771

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		62,460	63,136
Pay		78,959	77,258
Non pay		74,005	68,513
Gross expenditure		**215,424**	**208,907**
Deduct			
Appropriations-in-aid		**56,903**	**51,482**
Net expenditure		**158,521**	**157,425**
Changes in capital assets			
Purchases cash	(5,705)		
Disposal cash	71		
Gain on disposal	(65)		
Depreciation	4,108		
		(1,591)	729
Changes in net current assets			
Decrease in closing accruals	(6,078)		
Increase in stock	(3,126)		
		(9,204)	5,707
Direct expenditure		**147,726**	**163,861**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,836	17,702
Notional rents		2,422	1,716
Net programme cost		**171,984**	**183,279**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 28 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	60	60
Vote 12 Superannuation and Retired Allowances	e	12,642	11,959
Vote 13 Office of Public Works	e	8,680	5,100
Vote 18 National Shared Services Office	e	78	—
Vote 20 Garda Síochána	e	—	91
Central Fund – Ministerial pensions	e	376	492
		21,836	17,702

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	166,861	165,269
Current assets			
Stocks	2.4	7,362	4,236
Prepayments		11,038	5,308
Other debit balances	2.5	4,656	3,379
Bank and cash	2.3	1,486	1,904
Total current assets		**24,542**	**14,827**
Less current liabilities			
Accrued expenses		674	1,021
Other credit balances	2.6	2,748	422
Net liability to the Exchequer	2.7	3,348	4,786
Cultural relations with other countries (grant)	6.2	46	75
Total current liabilities		**6,816**	**6,304**
Net current assets		**17,726**	**8,523**
Net assets		**184,587**	**173,792**
Represented by:			
State funding account	2.1	**184,587**	**173,792**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			173,792	180,228
Disbursements from the Vote				
Estimate provision	Account	167,234		
Surplus to be surrendered	Account	(8,713)		
Net vote			158,521	157,425
Expenditure (cash) borne elsewhere	1		21,836	17,702
Non cash expenditure – notional rent	1		2,422	1,716
Net programme cost	1		(171,984)	(183,279)
Balance at 31 December			**184,587**	**173,792**

2.2 Capital Assets

	Land and buildings	Motor Vehicles	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	156,544	3,304	48,766	66,811	275,425
Additions	—	396	106	5,203	5,705
Disposals	—	(458)	—	(3)	(461)
Cost or valuation at 31 December 2016	156,544	3,242	48,872	72,011	280,669
Accumulated depreciation					
Opening balance at 1 January 2016	—	2,466	46,543	61,147	110,156
Depreciation for the year	—	337	851	2,920	4,108
Depreciation on disposals	—	(453)	—	(3)	(456)
Cumulative depreciation at 31 December 2016	—	2,350	47,394	64,064	113,808
Net assets at 31 December 2016	**156,544**	**892**	**1,478**	**7,947**	**166,861**
Net assets at 31 December 2015	**156,544**	**838**	**2,223**	**5,664**	**165,269**

2.3 Banks and Cash at 31 December	**2016** €000	**2015** €000
Mission and headquarter accounts	9,801	8,714
PMG balances and cash	(8,315)	(6,810)
	1,486	1,904

2.4 Stocks at 31 December	**2016** €000	**2015** €000
Passport books and cards	6,758	3,495
Protocol stocks	74	80
Stationery	472	586
Prepaid postage	8	4
IT consumables	50	71
	7,362	4,236

2.5 Other Debit Balances at 31 December	**2016** €000	**2015** €000
Departmental and agency accounts	2,860	1,024
Imprest and personal suspense accounts	1,125	1,068
Foreign salary advance accounts	159	201
Miscellaneous	512	1,086
	4,656	3,379

Miscellaneous debtors include honorary consul debtors, payroll control accounts and other small balances.

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	1,378	1
Pay Related Social Insurance	647	—
Pension contributions	—	232
Value Added Tax	36	26
Professional Services Withholding Tax	47	69
	2,108	328
Miscellaneous	640	94
	2,748	422

Miscellaneous creditors include third party creditors, amounts owed to other Government Departments and payroll control accounts.

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	8,713	7,058
Deferred surrender	—	475
Exchequer grant undrawn	(5,365)	(2,747)
Net liability to the Exchequer	3,348	4,786
Represented by:		
Debtors		
Debit balances: suspense	4,656	3,379
Bank and cash	1,486	1,904
	6,142	5,283
Creditors		
Due to State	(2,108)	(328)
Credit balances: suspense	(640)	(94)
Credit balances: grant accounts	(46)	(75)
	(2,794)	(497)
	3,348	4,786

2.8 Commitments

Commitments include those amounts for which the Department may be legally liable in 2017 and subsequent years under binding enforceable contracts and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December		**2016**	**2015**
		€000	**€000**
The amount is analysed as follows			
(i)	Passport office and other administrative costs	3,180	6,542
(ii)	Property rental payment abroad		
Within one year		4,841	4,947
Between two and five years		5,888	6,069
Five years and over		2,355	2,385
Total commitments		16,264	19,943

Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €1.394 million (2015: €1.12 million).

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Our People**				
A.1	Administration - pay		21,292	21,319	20,860
A.2	Administration - non pay				
	Current year provision	28,066			
	Supplementary	801			
	Deferred Surrender	475	29,342	29,316	27,140
A.3	Cultural Relations With Other Countries		846	846	846
A.4	Emergency Consular Assistance		79	15	3
A.5	Support For Irish Emigrant Services		11,595	10,606	11,843
A.6	North-South And Anglo-Irish Co-Operation		2,745	3,257	5,344
A.7	International fund For Ireland		2,650	—	2,650
			68,549	65,359	68,686

Explanation of significant variations

Overall, the gross expenditure in relation to Programme A was €3.2 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration non – pay	(775)	General increase in Passport Service operating costs to meet significant increase in demand for passports. A supplementary estimate provision was granted to cover the additional cost.
Support for Irish Emigrant Services	989	The saving arose from the timing of some grant payments and of foreign exchange gains realised over the year.
North-South and Anglo-Irish Co-Operation	(512)	Additional grants were made available as part of the 1916 commemorations programme.
International Fund for Ireland	2,650	The operating environment of the IFI did not require the disbursement of the grant in 2016.

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Our Values**			
B.1	Administration – pay	11,040	11,054	10,816
B.2	Administration – non pay	5,349	5,587	5,173
B.3	Contributions To International Organisations			
	Original 40,460			
	Supplementary 3,586	44,046	43,744	38,803
		60,435	60,385	54,792

Explanation of significant variations

Overall, the gross expenditure in relation to Programme B was €0.1 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	(238)	General increase in operating costs in 2016.
Contributions to international organisations	(3,284)	The 2016 contribution assessment received in the second half of year from the UN was larger than expected. A supplementary estimate provision was granted to cover the additional cost.

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
C	**Our Prosperity**				
C.1	Administration – pay		16,560	16,581	16,224
C.2	Administration – non pay		8,021	8,379	7,756
C.3	Trade Promotion Funds		480	345	284
C.4	Contributions To National And International Organisations				
	Original	2,528			
	Supplementary	614	3,142	2,783	2,663
			28,203	28,088	26,927

Explanation of significant variations

Overall, the gross expenditure in relation to Programme C was €0.1 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	(358)	General increase in operating costs in 2016.
Trade promotion funds	135	Delayed spend by the joint economic commission.
Contributions to national and international organisations	(255)	The payment contributions to international organisations were more than anticipated at the time the budget was set. The supplementary estimate was granted to cover the cost.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	**Our Place in Europe**			
D.1	Administration - pay	14,194	14,213	13,906
D.2	Administration - non pay	4,679	4,887	4,525
D.3	Actions consequent on Title V of the Treaty of European Union	418	383	416
		19,291	19,483	18,847

Explanation of significant variations

Overall, the gross expenditure in relation to Programme D was €0.2 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - non pay	(208)	General increase in operating costs in 2016.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	**Our Influence**			
E.1	Administration - pay	15,772	15,792	15,452
E.2	Administration - non pay	24,735	25,836	23,919
E.3	Information services	502	481	284
		41,009	42,109	39,655

Explanation of significant variations

Overall, the gross expenditure in relation to Programme E was €1.1 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - non pay	(1,101)	General increase in departmental operating costs in 2016.

4 Receipts

4.1 Appropriations-in-aid			2016		2015
			Estimated	Realised	Realised
			€000	€000	€000
1.	Passport, visa and other consular services				
	Original	41,020			
	Supplementary	5,000	46,020	53,370	47,271
2.	Repayment of repatriation and maintenance advances		30	2	2
3.	VAT refunds to diplomatic missions		750	909	739
4.	Miscellaneous		500	271	443
5.	Receipts from pension-related deduction on public service remuneration		2,953	2,351	3,027
	Total		50,253	56,903	51,482

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%. Overall, the appropriation-in-aid income was €6.65 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Passport, visa and other consular services	(12,350)	Income was ahead by €12.35 million due to the significant increase in passport applications. As the passport service is a demand led service it is difficult to project with certainty the level of applications or application mix that will be received in any given year. Significant international political factors affected application numbers in late 2016.
Receipts from pension-related deduction on public service remuneration	602	Pension related deductions were lower arising from adjustments made to restore pay as part of the national pay agreements.
VAT refunds to diplomatic missions.	(159)	There were additional VAT refunds made during the year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	1,287	1,202

	2016 €000	2015 €000
Pay	71,504	70,785
Higher, special or additional duties allowance	183	176
Other allowances	174	164
Overtime	866	727
Employer's PRSI	3,465	3,260
Foreign social security/health insurance (missions)	2,767	2,146
Total Pay	**78,959**	**77,258**

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	50	5	19,828	16,211
Other allowances	98	—	9,044	8,080
Overtime	365	17	30,345	32,781
Extra remuneration in more than one category	81	21	35,913	36,567

5.2 Other Remuneration Arrangements

Payments totalling €35,789 (2015: €14,738) were paid to 9 (2015: 5) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €26,143 (2015: €118,770) were paid to 1 (2015: 11) locally employed staff at missions abroad.

Severance payments amounting to €125,223 were paid to 6 former Ministerial staff in 2016. No payments were made in 2015.

5.3 Payroll Overpayments

Overpayments at the year end were €125,402 (80 cases) (2015: €7,070, 6 cases). Seventeen of these cases had a recovery plan in place and sixty three cases with no recovery plan in place. There were a further thirteen overpayment cases of undetermined amounts.

6 Miscellaneous

6.1 Legal costs

Legal Costs paid during the year are categorised as follows:

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department	—	—	—	—	—	44
Claims by members of the public	2	25	—	13	38	6
	2	25	—	13	38	50

6.2 Cultural Relations with Other Countries (Grant)

	2016	2015
	€000	€000
Balance on 1 January	75	105
Grant (Subhead A.3)	846	846
	921	951
Expenditure	(875)	(876)
Balance at 31 December	46	75

6.3 Fraud and Suspected Fraud

Recently the Department has identified one case of suspected fraud/irregularities. The Department has initiated an investigation which is at a very early stage and will clarify the nature and scale of the suspected fraud/irregularities. The Comptroller and Auditor General has been briefed on this case. It is the Department's policy to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred.

Appropriation Account 2016

Vote 29

Communications, Climate Action and Environment

Introduction

As Accounting Officer for Vote 29, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Communications, Climate Action and Environment, including certain services administered by that Office, and for payment of certain grants and for the payment of certain grants under cash-limited schemes.

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 and
- provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €20.33 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Transfer of Functions

The account has been prepared in accordance with the Revised Estimates for Public Services 2016, which took account of the alteration of the title of the Department of Communications, Energy and Natural Resources to the Department of Communications, Climate Action and Environment with effect from 23 July 2016 (SI 421 of 2016) and the following transfer of functions:

- the transfer of climate action and environment functions from the Department of the Environment, Community and Local Government (now the Department of Housing, Planning, Community and Local Government) to the Department of Communications, Energy and Natural Resources (Vote 29) with effect from 22 July 2016 (SI 393 of 2016)

In line with accounting arrangements set out by the Government Accounting section of Department of Public Expenditure and Reform, the Revised Estimates for 2016 reflect the transfer of the Department functions on a full year basis. The appropriation account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis. Therefore, all the transferred climate action and environment functions for 2016 are included in the appropriation account of the Department of Communications, Climate Action and Environment (Vote 29). 2015 comparatives for the transferred functions of climate action and environment have not been included in the appropriation account but are shown under Subhead F.

Responsibility for Ordnance Survey Ireland (OSI) transferred to the Department of Justice and Equality on 1 January 2016.

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.

Depreciation

Motor vehicles are depreciated over 5 years at 20% per annum. Certain bespoke IT systems and specialist seabed survey equipment assets are depreciated over 10 years at 10% per annum, while all other Office/IT equipment is depreciated over 5 years at 20% per annum.

Capital assets

Details of land and buildings owned by the Department are listed in Note 2.2. A number of fisheries which are managed by Inland Fisheries Ireland are not included in the statement of capital assets, as valuations for the fisheries are not available.

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.

I am advised that 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(s) of accountants in accordance with the International Standard on Assurance Engagements (ISAE3402) which is designed to report to user departments and their auditors on the controls within shared services.

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

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

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

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this 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. Detailed monthly reporting to the Management Board, combining key financial information, is in place. This enables effective management of outputs, efficiency and ensures value for money.
- 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 Department. This is part of the business planning process for all divisions. The purpose of the system is to identify and assess the risks and outline measures to control and manage the risks to which the Department may be exposed. The Risk Management System is reviewed on an ongoing basis.
- 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 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 in 2016 with the exception of three contracts to the value of €347,000 which were listed in my annual return in respect of Circular 40/02. Two contracts (€272,000) relate to software licences and the third contract (€75,000) is for a threat intelligence feed for the National Cyber Security Centre.

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. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, jointly approved by me and the Audit Committee 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 am satisfied that procedures are in place to ensure that the reports of the internal audit function are followed up.

Mark Griffin
Accounting Officer
Department of Communications, Climate Action and Environment

30 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 29 Communications, Climate Action and Environment

I have audited the appropriation account for Vote 29 Communications, Climate Action and Environment 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 Department 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 29 Communications, Climate Action and Environment 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 Department of Communications, Climate Action and Environment. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 29 Communications, Climate Action and Environment

Appropriation Account 2016

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Communications		34,745	19,050	27,762
B	Broadcasting				
	Current year provision	247,943			
	Deferred surrender	1,400	249,343	241,091	239,282
C	Energy				
	Current year provision	90,257			
	Deferred surrender	3,850	94,107	85,511	75,851
D	Natural Resources		23,348	19,680	29,315
E	Inland Fisheries		28,364	30,392	27,752
F	Environment and Waste Management				
	Current year provision	41,827			
	Deferred surrender	9,078			
			50,905	43,171	—
	Gross expenditure				
	Current year provision	466,484			
	Deferred surrender	14,328	**480,812**	**438,895**	**399,962**
	Deduct				
G	**Appropriations-in-aid**		**237,998**	**228,535**	**236,652**
	Net expenditure				
	Current year provision	228,486			
	Deferred surrender	14,328			
			242,814	**210,360**	**163,310**

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 in the following year.

	2016	2015
	€	€
Surplus	32,453,667	14,423,972
Deferred surrender	(12,128,000)	(5,250,000)
Surplus to be surrendered	20,325,667	9,173,972

The deferred surrender recorded in the appropriation account for 2016 of €14.328 million includes an amount of €9.078 million relating to functions transferred in the year from the Department of Housing, Planning and Local Government (formerly the Department of Environment, Community and Local Government).

Analysis of administration expenditure

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,882	18,807	15,160
ii	Travel and subsistence	943	696	469
iii	Training and development and incidental expenses	1,177	957	687
iv	Postal and telecommunications services	785	509	361
v	Office equipment and external IT services	4,654	3,429	2,394
vi	Office premises expenses	963	727	666
vii	Consultancy services and value for money and policy reviews	1,917	808	1,822
viii	Equipment, stores and maintenance	296	194	270
		31,617	26,127	21,829

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		412,768	378,133
Pay		18,807	15,160
Non pay		7,320	6,669
Gross expenditure		**438,895**	**399,962**
Deduct			
Appropriations-in-aid		**228,535**	**236,652**
Net expenditure		**210,360**	**163,310**
Changes in capital assets			
Purchases cash	(1,320)		
Depreciation	827	(493)	818
Changes in net current assets			
Increase in closing accruals	640		
Increase in stock	(97)	543	1,252
Direct expenditure		**210,410**	**165,380**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		13,917	14,772
Notional rents		1,830	1,279
Net programme cost		**226,157**	**181,431**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 29 borne elsewhere.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	45	45
Vote 12 Superannuation and Retired Allowances	9,719	10,587
Vote 13 Office of Public Works	4,060	4,066
Vote 18 National Shared Services Office	35	23
Central Fund - Ministerial pensions	58	51
	13,917	14,772

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	3,077	2,562
		3,077	**2,562**
Current assets			
Bank and cash	2.3	9,881	15,984
Stocks	2.4	312	215
Prepayments		209	373
Accrued income		708	500
Other debit balances	2.5	146	141
Total current assets		**11,256**	**17,213**
Less current liabilities			
Accrued expenses		1,383	699
Other credit balances	2.6	3,153	3,087
Net liability to the exchequer	2.7	6,874	13,038
Deferred income		101	101
Total current liabilities		**11,511**	**16,925**
Net current (liabilities)/assets		**(255)**	**288**
Net assets		**2,822**	**2,850**
Represented by:			
State funding account	2.1	**2,822**	**2,850**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			2,850	4,920
Disbursements from the Vote				
Estimate provision	Account	242,814		
Deferred surrender	Account	(12,128)		
Surplus to be surrendered	Account	(20,326)		
Net vote			210,360	163,310
Expenditure (cash) borne elsewhere	1		13,917	14,772
Non cash expenditure – notional rent	1		1,830	1,279
Adjustment – net transfer of assets	2.2		22	—
Net programme cost	1		(226,157)	(181,431)
Balance at 31 December			**2,822**	**2,850**

2.2 Capital Assets

	Land and buildings	Office furniture	Office and IT equipment	Specialist equipment and motor vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	859	1,231	20,692	4,474	27,256
Additions	—	7	1,110	203	1,320
Transfer of assets	—	52	—	—	52
Disposals	—	(2)	(446)	(24)	(472)
Cost or valuation at 31 December 2016	859	1,288	21,356	4,653	28,156
Accumulated depreciation					
Opening balance at 1 January 2016	—	1,186	19,835	3,673	24,694
Depreciation for the year	—	18	522	287	827
Cumulative depreciation on transfers	—	30	—	—	30
Depreciation on disposals	—	(2)	(446)	(24)	(472)
Cumulative depreciation at 31 December 2016	—	1,232	19,911	3,936	25,079
Net assets at 31 December 2016	**859**	**56**	**1,445**	**717**	**3,077**
Net assets at 31 December 2015	**859**	**45**	**857**	**801**	**2,562**

The following fisheries are not included in capital assets but are owned by the Minister and are managed by Inland Fisheries Ireland.

i. Galway
ii. Owenea/Owentocker, Co. Donegal

Land and buildings relate to the GPO and the Henry Street Arcade in Dublin.

The Minister for Communications, Climate Action and Environment has a beneficial interest in Metropolitan Area Networks (MANs), the construction of which was funded jointly with certain local authorities and the European Regional Development Fund. This interest has not been recognised as an asset in the statement of capital assets.

2.3 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	9,881	15,981
Commercial bank account balance	—	3
	9,881	15,984

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Geological Survey of Ireland	302	208
Stationery	10	7
	312	215

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Salary suspense	—	23
Other	146	118
	146	141

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Withholding Tax	234	550
Value Added Tax	528	279
Extra Exchequer receipts (note 4.2)	100	—
PAYE/PRSI	632	476
	1,494	1,305
Suspense (emergency call answering service/payroll deduction)	1,659	1,782
	3,153	3,087

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	20,326	9,174
Deferred surrender	12,128	5,250
Exchequer grant undrawn	(25,580)	(1,386)
Net liability to the Exchequer	6,874	13,038
Represented by:		
Debtors		
Bank and cash	9,881	15,984
Debit balances: suspense	146	141
	10,027	16,125
Creditors		
Due to the State	(1,494)	(1,305)
Credit balances: suspense	(1,659)	(1,782)
	(3,153)	(3,087)
	6,874	13,038

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	—	669
Grant programmes	1,716	—
Capital grant programmes	1,085,865	927,260
Total of legally enforceable commitments	1,087,581	927,929

b) Capital Grant Programmes	**2016**	**2015**
	€000	**€000**
Opening balance	927,260	773,584
Grants paid in year	84,256	81,006
New grant commitment	78,349	72,670
Grant decommitment	(4,000)	—
Closing balance	1,085,865	927,260

The global commitments figure at 31 December 2016 includes contracts for commitments in excess of €10,000.

(c) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2016 €000	Expected total spend lifetime of project 2015 €000
ICT programmes	301,069	5,293	12,273	318,635	322,675
Multimedia developments	42,172	3,067	5,813	51,052	51,052
Sustainable energy programmes	320,020	60,070	21,152	401,242	336,294
Energy research programmes	36,880	5,205	6,963	49,048	43,112
Mining services	12,447	1,282	625	14,354	13,178
Geoscience initiatives	19,810	3,015	4,250	27,075	24,095
National Seabed Survey	35,626	3,165	9,464	48,255	43,626
Tellus	4,319	3,159	7,464	14,942	9,219
	772,343	84,256	68,004	924,603	843,251

Expenditure figures for 2016 and prior years relate only to projects with future legally binding capital commitments.

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2015 to 2016.

Project	Amount of Increase €000	Explanation
Sustainable energy programmes	64,948	Reflects the cost of running the programme for an additional year.
Energy research programmes	5,936	Savings as the Renewal Heat Incentive Programme was not initiated in 2016 due to delays in finalising a detailed consultancy report (€117,000) and due to a number of research and development projects coming in under budget.
Mining services	1,176	Additional commitments for environmental monitoring at the Avoca and Silvermines sites.
Geoscience initiatives	2,980	Reflects increased allocation and expenditure for major groundwater/clean drinking water initiative and increased research collaborations.
National Seabed Survey	4,629	Reflects restoration of Programme funding to €4 million per annum level and increased commitment under DCCAE /Marine Institute Service Level Agreement.
Tellus	5,723	Reflects increase in annual programme funding and longer term contracting undertaken as cost saving measure.

2.9 Land Remediation

Avoca Mine Site

The Government allocated €3 million to address essential health and safety issues at the Avoca mine site over a three year period 2014 to 2016. A multi-disciplinary team via a Single Supplier Framework Agreement was appointed in December 2013 for three years to provide specialist design, procurement and project management services to oversee this project to address the priority public health and safety works. Following the granting of Planning Permission at the end of 2015 a contractor was procured in 2016 to undertake the capital works. During 2016 the capping and regrading of the spoil heaps at Tigroney West was undertaken together with capping and making safe a number of shafts at other locations. The total cost in 2016 was €1.28 million. In accordance with terms of the Single Suppler Framework Agreement awarded in 2013, an extension was granted to the end of 2017 by which time it is anticipated that the work under the framework agreement will be completed.

Silvermines

Remediation of six mine sites at Silvermines was undertaken between 2007 and 2011. No further remediation works are currently envisaged until funding becomes available for the final phase. A provision of €0.4 million was made available for 2016 in respect of land acquisition and contingencies that may have arisen from ongoing environmental monitoring designed to detect any changes at the site. While the provision of €0.4 million was not required in 2016, the same contingency has been made available for 2017 and future provisions will be required to cover any additional costs that may arise.

Environmental Monitoring at Avoca and Silvermines

Essential specialist monitoring cost €0.15 million in 2015, €0.14 million in 2016 and is estimated to cost €0.15 million in 2017. It is estimated that an additional amount of €0.6 million will also be required for each year from 2018 to 2020 in respect of continued monitoring of the Avoca and Silvermines sites.

2.10 Contingent Liabilities

There is potential for financial liabilities to arise in 2017 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.

3 Programme Expenditure by Subhead

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	**Communications**			
A.1	Administration – pay	4,524	4,030	4,025
A.2	Administration – non pay	1,869	1,310	1,448
A.3	Information and communications technology programme	16,750	5,392	13,130
A.4	Multimedia developments	5,438	4,654	5,785
A.5	Information society	5,664	3,664	3,374
A.6	Other capital (incl. capital contingency)	500	—	—
		34,745	**19,050**	**27,762**

Significant variations

Overall, the expenditure in relation to Programme A was €15.695 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Admin-non pay	559	Savings due to ongoing efforts to reduce operating costs.
Information and communication technology programmes	11,358	The extended duration of the complex procurement process under the National Broadband Plan resulted in a level of programme expenditure that was considerably less than was estimated.
Multimedia developments	784	Savings arose because capital funding earmarked for the restoration of a building owned by the Digital Hub Development Agency was not required and also due to changes in the frequency and period of funding of the National Digital Research Centre in 2016.
Information society	2,000	Lower than anticipated expenditure (€1.1 million) as the Trading Online Voucher Scheme is demand-led and expenditure levels are reflective of the time lag between the award of vouchers to successful companies and the establishment of a meaningful trading online presence prior to redeeming the voucher. The delay in relocating the National Cyber Security Centre led to an underspend of €0.9 million.
Other capital	500	The savings arose because capital contingency funds were not required.

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
B	**Broadcasting**				
B.1	Administration – pay		959	855	854
B.2	Administration – non pay		639	440	495
B.3	Grant to Radio Telefís Éireann for broadcasting licence fees		185,724	179,285	178,499
B.4	Payment to An Post for collection of broadcasting licence fees		12,457	11,494	11,609
B.5	Deontas i leith Theilifís na Gaeilge				
	Current year provision	33,460			
	Deferred surrender	1,400	34,860	35,360	33,160
B.6	Broadcasting Fund		14,704	13,657	14,665
			249,343	**241,091**	**239,282**

Significant variations

Overall, the expenditure in relation to Programme B was €8.252 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Admin-non pay	199	Savings due to ongoing efforts to reduce operating costs.
Grant to Radio Teilifis Eireann	6,439	Grant payments to RTE are vote neutral and are based on television licence sales income which was lower than anticipated.
Payment to An Post for collection of broadcasting licence fee	963	These payments are vote neutral and are based on television licence sales income which was lower than anticipated.
Broadcasting Fund	1,047	These payments are vote neutral and are based on television licence sales income which was lower than anticipated.

		Estimate provision		2016 Outturn	2015 Outturn
		€000	€000	€000	€000
C	**Energy**				
C.1	Administration - pay		4,425	3,942	3,937
C.2	Administration - non pay		2,261	1,544	1,752
C.3	Sustainable Energy Authority of Ireland - administration and general expenses		7,351	7,165	6,771
C.4	Sustainable energy programmes				
	Current year provision	65,337			
	Deferred surrender	3,850	69,187	66,262	56,004
C.5	Energy research programmes		10,561	6,321	7,184
C.6	Gas services		32	23	32
C.7	Subscriptions to international organisations		290	254	171
			94,107	**85,511**	**75,851**

Significant variations

Overall, the expenditure in relation to Programme C was €8.596 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Admin-non pay	717	Savings due to ongoing efforts to reduce operating costs.
Sustainable energy programmes	2,925	Savings due to an underspend on the following demand led schemes: Better Energy Warmer Homes, Better Energy Communities and Electric Vehicles.
Energy research programmes	4,240	Savings as the Renewal Heat Incentive Programme was not initiated in 2016 due to delays in finalising a detailed consultancy report (€117,000) and due to a number of research and development projects coming in under budget.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	**Natural Resources**			
D.1	Administration – pay	6,262	5,578	5,572
D.2	Administration - non pay	3,341	2,414	2,631
D.3	Petroleum services	441	191	4,509
D.4	Mining services	3,585	1,560	917
D.5	GSI services	9,584	9,817	8,554
D.6	Subscriptions to International Organisations	135	120	132
	Ordnance Survey Ireland *	—	—	7,000
		23,348	**19,680**	**29,315**

*Responsibility for Ordnance Survey Ireland was transferred to the Department of Justice and Equality at 1 January 2016.

Significant variations

Overall, the expenditure in relation to Programme D was €3.668 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Admin-non pay	927	Savings due to ongoing efforts to reduce operating costs.
Petroleum services	250	Contributions to the Petroleum Infrastructure Support Group were lower than anticipated due to timing of invoicing of companies.
Mining services	2,025	Savings due to (1) lower than expected extraction rates of private minerals by the mining companies and legal delays in settling outstanding claims (2) Delays in concluding a compulsory purchase order process as part of the Silvermines Rehabilitation Project.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	**Inland Fisheries**			
E.1	Administration - pay	869	774	773
E.2	Administration - non pay	442	296	343
E.3	Inland fisheries	27,053	29,322	26,636
		28,364	**30,392**	**27,752**

Significant variations

Overall, the expenditure in relation to Programme E was €2.028 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Admin-non pay	146	Savings due to ongoing efforts to reduce operating costs.
Inland fisheries	(2,269)	Additional expenditure related to the funding of new boats, trailers, field equipment and the fit out of a new national warehouse for Inland Fisheries Ireland.

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
F	**Environment and Waste Management**				
F.1	Administration - pay		3,843	3,629	5,481
F.2	Administration - non pay		2,183	1,315	1,671
F.3	Environmental Protection Agency				
	Current year provision	20,534			
	Deferred surrender	4,398	24,932	24,932	18,646
F.4	Carbon Fund		470	423	—
F.5	International climate change commitments		2,000	2,000	—
F.6	Landfill remediation				
	Current year provision	8,500			
	Deferred surrender	4,680	13,180	7,816	4,506
F.7	Technical research and modelling		1,250	335	—
F.8	Subscriptions to international organisations		3,000	2,721	—
F.9	Other services		47	—	11
			50,905	**43,171**	**30,315**

2015 balances were accounted for in Vote 34 Department of Housing, Planning, Community and Local Government, and so are not recorded in the appropriation account of this Vote for 2015. 2015 balances are included here for comparative purposes.

Significant variations

Overall, the expenditure in relation to Programme F was €7.734 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration- non pay	868	Savings due to ongoing efforts to reduce operating costs.
Landfill remediation	5,364	These projects often require multiple statutory consents before proceeding and may also be involved in complex legal cases. In 2016, three projects were delayed for these reasons.
Technical research and modelling	915	Savings as two research projects made slower progress than anticipated.
Subscriptions to international organisations	279	Savings due to currency fluctuations and lower requests for funding than anticipated.

4 Receipts

4.1 Appropriations-in-aid			2016	2015
		Estimate provision	Realised	Realised
		€000	€000	€000
1.	Proceeds of fines in respect of fishery offences	50	19	25
2.	Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	8,795	8,056	14,787
3.	Petroleum Infrastructure Support Group	437	192	297
4.	Broadcasting licence fees	222,130	213,681	214,018
5.	Geological Survey Ireland income	300	185	595
6.	Rent on properties in GPO	223	204	350
7.	Miscellaneous	1,280	1,879	1,732
8	Pension contribution from Agencies	694	641	1,102
9.	Receipts from pension-related deduction on public service remuneration	4,089	3,678	3,746
	Total	**237,998**	**228,535**	**236,652**

Miscellaneous	2016	2015
	€000	€000
Costs recovered from other bodies	827	79
Corrib verification process	139	744
Royalties in respect of Metropolitan Area Networks	876	864
Other	37	45
Total	**1,879**	**1,732**

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	Explanation
	€000	
Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	739	Lower income than anticipated due to a decline in data sales following the closure of the Atlantic Licensing Round in September 2015.
Petroleum Infrastructure Support Group	245	Lower income than anticipated due to timing of invoicing of companies party to a frontier exploration licence.
Broadcasting licence fees	8,449	Receipts are based on television licence sales income which was lower than anticipated.
Geological Survey Ireland income	115	Receipts lower than anticipated from the Groundwater Protection reports carried out for Group Water Schemes and also from business cluster membership fees.
Miscellaneous	(599)	Higher receipts than anticipated primarily due to the refund of grant moneys from the SEAI (€259,000) and the Loughs Agency (€218,000).
Receipts from pension-related deduction on public service remuneration	411	Receipts lower than anticipated due to payroll savings and a reduction of PRD rates in the budget.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance on 1 January	—	8
Refunds from the Loughs Agency	100	—
Receipts from emissions trading scheme	38,966	—
Transferred to the Exchequer	(38,966)	(8)
Balance at 31 December	**100**	—

€40,128,355 represents Ireland's gross share of receipts arising from auctioning of allowances in EU Emissions Trading System (ETS) in 2016, from which an amount of €1,162,355 is deducted towards Environmental Protection Agency expenses for the costs of EU ETS administration in Ireland. Responsibility for this scheme transferred to the Department in 2016.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department	320	250
Agencies	1,022	859
	1,342	1,109

Note: The number of staff employed at the end of 2016 includes staff of a number of non-commercial state agencies that are not in direct receipt of exchequer funding.

Remuneration of all staff (Department and agencies)	2016	2015
	€000	€000
Pay	57,540	33,774
Higher, special or additional duties allowance	367	263
Other allowances	1,387	1,309
Overtime	29	90
Employer's PRSI	5,001	2,832
Total pay	**64,324**	**38,268**

The remuneration arrangements refer to the pay element of subheads A.1, A.4, B.1, C.1, C.3, D.1, E.1, E.3, F.1 and F.3. The figures include non voted moneys.

The 2016 staff numbers and total pay figures includes 53 staff that transferred from the Department of Housing, Planning, Community and Local Government in 2016 and the staff of the Environmental Protection Agency which is now under the auspices of this Department.

The figures for 2015 have not been restated on a comparative basis.

5.1 Department

	2016	2015
	€000	€000
Pay	17,439	14,167
Higher, special or additional duties allowance	146	82
Other allowances	54	50
Overtime	15	24
Employer's PRSI	1,153	837
Total pay	**18,807**	**15,160**

Total pay costs include staff costs relating to 53 staff transferred from the Department of Housing, Planning, Community and Local Government in the year.

The figures for 2015 have not been restated on a comparative basis.

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	8	2	20,613	21,406
Other allowances	28	—	7,732	7,357
Overtime	6	—	7,302	7,435
Extra remuneration in more than one category	1	1	11,850	11,304

5.2 Agencies

	2016 €000	2015 €000
Pay	40,154	19,607
Higher, special or additional duties allowance	233	181
Other allowances	1,268	1,259
Overtime	14	66
Employer's PRSI	3,848	1,995
Total pay *	**45,517**	**23,108**

*Total pay costs for 2016 include staff costs of €21.739 million relating to 371 staff of the Environment Protection Agency.

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	52	1	10,971	7,118
Other allowances	292	—	8,000	8,351
Overtime	9	—	3,000	12,000
Extra remuneration in more than one category	36	—	9,373	12,000

The agencies included above are Inland Fisheries Ireland, Sustainable Energy Authority of Ireland, the Environmental Protection Agency, the Digital Hub Development Agency and the Loughs Agency.

The figures in Note 5 and Note 5.2 include non voted moneys to ensure compliance with Department of Public Expenditure and Reform guidelines (Circular 17/2013).

5.3 Other remuneration arrangements

Five public sector workers in receipt of public sector pensions were re-engaged on a contract basis at a total cost of €83,362.

5.4 Payroll overpayments

Overpayments at year end were €101,306 (28 cases) (2015: €22,966, 11 cases). Of this €80,866 (14 cases) have recovery plans in place.

5.5 Severance payments

Severance payments totalling €68,479 were made to five former Ministerial appointees.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads A.3, C.4, D.5 and E.3 includes payments in respect of activities which are co-financed from the EU. Estimates of expenditure and actual outturns were as follows:

			2016		2015
			Estimate	Outturn	Outturn
		€000	€000	€000	€000
A.3	Information and communications technology programme		16,750	5,392	13,130
C.4	Sustainable energy programmes				
	Current year provision	65,337			
	Deferred surrender	3,850	69,187	66,262	56,004
D.5	GSI services		9,584	9,817	8,554
E.3	Inland fisheries		27,053	29,322	26,636
			122,574	110,793	104,324

6.2 Committees and Commissions

€23,246 was paid in respect of various expenses arising out of the Department's involvement in the Moriarty Tribunal. The total payments made to date are €2.094 million.

6.3 Compensation and legal costs

					2016	2015
	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by members of the public	3	—	9	134	143	15

There were no claims by employees of the Department in 2016.

6.4 Carryover to 2017

Under the provisions of Section 91 of the Finance Act 2004, €12.128 million of unspent allocation in respect of the capital elements of subheads A.3, A.4, A.5, A.7 and C.4 was carried forward to 2017.

7. Miscellaneous Accounts

7.1 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2016.

	2016 €000	2015 €000
Balance at 1 January	7,541	5,205
Receipts	356	4,357
Payments	(1,539)	(2,021)
Balance at 31 December	6,358	7,541

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by Petroleum Affairs Division. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and 'land based' research in Irish offshore areas and provides a forum for co-operation amongst exploration and researchers. Receipts in relation to the PIP Fund are recorded as appropriations-in-aid and paid into the fund via subhead D.3.

The Fund is administered by the Petroleum Affairs Division of the Department.

7.2 Energy Efficiency National Fund

Statement of receipts and payments of the Energy Efficiency National Fund for the year ended 31 December 2016.

	2016 €000	2015 €000
Balance at 1 January	31,810	33,903
Receipts	—	—
Investments	—	(2,093)
Balance at 31 December	31,810	31,810

The Energy Efficiency National Fund (EENF) was established in 2014 under the provisions of the European Union (Energy Efficiency Obligation Scheme) Regulations 2014 (SI 131 of 2014). The objectives of the Fund are (1) to support the delivery of energy efficiency improvement programmes and other energy efficiency measures, and (2) to promote the development of a market for energy efficiency improvement measures. The Government provided €35 million from the Carbon Levy Revenue Fund to the EENF and is committed to investing this amount in a qualifying investor fund (QIF) authorised and regulated by the Central Bank of Ireland. The State funding is matched by private sector funding. The Minister, along with other investors is represented on an investment advisory committee and all shareholders receive annual reports and interim financial statements on the QIF’s performance.

The total cost of investment to the end of 2016 is €3.19 million.

At 31 March 2016, net assets attributable to holders of redeemable shares stood at €5,129,725. At that point in time, the Minister owned 45.7% of the total shareholding in the fund.

Appropriation Account 2016

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office and of the Irish Land Commission and for payment of certain grants, subsidies and sundry grants and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums

(a) 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, and
(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €231 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Under S.I. No. 636 of Land Commission (Dissolution) Act Regulations 2015, effective from 1 January 2016, all assets and liabilities of the Land Commission are transferred to the Minister for Agriculture, Food and the Marine and reported in the Department's Vote from that date.

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 with the exception of the following:

Capital assets

A schedule of all land and buildings administered by the Department is appended to the account. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

Depreciation

The Integrated Forestry Management System (IFORIS) software is depreciated at 20%**.**

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.

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 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.
- 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 national guidelines and EU Regulations with the exception of eighty seven (87) contracts to the value of €15.31 million. These contracts have been included in the Circular 40/2002 return as they are above the reporting threshold of €25,000 and were awarded without a competitive process as follows:

    - 13 contracts with a value of €3,179,542 relate to licence/software fees.
    - 21 contracts with a value of €4,901,125 relate to services necessary to adhere to the Department's policy on food safety and animal welfare for which it was either not possible or feasible to undertake a competitive process.
    - 31 contracts with a value of €3,016,913 relate to single suitable suppliers (mainly laboratory supplies and consumables). This expenditure is under review and the Department will endeavour to purchase as far as possible from Education Procurement Service (EPS) frameworks in place.
    - The Department is in discussions with the Office of Government Procurement (OGP) and the EPS with regard to 4 contracts with a value of €188,574 with a view to drawing down from existing frameworks or initiating bespoke competitions.
    - The remaining 18 contracts with a value of €4,018,857 are now compliant or being reviewed with a view to achieving compliance.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream and to engage with the OGP/EPS where we have more specific requirements. Controls will remain in place to ensure compliance with this strategy.

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 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.

Review of financial management and control

The Department has a number of mechanisms to review and evaluate its financial management and control systems on an ongoing basis. These include its Accreditation Review Group, its Audit Committee and its Risk Management System.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the Internal Audit Unit, the EU Court of Auditors, the EU Commission and by an independent certifying body - a professional accountancy firm - which certifies the annual EAGF and EAFRD accounts. In 2016 the Department was subject to approximately 2,188 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts as required by Council Regulation 1360/2013.

ICT Security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. Documented backup/recovery procedures are in place for all critical data, including the use of secure offsite storage services and disaster recovery facilities. The Department has a dedicated IT Security Co-ordination Unit and is proactive in the development and promotion of information security. ICT security arrangements are subject to review by the IT Audit section of the Internal Audit Unit. In addition, the Department, in its role as a paying agency on behalf of the European Union, is subject to an annual accreditation audit. In 2016 the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT Security. As part of this certification process, the Department is subject to bi-annual audits to ensure continued compliance with ISO27001:2013 Information Security standard.

Shared services

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

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

Aidan O'Driscoll
Accounting Officer
Department of Agriculture, Food and the Marine

27 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine 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 Department 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 30 Agriculture, Food and the Marine 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 Department of Agriculture, Food and the Marine. The appropriation account is in agreement with the accounting records.

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 2016.

Seamus McCarthy
Comptroller and Auditor General

28 September 2017

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Agri-food policy, development and trade				
	Original	450,815			
	Supplementary	9,090	459,905	452,559	387,177
B	Food safety, animal health and welfare and plant health				
	Original	217,967			
	Supplementary	(10,654)	207,313	203,130	196,355
C	Rural economy, environment and structural changes				
	Current year provision	435,717			
	Deferred surrender	12,000			
	Supplementary	(7,372)	440,345	343,276	355,045
D	Direct payments				
	Original	246,602			
	Supplementary	8,937	255,539	258,047	326,063
Gross expenditure					
	Current year provision	1,351,101			
	Deferred surrender	12,000			
	Supplementary	1	**1,363,102**	**1,257,012**	**1,264,640**
Deduct					
E	**Appropriations-in-aid**		**306,441**	**453,147**	**438,683**
Net expenditure					
	Current year provision	1,044,660			
	Deferred surrender	12,000			
	Supplementary	1			
			1,056,661	**803,865**	**825,957**

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 in the following year.

	2016	2015
	€	€
Surplus	252,795,648	68,622,477
Deferred surrender	(21,700,000)	(12,000,000)
Surplus to be surrendered	231,095,648	56,622,477

Analysis of administration expenditure

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	172,902			
	Supplementary	(13,500)	159,402	159,158	165,980
ii	Travel and subsistence		6,910	6,889	6,971
iii	Training and development and incidental expenses		4,423	4,521	5,448
iv	Postal and telecommunications services		4,553	4,195	4,553
v	Office equipment and external IT services				
	Original	28,405			
	Supplementary	(426)	27,979	24,642	24,590
vi	Office premises expenses				
	Original	6,870			
	Supplementary	(1,000)	5,870	5,529	6,112
vii	Consultancy services and value for money and policy reviews		42	196	108
viii	Supplementary measures to protect the financial interests of the EU		1,052	634	597
ix	Laboratory services				
	Original	8,820			
	Supplementary	426	9,246	10,428	5,733
			219,477	216,192	220,092

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		1,040,820	1,044,548
Pay		159,158	165,980
Non pay		57,034	54,112
Gross expenditure		**1,257,012**	**1,264,640**
Deduct			
Appropriations-in-aid		453,147	438,683
Net expenditure		**803,865**	**825,957**
Changes in capital assets			
Purchases cash	(3,074)		
Depreciation	4,918		
Gain on disposals	(81)	1,763	(213)
Changes in assets under development			
Cash payments		(171)	—
Changes in net current assets			
Increase in closing accruals	10,368		
Decrease in stock	770		
		11,138	46,986
Direct expenditure		**816,595**	**872,730**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		64,371	67,099
Notional rents		7,400	7,200
Net programme cost		**888,366**	**947,029**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 30 borne elsewhere.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	1	59
Vote 12 Superannuation and Retired Allowances	60,368	61,889
Vote 13 Office of Public Works	3,648	4,850
Vote 18 National Shared Services Office	54	—
Central Fund - ministerial pensions	300	301
	64,371	67,099

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	11,434	13,197
Capital assets under development	2.3	171	—
Current assets			
Bank and cash	2.4	60,413	34,296
Stocks	2.5	1,733	2,503
Prepayments		21,783	2,196
Accrued income:			
EAFRD funding due from the EU		103,690	129,983
Other amounts due from the EU		550	515
Scheme overpayments	6.3	2,556	3,254
Due for services		7,544	8,724
Other debit balances	2.6	1,325	2,498
Total current assets		**199,594**	**183,969**
Less current liabilities			
Accrued expenses		5,995	4,176
Other credit balances	2.7	40,373	21,228
Net liability to the Exchequer	2.8	21,365	15,566
Total current liabilities		**67,733**	**40,970**
Net current assets		**131,861**	**142,999**
Net assets		**143,466**	**156,196**
Represented by:			
State funding account	2.1	**143,466**	**156,196**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			156,196	202,969
Disbursements from the Vote				
Estimate provision	Account	1,056,661		
Deferred surrender		(21,700)		
Surplus to be surrendered	Account	(231,096)		
Net vote			803,865	825,957
Expenditure (cash) borne elsewhere	1		64,371	67,099
Non cash expenditure – notional rent	1		7,400	7,200
Net programme cost	1		(888,366)	(947,029)
Balance at 31 December			**143,466**	**156,196**

2.2 Capital Assets

	Office equipment/ other machinery	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	231,025	14,131	245,156
Additions	3,001	158	3,159
Disposals	(1,567)	—	(1,567)
Cost or valuation at 31 December 2016	232,459	14,289	246,748
Accumulated depreciation			
Opening balance at 1 January 2016	218,520	13,439	231,959
Depreciation for the year	4,667	251	4,918
Depreciation on disposals	(1,563)	—	(1,563)
Cumulative depreciation at 31 December 2016	221,624	13,690	235,314
Net assets at 31 December 2016	**10,835**	**599**	**11,434**
Net assets at 31 December 2015	**12,505**	**692**	**13,197**

Land and buildings are not included in the above statement. A listing of land and buildings administered by the Department is appended to the account.

2.3 Capital Assets under Development

at 31 December	2016
	€000
Amounts brought forward at 1 January	—
Cash payments for the year	171
Transfers to asset register	—
Amounts carried forward at 31 December	171

2.4 Bank and Cash

at 31 December	2016	2015
	€000	€000
PMG balances	58,697	32,950
Commercial bank balances	1,788	1,427
Orders outstanding	(72)	(81)
	60,413	34,296

2.5 Stocks

at 31 December	2016	2015
	€000	€000
Laboratory supplies and chemicals	434	453
Stationery supplies	129	111
Computer supplies	47	44
Veterinary supplies	683	1,427
Livestock	313	324
Agricultural stock	85	99
Cleaning supplies	14	20
Oil stocks	28	25
	1,733	2,503

2.6 Other Debit Balances

at 31 December	2016	2015
	€000	€000
Imprests and recoupable travel costs	152	143
Department of Finance recoupable gratuities and retirement lump sums	5	1
Advance payments to OPW	594	1,124
Due from local authorities in respect of harbour development	66	66
Salary advances from Exchequer	—	428
Beef data and genomics scheme	30	—
Other	478	736
	1,325	2,498

2.7 Other Credit Balances

at 31 December	2016	2015
	€000	€000
Amounts due to the State		
Income tax	2,878	—
Pay related social insurance	1,548	—
Withholding Tax	1,104	943
Value Added Tax	346	1,023
Relevant Contracts Tax	—	24
Superannuation	13	17
VAT on Sales	282	258
Local Property Tax	27	12
Universal social charge	774	—
Extra Exchequer Receipts	—	206
	6,972	2,483
Securities	156	302
Milk quota sales and levies	550	550
Pesticides licensing fees	715	734
EU advances	14,733	9,386
Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs	13,759	—
Beef data and genomics scheme	—	3,828
Miscellaneous	3,488	3,945
	40,373	21,228

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	231,096	56,622
Deferred surrender	21,700	12,000
Exchequer grant undrawn	(231,431)	(53,056)
Net liability to the Exchequer	21,365	15,566
Represented by:		
Debtors		
Bank and cash	60,413	34,296
Debit balances: suspense	1,325	2,498
	61,738	36,794
Creditors		
Due to State	(6,972)	(2,483)
Credit balances: suspense	(33,401)	(18,745)
	(40,373)	(21,228)
	21,365	15,566

2.9 Commitments		
at 31 December	**2016**	**2015**
	€000	**€000**
a) Global Commitments		
Procurement of goods and services	32,401	25,615
Grant programmes	1,444,303	1,350,015
Capital grant programmes	732,188	706,528
Total of legally enforceable commitments	**2,208,892**	**2,082,158**

			2016	**2015**
b) Procurement and non capital grants	**Due 2017**	**Subsequent years**	**Total**	
	€000	**€000**	**€000**	**€000**
Procurement of goods and services	20,452	11,949	32,401	25,615
Non capital grants				
Food research	11,195	53,496	64,691	51,944
Grants to the organic sector	13,566	40,000	53,566	55,481
Early Retirement Scheme	2,573	1,097	3,670	10,693
Rural Environment Protection Scheme	390	—	390	2,382
Agri Environment Options Scheme	20,674	6,600	27,274	79,915
Beef Data Genomics Programme	47,000	143,640	190,640	238,000
Animal Health Ireland	750	—	750	1,000
On Farm Market Valuation	—	—	—	180
Green Low-Carbon Ag-Environment Scheme	262,347	765,975	1,028,322	910,420
Knowledge Transfer	25,000	50,000	75,000	—
Total of legally enforceable commitments	**403,947**	**1,072,757**	**1,476,704**	**1,375,630**

c) Capital grant programmes	2016	2015
	€000	€000
Opening balance	706,528	776,742
Grants paid in year	(113,873)	(133,886)
New grant commitments	160,011	83,570
Grant decommitments	(20,478)	(19,898)
Closing balance	**732,188**	**706,528**

			2016	2015
	Due 2017	Subsequent years	Total	Total
	€000	€000	€000	€000
d) Capital grant programmes				
Capital investment grants	4,121	—	4,121	10,523
Afforestation	96,163	544,919	641,082	683,685
Farm Improvement Scheme	50,800	30,821	81,621	11,556
Horticulture Scheme	894	—	894	764
Johnstown Castle redevelopment programme	1,500	2,970	4,470	—-
Total of legally enforceable commitments	**153,478**	**578,710**	**732,188**	**706,528**

Significant variations

An explanation is provided below where multi-annual commitments increased/ (decreased) by more than €500,000 from 2015 to 2016.

Description	Amount of increase/(decrease) €000	Explanation
Capital Investment grants	(6,402)	The decrease in commitments is due to faster completion of projects in 2016 than predicted together with some projects not proceeding.
Afforestation	(42,603)	The forestry programme is demand led and any shortfall or increase is due to the fact that applicants can submit applications forms for payment at any time during the life of their contract(s). Also some applicants choose to allow their premiums to build up year on year and then claim many years' premiums together.
Farm Improvement Scheme	70,065	The variance in the figures for 2015 and 2016 can be attributed to the introduction of the suite of Targeted Agricultural Modernisation Schemes (TAMS) II measures during 2016. We are committed to spending €395 million on these schemes over the course of the 2014-2020 Programme. Commitments for the years 2017-2019 are as outlined on the return in respect of applications received that have been approved and committed. Applications continue to be assessed and approved on an ongoing basis as the three monthly tranches close.
Johnstown Castle redevelopment programme	4,470	New commitment in respect of development work at Johnstown Castle.

3 Programme Expenditure by Subhead

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A	**Agri-Food Policy, Development and Trade**				
A.1	Administration – pay				
	Original	17,012			
	Supplementary	(1,329)	15,683	15,660	16,331
A.2	Administration - non pay				
	Original	4,440			
	Supplementary	(81)	4,359	4,054	4,666
A.3	Research and training				
	Original	31,243			
	Supplementary	(1,000)	30,243	30,203	24,561
A.4	Development of agriculture and food		8,720	5,644	9,850
A.5	Teagasc - general expenses		116,280	116,280	111,139
A.6	An Bord Bia - general expenses		32,492	32,569	30,836
A.7	Marine Institute		29,309	29,094	26,301
A.8	Bord Iascaigh Mhara				
	Original	39,680			
	Supplementary	(8,500)	31,180	23,104	19,016
A.9	Food aid donations - World Food Programme				
	Original	20,000			
	Supplementary	20,000	40,000	40,000	20,000
A.10	Other services		24,139	18,575	21,056
A.11	Horse and Greyhound Racing Fund		74,000	74,000	68,000
A.12	Beef data and genomics scheme		52,000	61,896	34,692
A.13	Cedra Rural Innovation and Development Fund		1,500	1,480	729
			459,905	**452,559**	**387,177**

Significant variations

Overall, the gross expenditure in relation to Programme A was €7.35 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	1,352	Savings occurred as planned recruitment did not progress as anticipated.
Administration – non pay	386	Savings occurred as increases in costs were not as anticipated.
Research and training	1,040	Savings arose as projects under the Research Stimulus Funds did not progress as anticipated. Such projects are normally 3 to 5 years in duration and payments are dependent on satisfactory project progress.
Development of agriculture and food	3,076	Progress on these large multiannual capital investment projects can vary depending on market conditions. Claims received were less than anticipated. Projects will take longer to complete than estimated.
Bord Iascaigh Mhara	16,576	The original budget allocation of €39.68 million was reduced by €8.5 million in the supplementary estimate. The underspend relates to various schemes where drawdown commenced later than anticipated or was less than expected e.g. Sustainable Fisheries Scheme not launched until October 2016 which resulted in under spend. A number of schemes, originally planned for 2016, did not proceed.
Food aid donations – World Food Programme	(20,000)	The original budget allocation was increased by €20m in the supplementary estimate due to an early disbursement of Ireland's 2017 contribution to the World Food Programme in view of ongoing emergency situations.
Other services	5,564	€1.7 million has been deferred as the redevelopment programme at Johnstown Castle did not progress as planned in 2016. There were also savings because fewer legal cases than expected were settled during the year. Savings also arose as a scheme for speciality food producers was not finalised in 2016.
Beef Data and Genomics Scheme	(9,896)	The variance can be explained by a carry over of liabilities into 2016 from the 2015 scheme year as Beef Data and Genomics Programme (BDGP) participants achieved compliance, coupled with the high level of compliance by BDGP participants in 2016.

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
B	**Food Safety, Animal Health and Welfare and Plant Health**				
B.1	Administration - pay				
	Original	97,096			
	Supplementary	(7,580)	89,516	89,378	93,209
B.2	Administration - non pay				
	Original	37,780			
	Supplementary	(574)	37,206	36,108	30,860
B.3	Food safety (and public health), animal health and welfare and plant health				
	Original	83,091			
	Supplementary	(2,500)	80,591	77,644	72,286
			207,313	**203,130**	**196,355**

Significant variations

Overall, the gross expenditure in relation to Programme B was €4.18 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	7,718	Savings occurred as planned recruitment did not progress as anticipated.
Administration – non pay	1,672	Savings occurred as increases in costs were not as anticipated.
Food safety (and public health), animal health and welfare and plant health	5,447	Savings arose due to a reduction in tuberculosis.

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
C	**Rural Economy, Environment and Structural Changes**				
C.1	Administration – pay				
	Original	35,559			
	Supplementary	(2,777)	32,782	32,732	34,135
C.2	Administration - non pay				
	Original	9,936			
	Supplementary	(181)	9,755	8,894	9,962
C.3	Agri-environment schemes				
	Original	196,244			
	Supplementary	(2,500)	193,744	148,326	131,232
C.4	Land mobility (early retirement/ installation aid schemes)				
	Original	5,016			
	Supplementary	(414)	4,602	4,406	7,143
C.5	Development of agriculture and food		42,547	12,729	30,616
C.6	Forestry and bioenergy				
	Current year provision	101,804			
	Deferred surrender	12,000	113,804	103,802	104,145
C.7	Fisheries				
	Original	22,285			
	Supplementary	(1,500)	20,785	18,997	23,095
C.8	Sea Fisheries Protection Authority		12,460	10,016	10,580
C.9	Other services		1,866	1,112	465
C.10	Haulbowline remediation project		8,000	2,262	3,672
			440,345	**343,276**	**355,045**

Significant variations

Overall, the gross expenditure in relation to Programme C was €97.07 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	2,827	Savings occurred as planned recruitment did not progress as anticipated.
Administration – non pay	1,042	Savings occurred as increases in costs were not as anticipated.
Agri-Environment Schemes	47,918	Savings arose as follows: Savings of €40m arose as GLAS training estimated budget was €4.8m but the training scheme was not rolled out as planned and will not be operational until 2017. 2016 was the first full year where payment was due for the 38,000 approved applicants. The estimate for each was based on an average annual contract of €4,600 but the actual contract value was €4,200, resulting in savings of €15.2m. Only 74% of total applications passed the regulatory checks, less than the 85% target, therefore less 2016 advance payments were processed than estimated resulting in savings of €15.3m. GLAS + estimated budget was €4.7m but the IT systems were not in place to make these payments in 2016. Additionally savings of €8m arose under AEOS as more applicants transferred to GLAS than was expected. Also, a requirement set out by EU auditors to review previous years prior to final payment being made resulted in 2,600 claims not being cleared for payment by year end.
Land mobility (early retirement/installation aid schemes)	610	Savings arose due to a faster than anticipated reduction in the number of recipients of Early Retirement Schemes (ERS) as the scheme winds down.

Description	Less/ (more) than provided	Explanation
	€000	
Development of agriculture and food	29,818	The original budget for Targeted Agricultural Modernisation Schemes (TAMS) in 2016 was €35.8m. The full budget was not used due to the low level of payment claims received in respect of TAMS II applications which were approved for investment works. Applicants have three years from date of approval to finalise their investment works and submit a payment claim. €15.5 million has been deferred as TAMS expenditure has been lower than forecast in 2016 as payment claims have not been received as quickly as envisaged from the more than 4,000 farmers who have already been approved to carry-out works on their holdings.
Forestry and bioenergy	10,002	The original budget was €113.8 million including €12 million deferred surrender from 2015. A €4.5 million underspend arose on the afforestation scheme due primarily to unpaid premiums caused by 1) build up of premium liabilities – applicants who don't apply online, fail to claim or have them stopped by the Department, 2) inertia by individuals regarding tax clearance or poor standard of forest establishment and 3) individuals who chose to allow their premiums build up to bulk claim at a future date. A €5.2 million underspend for forestry support schemes is due to a reduction in applications for the road scheme, due to ongoing issues relating to planning permission, and also because the windblown scheme payments expected in 2016 did not happen and are expected in 2017.

Description	Less/ (more) than provided	Explanation
	€000	
Fisheries	3,288	Variations on budget occurred mainly due to delays in initiation of European Maritime and Fisheries Fund (EMFF) projects coordinated by the Sea Fisheries Protection Authority (SFPA). These costs should materialise in 2017. Savings of €750,000 arose under the Marine Biodiversity Scheme because of later than anticipated implementation of certain projects, in particular surveying of offshore reef habitats, which required certain logistical arrangements be in place. Deferred projects will happen instead in 2017 and later years. Additionally savings of €750,000 arose as anticipated expenditure on a new IT system to fulfil EU reporting requirements under the EMFF did not happen, as the Department chose to upgrade the old IT system at lower cost, and anticipated EMFF investment by the SFPA on control and enforcement was postponed to later years of the programme due to a lack of project management resources.
Sea Fisheries Protection Authority	2,444	The savings here were mainly due to the continual delay in the Castletownbere accommodation project and delay in sanction for alternative accommodation.
Other services	754	Variation on budget on this subhead arose as a marine training initiative did not proceed. This was a once off initiative which had not progressed by year-end as other business took priority.
Haulbowline remediation project	5,738	€4.5 million has been deferred as the main remediation works projected to take place did not commence in 2016 as the tender process was not completed in time. The estimate provided for 2016 was based on the anticipated commencement of the most resource intensive phase of the project (remediation of the East Tip) during the latter half of the year. Cork County Council, acting as agents for the Minister and the Department of Agriculture, Food and the Marine extended the tendering period. The tendering process is now complete and the successful contractor is now on site and works have now commenced.

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
D	**Direct Payments**				
D.1	Administration – pay				
	Original	23,235			
	Supplementary	(1,814)	21,421	21,388	22,305
D.2	Administration - non pay				
	Original	8,919			
	Supplementary	(164)	8,755	7,978	8,624
D.3	Income and market supports				
	Original	12,351			
	Supplementary	(3,000)	9,351	8,230	89,156
D.4	Income support in disadvantaged areas		202,000	206,467	205,906
D.5	Other services		97	70	72
D.6	Agri Cashflow Support Loans Scheme				
	Original	—			
	Supplementary	13,915	13,915	13,914	—
			255,539	**258,047**	**326,063**

Significant variations

Overall, the gross expenditure in relation to Programme D was €2.51 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - pay	1,847	Savings occurred as planned recruitment did not progress as anticipated.
Administration – non pay	941	Savings occurred as increases in costs were not as anticipated.
Income and market supports	4,121	Savings of €3 million arose due to lower intervention activity which resulted in related technical, storage, handling and financing cost savings. There was also a €1.4 million underspend due to funds that had been acquired for the commencement of the Land Parcel Identification Scheme (LPIS) rebuild not being required in 2016. The LPIS is the Department's land management system that underpins the payments for land based schemes such as Basic Payment Scheme (BPS), Greening and Areas of Natural Constraint (ANC). While work was ongoing throughout 2016 to improve the system it was not as advanced by the end of 2016 as anticipated and hence the funds were not required.

Description	Less/ (more) than provided	Explanation
	€000	
Agri Cashflow Support Loan Scheme	(13,914)	The “Agriculture Cashflow Support Loan Scheme” was a new scheme in 2016 and was funded fully by way of supplementary estimate. The scheme was developed in co-operation with the Strategic Banking Corporation of Ireland (SBCI), and aims to make €150 million available to farmers at interest rates of 2.95%. The Scheme mitigates the impact of the change in the sterling exchange rate and lower commodity prices in some agriculture sectors, providing farmers with a low cost, flexible source of working capital, which will allow them to pay down more expensive forms of short-term debt, ensuring the ongoing financial sustainability of viable farming enterprises. SBCI uses the €25 million of public funding provided, comprising of €14 million in DAFM's contribution and €11 million from the EU’s ‘exceptional adjustment aid for milk and other livestock farmers’ to leverage the total fund with the participating banks.

4 Receipts

4.1 Appropriations-in-aid

				2016	2015
		Subhead	Estimated	Realised	Realised
			€000	€000	€000
	Administration				
1.	Recoupment of salaries, etc. of officers on loan to outside bodies		600	715	617
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements		1	117	32
3.	Refunds from veterinary fees for inspection at poultry and other meat plants	B.3	14,892	18,382	18,171
4.	Receipts from veterinary inspection fees for live exports	B.3	997	883	924
5.	Receipts from fees for dairy premises inspection services	B.3	5,250	6,800	6,459
	Other services				
6.	Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	B.3	800	709	698
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	A.3	1,903	2,610	2,404
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3	5,000	6,492	6,528
9.	Land Commission receipts		357	595	889
10.	Other receipts		1,615	2,600	2,071
	Receipts from EU under EAGGF guarantee regulations				
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	100	867	20
12.	Intervention stock losses, etc	D.3, D.5	1	725	1,098
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3, C.4 C.5, D.4	239,000	383,009	363,576
14.	Veterinary Fund	B.3	11,619	11,320	13,303
15.	Other Guarantee receipts from EU (Agriculture)	D.3, D.5	1,738	1,500	1,654

	Receipts from EU under structural regulations				
16.	Proceeds of fines and forfeitures in respect of sea fisheries	C.7	100	187	775
17.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	C.7	100	64	78
18.	EU recoupment in respect of expenditure on the conservation and management of fisheries	C.7	1	—	305
19.	Aquaculture licence fees	C.7	412	204	340
20.	EU receipts for EMFF	C.7	7,350	—	—
21.	EFF (Fisheries) 2007-2013	C.7	500	3,148	2,943
22.	Receipts from Sustainable Food Systems Ireland		100	85	47
23.	Receipts from pension-related deduction on public service remuneration		14,005	12,135	15,751
	Total		**306,441**	**453,147**	**438,683**

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 estimated**	**Explanation**
	€000	
Recoupment of salaries, etc. of officers on loan to outside bodies	(115)	Recoupment was greater than estimated due to the receipting of amounts due in 2015 at the beginning of 2016.
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(116)	More income than estimated was received due to the unpredictable nature of forfeitures on licence securities. A token estimate provision is made.
Refunds from veterinary fees for inspection at poultry and other meat plants	(3,490)	The higher than expected receipt is due to an increase in cattle/sheep/poultry slaughter figures together with an emphasis by the divisions on the collection of outstanding fees due.
Receipts from veterinary inspection fees for live exports	114	The live cattle trade in 2016 was not as vibrant as in previous years due in the main to the reduced demand for Irish calves in the Netherlands.
Receipts from fees for dairy premises inspection services	(1,550)	Under the Milk (Miscellaneous Provisions) Act, 1979 a fee of € 0.001 per litre is imposed on all milk going for manufacturing or for the preparation of drinking milk. There was a higher yield than anticipated due to increased milk volumes produced/processed following the abolition of the milk quota scheme.

Description	Less/(more) than estimated	Explanation
	€000	
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(707)	A combination of factors resulted in a surplus, namely the application for plant trade fees continued for the full year rather than the initial period of 6 months as forecast at the start of the year. Some companies were invoiced for cereal fees in late 2015 and monies were not received until 2016. There was also a once off contribution relating to an excess of registration fees for plant protection and biocidal products. Receipts are dependent on external commercial factors.
Receipts from farmer contributions towards the cost of eradicating bovine disease	(1,492)	The Department has been very active in pursuing outstanding debt in respect of dairy levies, animal slaughter and bovine exports throughout 2016 and has made very significant progress in recovering outstanding amounts due.
Land Commission receipts	(238)	The higher level of receipts was due to increased efforts to collect land purchase annuity arrears through reminder letters and additional offsetting against farm grants due, demands for payment of annuities prompted early redemptions of accounts and the lodgement of the proceeds of the sale of former trust lands.
Other receipts	(985)	A once off receipt of €500,000 arose in respect of royalties earned at EXPO 2016. In addition a further €150,000 was received from the Irish Cattle Breeders Federation (ICBF). These receipts are in respect of the recoupment of the additional costs of processing animal events sheets for calf registrations. The amount of the recoupment depends on the volume of calf birth registrations.
Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	(767)	There was higher level of purchases of skimmed milk powder into intervention, resulting in higher levels of related costs recoupable from the EU.
Intervention stock losses, etc.	(724)	The €724,000 variance resulted from the European Agricultural Guarantee Fund (EAGF) clearance of accounts which permits the retention of 20% of Irregularities collected. The level of retention is dependent upon debts collected and is difficult to predict.
EAFRD (European Agricultural Fund for Rural Development)	(144,009)	The variance on EAFRD receipts was mainly due to the timing of the formal closure of the 2007 – 2013 Rural Development Programme (RDP), and the subsequent release by the EU of 5% of receipts retained until formal closure.
Other Guarantee receipts from EU (Agriculture)	238	The variance resulted from a lower than expected uptake on the school milk scheme and a lower allocation for the school fruit scheme. In addition, recoupable receipts were less than anticipated.

Description	Less/(more) than estimated	Explanation
	€000	
Aquaculture license fees	208	The variation in this case reflects the ongoing improvement in debt-management processes resulting in greater numbers of accounts being settled in 2016.
EU receipts for EMFF	7,350	The anticipated submission of a claim to the EU Commission during 2016 did not occur. A larger claim will be submitted to the Commission in 2017.
EFF (Fisheries) 2007-2013	(2,648)	Budget 2016 anticipated European Fisheries Fund (EFF) receipts of €500,000. This was based on the assumption that a claim would be submitted to the Commission and paid before end 2015. As that did not happen, the receipts in 2016 of €3.148 million include the 2015 claim received in 2016.
Receipts from pension-related deduction on public service remuneration	1,870	The reduction in the amount of PRD collected reflects the continued reduction in payroll costs.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance at 1 January	206	54
Legal expenses	20	19
Bord Bia pension contributions	—	2
Voluntary surrender of ministerial salaries	1	—
Overpayments from EU disallowed schemes	2,929	—
Land Commission capital	8,836	—
Conscience money	—	1
Repayment of redundancy by former employee of the Dublin & Cork Milk Board	—	13
Surrender of sundry receipts	—	2
Surrender of pre-2001 EAGF uncashed cheques	—	205
Transferred to the Exchequer	(11,992)	(90)
Balance at 31 December	—	206

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2016	2015
Number of staff at year end (full time equivalents)	4,421	4,383

	2016 €000	2015 €000
Pay	204,687	205,321
Higher, special or additional duties allowances	1,249	1,306
Other allowances	1,930	2,286
Overtime	3,302	3,480
Shift Allowances	510	516
Employer's PRSI	11,072	10,871
Total Pay	**222,750**	**223,780**

The allowance, overtime and other remuneration details in note 5.1, 5.2, 5.3 and 5.4 below relate only the Department's staff, paid directly from the Vote under programmes A to D. Detailed information in relation to the remuneration arrangements of the Department's associated State bodies is available from the relevant annual reports or directly from the State bodies concerned.

The Department's salaries function migrated to Payroll Shared Services in November 2016. For the purposes of Note 5, the Department has adopted PSSC's extra remuneration classification method. The 2015 figures have been stated by that method for comparative purposes.

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 allowances	99	4	10,982	11,404
Shift allowances	67	15	19,146	19,888
Other allowances	633	3	18,696	20,836
Overtime	750	81	31,806	29,617
Extra remuneration in more than one category	311	103	35,113	37,693

5.2 Other Remuneration Arrangements

€1,346,057 in total was paid to 57 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. Fees paid were consistent with the principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.3 Payroll Overpayments

Overpayments at the year end were €508,254 (349 cases) (2015: €551,565; 345 cases). Of this, €287,608 (86 cases) had recovery plans in place.

5.4 Severance Awards

The cost of severance awards paid to 9 former Ministerial staff on termination of their employment in 2016 totalled €239,480 (2015: nil).

6 Miscellaneous

6.1 EU Funding

Council regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes. In May 2015 a new EAFRD Programme 2014-2020 for Ireland was formally adopted by the EU, whilst eligibility of expenditure under the EAFRD 2007-2013 ceased as at 31 December 2015.

The Department's activities include measures fully funded by the EAGF and activities co-financed by the EAFRD and from the Vote.

Programmes C and D include expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programme C includes expenditure in respect of activities co-financed by the EU through the European Fisheries Fund, 2007-2013 (EFF). Programme D includes a charge to the Vote of €544,000 for EU Funding which has been disallowed due to failure to meet payment deadlines on schemes.

The account includes interest of €391,000 paid on short-term borrowings of €599 million borrowed in 2015 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2016 along with interest.

A total of €770 million in short-term funds were borrowed in 2016 to fund EAGF Guarantee expenditure pending EU recoupment in 2017. These loans are not reflected in Note 2.

EU-funded income and expenditure managed by the Department of Agriculture, Food and the Marine

	2016	2015
	€m	€m
Programmes managed by Department		
Direct Payment/Single Payment Scheme	1,300	1,133
Intervention/Aid to Private Storage	3	13
Other market supports	7	5
Milk superlevy	—	(71)
Other	(61)	(5)
EAFRD Rural Development Programme	383	364
Veterinary Fund	11	13
Other co-financing receipts	4	3
Fisheries		
EFF - European Fisheries Fund 2007-2013	3	3
	1,650	1,458

[a] Only the EU co-funding on these programmes is shown in this table.

European Maritime and Fisheries Fund advance funding of €3 million received in 2016 not receipted to A-in-A.

6.2 GLAS

The Green, Low-Carbon Agri-Environment scheme (GLAS) was introduced in May 2015. A manual system was used to pay the first batch of payments in December 2015 as the IT system supporting the scheme was not yet fully operational. The manual system was deficient which led to overpayments and this was noted in the 2015 appropriation account. The fully functioning GLAS payment calculation system was in place to process 2015 balancing payments and this process included a reconciliation of the advance payments made for 2015 and the recovery of any overpayments made as part of those 2015 advance payments. The outstanding overpayments related to this issue at the end of 2016 was €11,324. Outstanding overpayments are posted on the Department's central accounts system, so that they are subject to recovery across other scheme payments issued including any further GLAS payments.

6.3 Overpayments

	2016 €000	2015 €000
Scheme overpayments at 1 January	3,254	3,022
Adjustment for Early Retirement Scheme	(26)	(20)
Overpayments raised in the year	9,438	8,701
Corrections	(1,269)	(1,070)
Recoveries	(8,593)	(7,016)
Write-offs (note 6.4)	(248)	(363)
Scheme overpayments at 31 December	2,556	3,254

6.4 Write-offs

The following sums were written off in the year:

	2016	2015
	€	€
Schemes:		
Early retirement from farming	41,246	7,098
Afforestation schemes	29,946	2,664
Miscellaneous EU premia and area based schemes	177,178	34,207
NDP Farm Improvement Scheme	—	208,664
BioEnergy Scheme	—	90,446
Miscellaneous Vote premia	—	20,368
	248,370	363,447
Other:		
Veterinary inspection fees unpaid by companies no longer in business	10,572	24,531
Late interest written-off	7,914	—
Salary overpayments	27,731	—
Other reasons	8,669	48
	54,886	24,579

6.5 Legal Costs and Compensation

Legal cost paid during the year are categorised as follows:

					2016	2015
	Number of cases	Legal costs of the Department	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by:						
employees of the Department	4	—	—	33	33	885
members of the public	16	35	749	174	958	451
	20	35	749	207	991	1,336

6.6 Contingent Liability

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.

On foot of a Government decision dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28 May 2015 approved a total scheme budget of €61million for the remediation. A further Government decision dated 9 May 2017 approved the provision of €27million, of the original budget, towards the remediation of the East Tip remediation contract for 2017 and 2018. Works have now commenced.

The “Agriculture Cashflow Support Loan Scheme” was a new scheme in 2016 and developed in co-operation with the Strategic Banking Corporation of Ireland (SBCI), making €150 million available to farmers at interest rates of 2.95%. The scheme mitigates the impact of the change in sterling exchange rate and lower commodity prices in some agriculture sectors, providing farmers with a low cost, flexible source of working capital, which will allow them to pay down more expensive forms of short-term debt, ensuring the ongoing financial sustainability of viable farming enterprises. SBCI uses the €25 million of public funding provided, comprising of €14 million in Department of Agriculture, Food and the Marine’s contribution and €11 million from the EU’s exceptional adjustment aid for milk and other livestock farmers’ to leverage the total fund with the participating banks, to ensure a favourable interest rate for participant farmers availing of the scheme and to mitigate against potential future bad debts (unpaid loans) for participating banks.

The Department’s exposure is limited to the Department’s contribution of €14 million which was made in 2016.

6.7 Food Aid Donations

The World Food Programme is the food aid organisation of the UN and operates on the basis of voluntary contributions pledged at irregular intervals. The programme provides food aid to needy countries, assists in implementing economic and social development projects and provides relief to the victims of natural and other disasters. The programme operates in approximately 80 countries. Ireland’s contribution to the World Food Programme in 2016 was €38.436 million (2015: €18.476 million). In view of the ongoing emergency situation in Syria, the Department acceded to an urgent request from the World Food Programme for early disbursement in 2016 of the contribution due in 2017.

The Food Aid Convention is the main international agreement on food aid provision and serves as both a best practice code of conduct and an annual food aid commitment. Aid donated under the Convention is held by the World Food Programme and used to provide aid in emergency situations. Ireland’s contribution to the Food Aid Convention in 2016 was €1.564 million (2015: €1.524 million).

6.8 Ex-Gratia Payments

Ex-gratia payments totalling €2,487,500 were made to 137 animal welfare organisations (2015: €2,620,050).

Ex-gratia payments of €12,500 and €14,500 respectively was made to two farmers upon the recommendation of the Office of the Ombudsman and refer to applications made under the Farm Improvement Scheme in October 2007.

An ex-gratia payment of €30,000 was paid to an equine hospital toward overall quarantine-related costs associated with the 2006 outbreak of equine infectious anaemia.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2016	**2015**
	€	€
Irish Shows Association Ltd	80,000	85,000
Macra na Feirme	34,000	34,000
Irish Country Womens Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
International Sheep Dog Society	—	6,000
Cape Clear Consulting Ltd	3,000	—
Agricultural Science Association	2,000	4,000
Milestone Management	1,000	—
Castlebridge Agriculture and Horticultural Show Committee	—	750

6.9 Suspected Irregularity

The investigation into suspected inappropriate expenditure in respect of certain payments made under the European Agriculture Fund for Rural Development co-funded agri-environment scheme has been completed. Inappropriate national expenditure of in excess of €130,000 was identified. All undue payments identified have been recovered, and the scheme is now closed.

6.10 Deferred Surrender

Deferred surrender comprises savings of €21.7 million in capital expenditures in the following subheads.

A.10	Other services	€1.7 m
C.5	Development of agriculture and food	€15.5 m
C.10	Haulbowline remediation project	€ 4.5 m

7. Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2016

	2016 €000	2015 €000
Balance at 1 January	—	—
Receipts (subhead A.11)	74,000	68,000
Payments		
Horse Racing Ireland	59,200	54,400
Bord na gCon	14,800	13,600
Balance at 31 December	—	—

Schedule of Land and Buildings

Property	Area (Hectares)
Cavan	
Lands, Teagasc College, Ballyhaise	17.0
Forest plot, Kingscourt	0.3
Cork	
Land Commission non-agricultural land, Annagannihy	56.5
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Dairy science laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	—
Lands, Model Farm Road	2.1
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Ballynoe	29.7
Forest plot, Bandon	1.4
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.2
Potato testing laboratory, Raphoe	—
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Forest plots, Killygordon	0.4
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Lands, Teagasc College, Athenry	59.0
Forest plot, Ballygar	0.5
Forest plot, Oughterard	7.0
Kerry	
Land Commission non-agricultural land, Glanlea	4.0
Forest plot, Kenmare	0.2
Forest plot, Killarney	1.0
Forest plot, Killorglin	28.6
Forest plot, Waterville	59.0

Property	Area (Hectares)
Kildare	
Testing centre, Backweston	—
Stacumny Cottage, Backweston	—
Lands, Backweston	113.0
Forest plot, Athy	2.6
Forest plots, Donadea	0.2
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Glenfarne	11.0
Forest plots, Dowra	107.3
Limerick	
Forest plot, Broadford	2.7
Forest plot, Foynes	1.8
Forest plots, Adare	3.0
Forest plots, Kilfinane	9.9
Longford	
Forest plot, Granard	0.7
Mayo	
Land Commission non-agricultural land, Ballymacrah	12.1
Forest plot, Foxford	3.0
Offaly	
Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5
Roscommon	
Land Commission non-agricultural lands	
Cloonakillig	0.7
Cloonshanvill	33.0
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	21.6
Cleaheen	0.6
Mallynahouna	5.0
Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plots, Lough Key	32.0

Property	Area (Hectares)
Sligo	
Forest plot, Beltra	141.0
Forest plot, Manorhamilton	2.0
Forest plots, Benbulbin	3.8
Forest plots, Collooney	1.3
Forest plots, Lough Gill	12.1
Tipperary	
Forest plot, Clonmel	3.2
Forest plot, Neir	2.8
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	4.0
Forest plots, Clogheen	1.3
Forest plots, Kilsheelan	1.9
Waterford	
Forest plots, Kilmacthomas	17.5
Westmeath	
Forest plots, Castlepollard	1.0
Forest plot, Lough Ennel	14.5
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Ballinaninch	60.7
Forest plot, Glen of Imaal	3.0
Forest plot, Shelton	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4

Property at Fishery Harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.

Appropriation Account 2016

Vote 31

Transport, Tourism and Sport

Introduction

As Accounting Officer for Vote 31, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Transport, Tourism and Sport, including certain services administered by that Office, for payment of certain grants and certain other services.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
(b) provided for capital supply services in 2016 out of unspent 2015 appropriation, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €2.91 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 except for the following;

Depreciation

The Department's policy is to depreciate assets from the date of purchase with no depreciation provided in the year of disposal. Depreciation is charged at the following rates:

Land and buildings - no depreciation

Furniture and fittings - 10%

Office equipment - 20%

Motor vehicles - 20%

Specialist equipment - 20%

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.

Assurance on Shared Services

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

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 firms 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 operated effectively.

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

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Financial Control Environment

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 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
- 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. In 2016, the Department incurred expenditure totalling €1,931,328 which were of note and are in accordance with National and EU tender requirements with the exception of 2 cases. The breakdown of these procurements is provided overleaf:

- €1,794,815 related to payments in cases where the procurement is fully compliant albeit it was awarded following a process where there was a sole supplier. These services were necessary and beneficial but are of a specialised nature requiring a high degree of expertise.
- €136,513 related to contracts with 2 suppliers where no competitive process had taken place in recent years. The reasons for this was due to the criticality of one of the contracts to the Department's business needs and the other was a contract inherited from a former Department that transferred functions to the Department of Transport, Tourism and Sport. A new contract will be signed in the coming weeks for one of the services and the other will be considered for tender under the Office of Government Procurement (OGP) framework. It is intended to make use of arrangements, which the OGP have indicated will be in place during 2017, to award in the other case. These 2 cases were not disclosed in the Circular 40/02 annual return.

- In addition, the Finance Division of the Department has been certified as compliant with ISO: 9001:2008 standard and has had certification extended for a further 3 years up to February 2020, with respect to its management procedures.

Significant financial risks

The Department has a risk management policy in place along with a risk register for all strategic and business related risks. The policy defines financial risk as a failure to maintain effective financial management and accountability arrangements in all the Department's activities. Risks are assessed and scored on the basis of impact, likelihood and the effectiveness of the controls in place. At present, the Department has no financial risks rated high. There are a number of strategic risks and business risks identified in the risk register which are classified as financial/corporate governance related. These risks are rated both medium and low given the likelihood of occurrence and the effectiveness of the internal controls in place to mitigate them, in particular the annual application of a detailed procedure for internal financial control at a Divisional level.

Enhancing controls over local and regional roads grant payments

Expenditure under Subhead B3 includes grants of €375 million for the improvement and maintenance of local and regional roads. The Department is responsible for the grant programme but between 2009 and 2013 the National Roads Authority (NRA, now Transport Infrastructure Ireland - TII) assumed responsibility for administering the grants on behalf of the Department. Its control procedures included the monitoring of progress on road improvement works by the NRA's engineers and inspectors.

In 2013 TII indicated that it was no longer in a position to undertake this work and the Department resumed responsibility for these grants in 2014 but for administrative efficiency it uses the Authority, as agent, to issue the payments to the local authorities. The Department's Road Division conducts administrative checks on expenditure. Regarding inspections the Department has confirmed that an engineering inspector will take up duty on the 11th October 2017. As part of a future workforce plan, the Department hopes to supplement this resource with a further engineering inspector. This will allow inspections to be undertaken from that date onwards and they will be done on a risk based approach.

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 periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

20 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 31 Transport, Tourism and Sport

I have audited the appropriation account for Vote 31 Transport, Tourism and Sport 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 Department 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 31 Transport, Tourism and Sport 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 Department of Transport, Tourism and Sport. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 31 Transport, Tourism and Sport
Appropriation Account 2016

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Civil aviation				
	Original	26,344			
	Deferred surrender	500	26,844	25,783	24,792
B	Land transport				
	Original	1,368,566			
	Supplementary	96,100			
	Deferred surrender	5,600	1,470,266	1,466,928	1,391,660
C	Maritime transport and safety				
	Original	95,142			
	Deferred surrender	1,300	96,442	91,300	89,519
D	Sports and Recreation Services				
	Original	126,588			
	Deferred surrender	6,200	132,788	128,771	102,088
E	Tourism services				
	Original	120,845			
	Deferred surrender	2,500	123,345	123,325	120,574
	Gross expenditure				
	Original	1,737,485			
	Supplementary	96,100			
	Deferred surrender	16,100			
			1,849,685	**1,836,107**	**1,728,633**
	Deduct				
F	**Appropriations-in-aid**				
			383,326	**383,627**	**405,663**
	Net expenditure				
	Original	1,354,159			
	Supplementary	96,100			
	Deferred surrender	16,100			
			1,466,359	**1,452,480**	**1,322,970**

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 in the following year.

	2016	2015
	€	€
Surplus	13,878,891	22,066,761
Deferred surrender	(10,969,000)	(16,100,000)
Surplus to be surrendered	2,909,891	5,966,761

Analysis of administration expenditure

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	28,799	26,625	26,770
ii	Travel and subsistence	1,021	1,081	985
iii	Training and development and incidental expenses	2,198	1,597	1,861
iv	Postal and telecommunications services	519	702	373
v	Office equipment and external IT services	1,584	1,611	1,621
vi	Office premises expenses	564	767	594
vii	Consultancy services and value for money and policy reviews	599	282	360
		35,284	**32,665**	**32,564**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		1,803,442	1,696,068
Pay		26,625	26,770
Non pay		6,040	5,795
Gross expenditure		**1,836,107**	**1,728,633**
Deduct			
Appropriations-in-aid		**383,627**	**405,663**
Net expenditure		**1,452,480**	**1,322,970**
Changes in capital assets			
Purchases cash	(4,867)		
Disposals cash	45		
(Profit)/loss on disposals	(45)		
Depreciation	3,338		
		(1,529)	(2,160)
Changes in net current assets			
Increase in closing accruals	113		
Increase in stock	(231)		
		(118)	3,053
Direct expenditure		**1,450,833**	**1,323,863**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		14,585	15,504
Notional rents		4,045	742
Net programme cost		**1,469,463**	**1,340,109**

1.1 Net Allied Services Expenditure

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

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	135	105
Vote 12 Superannuation and Retired Allowances	e	9,973	10,102
Vote 13 Office of Public Works	e	4,188	4,812
Vote 18 National Shared Services Office	e	51	39
Central Fund - Ministerial pensions	e	238	446
		14,585	**15,504**

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	**13,694**	**12,165**
		13,694	**12,165**
Current assets			
Bank and cash	2.3	11,386	18,774
Stocks	2.4	1,435	1,204
Prepayments		1,057	671
Other debit balances	2.5	240	556
Total current assets		**14,118**	**21,205**
Less current liabilities			
Accrued expenses		2,589	2,090
Other credit balances	2.6	555	461
Net liability to the Exchequer	2.7	11,071	18,869
Total current liabilities		**14,215**	**21,420**
Net current (liabilities)/assets		**(97)**	**(215)**
Net assets		**13,597**	**11,950**
Represented by:			
State funding account	2.1	**13,597**	**11,950**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			11,950	12,843
Disbursements from the Vote				
Estimate provision	Account	1,466,359		
Deferred surrender	Account	(10,969)		
Surplus to be surrendered	Account	(2,910)		
Net vote			1,452,480	1,322,970
Expenditure (cash) borne elsewhere	1		14,585	15,504
Non cash expenditure – notional rent	1		4,045	742
Net programme cost	1		(1,469,463)	(1,340,109)
Balance at 31 December			**13,597**	**11,950**

2.2 Capital Assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Specialist equipment	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2016	2,396	20,684	1,911	13,031	19,739	57,761
Adjustment *	—	(73)	—	—	73	—
Additions	—	1,251	21	1,688	1,907	4,867
Disposals	—	(431)	—	(511)	—	(942)
Cost or valuation at 31 December 2016	2,396	21,431	1,932	14,208	21,719	61,686
Accumulated depreciation						
Opening balance at 1 January 2016	—	17,471	1,370	9,132	17,623	45,596
Depreciation for the year	—	1,083	239	1,329	687	3,338
Disposals	—	(431)	—	(511)	—	(942)
Cumulative depreciation at 31 December 2016	—	18,123	1,609	9,950	18,310	47,992
Net assets at 31 December 2016	**2,396**	**3,308**	**323**	**4,258**	**3,409**	**13,694**
Net assets at 31 December 2015	**2,396**	**3,213**	**541**	**3,899**	**2,116**	**12,165**

* During the course of an internal audit during the year, a number of assets were identified as belonging to different categories.

The Department is in ongoing discussions with OPW with regard to the ownership of certain Coastguard buildings. No depreciation has been charged pending the outcome of such discussions.

2.3 Bank and Cash at 31 December	**2016** €000	**2015** €000
PMG balances and cash	11,269	18,703
Commercial bank accounts	117	71
	11,386	**18,774**

2.4 Stocks at 31 December	**2016** €000	**2015** €000
Stationery and office supplies	23	25
IT consumables	51	18
Specialised consumables (Irish Coast Guard)	1,361	1,161
	1,435	**1,204**

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Retirement lump sums	—	46
OPW agency services	211	418
Other	29	92
	240	**556**

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State	—	—
Pay Related Social Insurance	3	2
Professional Services Withholding Tax	13	148
Value Added Tax	278	29
Relevant Contract Tax	227	—
	521	179
Pension charges	31	229
Other	3	53
	555	**461**

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	2,910	5,967
Deferred surrender	10,969	16,100
Exchequer grant undrawn	(2,808)	(3,198)
Net liability to the Exchequer	**11,071**	**18,869**
Represented by:		
Debtors		
Bank	11,386	18,774
Debit balances: suspense	240	556
	11,626	19,330
Creditors		
Due to State	(521)	(179)
Credit balances: suspense	(34)	(282)
	(555)	(461)
	11,071	**18,869**

2.8 Commitments at 31 December	**2016 €000**	**2015 €000**
a) Global Commitments		
Procurement of goods and services	350,172	415,570
Capital grant programmes	119,493	142,886
Total of legally enforceable commitments	**469,665**	**558,456**

b) Commitments under Procurement Subheads	**2016 €000**	**2015 €000**
Search and rescue helicopter services	329,864	389,872
Airports	8,357	15,973
Vehicle/driving licencing	7,737	5,872
Sustainable travel	400	800
Air Accident Investigation Unit	257	273
Information technology	273	545
Coast Guard services	3,284	2,235
	350,172	**415,570**

c) Capital Grant Commitments	**2016 €000**	**2015 €000**
Opening balance	142,866	128,125
Grants paid in year	(53,088)	(46,315)
New grant commitments	40,065	61,523
Grant decommitments	(10,350)	(467)
Closing balance	**119,493**	**142,866**

d) Major Capital Commitments

	Cumulative expenditure to 31 December 2015	**Expenditure in 2016**	**Project commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015**
	€000	**€000**	**€000**	**€000**	**€000**
Smarter Travel Areas	19,150	2,900	1,200	23,250	23,250
Sports Capital Programme	—	13,087	16,913	30,000	—

2.9 Matured Liabilities

	2016 €000	**2015 €000**
Estimate of matured liabilities not discharged at year end	57	31

3 Programme Expenditure by Subhead

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A	**Civil aviation**				
A.1	Administration - pay		2,879	2,661	2,825
A.2	Administration - non pay		667	605	975
A.3	Regional airports				
	Original	12,600			
	Deferred surrender	500	13,100	13,300	11,993
A.4	Miscellaneous aviation services		10,198	9,217	8,999
			26,844	**25,783**	**24,792**

Significant variations

Overall, the expenditure in relation to Programme A was €1.061 million lower than estimated (representing a variance of 4%). This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Miscellaneous aviation services	981	The Department pays subscription costs for Eurocontrol and recoups the funding from the Irish Aviation Authority. Such costs were less than anticipated in the year.

			2016		2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
B	**Land transport**				
B.1	Administration - pay		10,080	10,118	9,295
B.2	Administration - non pay		2,079	2,295	2,003
B.3	Road improvement/maintenance				
	Original	720,073			
	Supplementary	88,100			
	Deferred surrender	4,000	812,173	811,798	764,860
B.4	Road safety agencies and expenses		5,166	4,819	4,504
B.5	Vehicle and driver licencing expenses		15,200	15,712	15,471
B.6	Smarter travel and carbon reduction				
	Original	13,555			
	Deferred surrender	1,600	15,155	12,116	20,292
B.7	Public service provision payments		250,059	249,804	221,272
B.8	Public transport investment programme				
	Original	346,838			
	Supplementary	8,000	354,838	354,738	338,974
B.9	Public transport agencies and expenses		5,438	5,438	14,913
B.10	Miscellaneous services		78	90	76
			1,470,266	**1,466,928**	**1,391,660**

Significant variations

Overall, the expenditure in relation to Programme B was €3.338 million less than estimated, representing a variance of 0.23% This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Road improvement /maintenance	375	Additional spending of €88.1 million was met by a supplementary estimate to meet costs of severe weather repairs to national, regional and local roads.
Road safety agencies and expenses	347	Funding was provided for the Medical Bureau of Road Safety drug devices as a new requirement under the Road Traffic Act 2016. As the Act had not commenced, full spend of the allocation was not possible. The amount of €347,000 has been carried over to 2017.
Vehicle and driver licencing expenses	(512)	The overspend was as a result of an increase in postage costs in 2016 for the National Vehicle Driver File operation and additional funds required to cover costs of a new IT project (the Master License Record).

Description	Less/ (more) than provided	Explanation
	€000	
Smarter travel and carbon reduction	3,039	The underspend arose from delays in the delivery of certain National Cycle Network projects - the most critical being in Kerry and Galway with land ownership and planning issues in relation to the delivery of National Cycle Network projects. A Tipperary project was delayed due to contractual issues and an Active Travel Town project in Tralee, Kerry was also delayed due to an alternative and better cycle route being identified and acquired but requiring additional time to deliver.

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C	**Maritime transport and safety**				
C.1	Administration - pay		13,247	11,449	12,119
C.2	Administration - non pay		3,104	2,597	2,429
C.3	Maritime administration and Irish Coast Guard				
	Original	78,705			
	Deferred surrender	1,300	80,005	77,174	74,887
C.4	Miscellaneous services		86	80	84
			96,442	**91,300**	**89,519**

Significant variations

Overall, the expenditure in relation to Programme C was €5.142 million lower than estimated, representing a variance of 5%. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Maritime administration and Irish Coast Guard	2,831	The variance is mainly due to current and capital savings achieved in Commissioner of Irish Lights (CIL). CIL did not need to drawdown the full 2016 allocation as it was in a position to fund more of its operating costs from its own resources. In addition, there were savings of €172,000 in relation to the Marine Casualty Investigation Board (MCIB).

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
D	**Sports and recreation services**				
D.1	Administration - pay		1,719	1,598	1,592
D.2	Administration - non pay		379	362	246
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)		42,200	39,624	28,058
D.4	Grants for provision and renovation of swimming pools		5,600	4,278	1,563
D.5	Sport Ireland (part funded by National Lottery)				
	Original	72,190			
	Deferred surrender	6,200	78,390	78,416	68,687
D. 6	Dormant accounts funding for sports measures		4,500	4,493	1,942
			132,788	**128,771**	**102,088**

Significant variations

Overall, the expenditure in relation to Programme D was €4.017 million less than estimated, representing a variance of 3%. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)	2,576	The variance arose due to a carry-over of €3.5 million to 2017 for Kerry Sports Academy, as the project did not proceed as quickly as planned. This was offset by an amount of €925,000 in respect of funding for the redevelopment of Pairc Ui Chaoimh drawn down earlier than anticipated.
Grants for provision and renovation of swimming pools	1,322	The underspend here relates to one project - Dunmanway Swimming Pool – where delays occurred in the finalisation of certain legal issues. The amount due for payment was carried over to 2017.

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
E	**Tourism services**				
E.1	Administration - pay		874	799	938
E.2	Administration - non pay		256	181	144
E.3	Fáilte Ireland		57,217	57,347	55,831
E.4	Tourism Ireland Limited - grant for administration and general expenses		14,430	14,430	14,758
E.5	Tourism Marketing Fund		35,053	35,053	34,053
E.6	Tourism Product Development				
	Original	13,015			
	Deferred surrender	2,500	15,515	15,515	14,850
			123,345	**123,325**	**120,574**

Significant variations

Overall, the expenditure in relation to Programme E was €0.02 million lower than estimated, representing a variance of 0.02 %. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration - non pay	75	The underspend relates to certain consultancy projects and other incidental expenses that did not proceed.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
Administration				
1.	Receipts from pension-related deduction on public service remuneration	3,500	3,478	4,387
Civil aviation				
2.	Irish Aviation Authority refund of subscriptions to international organisations	7,095	6,238	6,155
3.	Irish Aviation Authority recoupment of rents, etc.	394	394	394
4.	Irish Aviation Authority payment for associated costs	2,391	2,655	2,132
Land transport				
5.	Road transport licence fees	700	1,287	953
6.	Receipts from Local Government Fund	361,243	361,243	370,043
7.	Miscellaneous land transport receipts	2,488	2,460	16,379
Maritime transport and safety				
8.	Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919	450	491	445
Tourism services				
9.	Tourism Ireland pension receipts	175	311	280
Sports services				
10.	Sport Ireland pension receipts	90	133	412
11.	Dormant accounts funding	4,500	4,493	1,942
Miscellaneous receipts				
12.	Miscellaneous receipts	300	444	2,141
	Total	**383,326**	**383,627**	**405,663**

Explanation of significant variations

Overall, the income received via appropriations-in-aid was €0.3 million higher than estimated, representing a variance of 0.08%. This was mainly due to the following

Description	Less/(more) than provided	Explanation
	€000	
Irish Aviation Authority refund of subscriptions to international organisations	857	The Department pays annual subscription fees to International Organisations e.g. Eurocontrol, ICAO, ECAC and ABIS, and recoups funding from the Irish Aviation Authority. Such costs were less than anticipated in the year, as reflected in Subhead A4, and the amounts recouped were commensurately lower.
Irish Aviation Authority payment for associated costs	(264)	The Department recoups certain costs from Irish Aviation Authority for aviation for insurance, salaries, travel and subsistence etc. where these relate to policy areas such as air navigation policy and air safety policy. By its nature it is difficult to forecast these costs.

Description	Less/(more) than provided	Explanation
	€000	
Road transport licence fees	(587)	Due to the upturn in road haulage activity, applications (and associated fees) for licences and renewals were greater than anticipated.
Tourism Ireland pension receipts	(136)	Increased receipts are due to changes in the pension scheme rules increasing the level of pension contributions payable by Tourism Ireland staff.
Miscellaneous receipts	(144)	Increased receipts are due to higher than anticipated HSE refunds for the use of the SAR helicopter and refunds from local authorities for salt supplies.

4.2 Extra Exchequer Receipts

	2016 €000	2015 €000
Balance at 1 January	—	—
Shannon Development rents [a]	11	10
Sports capital grant refunds [b]	31	12
Medical Bureau of Road Safety refund of unspent grant [c]	292	—
Receipt from Bus Éireann for school transport [d]	247	250
EU receipt for CEF (Connecting Europe Facility) project	—	3,233
Capital sale of assets [e]	10	—
Road Safety Authority pension contributions and notional service [f]	483	509
Voluntary surrender of pay	—	14
Refund of bank balance [g]	38	6
Transferred to the Exchequer	(1,112)	(4,034)
Balance at 31 December	—	—

a Moneys for rents collected by the Shannon Airport Authority (SAA) on behalf of the Minister.

b Grant moneys were returned to the Vote because, following an examination by the Department, it concluded that the moneys had been drawn down in contravention of the terms and conditions of the Sports Capital Programme.

c The Medical Bureau of Road Safety repaid certain unspent grant moneys.

d Receipt from Bus Éireann for school transport relates to a depreciation charge paid for the use of Bus Éireann vehicles for various routes.

e Moneys received from the dissolution of Cork Airport Authority and disposal of assets.

f The Department acts as the intermediary in making the annual pay over of the pension contributions deducted from RSA staff.

g Refund of moneys from Office of Public Works in connection with office fit out.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department	459	428
Agencies		
Commission for Aviation Regulation	20	17
Fáilte Ireland	324	313
Medical Bureau of Road Safety	35	35
National Transport Authority	82	71
Commission for Railway Regulation	14	11
Road Safety Authority	322	312
Tourism Ireland	142	145
Transport Infrastructure Ireland	256	267
Sport Ireland	34	34
	1,688	1,633

Department staff only	**2016**	**2015**
	€000	**€000**
Pay	23,577	23,710
Higher, special or additional duties allowance	416	433
Other allowances	445	539
Overtime	589	625
Employer's PRSI	1,598	1,461
Total pay	**26,625**	**26,768**

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	89	44	20,374	21,406
Other allowances	82	1	17,228	22,497
Overtime	93	18	36,510	32,409
Extra remuneration in more than one category	61	58	43,624	40,977

5.2 Other Remuneration Arrangements

Four retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €79,670. Pension abatement rules were applied as appropriate.

5.3 Payroll overpayments

According to the National Shared Services Office (NSSO) which is responsible for processing the Department's payroll, there were 33 cases of overpayments at year-end totalling €64,841 compared with 48 cases in 2015 (totalling €115,337). Of these, there are 13 cases (relating to €14,131) where plans are in place with the individuals involved to recover the overpayments. The Department has been assured by the NSSO that there is a robust mechanism in place to manage the recovery of these overpayments.

6 Miscellaneous

6.1 National Lottery Funding

Total expenditure of €118.04 million (€96.74 million in 2015) under subheads D.3 and D.5 was part funded by the National Lottery.

A full list of payments to grantees under subhead D.3 is available on the Department's website, www.dttas.ie.

6.2 Legal costs

					2016	2015
	Number of cases	Legal costs of the Department	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by members of the public						
State Claims Agency managed	1	96	—	—	96	87
Other	3	242	—	70	312	284
		338	—	70	408	371

6.3 Arbitration and Conciliation

There were no payments in 2016 or 2015 to contractors or others to cover costs of conciliation and arbitration proceedings.

6.4 Contingent Liabilities

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

6.5 Commissions and Inquiries

In September 2016 a non-statutory inquiry commenced into the circumstances and facts concerning the reselling of tickets for the Rio Olympic Games. As of 31 December 2016, payments of €9,200 had been made in respect of the costs of the inquiry.

6.6 Carryover to 2017

Under the provision of section 91 of the Finance Act 2004, €10.9 million in unspent allocation in respect of capital elements for subheads B.3, B.4, B.8, D.3, D.4 and D.5 was carried forward to 2017.

Appropriation Account 2016

Vote 32

Jobs, 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 2016 for the salaries and expenses of the Office of the Minister for Jobs, 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 Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €8 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 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.

Assurance on Shared Services

The human resource function is provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of human resource shared services.

I rely on a letter of assurance from the Accounting Officer of Vote 18 that the appropriate controls are exercised in the provision of shared services to this 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.

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.
- 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 seven contracts to the value of €431,399 which were listed in my annual return in respect of Circular 40/2002. Five of these contracts were rolled-over pending the finalisation by the Office of Government Procurement of centralised framework agreements. A contract for legal services was rolled-over as there was a delay in the tendering process. The tender issued in November 2016 and the contracts awarded to successful firms in February 2017. A further contract was rolled over as there was a delay in the relocation of staff to a new premises and it was not practical to change the service provider. This relocation took place in November 2016 and a competitive procurement process is planned during 2017.

Significant financial risks

I can confirm that I have reviewed the high level risk register of the Department and the corresponding controls in place to mitigate the risks identified.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function which operates in accordance with a written charter, which I have approved. The resources available to the Internal Audit Unit in 2016 were affected by the fact that the position of Head of Internal Unit was vacant. In an effort to mitigate the impact of this vacancy, a number of audits were outsourced during the course of the year. In addition, in 2017 a professional accountant from elsewhere in the Department was temporarily assigned to assist the Unit. As regards filling the Head of Internal Audit post, the Department has been actively engaging with the Public Appointment Service (PAS) and a suitably qualified candidate is expected to be appointed to the position shortly. The work of internal audit 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 periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

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

1 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Jobs, Enterprise and Innovation

I have audited the appropriation account for Vote 32 Jobs, Enterprise and Innovation for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by her Department 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 32 Jobs, Enterprise and Innovation 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 Department of Jobs, Enterprise and Innovation. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 32 Jobs, Enterprise and Innovation Appropriation Account 2016

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Jobs and Enterprise Development				
	Original	384,485			
	Supplementary	(5,981)			
	Deferred surrender	10,000	388,504	389,680	379,379
B	Innovation				
	Original	333,130			
	Supplementary	48,349	381,479	381,126	382,633
C	Regulation				
	Original	82,858			
	Supplementary	(7,368)	75,490	72,153	72,833
	Gross expenditure		**845,473**	**842,959**	**834,845**
	Deduct				
D	**Appropriations-in-aid**		**47,148**	**52,680**	**51,925**
	Net expenditure				
	Original	753,325			
	Supplementary	35,000			
	Deferred surrender	10,000			
			798,325	**790,279**	**782,920**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Unspent appropriations for capital supply services may be carried over for spending in the following year under Section 91 of the Finance Act 2004.

	2016	2015
	€	€
Surplus	8,045,508	27,492,889
Deferred surrender	—	(10,000,000)
Surplus to be surrendered	8,045,508	17,492,889

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	24,523	22,949	24,196
ii	Travel and subsistence	686	771	424
iii	Learning and development and incidental expenses	1,096	968	828
iv	Postal and telecommunications services	587	296	450
v	Office equipment and external IT services	3,959	4,000	3,090
vi	Office premises expenses	1,750	800	1,271
vii	Consultancy services and value for money and policy reviews	1,210	468	936
viii	Advertising and information resources	581	169	391
		34,392	30,421	31,586

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		812,538	803,259
Pay		22,949	24,196
Non pay		7,472	7,390
Gross expenditure		**842,959**	**834,845**
Deduct			
Appropriations-in-aid		**52,680**	**51,925**
Net expenditure		**790,279**	**782,920**
Changes in capital assets			
Purchases cash	(1,136)		
Depreciation	1,860		
Loss on Disposals	1		
		725	1,067
Changes in assets under development			
Cash payments		(467)	(1,126)
Changes in net current assets			
Decrease in closing accruals	(1,465)		
Increase in stock	(12)		
		(1,477)	1,322
Direct expenditure		**789,060**	**784,183**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		23,715	22,694
Notional rents (non-cash) (note 1.2)		2,580	1,947
Net programme cost		**815,355**	**808,824**

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.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	91	144
Vote 12 Superannuation and Retired Allowances	e	16,021	16,056
Vote 13 Office of Public Works	e	7,291	6,158
Central Fund - Ministerial pensions	e	312	336
		23,715	22,694

'e' indicates an estimated value or an apportioned cost.

1.2 Notional Rent

The notional rent figure is in respect of two State-owned properties occupied by the Department. It has been compiled by the Office of Public Works based on current market rental prices.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	6,830	7,149
Capital assets under development	2.3	138	43
		6,968	**7,192**
Current Assets			
Bank and cash	2.4	2,985	14,294
Stocks	2.5	209	197
Prepayments	2.6	2,932	922
Accrued income		951	1,003
Other debit balances	2.7	578	1,094
Total current assets		**7,655**	**17,510**
Less current liabilities			
Accrued expenses		718	446
Deferred income		2,057	1,802
Other credit balances	2.8	2,691	2,388
Net liability to the Exchequer	2.9	872	13,000
Total current liabilities		**6,338**	**17,636**
Net current assets/(liabilities)		**1,317**	**(126)**
Net assets		**8,285**	**7,066**
Represented by:			
State funding account	2.1	**8,285**	**7,066**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			7,066	8,312
Disbursements from the Vote				
Estimate provision	Account	798,325		
Deferred surrender	Account	—		
Surplus to be surrendered	Account	(8,046)		
Net vote			790,279	782,920
Net assets transferred from LRC			—	17
Expenditure (cash) borne elsewhere	1		23,715	22,694
Non cash expenditure – notional rent	1		2,580	1,947
Net programme cost	1		(815,355)	(808,824)
Balance at 31 December			**8,285**	**7,066**

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	36,905	5,473	42,378
Reclassification	(12)	12	—
Additions	1,380	162	1,542
Disposals	(294)	(38)	(332)
Cost or valuation at 31 December 2016	37,979	5,609	43,588
Accumulated depreciation			
Opening balance at 1 January 2016	29,963	5,266	35,229
Reclassification	(12)	12	—
Depreciation for the year	1,794	66	1,860
Depreciation on disposals	(293)	(38)	(331)
Cumulative depreciation at 31 December 2016	31,452	5,306	36,758
Net assets at 31 December 2016	**6,527**	**303**	**6,830**
Net assets at 31 December 2015	**6,942**	**207**	**7,149**

2.3 Capital Assets under Development

	In-house computer applications
	€000
Amounts brought forward at 1 January 2016	43
Cash payments in year [a]	507
Brought into use in year	(412)
Balance at 31 December 2016	138

[a] Includes EU funding of €40,272 used to acquire ICT assets for Patent Cooperation Fund projects.

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances	2,985	14,293
Commercial bank account balance	—	1
	2,985	14,294

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	151	137
IT supplies	48	43
Cleaning materials	10	17
	209	197

2.6 Prepayments	**2016**	**2015**
	€000	**€000**
Prepayments at 31 December*	2,932	922

*Prepayments of €2.9 million at 31 December 2016 include an advance payment of €1.8 million, being the State's contribution to the World Trade Organisation for 2017.

2.7 Other Debit Balances		**2016**	**2015**
at 31 December		**€000**	**€000**
Advances to OPW		166	105
Miscellaneous debit balances		307	631
Recoupable expenditure:			
Travel	37		
Shared services	68		
		105	358
		578	1,094

2.8 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	24	56
Pay Related Social Insurance	60	60
Professional Services Withholding Tax	103	—
Value Added Tax on intra EU acquisitions	37	—
	224	116
Miscellaneous credit balances*	2,467	2,272
	2,691	2,388

*Miscellaneous credit balances comprise i) share of patent renewal fees totalling €1.4 million payable to the European Patents Office, ii) recoupable salaries - €0.4 million, iii) Patent Co-operation Programme - €0.3 million, iv) employers' pension liability - €0.3 million and v) other miscellaneous balances.

2.9 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	8,046	17,492
Deferred surrender	—	10,000
Exchequer grant undrawn	(7,174)	(14,492)
Net liability to the Exchequer	872	13,000
Represented by:		
Debtors		
Bank and cash	2,985	14,294
Other debit balances	578	1,094
	3,563	15,388
Creditors		
Due to State	(224)	(116)
Other credit balances	(2,467)	(2,272)
	(2,691)	(2,388)
	872	13,000

2.10 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	2,001	1,717
Grant programmes [a]	1,515,146	1,427,488
Total of legally enforceable commitments	1,517,147	1,429,205

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

b) Major Capital Commitments

Capital grants involving total expenditure of €6.35 million or more is shown separately in the major capital commitments table.

	Cumulative expenditure to 31 December 2015 [a]	**Expenditure in 2016**	**Project commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015** [a]
	€000	**€000**	**€000**	**€000**	**€000**
IDA Ireland	61,400	19,000	99,000	179,400	148,400
Enterprise Ireland	250,259	58,235	203,232	511,726	439,113
Science Technology & Development Programme	208,711	51,248	225,843	485,802	488,800
Programme for Research in Third Level Institutions (PRTLI)	124,669	20,638	26,188	171,495	171,495
INTERREG	—	—	21,000	21,000	—
	645,039	149,121	575,263	1,369,423	1,247,808

[a] Excludes projects completed by end of 2015.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2015 to 2016, an explanation is provided as follows:

Project by Project basis	Expected total spend 2016	Expected total spend 2015	Year on year increase/(decrease)
	€000	€000	€000
IDA Ireland	179,400	148,400	31,000
The increase relates to three new grants approvals in 2016.			
Enterprise Ireland	511,726	439,113	72,613
The increase relates to five new projects totalling €69 million and an increase in the value of five existing project commitments of €3.6 million.			
Science, Technology and Development Programme	485,904	488,800	(2,896)
The decrease relates to one project expected to come in lower than originally estimated.			
INTERREG	21,000	—	21,000
The Department committed in 2016 to €21 million funding towards the current INTERREG Programme, which will run until 2022.			

2.11 Matured Liabilities

	2016	2015
	€000	€000
Estimate of matured liabilities not discharged at year-end	266	206

3 Programme Expenditure by Subhead

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A	**Jobs and Enterprise Development**				
A.1	Administration – pay		8,339	7,886	8,158
A.2	Administration – non pay				
	Original	2,726			
	Supplementary	(776)	1,950	1,940	2,188
A.3	Agency legacy pensions		39,969	39,783	39,086
A.4	InterTrade Ireland		7,465	7,560	7,840
A.5	IDA Ireland				
	Original	153,680			
	Supplementary	(6,200)			
	Deferred surrender	10,000	157,480	156,459	156,599
A.6	National Standards Authority of Ireland – grant for administration and general expenses		6,237	5,094	5,619
A.7	Enterprise Ireland				
	Original	131,749			
	Supplementary	(6,030)	125,719	127,954	126,928
A.8	Local enterprise development				
	Original	28,931			
	Supplementary	8	28,939	28,921	29,442
A.9	Temporary Partial Credit Guarantee Scheme		500	377	245
A.10	INTERREG enterprise development				
	Original	2,770			
	Supplementary	(2,770)	—	—	1,224
A.11	Subscriptions to international organisations, etc.		1,899	3,694	2,049
A.12	Commissions, committees and special inquiries		1	1	1
A.13	Legal costs and other services				
	Original	219			
	Supplementary	(213)	6	11	—
A.14	Micro Finance Loan Fund				
	Original	—			
	Supplementary	10,000	10,000	10,000	—
			388,504	389,680	379,379

Significant variations

Overall, the expenditure in relation to Programme A was €1,176,000 greater than provided (including deferred surrender and additional funding under supplementary estimate). Expenditure was higher than the original estimate by €5.2 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	786	Overall the non-pay expenditure across the three programmes was 24% less than estimated, with expenditure on Programme A being 29% less than the original estimate. The main underspends/savings occurred in the following areas; (i) expenditure associated with the relocation of staff in two buildings in response to OPW decisions on building leases. This activity was deferred to 2017; (ii) savings in reduced letter post and telephony expenditure resulting from use of technology advances in these areas; (iii) consultancy services – due to the reprioritisation of certain projects during the course of the year and the fact that a number of projects which commenced during 2016 fall to be completed in 2017; and (iv) advertising - scale back/delay of awareness advertising campaigns.
National Standards Authority of Ireland – grant for administration and general expenses	1,143	The underspend is due to: (i) €780,000 underspend in pension and pension lump sums as the number of retirements was less than anticipated affected somewhat by the extension of the retirement 'grace period' from June 2016 to April 2019; (ii) €300,000 underspend in pay due to payroll costs being lower than anticipated and (iii) €63,000 underspend in capital expenditure arising from non-replacement of some assets in 2016 as originally planned.
Temporary Partial Credit Guarantee Scheme	123	The estimate was based on the maximum amount of €150,000,000 being lent and guaranteed under the Credit Guarantee Scheme. The estimate covers the cost of operating the Scheme, as well as, claims by participating lenders, on the 75% guarantee. The reasons for the underspend are: (i) lower than anticipated take up of the Scheme, and (ii) there have been relatively few claims on the guarantee by year end.
INTERREG enterprise development	2,770	The full allocation was surrendered in the Department's supplementary estimate process, as commencement of the current INTERREG Programme, due to run for the period up to 2022, was significantly delayed during 2016. This was partly due to administrative delays in the EU Managing Authority early in the year but mainly due to the UK decision in June to leave the EU which meant that no commitments could be made pending political resolution (involving Ireland, Northern Ireland, the UK and EU) of long term future funding commitments. A resolution was eventually achieved at the end of 2016 resulting in no moneys being spent and projects not getting up and running until 2017.
Subscriptions to International Organisations	(1,795)	The overspend on this subhead was primarily due to the payment of the 2017 World Trade Organisation subscription amounting to €1.8 million in December 2016. The estimate was based on the payment of the 2016 subscription only.

Description	Less/(more) than provided	Explanation
	€000	
Legal costs and other services	208	It is prudent Vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the course of the financial year. However, only very modest contingency expenditure was incurred in 2016.
Micro Finance Loan Fund	(10,000)	As part of the supplementary estimate process €10,000,000 was made available to Micro Finance Ireland in order to provide unsecured business loans of €2,000 to €25,000 to aid start-ups and expansion of established small businesses. This additional funding was provided to support the ongoing work of the Fund for a further 5 year period.

				2016	2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
B	**Innovation**				
B.1	Administration – pay		5,992	5,725	5,725
B.2	Administration – non pay				
	Original	2,562			
	Supplementary	(450)	2,112	2,224	2,092
B.3	Patents Office		2,791	2,632	2,506
B.4	Science and Technology Development Programme				
	Original	292,033			
	Supplementary	27,000	319,033	318,998	297,706
B.5	Programme for Research in Third Level Institutions (PRTLI)				
	Original	10,377			
	Supplementary	20,000	30,377	30,377	55,514
B.6	Subscriptions to international organisations, etc.				
	Original	19,173			
	Supplementary	2,000	21,173	21,169	19,086
B.7	Commissions, committees and special inquiries		1	1	1
B.8	Legal costs and other services				
	Original	201			
	Supplementary	(201)	—	—	3
			381,479	381,126	382,633

Significant variations

Overall, the expenditure in relation to Programme B was €353,000 lower than provided (including additional funding under a supplementary estimate). However, expenditure was higher than the original estimate by €47.9 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Patents Office	159	A provision of €150,000 was made for the development of an ICT system to allow for the electronic filing of applications for Patents and Supplementary Protection Certificates. While progress was made on this project during the year, no expenditure was incurred.
Science and Technology Development Programme	(26,965)	The original allocation for this subhead was increased by €27,000,000 by way of a supplementary estimate. The additional funds were used to pay additional grants under the SFI Research Infrastructure Call. Phase I of this programme was completed in 2015 and the deadline for submission of bids in relation to Phase II was February 2016. Phase II sought proposals in relation to large scale research infrastructure for research bodies. The full amount of the supplementary estimate was paid out as part of a total payment of €47,400,000 under this programme in 2016. In total there were 36 awards to support Irish science in areas including advanced manufacturing, drug delivery, 3D imaging, nanotechnology, future networks, big data, renewable energy, food and the environment, animal and human health.
Programme for Research in Third Level Institutions (PRTLI)	(20,000)	An amount of €20,000,000 was provided by way of a supplementary estimate to fund PRTLI programs. Higher Education Institutions (HEI) that were awarded funding for capital projects under PRTLI Cycle 5 are being reimbursed retrospectively from the DJEI Vote. The supplementary estimate allocation was used to pay sums owed to HEIs for Cycle 5 projects including Cork IT, DCU, DIT, NUIG, NUIM, TCD, UCC, UCD, UL, and the RIA.
Subscriptions to international organisations, etc.	(1,996)	An additional €2,000,000 was allocated towards Ireland's contribution to the European Space Agency (ESA) in the supplementary estimate process. The additional contribution was allocated to two ESA technology development programmes with funding of €1,000,000 each to the General Support Technology Programme (GSTP) and the Advanced Research in Telecommunications Systems (ARTES). In order to ensure a fair distribution of contracts across member states, ESA operates a policy of geographical return. This means that the value of contracts won by companies operating in a member state must be commensurate to the level of funding provided by that member state to the ESA. The additional funding has allowed a number of contracts to be awarded by ESA to successful bids from Irish based indigenous and FDI companies.
Legal costs and other services	201	It is prudent Vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the course of the financial year. However, only very modest contingency expenditure was incurred in 2016.

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C	**Regulation**				
C.1	Administration – pay		10,192	9,338	10,313
C.2	Administration – non pay				
	Original	4,581			
	Supplementary	(1,058)	3,523	3,308	3,110
C.3	Workplace Relations Programme				
	Original	19,087			
	Supplementary	(837)	18,250	18,050	17,009
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		17,544	17,884	18,217
C.6	Trade union amalgamations		80	—	—
C.7	Office of the Director of Corporate Enforcement				
	Original	5,015			
	Supplementary	(2,227)	2,788	2,728	3,073
C.8	Competition and Consumer Protection Commission				
	Original	12,141			
	Supplementary	(2,042)	10,099	9,181	9,124
C.9	Personal Injuries Assessment Board		224	83	203
C.10	Consumer support		45	44	—
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses		7,318	6,664	7,244
C.12	Irish Auditing and Accounting Supervisory Authority				
	Original	2,395			
	Supplementary	(432)	1,963	1,793	1,557
C.13	Low Pay Commission		474	286	260
C.14	Subscriptions to international organisations, etc.		1,557	1,536	1,555
C.15	Commissions, committees and special inquiries		220	92	50
C.16	Legal costs and other services				
	Original	1,085			
	Supplementary	(772)	313	266	218
			75,490	72,153	72,833

Significant variations

Overall, the expenditure in relation to Programme C was €3.3 million lower than provided (including reduction in funding by a supplementary estimate). Expenditure was lower than the original estimate by €10.7 million. Variations in expenditure was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	1,273	Overall the non-pay expenditure across the three programmes was 24% less than estimated with expenditure on Programme C being 28% less than the original estimate. The main underspends/savings occurred in the following areas; (i) expenditure associated with the relocation of staff in two buildings in response to OPW decisions on building leases. This activity was deferred to 2017; (ii) savings in reduced letter post and telephony expenditure resulting from use of technology advances in these areas; (iii) consultancy services – due to the reprioritisation of certain projects during the course of the year and the fact that a number of projects which commenced during 2016 fall to be completed in 2017; and (iv) advertising - scale back/delay of awareness advertising campaigns.
Workplace Relations Programme	1,037	The underspend of €1,060,000 in pay is due to the following: (i) Workplace Relations Commission (WRC): an underspend of €403,309 arose as the availability of external Adjudication Officers was significantly lower than estimated and the WRC had a number of vacancies in 2016 which took considerable time to fill; (ii) Labour Court: an underspend of €506,749 arose due to provision being made for payment of pensions and gratuities in respect of members of the Labour Court who were eligible for retirement but who did not opt to retire in 2016, contingency provision is made each year for ill health retirements, death in service of members of the Labour Court; and the non-filling of the Deputy Chairman post which became vacant in July 2016; (iii) Employment Appeals Tribunal (EAT): the underspend of €150,374 arose due to the decreased activity of the EAT. There was a decrease in claims, hearings listed and staff numbers. Since the establishment of the WRC in October 2015, the EAT ceased to accept claims and appeals in 2016, with the focus being on its legacy cases. The overspend of €24,000 in non-pay is accounted for by the cost of fitting out the Labour Court (both furniture and some construction costs) on relocation to Lansdowne House. These costs were not taken into consideration when negotiating the non-pay budget in 2016 as it was the Court's understanding that this expenditure would be met by OPW.

Description	Less/(more) than provided	Explanation
	€000	
Office of the Director of Corporate Enforcement	2,287	The underspend of €802,000 on pay expenditure resulted from the delay in filling both newly-sanctioned posts and vacancies that arose in 2015 and 2016. The budget was based on a staff complement of 39 but the average number of staff employed by the ODCE during 2016 was 31. A significant element of the non-pay budget relates to projected legal and accounting fees associated with court cases under preparation and before the courts. It is not possible to anticipate with precision the complexity, timing or duration of investigations or court hearings, nor the nature of eventual court decisions. In this regard, the 2016 outturn figure was €1,500,000 less than allocated mainly because potential legal costs did not arise during the year.
Competition and Consumer Protection Commission	2,960	There was an underspend of €1,800,000 on pay, mainly due to a number of staff departures together with a significant number of vacancies from 2015 and further vacancies arising in 2016. In 2016, the number of staff sanctioned for the CCPC was 106 but the average number of staff employed was 84. There was an underspend of €1,100,000 million on non-pay, for both Exchequer and the Levy functions in 2016. Exchequer functions: A budget allocation of €380,000 was earmarked to cover the costs that would be associated with the actual move to the new premises in Bloom House which did not go ahead in 2016. An underspend of €200,000 in other administrative areas included (i) consultancy €100,000, (ii) HR and Training €50,000 and (iii) €50,000 in travel & subsistence, office stationery, and IT. Levy functions: A surplus of levy funding of €162,000 was carried over from 2015 and was used to fund expenditure in the early part of 2016. The Central Bank (who issue the CCPC levy invoices to financial service providers and collect the levies each year) requested that the levy process be brought forward in 2016. This resulted in almost all of the CCPC levies being collected earlier than in previous years and meant that the CCPC were not required to drawdown funds (approx. €300,000) in the final two months of 2016. There were also underspends of €213,000 over a number of administrative budget heading areas due to (i) delay in the expected move to Bloom House; (ii) reductions in costs were achieved from new contracts entered into during the year; and (iii) administrative costs associated with vacancies in staff numbers (see also explanation under Note 4.1).
Personal Injuries Assessment Board	141	A provision was made for costs associated with the expected retirement of an employee in 2016. However, these costs did not materialise as the employee did not retire.

Description	Less/(more) than provided	Explanation
	€000	
Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	654	The overspend of €222,000 on the pay budget was as a result of sanctioned overtime for the management of the submission backlog resulting from the conversions process to the new Companies Act 2014. The underspend of €876,000 on the non-pay budget resulted from the delay in the CRO's relocation to Bloom House with corresponding savings on advertising the new location, reprinting of statutory forms and information leaflets with the new address and other administrative expenditure associated with the move. In addition anticipated IT projects were not realised due to procurement delays.
Irish Auditing and Accounting Supervisory Authority	602	IAASA's pay underspend of €602,000 was due to the fact that the estimate was based upon the Authority having a full staff complement of 30. However, ongoing difficulties experienced in attracting and recruiting suitable staff resulted in IAASA having an average staff complement of 19 in 2016.
Low Pay Commission	188	Staff transfers and changes resulted in an underspend in pay of €15,000 as some of the positions were left vacant. With regard to the non-pay budget, the Commission has adopted an approach of minimising administrative costs as much as possible, particularly in respect of costs in relation to meetings and associated costs. Elements of the costs of the Commission such as accommodation, printing and stationery, were borne by the Department's administrative subhead resulting in an underspend of €173,000.
Commissions, committees and special inquiries	128	The variation arose due to (i) €77,000 underspend from reduced level of activity by Joint Labour Committees; costs were therefore significantly reduced with underspends on the cost of holding meetings and any consequential activity; (ii) underspend of €6,000 by Company Law Review Group due to delay in commencement of a project; and (iii) miscellaneous savings by Business Regulation and Sales Law Review Groups.
Legal costs and other services	819	The estimate is in the nature of a contingency for potential legal costs across a number of areas in the Department. Such costs did not arise in a number of areas such as Employment Appeals Tribunal, Labour Court and Corporate Enforcement.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1	Receipts from the Social Insurance Fund	600	672	701
2	Employment permit fees	4,900	6,862	5,477
3	Employment agency licences	270	343	319
4	WRC Fixed Penalty notices	18	18	—
5	WRC Court Award Costs	10	13	—
Insurance and Company Law				
6	Companies Registration Office	16,000	20,068	17,667
7	Registry of Friendly Societies	50	43	56
Trade, Competition and Market Rights				
8	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,300	9,083	8,612
9	Occasional trading licences	1	—	—
10	Competition and Consumer Protection Commission	421	474	459
11	Merger notifications	520	560	600
Other				
12	ODCE legal	50	207	23
13	Local Enterprise Development	—	—	—
14	Miscellaneous	410	313	1,368
15	Enterprise Policy (a)	3,449	3,305	3,637
16	Competition and Consumer Protection Commission (b)	2,100	1,091	1,261
17	IAASA pay refund	387	368	340
18	PIAB pay and superannuation	1,330	1,166	1,180
19	HSA superannuation	634	274	644
20	Temporary Loan Guarantee Scheme	500	495	249
21	Expert Group on Future Skills Needs	490	278	336
22	Receipts from pension - related deduction on public service remuneration	6,708	7,047	8,996
	Total	**47,148**	**52,680**	**51,925**

(a) Enterprise Policy shows amounts received from the Enterprise Agencies in relation to staff pension contributions. This figure was previously broken down under Intertrade Ireland, IDA, EI, SFI and SFADCo.

(b) Receipts under this line are in part-recoupment of the expenditure under Subhead C.8.

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 estimated	Explanation
	€000	
Employment permit fees	(1,962)	The number of permits issued in 2016 increased by 10,000 which was a 40% increase over the number issued in 2015. The Irish Employment Permits system has always been predicated on the permit application system possessing skills and experience that have been demonstrated to be in short supply in the State. The demand from industry in meeting these skills shortages from permit applications continues to grow as industry grows.
Companies Registration Office	(4,068)	There are only two elements of the Companies Registration Office's (CRO) income that can be predicted with any certainty i.e. the income from the receipt of annual returns (based on the number of companies on the register and a 90% compliance rate) and the income from the sale of bulk data and images which is sold at a fixed price subject to a pre-existing contract. The other sources of income to CRO are a) late filing penalties b) provision of information to the public c) fees for filing of other documents e.g. company incorporations, transfers of shares, change of name, restorations etc. As these sources of income are based on the decisions of companies themselves (they may file late and incur a fee, or they may carry out an action which has to be notified to CRO and incurs a fee) or individuals who may or may not decide to look for information on companies, it is not possible to predict the level of income which can be generated from these categories of activity. When estimating its income for a particular year, CRO looks at trends from the previous year to assess likely behaviour in the current year but this is very much a forecast which can result in significant variances between the estimated and actual figures. The variance from estimate can be attributed to a substantial increase in late filing penalties paid, a record number of annual returns filed due to an increase in new company registrations, and additional documents being filed due to Companies Act 2014 requirements. The income received in 2016 is broken down under the following main headings:

	Estimate	Realised
	€000	€000
Annual returns	4,109	4,413
Sale of bulk data	535	535
Late filing penalties	8,500	10,088
Provision of information to the public	850	913
Fees for filing other documents	2,006	4,119
Total	16,000	20,068

Description	Less/(more) than estimated	Explanation
	€000	
Receipts under the Trade Marks Act 1963 and Patents Act 1964	(783)	The 2016 fee income from the renewal of National Trade Mark applications was significantly higher than 2015. In addition, the renewal of European Patent applications also gave rise to additional fee income. Despite a drop in the receipt of fees in relation to International Trade Mark applications, the overall fee income of the Patents Office was significantly higher than anticipated.
ODCE legal	(157)	The estimate was a notional figure as such receipts are difficult to predict in advance; they are not in respect of services provided by the Office but rather they are costs awarded to the Office by the Courts. Some receipts are in respect of costs awarded in criminal cases, and such costs are collected by the Courts Service on behalf of the ODCE. As such, the Office has no control over their collection. All 2016 receipts are in respect of civil cases in which costs were awarded to the Office. Although the Office enforces collection where possible, the exact timing and amount of such receipts is difficult to anticipate in advance.
Enterprise policy	144	The enterprise policy income is made up of pension contributions from InterTrade Ireland, IDA, EI, SFADCo and SFI. There was no significant variance in the individual contributions from any of these agencies.
Competition and Consumer Protection Commission	1,009	The CCPC's financial services function is funded by a levy imposed on regulated financial services providers. To date, for administrative reasons, the levy has been collected by the Central Bank on the CCPC's behalf. As the levy is not collected until after mid-year, the Department pre-funds the CCPC on the proviso that it is reimbursed by way of Appropriations -in -Aid before year end. The levy may only be expended by the CCPC in relation to its financial information and education functions and not for the administration/general expenses of the CCPC. The CCPC applies any surplus in the amount of the levy in a given financial year to the performance of those functions in the following financial year and reduces the levies prescribed in relation to the latter financial year accordingly. The reduced funding under Subhead C.8 resulted in a lower than anticipated reimbursement by the CCPC to the Department (see also explanation for C.8).
PIAB pay and superannuation	164	The estimate provided for contributions for employees who subsequently joined the Single Service Pension Scheme in 2016 – a total of €150,858 was paid over to DPER in 2016 and not accounted for under this Department's receipts as had been originally anticipated. Other reasons were: (i) the estimate was based on a staffing of 80 – average staff was only 78; and (ii) a number of staff were granted atypical requests (block of leave, reduced working week) during the year which was not provided for in the original estimate.

Description	Less/(more) than estimated	Explanation
	€000	
HSA superannuation	360	The Health and Safety Authority did not remit any superannuation contributions to the DJEI for the months of July to December 2016 inclusive as it experienced a number of retirements in that period and the superannuation contributions due to be remitted, were used to finance retirees lump sums, in line with the agreement in place with DJEI.
Expert Group on Future Skills Needs	212	The Department of Jobs, Enterprise and Innovation, in conjunction with SOLAS, provides the Expert Group on Financial Skills Needs (EGFSN) with research and secretariat support. Expenditure incurred by the Department is recouped from the National Training Fund (NTF). With the publication of the National Skills Strategy in January 2016, and the commitment to establish a new National Skills Council (NSC), the EGFSN continued to carry out necessary skills identification work in 2016. However; (i) instead of outsourcing the research, the EGFSN Secretariat carried out much of the work in-house which reduced the expenditure on research and external consultancy; (ii) a PO vacancy arose during the year and it wasn't filled and, (iii) no new projects commenced in anticipation of the new NSC and refresh of the EGFSN. This resulted in less than anticipated expenditure by the Department and a consequential reduction in recoupment from the NTF.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance at 1 January	—	512
Local Enterprise Offices – current	413	2,249
Local Enterprise Offices – capital	2	1,421
National Standards Authority of Ireland – current	92	1,000
Labour Relations Commission – current	5	89
Miscellaneous	10	—
IDA Ireland – current	—	49
Enterprise Ireland - capital (A7, B4)	—	667
Export credit recoveries	—	41
Transferred to the Exchequer	(521)	(6,028)
Balance at 31 December	1	—

Local Enterprise Offices - current	This relates to unused pay and non-pay funds drawn down under Subhead A.8 in 2015.
National Standards Authority of Ireland - current	This relates to a return of pension lump sum allocation in 2015 as a result of less than expected take up of retirement in that year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department and Offices:		
Department	488	480
Patents Office	24	22
WRC	154	160
ODCE	33	31
CRO	110	105
	809	798
Agencies [a]	1,515	1,485
	2,324	2,283

[a] Includes employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2016 €000	2015 €000
Pay	144,900	146,581
Higher, special or additional duties allowance	822	856
Other allowances	2,238	1,981
Overtime	737	717
Employer's PRSI	9,659	9,040
Total pay	**158,356**	**159,175**

The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, A.8, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11, C.12 and C.13.

5.1 Department

	2016 €000	2015 €000
Pay [a]	40,476	41,106
Higher, special or additional duties allowance	681	696
Other allowances	446	410
Overtime	570	533
Employer's PRSI	2,488	2,415
Total pay [b]	**44,661**	**45,160**

[a] Includes pension payments to 31 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).

[b] 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, C.11 and C.13). The amount included for pay in Note 1 refers to administrative subheads only.

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	97	11	32,546	27,965
Other allowances [a]	72	8	206,984	189,637
Overtime	218	12	17,829	18,086
Extra remuneration in more than one category	29	15	15,559	19,934

[a] In 2015, the Department interpreted the maximum individual payment in relation to other allowances as the maximum individual allowance paid. This was amended in 2016 to disclose the maximum allowance payment to an individual. The 2015 comparative amount has also been amended to reflect the amended interpretation.

5.2 Agencies

The agencies included here are the Local Enterprise Offices, 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 transaction 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.

	2016 €000	2015 €000
Pay	104,424	105,476
Higher, special or additional duties allowance	141	160
Other allowances	1,792	1,570
Overtime	167	184
Employer's PRSI	7,171	6,625
Total pay	**113,695**	**114,015**

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	49	1	13,072	11,246
Other Allowances	257	39	37,245	27,303
Overtime	62	4	24,051	25,859
Extra remuneration in more than one category	7	1	26,051	28,872

5.3 Other remuneration arrangements

One retired civil servant was contracted for 10.5 days in 2016 to provide specialist services. Payment of €1,999 in respect of these services was made in 2017.

A company car was provided to each of the CEOs of three agencies of the Department, one of which was provided for January and February only.

5.4 Salary overpayments

Overpayments at year end were €149,844 (42 cases) (2015 €85,701, 14 cases). 29 cases have recovery plans in place with arrangements being made to commence repayment plans for the remaining 13 cases.

5.5 Severance/Redundancy

During 2016, four former Ministerial staff whose employment was terminated with the change of Government, were paid redundancy payments totalling €24,592 and severance payments totalling €92,175. A further €35,580 in severance payments was paid to three other Ministerial staff.

6 Miscellaneous

6.1 EU Funding

In addition to grants from the Vote, the patents office and the following bodies under the aegis of the Department received EU aid directly in 2016 as shown below:

Subhead	Description	2016 Outturn €	2015 Outturn €
A.7	Enterprise Ireland	—	340,169
A.14	Microfinance Ireland	863,633	—
B.3	Patents Office	512,169	179,560
B.4	Science Foundation Ireland	247,227	498,140
B.4	Enterprise Ireland	3,480,540	471,087
		5,103,569	1,488,956

The outturn shown in Subheads A.8, B.4 and B.5 under Note 3, includes payments in respect of activities which are co-financed from the ERDF.

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	2016 Outturn €	2015 Outturn €
Permanent/open-ended			
Joint Labour Committees	1946	5,876	6,482
Business Regulation Group	2006	632	2,192
Company Law Review Group	2000	83,145	38,654
Departmental Audit Committee	2004	1,800	2,700
Sales Law Review Group	2009	642	1,344
		92,095	51,372

6.3 Legal costs

	Number of cases	Legal costs paid by the Department €000	Legal costs awarded €000	Compensation awarded €000	2016 Total €000	2015 Total €000
Claims by members of the public against						
Workplace Relations Commission	2	214	10	—	224	211
Employment Rights	1	—	11	6	17	—
		214	21	6	241	211

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 Jobs, Enterprise and Innovation continues to receive amounts relating to historical payments of taxes. The Employment and Training Levy is collected by the Office of the Revenue Commissioner and paid over to the Department of Jobs, Enterprise and Innovation on a monthly basis. The moneys are directly paid over to the Exchequer.

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

	2016	2015
	€	€
Received from Revenue Commissioners	180,979	714,599
Paid into the Exchequer	180,979	714,599

6.5 Contingent Liabilities

A Temporary Partial Credit Guarantee Scheme was established in November 2012. Under this scheme, the Government will partially guarantee loans by traditional lenders to viable businesses that are at the margins of commercial lending decisions and have difficulties accessing credit for either of two distinct reasons:

(i) insufficient collateral
(ii) the lender does not have the skills or experience to carry out a proper assessment of the proposition, due to a lack of knowledge of new sectors, markets or technologies.

A total of €28 million of loans has been provided to date, with €2.8 million being the maximum potential exposure to the Department arising from these guaranteed loans.

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.

6.6 Write-Offs

The sums written off during the year were:

	2016	2015
	€000	€000
Historic suspense account balances	307	252

Appropriation Account 2016

Vote 33

Arts, Heritage, Regional, Rural and Gaeltacht Affairs

Introduction

As Accounting Officer for Vote 33, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs, including certain services administered by that Office, and for payment of certain subsidies and grants.

The expenditure outturn is compared with the sums

a) 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, and

b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €3.12 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and Notes 1 to 7 form part of the account.

Transfer of Functions

The transfer of the Regional Development and Rural Affairs functions from the former Department of Environment, Community and Local Government, came into effect from 9 June 2016. This account has been prepared in accordance with the 2016 Revised Estimate for Arts, Heritage, Regional, Rural and Gaeltacht Affairs, and in line with guidance from Government Accounting on accounting arrangements to apply in respect of expenditure on functions that transfer between departments by transfer of function orders. These arrangements require the full year estimate allocation and outturn for 2016 of the transferred function to be reflected in the appropriation account for Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs. Accordingly, the 2016 estimate allocations and the 2016 outturns for the Regional Development and Rural Affairs division contained in this account reflect 2016 expenditure for the full year, and therefore includes all expenditure prior to the transfer of functions date.

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;

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life commencing in the month the asset is placed in service.

Certain historic properties such as national parks, and heritage assets such as artefacts and manuscripts, have not been valued.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Department and the Financial Shared Service Centre of the Department of Justice and Equality.

I rely on a letter of assurance from the Accounting Officer for the Justice and Equality Vote and the Accounting Officer for Shared Services that the appropriate controls are exercised in the provision of shared services to my Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 and
- 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 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.

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.

In total, seven supply arrangements were reported under Circular 40/02 in 2016 with a total value of €6,447,128. These are broken down as follows:

- three contracts to a value of €5,138,853 related to contracts where normal tendering procedures were not appropriate as the providers in question were sole suppliers.
- one contract to a value of €77,329 was extended beyond the original contract date to ensure that the full benefit of the extensive working relationships and expertise garnered during the period of the initial contract were available to the Department.
- one contract to a value of €76,976 was extended beyond the original contract date and steps have been taken to ensure that new contracts are put in place in 2017 for these services.
- one contract with a value of €39,725 related to the leveraging of a previously tendered OPW contract.
- the other contract with a value of €1,114,245 relates to interim contracts put in place after the cancellation of a tender process run in conjunction with the OGP with a view to ensuring no disruption in a vital public service during the progression and completion of a re-tender process.

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 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.

Katherine Licken
Accounting Officer
Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs

29 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs

I have audited the appropriation account for Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration by her Department 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 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs 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 Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs. The appropriation account is in agreement with the accounting records.

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 2016.

Reporting on matters arising from audit

Chapter 7 of my report on the accounts of the public services for 2016 refers to the dormant account fund. Chapter 15 refers to grant funding of Galway's art house cinema.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs

Appropriation Account 2016

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Arts, Culture and Film				
	Current year provision	188,477			
	Deferred surrender	6,158	194,635	173,499	151,245
B	Heritage		44,023	48,049	43,829
C	Irish language, gaeltacht and islands		51,206	53,346	42,381
D	North-South co-operation		37,724	41,557	39,482
E	Regional development and rural affairs		61,219	51,699	—
	Gross expenditure				
	Current year provision	382,649			
	Deferred surrender	6,158	**388,807**	**368,150**	**276,937**
	Deduct				
F	**Appropriations-in-aid**		**12,609**	**8,620**	**6,788**
	Net expenditure				
	Current year provision	370,040			
	Deferred surrender	6,158			
			376,198	**359,530**	**270,149**

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 in the following year.

	2016	2015
	€	€
Surplus	16,667,853	8,895,773
Deferred surrender	(13,548,000)	(6,158,000)
Surplus to be surrendered	3,119,853	2,737,773

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	32,203	31,175	30,076
ii	Travel and subsistence	1,600	1,196	1,024
iii	Training and development and incidental expenses	1,103	845	646
iv	Postal and telecommunications services	703	473	453
v	Office equipment and external IT services	2,320	1,811	1,897
vi	Office premises expenses	846	726	632
vii	Consultancy services and value for money and policy reviews	107	3	34
		38,882	36,229	34,762

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		331,921	242,175
Pay		31,175	30,076
Non pay		5,054	4,686
Gross expenditure		**368,150**	**276,937**
Deduct			
Appropriations-in-aid		**8,620**	**6,788**
Net expenditure		**359,530**	**270,149**
Changes in capital assets			
Purchases cash	(2,853)		
Depreciation	1,418		
Loss on disposals	5		
		(1,430)	(3,135)
Changes in net current assets			
Decrease in closing accruals	(36,986)		
Increase in stock	(29)		
		(37,015)	201
Direct expenditure		**321,085**	**267,215**
Expenditure borne elsewhere			
Net allied services expenditure (Note 1.1)		14,980	16,482
Notional rents		733	697
Net programme cost		**336,798**	**284,394**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 33 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	30	30
Vote 12 Superannuation and Retired Allowances	e	8,624	8,980
Vote 13 Office of Public Works	e	5,308	6,575
Vote 18 National Shared Service Office	e	100	52
Vote 24 Justice and Equality - Financial Shared Services Centre	e	604	662
Central Fund – Ministerial pensions	e	314	183
		14,980	16,482

"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	56,656	55,166
Current assets			
Bank and cash	2.3	24,668	11,392
Stocks	2.4	327	298
Prepayments		36,837	1,526
Accrued income		29	104
Other debit balances	2.5	1,082	421
Total current assets		**62,943**	**13,741**
Less current liabilities			
Accrued expenses		570	2,320
Other credit balances	2.6	5,706	5,265
Net liability to the Exchequer	2.7	20,044	6,548
Total current liabilities		**26,320**	**14,133**
Net current assets/ (liabilities)		36,623	(392)
Net assets		**93,279**	**54,774**
Represented by:			
State funding account	2.1	**93,279**	**54,774**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			54,774	51,840
Disbursements from the Vote				
Estimate provision	Account	376,198		
Deferred surrender	Account	(13,548)		
Surplus to be surrendered	Account	(3,120)		
Net vote			359,530	270,149
Expenditure (cash) borne elsewhere	1		14,980	16,482
Non- cash expenditure – notional rent	1		733	697
– fixed asset adjustment	2.2		60	
Net programme cost	1		(336,798)	(284,394)
Balance at 31 December			**93,279**	**54,774**

2.2 Capital Assets

	Land and buildings	Plant and machinery	Office and IT equipment[a]	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Cost or valuation at 1 January 2016	51,794	7,167	9,061	4,120	72,142
Additions	1,641	790	416	6	2,853
Transferred in [b]	—	—	563	60	623
Adjustments	—	(63)	2	50	(11)
Disposals	—	(458)	(14)	(27)	(499)
Cost or valuation at 31 December 2016	53,435	7,436	10,028	4,209	75,108
Accumulated depreciation					
Opening balance at 1 January 2016	749	6,513	7,235	2,479	16,976
Depreciation charge for the year	379	184	747	108	1,418
Depreciation on transfers	—	—	563	34	597
Adjustments	-—	(61)	6	10	(45)
Depreciation on disposals	—	(455)	(14)	(25)	(494)
Cumulative depreciation at 31 December 2016	1,128	6,181	8,537	2,606	18,452
Net assets at 31 December 2016	**52,307**	**1,255**	**1,491**	**1,603**	**56,656**
Net assets at 31 December 2015	**51,045**	**654**	**1,826**	**1,641**	**55,166**

[a] The Department of Housing, Planning, Community and Local Government provide an ICT managed service for Heritage Division ICT assets on behalf of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs. The Department of Housing, Planning, Community and Local Government commenced a process in 2015 to compile an agreed schedule of the assets for use in the event that the terms of the current ICT managed service is altered or ceases in the future and a transfer of assets is required.

[b] Assets transferred from the former Department of Environment, Community and Local Government to the Department as a result of a transfer of functions.

2.3 Bank and Cash at 31 December	2016 €000	2015 €000
PMG balances and cash	24,532	11,323
Commercial bank accounts [a]	136	69
	24,668	11,392

[a] The commercial bank account balance includes €131,179 in 2016 (2015: €66,591) in respect of a commercial bank account operated by the Department of Justice and Equality – Financial Shared Services.

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Building material and small plant	98	66
Fuels and fertilisers	28	27
Stationery	27	20
Equipment consumables	2	8
Janitorial supplies and first aid	25	21
IT consumables	23	48
Miscellaneous	63	56
Livestock	61	52
	327	298

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Environment Fund	618	130
Office of Public Works	427	95
Payroll suspense account (Paypath)	—	48
Other debit suspense items	37	148
	1,082	421

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	612	588
Pay Related Social Insurance	334	303
Professional Services Withholding Tax	207	143
Relevant Contracts Tax	—	13
Value Added Tax	262	133
Pension deductions	11	100
	1,426	1,280
Crowley Bequest Fund (Note 7.2)	377	408
Aran LIFE	247	581
Kerry LIFE	852	941
Raised Bog LIFE project	2,246	1,672
Other	558	383
	5,706	5,265

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	3,120	2,738
Deferred surrender	13,548	6,158
Exchequer grant undrawn	3,376	(2,348)
Net liability to the Exchequer	20,044	6,548
Represented by:		
Debtors		
Bank and cash	24,668	11,392
Debit balances: suspense	1,082	421
	25,750	11,813
Creditors		
Due to State	(1,426)	(1,280)
Credit balances: suspense	(4,280)	(3,985)
	(5,706)	(5,265)
	20,044	6,548

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Leader – Rural Economic Sub Programme[a]	222,573	—
Turf Compensation Scheme	25,209	24,869
Islands	9,619	13,032
Gaeltacht support schemes	4,157	8,589
ACCESS cultural development grants	7,107	5,384
Irish language support schemes	8,819	9,210
Other arts capital projects	2,301	1,617
Decade of Centenaries 1912 – 1922	3,083	10,830
Cork Event Centre	11,000	11,000
Natural heritage (National Parks and Wildlife Service)	2,489	3,119
Other grants and procured services and goods	3,569	3,660
Dormant accounts measures[a]	711	—
Total of legally enforceable commitments	300,637	91,310

[a] In line with guidance from Government Accounting on accounting arrangements to apply in respect of expenditure on functions that transfer between departments by transfer of function orders, the prior year-comparative figures for commitments are included in the appropriation account for Vote 34 Housing. Planning, Community and Local Government

Significant Variations

An explanation is provided below where a commitment has increased by more than €500,000 from 2015 to 2016

Subhead	Amount of increase/(Decrease)	Explanation
	€000	
Leader – Rural Economic Sub Programme	222,573	The increase in commitments represents the take on by the Department of the Leader Programme as a result of the transfer of functions in 2016.
Islands	(3,413)	This reduction in the commitments figure reflects ongoing payments to projects to which funds had been committed in prior years.
Gaeltacht support schemes	(4,432)	This reduction in the commitments figure reflects ongoing payments in respect of Gaeltacht Support Schemes to which funds had been committed in prior years.
ACCESS cultural development grants	1,723	This reflects new commitments entered into in 2016. This includes an increase of €1 million in the commitment to Solas Picture Palace Galway, to enable completion of the project and an additional commitment of €0.4 million in respect of Marsh's Library for capital improvements to safeguard and protect the collection.
Other arts capital projects	684	This change reflects the net impact of commitments entered into in 2016, including a commitment of €2 million on a significant project, offset by the removal of one commitment of €1.6 million in 2016 to one project where the terms of the grant offer were not met.
Decade of Centenaries 1912 – 1922	(7,747)	This reduction in the commitments figure reflects payments to projects to which funds had been committed in prior years
Dormant account measures	711	The increase of commitments represents the take on under dormant account measures as a result of the transfer of functions 2016.

2.9 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at year end	6	1

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Arts, Culture and Film**				
A.1	Administration – pay		6,098	5,709	5,866
A.2	Administration – non -pay		1,406	1,063	1,030
A.3	Payments to match resources generated by the National Archives		40	40	40
A.4	General expenses of the National Archives and National Archives Advisory Council		1,516	1,274	1,304
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery [a]		10,876	10,876	10,858
A.6	Regional museums, galleries, cultural centres and projects		2,950	2,925	3,143
A.7	Cultural infrastructure and development				
	Original	9,900			
	Deferred surrender	858	10,758	15,352	11,475
A.8	Culture Ireland		5,500	5,495	2,500
A.9	An Chomhairle Ealaíon (part funded by National Lottery)		60,120	60,120	58,593
A.10	General expenses of the National Museum of Ireland		12,120	12,120	12,304
A.11	General expenses of the National Library of Ireland		6,944	6,944	7,075
A.12	Irish Film Board		14,471	15,571	14,512
A.13	General expenses of the National Gallery of Ireland		7,636	7,636	7,757
A.14	National City of Culture		—	—	383
A.15	Decade of Centenaries 1912 – 1922				
	Original	43,900			
	Deferred surrender	5,300	49,200	28,374	13,405
A.16	Cork Event Centre		5,000	—	1,000
			194,635	**173,499**	**151,245**

[a] See Note 7.1

Significant variations

Overall, the expenditure in relation to Programme A was €21.14 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration non-pay	343	The saving arose from lower than anticipated expenditure in the areas of travel and subsistence, training and IT. Expenditure in these areas is actively monitored to ensure that costs are minimised.
General expenses of the National Archives of Ireland & National Archives Advisory Council	242	The saving arose as requirements for alternative storage to facilitate the commencement of redevelopment works in the National Archives premises in Bishop Street, Dublin did not arise as anticipated (see explanation under Decade of Centenaries below).
Cultural infrastructure and development	(4,594)	The variation arose primarily due to timing issues on the payment of certain costs relating to the National Gallery of Ireland Master Development Plan project, the acquisition of certain manuscripts by the National Library of Ireland, and an allocation of €1 million to the Irish Arts Center New York. The additional expenditure was approved in accordance with sanction received from the Department of Public Expenditure and Reform.
Irish Film Board	(1,100)	An additional capital allocation of €1.1 million was provided in 2016 to the Irish Film Board to meet demands for support across the Irish Film industry.
Decade of Centenaries 1912 - 1922	20,826	Savings arose due to slower than anticipated progress on a number of projects including the expected expenditure of €8 million on the National Archives redevelopment project as well as the purchase and redevelopment of the national monuments at Moore Street and refurbishment works at the National Concert Hall.
Cork Event Centre	5,000	Owing to possible design changes to provide additional multi-functionality in the centre, the contracting authority was not in a position to progress the project to the point of requiring further capital funding drawdown during the year.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Heritage**			
B.1	Administration – pay	19,067	18,514	19,775
B.2	Administration – non pay	2,734	1,590	2,629
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	5,243	5,243	4,743
B.4	Built heritage	2,363	2,402	2,316
B.5	Natural heritage (National Parks and Wildlife Service)	11,292	17,074	13,522
B.6	Irish Heritage Trust	324	324	324
B.7	Built Heritage Jobs Leverage Scheme	2,000	2,102	—
B.8	Peatlands restoration	1,000	800	520
		44,023	**48,049**	**43,829**

Significant variations

Overall, the expenditure in relation to Programme B was €4.03 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration non-pay	1,144	The saving arose from lower than anticipated expenditure in the areas of travel and subsistence, training and IT. Expenditure in these areas is actively monitored to ensure that costs are minimised.
Natural heritage (National Parks and Wildlife Service)	(5,782)	The additional expenditure arose primarily due to costs associated with measures in place to support compliance with the EU habitats directive of €3.4 million, unforseen capital works relating to flood and other repairs of €1.6 million and the acquisition of lands that became available adjacent to Wicklow National Park at a cost of €0.8 million.
Built Heritage Jobs Leverage Scheme	(102)	An increased allocation of €102,000 was made to meet extra demand in relation to additional projects, across six counties, under the Built Heritage Investment Scheme in 2016. This scheme is for the repair and conservation of structures protected under the Planning and Development Act 2000 (as amended). This scheme supported a significant number (over 300 in 2016) of labour-intensive, small-scale conservation projects.
Peatlands restoration	200	While draft restoration plans for 53 raised bog special areas of conservation (SACs) were completed in 2016, further consultation and survey work was required, leading to a saving on this subhead in 2016. This process commenced on a pilot basis on a number of SACs in 2016.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	**Irish Language, Gaeltacht and Islands**			
C.1	Administration – pay	3,691	2,949	3,286
C.2	Administration – non -pay	1,143	789	613
C.3	Gaeltacht support schemes	7,422	8,292	7,549
C.4	Irish language support schemes (part funded by National Lottery)	3,595	3,594	3,692
C.5	An Coimisinéir Teanga	670	639	669
C.6	Údarás na Gaeltachta - administration	8,823	8,823	8,798
C.7	Údarás na Gaeltachta - current programme expenditure	3,000	3,000	3,000
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises	6,687	9,087	6,687
C.9	Islands	13,275	13,274	6,541
C.10	20 Year Strategy for the Irish Language 2010 – 2030	1,000	999	546
C.11	Decade of Centenaries – Teach an Phiarsaigh	1,900	1,900	1,000
		51,206	**53,346**	**42,381**

Significant variations

Overall, the expenditure in relation to Programme C was €2.14 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration non-pay	354	The saving arose from lower than anticipated expenditure in the areas of travel and subsistence, training and IT. Expenditure in these areas is actively monitored across the Vote to ensure that costs are minimised.
Gaeltacht support schemes	(870)	Additional moneys of €0.65 million were provided to Acadamh na hOllscolaíochta Gaeilge in 2016 compared to 2015 to support the Irish language in third level institutions. The additional expenditure was approved in accordance with sanction received from the Department of Public Expenditure and Reform.
Údarás na Gaeltachta - grants for projects and capital expenditure on premises	(2,400)	An additional allocation of €2.4 million was provided to support Údarás na Gaeltachta in sustaining the employment base of predominantly coastal and rural areas and to support growth in that employment base. At the end of 2016, total employment in Údarás client companies stood at 7,963, of which 7,348 are full-time jobs and 615 are part-time jobs.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	**North-South Co-Operation**			
D.1	Administration – pay	1,009	1,058	1,149
D.2	Administration – non -pay	715	683	414
D.3	An Foras Teanga	13,201	13,249	13,468
D.4	Waterways Ireland	22,799	26,567	24,451
		37,724	**41,557**	**39,482**

Significant variations

Overall, the expenditure in relation to Programme D was €3.833 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Waterways Ireland	(3,768)	Additional funding was allocated to support critical infrastructural works including lock gates (€627,000), jetty refurbishment (€195,000), embankment works (€479,000) and the Royal Canal (€473,000).

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	**Regional Development and Rural Affairs**			
E.1	Administration – pay	2,338	2,946	—
E.2	Administration – non -pay	681	929	—
E.3	Dormant accounts measures	4,326	432	—
E.4	Western Development Commission	2,488	1,639	—
E.5	National rural development schemes	7,383	24,794	—
E.6	LEADER-Rural Economy Sub Programme	40,000	9,989	—
E.7	Tidy towns competition	1	1	—
E.8	Town and village regeneration	4,000	9,880	—
E.9	Rural broadband, post offices and regional economic development	2	1,089	—
		61,219	**51,699**	—

Significant variations

Overall, the expenditure in relation to Programme E was €9.52 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration pay	(608)	The Department was subject to a realignment of functions in 2016. Additional staff resources for the Regional Development and Rural Affairs Division were sanctioned by the Department of Public Expenditure and Reform. These were funded through efficiencies across the Vote.
Administration non-pay	(248)	The Department was subject to a realignment of functions in 2016. Additional resources for the Regional Development and Rural Affairs Division were required to facilitate this. These were funded through efficiencies across the Vote.
Dormant accounts measures	3,894	Savings arose due to lower than anticipated expenditure in respect of administration costs, certain capital projects, and some delays arising from the transfer of functions in relation to the social enterprise measure.
Western Development Commission	849	The capital allocation originally proposed for the Western Development Commission was reallocated to measures under the National rural development schemes subhead, E5.
National rural development schemes	(17,411)	During 2016 and as part of the Government's programme to support rural development, a number of schemes were launched including; a €6.1 million phase of the REDZ (Rural Economic Development Zones) initiative; an €8.3 million expansion of the CLÁR scheme; and further funding of €9.7 million for the Rural Recreation Scheme.

Description	Less/ (more) than provided	Explanation
	€000	
LEADER - Rural Economy Sub Programme	30,011	Savings arose due to delays caused by the fact that the operational programme for the Rural Development Programme 2014-2020 was not approved by the European Commission until May 2015. Following the approval, a minimum of 6 months had to be provided to allow potential Leader Local Action Groups (LAGs) to prepare Local Development Strategies. In June 2016, responsibility for this programme transferred to the Department and contracts with LAGs were signed in July 2016. There is a natural lead-in period between signing contracts with LAGs, the development of project applications and the final delivery of approved projects.
Town and village regeneration	(5,880)	Additional funding of €6 million was provided to support the development of rural towns and villages, identified as a key priority for revitalising rural Ireland in the Programme for Partnership Government published in June 2016.
Rural broadband, post offices and regional economic development	(1,087)	Additional funding of €1.09 million was provided to support the roll out of rural broadband, identified as a key priority for revitalising rural Ireland in the Programme for Partnership Government published in June 2016.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	National Archives	40	46	45
2.	Miscellaneous receipts	847	1,485	1,573
3.	Rents (including receipts from letting of fishing rights etc.)	100	121	148
4.	Services and charges at national parks and wildlife sites	440	1,226	1,066
5.	Receipts from pension-related deduction on public service remuneration	2,856	3,026	3,942
6.	Dormant accounts measures	4,326	432	12
7.	LEADER- Rural Economy Sub Programme	4,000	2,284	—
8.	HRA salary sacrifice	—	—	2
	Total	**12,609**	**8,620**	**6,788**

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 estimated €000	Explanation
Miscellaneous receipts	638	There are a number of components that comprise miscellaneous receipts that are difficult to anticipate including in particular reforms in the UK civil service pension scheme (Hutton Report). In 2016 employee contributions rose from 1.5% to between 3.5% to 7.5% depending on the level of earnings which increased the pension receipts from agencies.
Services and charges at national parks and wildlife sites	786	The variance relates to a higher than anticipated level of receipts in the national parks, reflecting good visitor numbers at these amenities. There are a number of components that comprise services and charges at national parks and wildlife sites that are difficult to anticipate. Projected receipts under this heading will be kept under review.

Description	(Less)/more than estimated €000	Explanation
Receipts from pension-related deduction on public service remuneration	170	The variance relates to higher than anticipated pension related deduction receipts from agencies. Projected receipts under this heading will be kept under review.
Dormant account measures	(3,894)	This shortfall relates to a reduced recoupment from the Dormant Accounts Fund as programme expenditure arising under E.3. (dormant accounts measures) was less than anticipated.
LEADER- Rural Economy Sub Programme	(1,716)	The shortfall was due to the delayed timing of the roll out of the E.6 Rural Economy sub programme.

4.2 Extra Exchequer Receipts

	2016 €000	2015 €000
Balance at 1 January	9	12
Receipts from Gaeltacht loans [a]	4	9
Transferred to Exchequer	(9)	(12)
Balance at 31 December	4	9

[a] See Note 7.3

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full-time equivalents)		
Department	608	552
Agencies	1,011	1,008
	1,619	1,560

	2016 [a] €000	2015 €000
Pay	68,652	67,286
Higher, special or additional duties allowance	92	90
Other allowances	1,115	920
Overtime	1,373	1,649
Employer's PRSI	5,944	5,814
Total Pay	**77,176**	**75,759**

[a] The total pay figure for 2016 includes elements of pay from the following subheads: A1, A5, A9, A10, A11, A12, A13, B1, B3, C1, C5, C6, D1, D3, D4 E4.

The Exchequer pay figure as disclosed in the Revised Estimates does not represent the totality of pay for the staff numbers disclosed under Note 5. In the case of North/ South implementation bodies, expenditure on pay is funded on an agreed pro-rata basis by the sponsoring departments in the two jurisdictions.

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	41	1	11,559	12,004
Other allowances	531	17	19,585	20,339
Overtime	513	24	24,234	20,352
Extra remuneration in more than one category.	397	68	28,273	25,706

The details in relation to allowances and overtime payments relating to staff of bodies/ agencies are based solely on returns submitted by those bodies/ agencies.

5.2 Other Remuneration Arrangements

Three retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €5,775. Pension abatement was applied in one case and was not deemed applicable in two cases.

5.3 Payroll Overpayments

Overpayments at the year-end were €16,583 (15 cases) (2015: €11,793, 9 cases). Of this, €10,935 (8 cases) had recovery plans in place at 31 December.

5.4 Severance Payments

Three employees received a total of €79,274 in severance payments in 2016.

6 Miscellaneous

6.1 National Lottery Funding

		2016		2015
		Estimate	Outturn	Outturn
		€000	€000	€000
Sub-head	**Description**			
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	60,120	60,120	58,593
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	5,243	5,243	4,743
C.4	Irish language support schemes (part funded by National Lottery)	3,595	3,594	3,692
		68,958	68,957	67,028

A full list of grantees under subhead C.4 is available on the Department of Culture, Heritage and the Gaeltacht website
http://www.chg.gov.ie/app/uploads/2017/04/national_lottery_funding_2016.pdf

6.2 Legal costs

	Number of cases	Legal costs paid by Department	Compensation awarded	Legal costs awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by						
- employees of the Department	2	2	15	—	17	36
- members of the public	10	54	83	41	178	141
		56	98	41	195	177

6.3 Late Payment Interest

	2016	2015
	€000	€000
Total of interest paid	2	3

6.4 Loss of Heritage Assets

The investigation commenced in 2012 by An Garda Síochána in relation to the loss of a number of items held in private storage on behalf of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs is ongoing. No adjustment has been made to the recorded figures in Note 2.2, pending the completion of the Garda investigation.

6.5 Carryover to 2017

Under section 91 of the Finance Act 2004, €13.548 million in unspent allocation in respect of capital elements for subheads A15 (€8.8 million), A16 (€2.5 million), B8 (€0.2 million), C3 (€0.5 million) and E6 (€1.548 million) was carried forward to 2017.

6.6 EU Funding

The outturn shown in subhead E.6. includes payments in respect of activities co-financed by the European Agricultural Fund for Rural Development. Estimates of expenditure and actual outturns were as follows

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Sub-head	Description			
E.6	LEADER -Rural Economy Sub Programme	—	613	28,487

6.7 Regional Development and Rural Affairs Expenditure

The table below shows the full year expenditure for all Regional Development and Rural Affairs for 2016 and the comparative figures for 2015 for this programme, which formed part of (then) Vote 34 Environment, Community and Local Government.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration – pay	2,338	2,946	1,885
E.2	Administration – non pay	681	929	404
E.3	Dormant accounts measures	4,326	432	2,166
E.4	Western Development Commission	2,488	1,639	1,283
E.5	National rural development schemes	7,383	24,794	3,945
E.6	LEADER -Rural Economy Sub Programme	40,000	9,989	35,268
E.7	Tidy towns competition	1	1	1
E.8	Town and village regeneration	4,000	9,880	—
E.9	Rural broadband, Post Offices and regional economic development	2	1,089	—
		61,219	**51,699**	**44,952**

7 Miscellaneous Accounts

7.1 Payments towards general expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (Subhead A.5).

	2016	2015
	€000	€000
Payments		
Irish Museum of Modern Art	4,813	4,807
Chester Beatty Library	2,404	2,400
National Concert Hall	2,425	2,400
Crawford Gallery, Cork	1,234	1,251
	10,876	10,858

7.2 The Crowley Bequest Fund

The bequest was accepted by the State in 1997, to be used to undertake a project involving the listing, microfilming and publishing of records of the Chief Secretary's Office for the period 1815–1853. The charge on the fund represents conservation and salary costs associated with this project.

Accounts of receipts and payments for year ended 31 December 2016

	2016	2015
	€000	€000
Balance on 1 January	408	409
Receipts	50	75
Payments	(81)	(76)
Balance at 31 December	377	408

7.3 Statement of Loans for Gaeltacht Housing

Loans issued towards Gaeltacht housing under the Housing (Gaeltacht) Acts 1929 to 2001 and repayments thereof:

		2016	2015
	€000	€000	€000
Opening balance on 1 January		183	189
Annual penal interest accrued		5	4
Interest written off		(1)	(1)
Repayments			
Principal	(3)		
Interest	(1)	(4)	(9)
Closing balance on 31 December		183	183

Appendix

State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently manages six National Park locations, namely

1 Ballycroy National Park
2 The Burren National Park
3 Connemara National Park
4 Glenveagh National Park
5 Killarney National Park
6 Wicklow Mountains National Park

In 2013, the Department commenced a long-term project aimed at developing an electronic property information database for land and buildings acquired by the Department. This work continued in 2016.

Appropriation Account 2016

Vote 34

Housing, Planning, Community and Local Government

Introduction

As Accounting Officer for Vote 34, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Housing, Planning, Community and Local Government, including grants to Local Authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

The expenditure outturn is compared with the sums:

(a) 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, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €10.28 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Transfer of Functions

The account has been prepared in accordance with the Revised Estimates for Public Services 2016, which took account of the alteration of the title of the Department of the Environment, Community and Local Government to the Department of Housing, Planning, Community and Local Government with effect from 23 July 2016 (SI 394 of 2016) and the following transfer of functions:

- the transfer of rural affairs and social enterprise functions from the Department of the Environment, Community and Local Government to the Department of Arts, Heritage and the Gaeltacht (Vote 33) with effect from 9 June 2016 (SI 308 of 2016), and
- the transfer of climate action and environment functions from the Department of the Environment, Community and Local Government to the Department of Communications, Energy and Natural Resources (Vote 29) with effect from 22 July 2016 (SI 393 of 2016).

In line with accounting arrangements set out by the Government Accounting section of the Department of Public Expenditure and Reform, the Revised Estimates for 2016 reflect the transfer of the Department functions on a full year basis. The Appropriation Account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis. Therefore, all the transferred rural affairs and social enterprise functions and climate action and environment functions for 2016 are included in the appropriation accounts of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (Vote 33) and the Department of Communications, Climate Action and Environment (Vote 29) respectively.

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:

Major Capital Commitments

Legally enforceable capital commitments are reported on at the threshold of €12.697 million.

Payments to Pobal

Funds are advanced to Pobal in relation to the delivery of certain programmes on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year. (See Note 6.7).

Capital assets

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service. Buildings are depreciated at 5% per annum. Land is not depreciated. Motor vehicles are depreciated at 20% per year over 5 years, plant and machinery are depreciated over 10 years at 10% per year and radar equipment depreciation is over 15 years.

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

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office (Vote 18).

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 (Vote 18) that the appropriate controls are exercised in the provision of shared services to this 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.

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.
- 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 two contracts (in excess of €25,000 ex VAT) in relation to cleaning and catering with a total value of €223,000 (ex VAT), which were awarded without a competitive process pending the completion of commercial frameworks by the Office of Government Procurement.

Significant financial risks

The Department continues to have regard to significant financial and other business related risks via the Departmental Risk Register. There are no significant financial risks on the Departmental Risk Register. The Register is a living document and is updated to take account of new risks identified or of changes to existing risks.

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 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 periodically by me and 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.

John McCarthy
Accounting Officer
Department of Housing, Planning, Community and Local Government

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning, Community and Local Government

I have audited the appropriation account for Vote 34 Housing, Planning, Community and Local Government 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 Department 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 34 Housing, Planning, Community and Local Government 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 Department of Housing, Planning, Community and Local Government. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 8 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 34 Housing, Planning, Community and Local Government.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 34 Housing, Planning, Community and Local Government

Appropriation Account 2016

			2016		2015[1]
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Housing				
	Current year provision	814,345			
	Deferred surrender	29,000	843,345	847,483	646,329
B	Water services				
	Current year provision	42,044			
	Deferred surrender	3,000	45,044	33,970	130,700
C	Local Government		415,798	418,030	272,499
D	Community		71,106	62,384	126,662
E	Planning		18,903	20,750	21,383
F	Met Éireann		21,709	16,409	15,410
—	*Environment and waste management*		—	—	30,315
	Gross expenditure				
	Current year provision	1,383,905			
	Deferred surrender	32,000			
			1,415,905	**1,399,026**	**1,243,298**
	Deduct				
G	**Appropriations-in-aid**		**26,464**	**19,863**	**45,920**
	Net expenditure				
	Current year provision	1,357,441			
	Deferred surrender	32,000			
			1,389,441	**1,379,163**	**1,197,378**

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 in the following year.

	2016	2015
	€	€
Surplus	10,277,444	84,020,997
Deferred surrender[2]	—	(41,078,000)
Surplus to be surrendered	10,277,444	42,942,997

Analysis of administration expenditure

		2016		2015[1]
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	42,610	39,721	46,350
ii	Travel and subsistence	969	837	1,327
iii	Training and development and incidental expenses	1,226	783	798
iv	Postal and telecommunications services	961	430	777
v	Office equipment and external IT services	8,232	7,273	6,577
vi	Office premises expenses	1,176	281	418
vii	Consultancy services and value for money and policy reviews	82	—	27
		55,256	**49,325**	**56,274**

[1] The outturn for 2015 includes costs associated with the programmes which transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs (€40.50 million – programme D) and Vote 29 Communications, Climate Action and Environment (€30.32 million – formerly programme C in Vote 34)

[2] The deferred surrender of €41.08 million at 31 December 2015 was not all carried over for spending in Vote 34 due to the transfer of functions in 2016. €32 million was carried over in relation to functions retained in Vote 34. The remaining balance of €9.08 million was carried over in relation to functions now provided for in Vote 29 Communications, Climate Action and Environment.

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		1,349,701	1,187,024
Pay		39,721	46,350
Non pay		9,604	9,924
Gross expenditure		**1,399,026**	**1,243,298**
Deduct			
Appropriations-in-aid		**19,863**	**45,920**
Net expenditure		**1,379,163**	**1,197,378**
Changes in capital assets			
Purchases cash	(327)		
Depreciation	1,120		
Loss on disposals	2		
		795	83
Changes in assets under development			
Cash payments		(79)	(117)
Changes in net current assets			
Decrease in closing accruals	(1,237)		
Decrease in stocks	28		
		(1,209)	(7)
Direct expenditure		**1,378,670**	**1,197,337**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		20,497	19,978
Notional rents		2,655	3,125
Net programme cost		**1,401,822**	**1,220,440**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 34 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	24	19
Vote 12 Superannuation and Retired Allowances		19,256	18,567
Vote 13 Office of Public Works		934	1,129
Vote 18 National Shared Services Office		72	8
Central Fund – Ministerial pensions		211	255
		20,497	19,978

“e” indicates an estimated value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	3,314	3,561
Capital assets under development	2.3	77	549
		3,391	**4,110**
Current assets			
Bank and cash	2.4	33,347	52,098
Stocks	2.5	173	201
Prepayments		3,429	3,455
Accrued income		6,163	5,299
Other debit balances	2.6	598	1,627
Total current assets		**43,710**	**62,680**
Less current liabilities			
Accrued expenses		7,291	7,252
Deferred income		347	769
Other credit balances	2.7	23,748	12,649
Net liability to the Exchequer	2.8	10,197	41,076
Total current liabilities		**41,583**	**61,746**
Net current assets		**2,127**	**934**
Net assets		**5,518**	**5,044**
Represented by:			
State funding account	2.1	**5,518**	**5,044**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			5,044	4,988
Disbursements from the Vote				
Estimate provision	Account	1,389,441		
Surplus to be surrendered	Account	(10,277)		
Net vote			1,379,164	1,197,378
Expenditure (cash) borne elsewhere	1.1		20,497	19,978
Non cash expenditure – notional rent	1		2,655	3,125
Capital asset adjustments	2.2		28	15
Asset transfers to other Departments	2.2		(48)	—
Net programme cost	1		(1,401,822)	(1,220,440)
Balance at 31 December			**5,518**	**5,044**

2.2 Capital Assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Total
Gross assets	**€000**	**€000**	**€000**	**€000**	**€000**
Cost or valuation at 1 January 2016	427	256	24,934	3,489	29,106
Additions[1]	235	105	551	32	923
Disposals	—	—	(341)	(64)	(405)
Transfers to other Departments[2]	—	—	(664)	(112)	(776)
Cost or valuation at 31 December 2016	662	361	24,480	3,345	28,848
Accumulated depreciation					
Opening balance at 1 January 2016	24	209	22,233	3,079	25,545
Depreciation for the year	12	21	970	117	1,120
Depreciation on disposals	—	—	(341)	(62)	(403)
Depreciation on transfers [2]	—	—	(664)	(64)	(728)
Cumulative depreciation at 31 December 2016	36	230	22,198	3,070	25,534
Net assets at 31 December 2016[3]	**626**	**131**	**2,282**	**275**	**3,314**
Net assets at 31 December 2015	**403**	**47**	**2,701**	**410**	**3,561**

[1] Arising from on-going asset reviews furniture provided by the Office of Public Works, in a prior year, with a value of €28,000 has been included in the current year additions figure.

[2] Assets were transferred as a result of a transfer of functions to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs and to the Department of Communications, Climate Action and Environment. Assets were also transferred to the Department of Justice and Equality relating to application licences for the Oracle financial management system.

[3] Some assets on this Department's asset register are used in the provision of ICT services to the Heritage Division of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs. There is an on-going validation and review process, scheduled for completion in 2017, that will result in the transfer of these assets to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

2.3 Capital Assets under Development	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts brought forward at 1 January	549	432
Cash payments in year	79	117
Transferred to asset register	(551)	—
Balance at 31 December	77	549

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	33,167	51,970
Commercial bank account balance and cash	180	128
	33,347	52,098

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Meteorological consumables	75	98
IT consumables	43	43
Stationery	46	48
Cleaning materials	1	2
Other	8	10
	173	201

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable salary costs	270	310
Recoupable travel pass scheme	146	158
Recoupable travel costs	17	24
Imprests	4	5
Other debit suspense items	161	1,130
	598	1,627

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	969	1,148
Pension contributions	172	167
Pay Related Social Insurance	379	411
Value Added Tax	142	139
Professional Services Withholding Tax	99	36
	1,761	1,901
Payroll deductions held in suspense	291	389
Urban Development Fund[1]	21,156	9,616
Other credit suspense items	540	743
	23,748	12,649

[1]See Note 7

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	10,277	42,943
Deferred surrender	—	41,078
Exchequer grant undrawn	(80)	(42,945)
Net liability to the Exchequer	10,197	41,076
Represented by:		
Debtors		
Bank and cash	33,347	52,098
Debit balances: suspense	598	1,627
	33,945	53,725
Creditors		
Due to State	(1,761)	(1,901)
Credit balances: suspense	(21,987)	(10,748)
	(23,748)	(12,649)
	10,197	41,076

2.9 Matured Liabilities	**2016**	**2015**
at 31 December	**€000**	**€000**
Estimate of matured liabilities not discharged at 31 December	35	31

2.10 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
(a) Global commitments[1]		
Grant subheads	292,700	658,462
Capital grant programmes	335,069	502,613
	627,769	1,161,075

[1] Grant commitments are “recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme”. The 2015 capital grant programme commitments figure included a number of projects that were then still at early stages of the approval process in line with the Capital Works Management Framework. At the end of 2016, there were circa €1 billion of capital housing projects not classified as commitments at early stages of the approval process.

The Department is not in a position to meet the requirement of Circular 29/2016 to produce a note setting out the movement on the capital grant programme commitments as this was only issued at the end of 2016 and the Department could not retrospectively amend its financial management system as commitments are currently tracked manually.

b) Major Capital Commitments

(Projects costing €12,697,380 or more)

1 Rural Water Programme **Project**	**Cumulative expenditure to 31 December 2015** **€000**	**Expenditure in 2016** **€000**	**Project commitments in subsequent years** **€000**	**Expected total spend lifetime of project 2016** **€000**	**Expected total spend lifetime of project 2015** **€000**
Galway DBO Bundle No 2	18,798	143	29	18,970	18,970
2 Housing Construction Projects					
Fortunestown, phase B1, Tallaght, Dublin 24	30,819	—	1,069	31,888	31,888
Pearse Street, Sallynoggin, Co. Dublin	16,424	—	53	16,477	16,477
Priory Hall refurbishment, Donaghmede, Dublin 13[1, 3]	12,036	8,330	1	20,367	36,900
Total	59,279	8,330	1,123	68,732	85,265
Regeneration Projects					
Dolphin House, Dublin 8[2, 3]	—	1,150	24,288	25,438	—
Total	—	1,150	24,288	25,438	—

[1] Expenditure in 2016 includes €3,913,489 of the Local Authority's own funds from Local Property Tax retention.

[2] New project entered into in 2016. Expenditure in 2016 includes €995,555 of the Local Authority's own funds from Local Property Tax retention.

[3] There is potential for the Department's commitments in subsequent years to be reduced if the Local Authority is in a position to use its own funds from Local Property Tax retention.

Significant variations

An explanation is provided below where multi-annual commitments vary by more than €500,000 from 2015 to 2016.

Project	**Total cost decrease in 2016** **€000**	**Explanation**
Priory Hall refurbishment, Donaghmede, Dublin 13	16,533	The 2015 commitments figure was overstated. It included the projected costs of a number of phases that were not then legal commitments but were at early stages of the approval process and had not reached tender approval stage four of the Capital Works Management Framework. The refurbishment of Priory Hall is ongoing and there are a number of phases that are at early stages of the approval process and these will become commitments when they reach tender approval stage four.

3 Programme Expenditure by Subhead

		2016			2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A	**Housing**				
A.1	Administration - pay		11,168	10,090	8,218
A.2	Administration - non pay		1,222	1,217	1,533
A.3	Local authority housing		386,680	449,037	303,261
A.4	Voluntary and co-operative housing				
	Current year	143,986			
	Deferred surrender	10,000	153,986	100,657	106,718
A.5	Housing inclusion supports		80,730	96,374	73,783
A.6	Estate regeneration - social housing improvements		134,750	112,522	106,580
A.7	Private housing grants		31,500	32,299	25,028
A.8	Subsidies and allowances		4,930	2,424	3,822
A.9	Other services				
	Current year	19,379			
	Deferred surrender	19,000	38,379	42,863	17,386
			843,345	**847,483**	**646,329**

Significant variations

Overall, the expenditure in relation to the Programme A was €4.14 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Local authority housing	(62,357)	As part of delivery on the housing strategy 'Rebuilding Ireland' there was additional expenditure of €69 million by local authorities, primarily on new acquisitions on the Social Housing Investment Programme which delivered 1,646 units compared to a target of 1,059 units for the year. Additional expenditure of €10 million was incurred under the Housing Assistance Payment (HAP) scheme following an increase in the rents limits applicable to the scheme. Savings of €10 million arose due to a change in approach to the Affordable Rental Scheme, which is now to be taken forward on a project-by-project basis on publicly owned lands. Savings of €6.9 million arose due to the utilisation of the Rental Accommodation Scheme reserves by local authorities and lower than anticipated demand for the long-term leasing initiative.
Voluntary and co-operative housing	53,329	Expenditure was lower than expected on the Capital Assistance Scheme as projects did not progress as quickly as anticipated due to planning, land acquisition and procurement issues. Savings arising were allocated to other housing programmes.

Description	Less/ (more) than provided	Explanation
	€000	
Housing inclusion supports	(15,644)	Additional expenditure arose due to the rising demands for homeless services.
Estate regeneration - social housing improvements	22,228	Expenditure was lower than expected on regeneration and energy efficiency measures due to projects not progressing as quickly as anticipated. Savings arising were allocated to other housing programmes.
Subsidies and allowances	2,506	Expenditure was lower than anticipated due to the decrease in the number of applications from approved households under the Affordable Housing and Shared Ownership schemes.
Other services	(4,484)	Additional expenditure of €7.6m arose due to remedial works associated with a number of additional projects under the pyrite remediation scheme. Savings of €2.2m arose due to the slower than anticipated uptake in the new National Taking in Charge Initiative. A further €1m in savings arose relating to the establishment of a Deposit Protection Scheme due to the need to review the relevant legislative provisions to take account of changes in the rental market and identify any necessary improvements to the current model for such a scheme.

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
B	**Water Services**				
B.1	Administration - pay		3,999	4,736	4,824
B.2	Administration - non pay		976	962	973
B.3	Water quality programme		13,200	11,563	13,589
B.4	Rural water programme		17,535	15,305	16,881
B.5	Foreshore		4,000	723	110
B.6	Water conservation grant		300	673	94,323
B.7	Remediation grant national lead strategy				
	Current year	2,000			
	Deferred surrender	3,000	5,000	8	—
B.8	Other services		34	—	—
			45,044	**33,970**	**130,700**

Significant variations

Overall, the expenditure in relation to the Programme B was €11.07 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Water quality programme	1,637	Savings arose due to the implementation of programmes of measures under the Marine Strategy Framework Directive not progressing as anticipated.
Rural water programme	2,230	Savings arose because the roll-out of the Rural Water Multi-Annual Programme 2016-2018 did not progress as quickly as expected.
Foreshore	3,277	Spending in respect of legal costs, valuations and contingencies was less than anticipated.
Water conservation grant	(373)	Additional expenditure arose as a result of a higher than anticipated volume of grant applications in the lead in to the 2015 deadline. All payments made in 2016 related to grant applications received in respect of 2015. The Water Conservation Grant Scheme was suspended in 2016 due to the suspension of domestic water charges.
Remediation grant national lead strategy	4,992	The Domestic Lead Remediation Grant Scheme is a demand led scheme and savings arose due to a considerably lower than anticipated level of applications.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	**Local Government**			
C.1	Administration - pay	6,446	7,412	7,925
C.2	Administration - non pay	2,045	1,954	1,703
C.3	Local Government Fund	396,555	396,555	241,100
C.4	Fire and emergency services	9,042	9,502	6,574
C.5	Franchise	1,465	170	1,138
C.6	Other services	245	2,437	14,059
		415,798	**418,030**	**272,499**

Significant variations

Overall, the expenditure in relation to the Programme C was €2.23 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Fire and emergency services	(460)	Additional expenditure arose because the joint procurement programme for 20 fire appliances progressed more quickly than anticipated.
Franchise	1,295	The Department's franchise function relates to policy and legislation concerning, administrative aspects of the electoral system. Savings on the related subhead arose primarily because legal costs arising from a Court order following a challenge to the 2012 Children Referendum were not finalised.
Other services	(2,192)	Additional expenditure arose mainly because of the final payment on the multi-annual development works to Doolin Pier.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	**Community**			
D.1	Administration – pay	5,413	4,138	6,249
D.2	Administration - non pay	463	467	680
D.3	Supports for community and voluntary sector (part funded by National Lottery)	12,387	11,267	10,794
D.4	SICAP and local/regional development supports (part funded by the National Lottery)	42,455	42,224	45,134
D.5	RAPID	500	32	317
D.6	Dormant accounts measures	4,500	803	3,346
D.7	Programme for Peace and Reconciliation	500	—	16,129
D.8	INTERREG programme	511	—	227
D.9	Irish Water Safety	657	657	657
D.10	Library development and archive service	3,650	2,735	2,597
D.11	Other services	70	61	35
—	*Western Development Commission*[1]	—	—	1,283
—	*National rural development schemes*[1]	—	—	3,945
—	*LEADER – rural economy sub-programme*[1]	—	—	35,268
—	*Tidy Towns competition*[1]	—	—	1
		71,106	**62,384**	**126,662**

[1] The 2015 comparative figure includes payments of €40.50 million relating to functions which have now transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

Significant variations

Overall, the expenditure in relation to the Programme D was €8.72 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Supports for community and voluntary sector	1,120	The Seniors Alert Scheme is a demand led scheme and savings arose due to a lower than anticipated level of applications. Additional savings arose because the Community Redundancy Support Scheme did not proceed.
RAPID	468	The saving arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	3,697	Expenditure was less than expected due to slower than projected implementation of the Gateway Initiative by local authorities and slower than projected drawdown by Social Innovation Fund Ireland.

Description	Less/ (more) than provided	Explanation
	€000	
Programme for Peace and Reconciliation	500	No expenditure was incurred because the PEACE III Programme finished at the end of 2015 and the projects under the PEACE IV Programme did not progress as anticipated.
INTERREG programme	511	No expenditure was incurred because the INTERREG IV Programme finished at the end of 2015 and the INTERREG V Programme was primarily at project selection stage in 2016.
Library development and archive service	915	Savings arose due to delays in the commencement and progression of capital library projects by local authorities.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	**Planning**			
E.1	Administration - pay	1,632	1,729	1,506
E.2	Administration - non pay	183	210	101
E.3	An Bord Pleanála	14,533	14,333	15,036
E.4	Planning Tribunal[1]	1,645	3,755	4,740
E.5	Office of the Planning Regulator	300	—	—
E.6	Planning policy	155	376	—
E.7	Forward planning	345	318	—
E.8	Other services	110	29	—
		18,903	**20,750**	**21,383**

[1] See note 6.2

Significant variations

Overall, the expenditure in relation to the Programme E was €1.85 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Planning Tribunal	(2,110)	Additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal.
Office of the Planning Regulator	300	No expenditure was incurred because the Planning and Development (Amendment) Bill 2016 to establish the Office of the Planning Regulator was not enacted.
Planning policy	(221)	Additional expenditure arose in relation to the e-planning system being developed between the Department and the local government sector.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
F	**Met Éireann**			
F.1	Administration - pay	13,952	11,616	12,147
F.2	Administration - non pay	7,757	4,793	3,263
		21,709	**16,409**	**15,410**

Significant variations

Overall, the expenditure in relation to the Programme F was €5.30 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	2,964	Savings arose due to the Aviation Modernisation and Automation Project (AMAP) and some other projects not progressing as quickly as anticipated.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Fees payable by local authorities, etc., for audit of their accounts	1,830	1,421	2,506
2.	Receipt from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare (Consolidation) Act 2005)	741	741	741
3.	Met Éireann receipts	10,200	10,828	9,242
4.	Miscellaneous receipts	200	380	836
5.	Foreshore receipts	2,100	1,834	2,163
6.	Programme for Peace and Reconciliation	4,000	503	9,973
7.	Dormant accounts - programme expenditure	4,500	803	2,595
8.	SICAP – Social inclusion and community activation programme	181	181	—
9.	Receipts from pension-related deduction on remuneration	2,712	3,172	5,664
—	*Dormant accounts – administration*[1]	—	—	750
—	*LEADER rural economy programme expenditure*[1]	—	—	11,450
	Total	**26,464**	**19,863**	**45,920**

[1] The 2015 comparative figure includes receipts of €12.2 million relating to functions which have now transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

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	Explanation
	€000	
Fees payable by local authorities, etc., for audit of their accounts	409	Demands for audit fees are issued on an ongoing basis as audits are completed. Income was lower than expected due to a number of outstanding audit fees at 31 December 2016.
Met Éireann receipts	(628)	Receipts were higher than expected due to increased meteorological services and charges to the Irish Aviation Authority.
Miscellaneous receipts	(180)	Miscellaneous receipts are difficult to estimate and were greater than expected.
Foreshore receipts	266	Foreshore receipts are difficult to predict reliably and were lower than expected.

Description	Less/ (more) than provided	Explanation
	€000	
Programme for Peace and Reconciliation	3,497	The closure of the PEACE III programme by the European Commission and receipt of the final payment did not progress as anticipated.
Dormant accounts - programme expenditure	3,697	This receipt relates to recoupment from the Dormant Accounts Fund of programme expenditure arising under D.6 (Dormant accounts measures). Expenditure from D.6 was less than expected in 2016 due to slower than projected implementation of the Gateway Initiative by local authorities and slower than projected drawdown by Social Innovation Fund Ireland.
Receipts from pension-related deduction on remuneration	(460)	The increase arose due to greater than estimated intake of pension related deductions from staff in the Department and in the state agencies under its remit.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	—	—
Refund under the Local Authority Housing – 2nd Hand Purchases Scheme from a number of local authorities	1,280	—
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	551	196
Payment under Pyrite Resolution Act 2013	325	484
PRTB pension contributions	37	33
Emissions trading scheme[1]	—	52,183
Proceeds of the Hatherton Fund from National Building Agency	—	1,000
Refund from The World Bank/European Investment Bank	—	710
Refund from Dublin City Council	—	117
Transfer to the Exchequer	(2,193)	(54,723)
Balance at 31 December	—	—

[1] The 2016 extra receipts payable to the Exchequer for the emissions trading scheme are included in Vote 29 Communications, Climate Action and Environment, due to the transfer of climate action and environment functions (SI 393 of 2016).

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department	647	721
Agencies	324	681
	971	1,402

The number of staff at year end in the Department's agencies includes staff of a number of non-commercial state agencies that are not in direct receipt of Exchequer funding. The figures for 2016 reflect the structure of the Department and its reporting agencies following the 2016 transfer of functions.

Department staff	2016 €000	2015 €000
Pay	35,134	41,532
Severance/redundancy payments	122	—
Higher, special or additional duties allowance	294	315
Other allowances	1,604	1,745
Overtime	537	442
Employer's PRSI	2,195	2,497
Total pay	**39,886**	**46,531**

5.1 Allowances and Overtime Payments [1]

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties	58	8	15,314	18,313
Other allowances	145	70	26,732	25,759
Overtime	111	16	27,819	20,347
Extra remuneration in more than one category	76	68	41,072	41,326

[1] The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to F. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual reports or directly from the agencies concerned.

5.2 Other Remuneration Arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fixed term contract following an open competition at a total cost of €91,902 on which abatement applied.

5.3 Payroll Overpayments

The salary overpayment at 31 December 2016 was €23,245 in respect of 27 cases (2015 €16,476, 12 cases). 11 of these cases have recovery plans being implemented.

5.4 Severance/Redundancy

During 2016, seven former ministerial staff whose employment was terminated with the change in Government, were paid redundancy payments totalling €27,252 and severance payments totalling €94,869.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads A.6, D.7 and D.8 includes payments in respect of activities co-financed by the European Regional Development Fund. The outturn shown in subhead D.4 includes payments in respect of activities co-financed by the European Social Fund. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

			2016	2015
		Estimate	Outturn	Outturn
		€000	€000	€000
Sub-head	Description			
A.6	Estate regeneration – social housing improvements	7,425	7,425	5,741
D.4	SICAP and local/regional development supports (Part funded by the National Lottery)	3,000	2,807	3,834
D.7	Programme for Peace and Reconciliation	273	—	8,790
D.8	INTERREG Programme	383	—	170
—	*LEADER – rural economy sub-programme*	—	—	28,487
		11,081	10,232	47,022

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2016	2016 Outturn	2015 Outturn
		€000	€000	€000
Tribunal of Inquiry into certain planning matters and payments	1997	119,775	3,755	4,740

There will be further payments associated with the Tribunal of Inquiry into certain planning matters and payments. Final costs cannot be determined at this point pending the determination of third party legal costs in respect of the period since 2002. Expenditure to the end of 2016 was €119.8 million. On the basis of a Tribunal estimate and expenditure to the end of 2016, additional costs of some €39 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2016 Estimate €000	2016 Outturn €000	2015 Outturn €000
A.4	Voluntary and co-operative housing	750	—	200
A.7	Private housing grants	5,391	5,391	4,150
D.3	Supports for community and voluntary sector (part funded by National Lottery)	8,487	7,285	6,881
D.4	SICAP and local/ regional development supports (part funded by the National Lottery)	2,100	3,005	4,569
		16,728	15,681	15,800

Details are available on the Department's website:

http://www.housing.gov.ie/corporate/finance/national-lottery-funding/national-lottery-funding

6.4 Legal Costs

	Number of cases	Compensation awarded	Legal costs awarded	2016 Total	2015 Total
		€000	€000	€000	€000
Claims by external organisations/ individuals	8	2,721	865	3,586	3,290
		2,721	865	3,586	3,290

A compensation payment of €2,519,148 was made following a High Court judgement in respect of a land-swap arrangement with a house building company under the affordable housing initiative in line with Department of Public Expenditure and Reform sanction.

6.5 Contingent Liabilities

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.

6.6 Late Payment Interest

	2016 €000	2015 €000
Total of interest payments	12	2
Number of recipients of €10,000 or more	—	—

6.7 Payments to Pobal

In accordance with the Department's accounting policy, the total paid to Pobal in the year (€10.346 million) was charged to the relevant subheads as set out below.

		2016	2015
		€000	€000
Sub-head	**Description**		
D.3	Supports for community and voluntary sector (part funded by National Lottery)	6,605	4,764
D.4	SICAP and local/ regional development supports (part funded by the National Lottery)	3,595	13,130
D. 6	Dormant accounts measures	146	2,379
—	*LEADER – rural economy sub-programme*	—	1,720
		10,346	21,993

At 31 December 2016, Pobal had accrued balances totalling €2.54 million in relation to programmes it delivers for the Department (2015: €4.16 million).

6.8 Write-Offs

Sanction was obtained from the Department of Public Expenditure and Reform to write off €30,661 in respect of two redundancy rebates paid in 2010 under the Local and Community Development Programme.

7 Account of the Urban Development Fund

	2016	2015
	€000	€000
Opening balance	9,616	—
Receipts	11,540	9,616
Expenditure for the year	—	—
	21,156	9,616

The Urban Development Fund is a European Regional Development Fund (ERDF) programme to support integrated regeneration initiatives in designated urban centres. The scheme is operated by regional assemblies who are the managing authorities responsible for verifying eligible expenditure on approved projects. The Department makes funds available (on instruction by the managing authority and is subject to its verification) to reimburse local authorities on a matching funding basis. Applications for eligibility under the Fund were adjudicated on in December 2015 and projects are expected to be completed within three years – by end 2018. The credit balance in the Fund reflects pre-financing made available from the ERDF pending receipt of verified claims in respect of projects concerned.

Appropriation Account 2016

Vote 35

Army Pensions

Introduction

As Accounting Officer for Vote 35, 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 retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain other Military Organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

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 €214,167 was recorded for the year.

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 shared services.

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

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.

Arising from an administrative oversight, a small number of pension payments (5) totalling €26,465, which were proper to 2016, were not charged to expenditure until early 2017. An adjustment to subhead A.2 for this amount was therefore required to properly reflect the charge in 2016, rather than in 2017. This adjustment led to excess expenditure of €23,299 over the provision of €234,690,000 in the Vote. Procedures have been implemented in 2017 in order to prevent a similar situation arising.

Significant financial risks

No significant financial risks have been identified for Vote 35 Army Pensions.

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 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.

Maurice Quinn
Accounting Officer
Department of Defence

27 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 35 Army Pensions

I have audited the appropriation account for Vote 35 Army Pensions 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 Department 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 35 Army Pensions 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 Department of Defence. The appropriation account is in agreement with the accounting records.

Excess expenditure

The Department incurred gross expenditure in 2016 that was €23,299 in excess of the provision for the Vote. Under *Public Financial Procedures*, this requires an excess vote. The matter is explained in Chapter 6 of my report on the accounts of the public services for 2016.

Seamus McCarthy
Comptroller and Auditor General

28 September 2017

Vote 35 Army Pensions
Appropriation Account 2016

				2016	2015
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Provision for Defence Forces' pension benefits				
	Original	223,690			
	Supplementary	11,000			
			234,690	234,713	227,442
	Gross expenditure				
	Original	223,690			
	Supplementary	11,000			
			234,690	**234,713**	**227,442**
	Deduct				
B	**Appropriations-in-aid**				
			5,200	**5,437**	**5,376**
	Net expenditure				
	Original	218,490			
	Supplementary	11,000			
			229,490	**229,276**	**222,066**

	€
Net surplus	214,167
Excess Vote	23,299

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016 €000	2015 €000
Programme cost	234,643	227,369
Pay	56	58
Non pay	14	15
Gross expenditure	**234,713**	**227,442**
Deduct		
Appropriations-in-aid	**5,437**	**5,376**
Net expenditure	**229,276**	**222,066**
Net allied services expenditure (note 1.1)	2,659	2,079
Net programme cost	**231,935**	**224,145**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 35 borne elsewhere in respect of administration salaries and other services.

		2016 €000	2015 €000
Vote 18 National Shared Services Office	e	1,273	229
Vote 36 Defence	e	1,386	1,850
		2,659	2,079

'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
Current assets			
Bank and cash	2.2	232	40
Other debit balances	2.3	—	5
Total current assets		**232**	**45**
Less current liabilities			
Other credit balances	2.4	19	23
Net liability to the Exchequer	2.5	213	22
Total current liabilities		**232**	**45**
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	229,490		
Net surplus	Account	(214)		
Net vote			229,276	222,066
Expenditure (cash) borne elsewhere	1.1		2,659	2,079
Net programme cost	1		(231,935)	(224,145)
Balance at 31 December			—	—

This balance includes €23,299 expenditure in excess of provision.

2.2 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances	232	36
Commercial bank account	—	4
	232	40

2.3 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Other debit suspense items	—	5
	—	5

2.4 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Taxes payable	5	3
	5	3
Pension payments held in suspense	14	20
	19	23

2.5 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Net surplus	214	24
Exchequer grant undrawn	(1)*	(2)
Net liability to the Exchequer	213	22

*Rounding

Represented by:

Debtors		
Bank and cash	232	40
Debit balances: suspense	—	5
	232	45
Creditors		
Due to State	(5)	(3)
Credit balances: suspense	(14)	(20)
	(19)	(23)
	213	22

3 Programme Expenditure by Subhead

				2016	2015
		Estimate Provision		Outturn	Outturn
		€000	€000	€000	€000
A	**Provision for Defence Forces' pension benefits**				
A.1	Administration – pay		70	70	73
A.2	Defence Forces pensions schemes and payments in respect of transferred service				
	Original	214,295			
	Supplementary	10,795	225,090	225,040	218,563
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
	Original	8,500			
	Supplementary	400	8,900	8,977	8,256
A.4	Payments to spouses of veterans of the War of Independence				
	Original	500			
	Supplementary	(5)	495	489	426
A.5	Compensation payments				
	Original	225			
	Supplementary	(152)	73	73	73
A.6	Medical appliances and travelling and incidental expenses				
	Original	100			
	Supplementary	(38)	62	64	51
			234,690	234,713	227,442

Significant variations

Overall, gross expenditure in relation to the Programme was €11 million higher than provided. A supplementary estimate for the amount was required, which increased the original estimate of €223.69 million to €234.69 million. The significant variations were as follows:

Description	Less / (more) than provided	Explanation
	€000	
Defence Forces pensions schemes and payments in respect of transferred service	(10,745)	Expenditure under this subhead, which accounts for some 95% of the total Vote 35 expenditure, is demand driven and non-discretionary. The amount provided in the original estimate was inadequate to meet all requirements in 2016. A range of factors contributed to increased military benefit costs. The numbers of Defence Forces retirement pensioners rose from 11,671 at end-2015 to 11,807 at end-2016, continuing the underlying upward trend of previous years. Retirement benefits payable will vary depending on service, retiring rank and pensionable pay and many new retirees qualified for maximum retirement benefits. In 2016, some 75% of military personnel who retired with immediate entitlement to pension and retirement lump sum did so voluntarily, that is, before their maximum retirement age. Their numbers and rank mix will vary from year to year. Therefore, in any given year, it is very difficult to accurately predict the exact numbers of such voluntary retirements and the potential benefits payable.
Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces	(477)	The amount provided for this subhead in the original estimate was inadequate for what transpired. The subhead is demand-driven and non-discretionary. By its nature, expenditure is therefore difficult to predict from year to year. Factors impacting on spend are the numbers and outcome of new disability pension (including arrears) and disablement lump sum awards that came on stream over the course of 2016.
Compensation payments	152	The main ‘contingency’ element of this subhead provides for payment of special lump sum compensation by the Department of Defence for service-related deaths or disablement of members of the Defence Forces while serving overseas with the UN and certain other missions. There were no such payments during 2016.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Contributions to Defence Forces Spouses' and Children's Pension Schemes	3,547	3,846	3,809
2.	Contributions to Defence Forces Contributory (Main) Pensions Schemes	1,500	1,493	1,513
3.	Recoveries of overpayments	40	96	43
4.	Payments received in respect of transferred service	40	—	2
5.	Miscellaneous	70	—	6
6.	Receipts from pension-related deduction on public service remuneration	3	2	3
	Total	5,200	5,437	5,376

Significant variations

The outturn for the year was €0.237 million more than provided. This was mainly due to the following:

Description	(More) / Less than provided	Explanation
	€000	
Appropriations-in-Aid	(237)	Employee pension contributions from Permanent Defence Force personnel comprise the bulk of receipts. These will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	1	1

	2016	2015
	€000	€000
Pay	55	57
Employer's PRSI	1	1
Total pay	**56**	**58**

One staff member provides administrative support to the Army Pensions Board.

Currently there are 18.3 employees (FTEs) of the Department of Defence engaged solely in the administration of pensions and other related payments. Their remuneration, which amounts to some €0.9 million, is charged to Vote 36.

5.1 Retirement pension (annual) – average payments to retired Defence Forces personnel[a]

Category of pensioner	Number of pension recipients at year-end		Average individual payment (rounded)	
	2016	2015	2016	2015
			€	€
Retired officers	1,773	1,736	30,500	30,500
Retired NCOs and privates	8,526	8,425	16,600	16,400
Dependants and other[b]	1,935	1,967		
Totals	**12,234**	**12,128**		

[a] Table 5.1 shows the total headcount for all categories of recipient from all subheads within Vote 35 as at year-end. Superannuation-type benefits by way of pension and gratuity (lump sum) payable to former members of the Permanent Defence Force and the dependants of deceased members account for some 95% of all military pensions' expenditure. Some retired personnel are in receipt of both a military retirement pension and a military disability pension, and similar payments are also payable to some spouses/children of deceased personnel: such dual recipients are counted only once for headcount purposes above.

[b] The average individual payment has not been recorded above under 'Dependants and other' as the amounts vary due to the different categories of recipients within this sub-group. The overall average dependants' superannuation-related pension in 2016 was €9,000, broadly the same as in 2015.

5.2 Retirement gratuity (lump sum) – average payments where retiring on pension[a]

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2016	2015	2016	2015
			€	€
Officers – new retirees on pension during the year	74	59	69,300	73,100
NCOs and privates – new retirees on pension during the year	256	259	41,000	35,300
Totals	**330**	**318**		

[a] The level of pension and retirement gratuity will vary with retiring rank, pensionable earnings, overall reckonable service and so on.

6 Miscellaneous

6.1 Payments in excess of entitlements

There were 52 overpayment cases at year end (2015: 56) amounting to €50,423, of which €6,854 relates to previous years. Overpayments of €90,672 came to light in 2016 of which €44,939 was recovered and €2,164 written off. Efforts are ongoing to recover the outstanding amounts. [a]

		2016	2015
	€	€	€
Opening balance		**31,193**	**50,303**
Identified overpayment in year		90,672	62,287
		121,865	112,590
Recouped			
Overpayments Identified 2016	44,939		
Overpayments Identified pre-2016	18,965	63,904	65,819
		57,961	46,771
Written off			
Overpayments Identified 2016	2,164		
Overpayments Identified pre-2016	5,374	7,538	15,578
Closing balance		**50,423**	**31,193**

[a] The vast majority of these overpayments relate to the portion of pension paid in the period after the date of a pensioner's death when the monthly payroll had already been processed for that month.

Appropriation Account 2016

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants.

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 €26.56 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 except for the following:

Stock valuation

Military and Air Corps stocks include certain items that have been refurbished. Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price.

Depreciation

Military assets are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

Capital assets

Capital assets include assets with a valuation of less than €1,000.

A schedule of land and buildings administered by the Department of Defence is attached. As valuations for all of these properties are not available, they are not included in capital assets (Note 2.2).

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.3 – Capital assets under development. When such projects are completed, there is a notional transfer to the asset register.

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.

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 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.

The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 60 contracts, each relating to payments in excess of €25,000 with a total value of €148 million were listed in the Department's 2016 annual return in respect of Circular 40/2002. These contracts primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are undertaken in accordance with the provisions of Circular 40/2002.

Shared services

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

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

Significant financial risks

The Department has a system of internal controls in place to identify all financial risks. Risks are identified, assessed, categorised and recorded on the Department's risk register, along with the controls which mitigate against those risks.

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 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.

Maurice Quinn
Accounting Officer
Department of Defence

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

I have audited the appropriation account for Vote 36 Defence 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 Department 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 36 Defence 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 Department of Defence. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 36 Defence
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Defence policy and support, military capabilities and operational outputs				
	Original	681,770			
	Supplementary	1			
			681,771	670,725	670,539
	Gross expenditure				
	Original	681,770			
	Supplementary	1			
			681,771	**670,725**	**670,539**
	Deduct				
B	**Appropriations-in-aid**		**25,155**	**40,667**	**44,819**
	Net expenditure				
	Original	656,615			
	Supplementary	1			
			656,616	**630,058**	**625,720**

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	26,557,886	13,684,310

Analysis of administration expenditure

			2016	2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,003	17,108	17,236
ii	Travel and subsistence	525	609	461
iii	Training and development and incidental expenses	250	301	217
iv	Postal and telecommunications services	685	536	609
v	Office equipment and external IT services	2,642	2,456	2,230
vi	Office premises expenses	1,125	805	687
vii	Consultancy services and value for money and policy reviews	20	5	14
		23,250	21,820	21,454

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		648,905	649,085
Administration pay		17,108	17,236
Administration non pay		4,712	4,218
Gross expenditure		**670,725**	**670,539**
Deduct			
Appropriations-in-aid		**40,667**	**44,819**
Net expenditure		**630,058**	**625,720**
Changes in capital assets			
Purchases cash	(98,656)		
Depreciation	43,251		
Loss on disposals	4,412		
Disposals cash	18		
		(50,975)	(19,205)
Changes in assets under development			
Cash payments		(7,168)	(7,833)
Changes in net current assets			
Decrease in closing accruals	(1,687)		
Decrease in stock	13,234		
		11,547	17,918
Direct expenditure		**583,462**	**616,600**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		9,032	8,891
Notional rents		2,601	1,207
Net programme cost		**595,095**	**626,698**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 36 borne elsewhere, and estimated amounts borne on the Vote in respect of other services.

	2016	2015
	€000	€000
Vote 1 President's Establishment	(431)	(408)
Vote 2 Department of the Taoiseach	(72)	(72)
Vote 9 Revenue Commissioners	1	1
Vote 12 Superannuation and Retired Allowances	9,643	10,129
Vote 13 Office of Public Works	1,064	886
Vote 18 National Shared Services Office	88	63
Vote 35 Army Pensions	(1,386)	(1,850)
Central Fund – Ministerial pensions	125	142
	9,032	**8,891**

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	492,931	430,214
Capital assets under development	2.3	2,255	5,507
		495,186	**435,721**
Current assets			
Bank and cash	2.4	1,554	8,320
Stocks	2.5	207,188	220,422
Prepayments	2.6	65,568	70,530
Accrued income		2,648	6,232
Other debit balances	2.7	4,721	825
Total current assets		**281,679**	**306,329**
Less current liabilities			
Accrued expenses		3,011	4,169
Deferred income		28	39
Other credit balances	2.8	6,169	7,018
Net liability to the Exchequer	2.9	106	2,127
Total current liabilities		**9,314**	**13,353**
Net current assets		272,365	292,976
Net assets		**767,551**	**728,697**
Represented by:			
State funding account	2.1	**767,551**	**728,697**

2.1 State Funding Account	**Note**		**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			728,697	717,757
Disbursements from the Vote				
Estimate provision	Account	656,616		
Surplus to be surrendered	Account	(26,558)		
Net vote			630,058	625,720
Expenditure (cash) borne elsewhere	1		9,032	8,891
Non cash expenditure – notional rent	1		2,601	1,207
Transfers – capital assets under development	2.3		(10,420)	(2,691)
Asset reclassifications	2.2		2,678	4,511
Net programme cost	1		(595,095)	(626,698)
Balance at 31 December			**767,551**	**728,697**

2.2 Capital Assets

	Military equipment	Civil Defence equipment	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	957,720	3,361	43,303	3,649	1,008,033
Reclassification from stock [a]	7,188	—	—	—	7,188
Additions	102,493	608	4,506	113	107,720
Disposals	(19,756)	(159)	(703)	(887)	(21,505)
Cost or valuation at 31 December 2016	1,047,645	3,810	47,106	2,875	1,101,436
Accumulated depreciation					
Opening balance at 1 January 2016	538,711	1,026	35,489	2,593	577,819
Depreciation on reclassified items [a]	4,510	—	—	—	4,510
Depreciation for the year	40,572	307	2,137	235	43,251
Depreciation on disposals	(15,464)	(32)	(695)	(884)	(17,075)
Cumulative depreciation at 31 December 2016	568,329	1,301	36,931	1,944	608,505
Net assets at 31 December 2016	**479,316**	**2,509**	**10,175**	**931**	**492,931**
Net assets at 31 December 2015	**419,009**	**2,335**	**7,814**	**1,056**	**430,214**

[a] Certain items which were previously recorded as stock have been reclassified as capital assets, including military equipment with a valuation of less than €1,000.

The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 59 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital Assets under Development

at 31 December	Construction contracts
	€000
Amounts brought forward at 1 January 2016	5,507
Cash payments in year	7,168
Transferred to asset register [a]	(10,420)
Amounts carried forward at December 2016	2,255

[a] Notional transfer to asset register.

2.4 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	4,987	7,834
Other bank and cash balances	670	486
Less orders outstanding	(4,103)	—
	1,554	8,320

2.5 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Military stocks		
Opening balance 1 January	219,354	242,986
Purchases during the year	32,233	42,617
Issues during the year	(36,935)	(39,438)
Write-offs, obsolete stock, etc. [a]	(1,231)	(8,226)
Reclassification to fixed assets [b]	(7,231)	(18,585)
	206,190	219,354
Civil Defence	943	1,017
Stationery	21	22
IT consumables	34	29
	207,188	220,422

[a] Work is ongoing to identify and remove slow moving and obsolete military stock items.

[b] Some military stock items were reclassified as assets in 2016 (see note 2.2).

2.6 Prepayments	**2016**	**2015**
at 31 December	**€000**	**€000**
Naval vessels construction (note 2.10 (c))	37,332	58,425
Armoured Personnel Carrier fleet maintenance and upgrade programme	15,000	—
Other	13,236	12,105
	65,568	70,530

€37 million represents the advance payments for the fourth naval vessel, as part of the Naval Vessels Replacement Programme.

2.7 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Suspense	4,721	825
	4,721	825

2.8 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Value Added Tax	5,647	6,802
Professional Services Withholding Tax	108	87
Income Tax	2	59
Pension contributions	37	27
Relevant Contracts Tax	67	15
Universal Social Charge	(12)	(13)
Pay Related Social Insurance	(8)	(8)
	5,841	6,969
Payroll deductions held in suspense	149	19
Other credit suspense items	179	30
	6,169	7,018

2.9 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus appropriations to be surrendered	26,558	13,684
Exchequer grant undrawn	(26,452)	(11,557)
Net liability to the Exchequer	106	2,127
Represented by:		
Debtors		
Bank and cash	1,554	8,320
Debit balances: suspense	4,721	825
	6,275	9,145
Creditors		
Due to State	(5,841)	(6,969)
Credit balances: suspense	(328)	(49)
	(6,169)	(7,018)
	106	2,127

2.10 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Procurement of goods and services	4,368	3,063
Capital projects	115,000	30,000
	119,368	33,063

Note:

(a) Global commitments

The figure of €119 million includes €71 million for the purchase of defensive equipment, €31 million for the Naval Vessel Replacement Programme, €9 million for IT upgrades and €4 million for the purchase of an aircraft.

(b) Major Capital Commitments

Expenditure in 2016 and commitments to be met in subsequent years on foot of projects, to be funded from subheads containing voted capital provisions, where legally enforceable contracts were in place:

	2016	2015
	€000	€000
Expenditure	100,746	89,418
Commitments to be met in subsequent years	113,670	28,901

The increase to €114 million in major capital commitments primarily relate to a contract to purchase a fourth vessel under the Naval Vessels Replacement Programme, fleet maintenance and upgrade programme for Armoured Personnel Carriers, IT upgrades and the purchase of an aircraft.

(c) Major projects

Expenditure on projects where the total estimated cost will exceed €6.35 million.

Project	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2016 €000	Expected total spend lifetime of project 2015 €000
Naval vessels replacement programme and armament project	202,093	47,706	33,772	283,571	212,458
Maintenance and upgrade programme for armoured personnel carriers	—	15,000	53,000	68,000	—
Armoured personnel carrier conversion project	8,269	73	—	8,342	8,337
IT infrastructure VDA project	—	3,304	9,496	12,800	—

In 2016, the third vessel in the naval vessels replacement programme was delivered. A decision was made by the Department in 2016 to purchase a fourth vessel on favourable terms (due to be delivered in 2018). This also impacted on the commitments for the naval service armament project. Also in 2016, contracts were signed for the maintenance and upgrade of the armoured personnel carrier fleet and for an upgrade of the Defence Forces IT Infrastructure (VDA Project).

2.11 Matured Liabilities at 31 December	2016 €000	2015 €000
Estimate of matured liabilities not discharged at year end	605	637

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Defence policy and support, military capabilities and operational outputs**				
A.1	Administration - pay		18,003	17,108	17,236
A.2	Administration - non pay		5,247	4,712	4,218
A.3	Permanent Defence Force: pay				
	Original	416,060			
	Supplementary	(23,000)	393,060	385,504	389,935
A.4	Permanent Defence Force: allowances		35,680	35,389	34,286
A.5	Reserve Defence Force: pay, etc.		2,150	1,567	1,736
A.6	Chaplains and officiating clergymen: pay and allowances		1,225	990	1,048
A.7	Defence Force civilian support: pay and allowances, etc.				
	Original	30,940			
	Supplementary	(5,000)	25,940	24,327	24,913
A.8	Defensive equipment		28,000	31,491	23,786
A.9	Air Corps: aircraft, equipment and support		18,810	18,627	17,080
A.10	Military transport		10,390	8,925	9,473
A.11	Naval Service: vessels, equipment and support				
	Original	33,050			
	Supplementary	28,001	61,051	63,903	64,733
A.12	Barrack expenses and engineering equipment		14,180	12,658	13,763
A.13	Defence Force built infrastructure: construction and maintenance		19,100	15,839	15,191
A.14	Defence Force uniforms, clothing, equipment and catering		13,180	15,044	12,873
A.15	Defence Force communications and IT		10,130	11,097	10,810
A.16	Military education and training		2,150	1,983	2,225
A.17	Defence Force logistics and travel		3,360	3,184	2,796
A.18	Defence Force medical and healthcare support		3,000	2,978	3,625
A.19	Lands		1,000	830	1,221
A.20	Equitation		900	1,020	908
A.21	Litigation and compensation costs		5,000	3,900	3,730
A.22	Miscellaneous expenditure		2,806	2,799	2,621
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy		1,300	844	1,202
A.24	Civil Defence		5,240	5,137	5,261
A.25	Irish Red Cross Society		869	869	5,869
	Total		**681,771**	**670,725**	**670,539**

Significant variations

Overall, the expenditure in relation to Programme A was **€11.05** million lower than provided. This was mainly due to the following variations at subhead level:

Description	Less/ (more) than provided	Explanation
	€000	
Permanent Defence Force: pay	30,556	Savings of €30.556 million arose due to higher than projected retirements and lower than projected recruitment in 2016, leading to lower than anticipated numbers of personnel serving in the PDF during the year. A supplementary estimate allocated savings of €23 million from this subhead to subhead A.11 to facilitate payments for a fourth naval vessel under the Naval Vessel Replacement Programme.
Reserve Defence Force: pay, etc.	583	The saving is due to lower than anticipated uptake of paid training by reservists.
Chaplains and officiating clergymen: pay and allowances	235	The savings in 2016 arose mainly from retirements in the Chaplaincy Service and delays in replacement appointments.
Defence Force civilian support: pay and allowances, etc.	6,613	Saving of €6.613 million arose due to the fact that the number of Civilian Employees was less than provided for in the estimate due to slower than anticipated recruitment. A supplementary estimate allocated savings of €5 million from this subhead to subhead A.11 to facilitate payments for a fourth naval vessel under the Naval Vessel Replacement Programme.
Defensive equipment	(3,491)	The excess is due mainly to commitments under the Armoured Personnel Carrier fleet maintenance and upgrade programme. The excess was partly offset by savings in other spending programmes that arose due to delays in the procurement process.
Military transport	1,465	The savings arose mainly due to reduced procurement of spare parts because of the implementation of the Armoured Personnel Carrier fleet maintenance and upgrade programme and lower fuel costs. Savings were partly offset by the requirement to procure additional vehicles.
Naval Service: vessels, equipment and support	(30,853)	The excess is mainly due to additional fleet maintenance and the decision to acquire a fourth vessel under the Naval Vessels Replacement Programme. A supplementary estimate increased this subhead by €28 million to facilitate the payments.
Barrack expenses and engineering equipment	1,522	The saving is mainly due to lower costs, including fuel costs, and the implementation of energy efficient measures and was partly offset by increased engineering and barrack expenses.
Defence Force built infrastructure: construction and maintenance	3,261	The saving is mainly due to progress in bringing some key projects to construction stage being slower than anticipated. The savings were partially offset by costs incurred in the completion of the Military Archives project deferred from 2015.

Description	Less/ (more) than provided	Explanation
	€000	
Defence Force uniforms, clothing, equipment and catering	(1,864)	The excess is mainly due to the requirement for additional expenditure associated with the 1916 Commemoration ceremonial activities.
Defence Force communications and IT	(967)	The excess is mainly due to the implementation of information management architecture and communications equipment upgrades.
Military education and training	167	The saving is mainly due to lower than anticipated educational costs and cancellation of some courses. The saving was partly offset by additional training and equipment costs.
Defence Force logistics and travel	176	The saving arises because travel costs on a planned EU exercise were not incurred.
Lands	170	The saving is due to lower than anticipated costs in managing unoccupied military installations, due to the closure of sales in 2016.
Equitation	(120)	The excess arises from additional horse purchase costs and attendance at events abroad.
Litigation and compensation costs	1,100	Expenditure under this subhead is subject to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.
Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	456	The saving is due to a lower than anticipated demand for common costs contributions relating to EU missions in 2016.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	**Realised**	**Realised**
		€000	**€000**	**€000**
1.	Receipts from United Nations in respect of overseas allowances, etc.	4,300	12,940	10,642
2.	Receipts from EU in respect of fishery protection costs	—	—	—
3.	Receipts from banks and other organisations	1,300	1,394	5,508
4.	Receipts from occupation of official quarters	200	175	206
5.	Receipts from rations on repayment	920	888	804
6.	Receipts from other issues on repayment	40	32	35
7.	Receipts for aviation fuel	50	40	38
8.	Receipts on discharge by purchase	50	94	134
9.	Lands and premises			
	(a) rents, etc.	450	461	512
	(b) sales	2,500	8,416	1,848
10.	Sale of surplus stores	100	100	739
11.	Refunds in respect of services of seconded personnel	30	140	103
12.	Miscellaneous	2,700	1,205	2,805
13.	Receipts from pension-related deduction on public service remuneration	12,515	14,782	21,445
	Total	**25,155**	**40,667**	**44,819**

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**	**Explanation**
	€000	
Receipts from United Nations in respect of overseas allowances, etc.	(8,640)	The surplus is due to UN receipts in respect of pay and equipment costs being higher than anticipated. In addition, a claim relating to the MINURCAT (Chad) mission in 2010 was also settled and refunded.
Lands and premises (b) sales	(5,916)	The surplus is due to receipts from property sales in 2016 realising more than expected due to the rise in prices in the property market.
Refunds in respect of services of seconded personnel	(110)	The surplus occurred due to refunds for 2014 and 2015 being received in 2016.
Miscellaneous	1,495	The refund arrangement for the Emergency Aeromedical Support service was discontinued.
Receipts from pension-related deduction on public service remuneration	(2,267)	Receipts were more than anticipated as pension-related deductions can be difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer	2016	2015
	€000	€000
Balance at 1 January	—	—
Refund from Irish Red Cross in respect of unspent grant	1,894	—
Transferred to Exchequer	(1,894)	—
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	9,947	9,982

	2016	2015
	€000	€000
Pay	385,969	391,435
Higher, special or additional duties allowance	233	260
Overtime	467	434
Shift and roster allowance	202	188
Military and other allowances	29,304	28,160
Employer's PRSI	36,480	36,127
Total Pay	**452,655**	**456,604**

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for three personnel and total pay of €201,295. This office produces a separate account.
The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.1 Civil Servants

	2016	2015
Number of staff at year end (full time equivalents)	336	329

	2016	2015
	€000	€000
Pay	16,135	16,358
Higher, special or additional duties allowances	87	100
Overtime	137	110
Other allowances	29	11
Employer's PRSI	720	657
Total Pay	**17,108**	**17,236**

Allowances and Overtime Payments	**Number of recipients**	**Recipients of €10,000 or more**	**Maximum individual payment**	**Maximum individual payment**
			2016	**2015**
			€	**€**
Higher, special or additional duties	27	1	12,268	16,173
Overtime	85	—	9,776	8,643
Other allowances	17	1	10,271	3,119
Extra remuneration in more than one category	14	1	13,275	9,787

5.2 Civilian Employees

	2016	2015
Number of staff at year end (full time equivalents)	479	489

	2016	2015
	€000	€000
Pay	17,243	17,677
Higher, special or additional duties allowances	146	160
Overtime	330	324
Shift and roster allowance	202	188
Travel time allowance	502	535
Tool and other allowances	245	268
Employer's PRSI	1,876	1,909
Total Pay	**20,544**	**21,061**

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	74	—	8,839	8,657
Overtime	147	—	8,893	10,922
Shift and roster allowance	35	4	13,963	13,047
Travel time allowance	78	10	12,030	12,261
Tool and other allowances	296	—	3,235	3,298
Extra remuneration in more than one category	199	40	24,414	25,073

5.3 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2016	2015
Number of staff at year end (full time equivalents)	9,132	9,164

	2016	2015
	€000	€000
Pay and military service allowance	352,591	357,400
Overseas allowances	13,906	13,113
Security duty allowances	8,247	7,745
Border duty allowance	2,574	2,841
Patrol duty allowance	2,222	2,171
Miscellaneous allowances	1,579	1,476
Employer's PRSI	33,884	33,561
Total pay	**415,003**	**418,307**

Allowances	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Overseas allowances	1,629	579	37,241	37,139
Security duty allowances	7,543	16	17,998	18,022
Border duty allowance	656	1	18,529 [a]	5,416
Patrol duty allowance	756	—	9,700	9,599
Miscellaneous allowances	890	—	8,561	7,168
Extra remuneration in more than one category	2,719	635	35,103	32,964

[a] Includes arrears from 2012 to 2015.

5.4 Performance and Merit Payments

There were no PCW/seniority allowances paid in Defence.

5.5 Other Remuneration Arrangements

A total of €160,895 was paid to eight retired Defence Force personnel in receipt of Defence Force pensions, ranging from €9,356 to €38,143, who were re-employed on various duties during 2016. In addition, a total of €29,739 was paid to sixteen retired civil servants in receipt of civil service pensions, ranging from €130 to €7,880, who were re-employed on various duties during 2016. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.6 Seconded Staff

This account includes a total of €268,703 in respect of the remuneration of personnel (military and civil) on secondment.

5.7 Revenue Settlement

An amount of €419,304 was paid to Revenue as an unprompted voluntary disclosure in respect of the provision of accommodation to Defence Force personnel in military barracks.

An amount of €46,441 was paid to Revenue as an unprompted voluntary disclosure relating to PAYE, PRSI and USC in respect of the provision of certain medical services to members of the Defence Forces.

5.8 Payroll Overpayments

Overpayments at year-end were €51,117 (44 cases) of which €33,806 (24 cases) had recovery plans in place. Overpayments at year end 2015 were €39,047 (39 cases).

6 Miscellaneous

6.1 Overseas Missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs:

	2016	2015
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	17,839	15,958
UNDOF (Golan Heights)	10,545	11,295
KFOR (Kosovo)	1,186	1,353
EUFOR (Bosnia Herzegovina)	785	798
Other UN and EU Missions	3,792	3,851
	34,147	33,255
Other:		
Military representatives and advisors	1,683	1,635
Battle Groups (German and UK)	2,170	2,179
Organisation for Security and Co-operation in Europe	227	254
Operation Pontus (Search and Rescue Mediterranean)	2,609	2,549
Total	40,836	39,872

Of the sum of €34 million for UN and EU missions, €5.7 million relates to missions the full costs of which are borne by the State. The remaining €28.3 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of re-imbursements from the UN is dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2016 was €12.9 million, made up of €4.4 million for personnel costs, €4.9 million for equipment costs and a payment of €3.6 million as settlement of a claim relating to costs associated with the withdrawal from MINURCAT (Chad).

The amount outstanding at year end was €2.2 million (€1 million personnel costs and €1.2 million equipment costs).

6.2 Support for Defence Forces' Representative Associations

This account includes a total of €482,184 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-Offs	2016	2015
	€000	€000
Loss of, or damage to, stores, equipment or property	—	4,114
Damage to military vehicles	52	62
Bad debts	38	15

6.4 Personal Injury and Employment Case Claims

at 31 December	2016	2015
Numbers of settled claims:		
State Claims Agency	107	97
Other	26	20
Numbers of claims on hand:	376	379
Of which referred to State Claims Agency	325	316

6.5 Legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Personal injury cases in respect of employees of the Vote	186	403	669	1,627	2,699	2,775
Administrative/employment related cases in respect of employees of the vote	57	246	299	149	694	483
Personal injury cases in respect of members of the public	41	98	16	528	642	606
		747	984	2,304	4,035	3,864

The above figures in respect of legal fees and compensation relate to cases where payment was made in 2016. These include cases that were settled in prior years, those settled in 2016 and those still open.

6.6 Arbitration and Conciliation

There was no arbitration or conciliation cases or expenditure in 2016. In 2015, there were two cases with expenditure of €129,000.

6.7 Medical Treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

6.8 Fraud and Suspected Fraud

A suspected fraud was identified in the course of an internal audit of Defence Forces Transport equipment expenditure. A potential loss of equipment with an estimated value of €33,000 was identified. The matter was referred by the Department to An Garda Síochána for investigation.

Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Hectares)[1]
Clare	
Knockalisheen Camp	53.17
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.20
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
Fitzgerald Camp, Fermoy	0.401
RDF Premises, Kilcrohane	0.405
Michael Collins Memorial Plot, Beál na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.028
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	277.21
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.405
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.09
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46

[1] Hectarages stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)[1]
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmooney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.405

2. Vested in the Minister for Public Expenditure and Reform

Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline[2]	33.99
Fort Davis, Whitegate	29.95
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01

[1] Hectarages stated are approximate. Most of the properties contain buildings thereon.

[2] Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)[1]
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.3
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.012
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Longford	
Connolly Barracks, Longford	4.35
Louth	
Aiken Barracks, Dundalk	7.28
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	1.09
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.405
Wicklow	
Kilbride Camp and Rifle Range	636.98

[1] Hectarages stated are approximate. Most of the properties contain buildings thereon.

Appropriation Account 2016

Vote 37

Social Protection

Introduction

As Accounting Officer for Vote 37, 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 (with effect from 2 September 2017 the Department's name changed from the Department of Social Protection to the Department of Employment Affairs and Social Protection).

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Social Protection, for certain services administered by that Office, for payments to the Social Insurance Fund and for certain cash-limited grants.

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 €38.95 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.

Provision of Agency Services

During 2015, the Department was authorised by the Department of Finance to be an approved person in relation to Waterford Crystal pensioners under Section 48B of the Pensions Act 1990. Waterford Crystal pensioners' lump sum payments commenced in 2015. Waterford Crystal ongoing pension payments commenced in February 2016. The Department pays the sums due, using funds advanced from the Central Fund of the Exchequer. The amounts paid are reported in the Finance accounts.

During 2016, the Department continued to act as a paying agent for the Department of Housing, Planning, Community and Local Government under Section 5 of the Water Services Act 2015 to pay the remaining water conservation grants on its behalf. The amounts paid are reported in the appropriation account for Vote 34: the Department of Housing, Planning, Community and Local Government.

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:

Change in accounting policy: recovery of overpayments

Recovery of debt in respect of general/income-support scheme overpayments is brought to account as follows:

- Cash and deduction recoveries received are brought to account on the date they are matched against the relevant debt holder. Unmatched recovery amounts are held in suspense and are brought to account as income with a corresponding reduction in debt on their identification. As Vote 37 is the dominant recipient of overpayment receipts, unmatched receipts are held in a Vote 37 suspense account pending resolution and subsequent posting to Vote 37 or Social Insurance Fund (SIF) as appropriate.
- Cash and deduction recoveries in respect of previous accounting years are treated as income of the current accounting year.
- Cash and deduction recoveries in respect of the current accounting year are netted off against the expenditure for the current accounting year.

The policy in regard to the treatment of unmatched recovery amounts (see above) represents a change of policy. In previous years, unmatched recovery amounts existing at year end were temporarily brought to account as current year income and a reduction in debt and apportioned between SIF and Vote on a best estimate basis. The amounts were reversed in the subsequent year and were only permanently brought to account when matched to customer debt.

The most significant impact of the change in accounting policy is an add back to the opening debt balance at 1 January 2016 of €973,771(€768,811 in the Vote accounts, €204,960 in the SIF accounts) in respect of unmatched recoveries previously posted against the debt balance. This is disclosed in note 6.1 of the Vote accounts (note 4 in the SIF accounts).

In addition, an amount of €1.9 million is recorded as a credit balance on the balance sheet of the Vote at the end of 2016 in respect of unmatched recoveries at that date.

Recognition of payments

Payments consist of those sums where a liability has been incurred, payment is due and the instruction for the payment (cheque or electronic funds transfer) has been effected on the relevant payment system. Cash welfare payments made through An Post are recognised upon disbursement. Where the normal due payment date falls on a Bank Holiday, it may be necessary to issue payments early. At year-end, payments issued early by electronic funds transfer by banks or encashed early by customers in Post Offices, which refer to the subsequent year, are normally recognised as prepayments.

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 HR shared service.

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

Control of capital assets

A fixed asset working group was established in 2013 to address concerns around reconciliation of the Department's fixed asset register and capital assets under development to the appropriation account. The work of the group initially focused on reconciling the asset registers to the appropriation account and is now concentrating on the physical registers. During 2016, inventories were conducted at 34 of the Department's locations, and an electronic inventory of the Department's IT assets has been fully reconciled back to the Departments fixed asset registers. The total value of the physical and electronic inventories reconciled to the asset registers is €8.6 million (original cost). The value of assets written off as a result of the inventories is €18.9 million (written down value €252,480). Further physical inventories are being planned. An electronic barcoding system, for use in tagging assets, has been introduced and tagging of assets commenced in 2016.

Debt reconciliations

A new debt and receipts accounting system (DRAS) was introduced in the Department in November 2014. The system allows for the automatic recording and posting of debt recovered in its local offices, from its receipting bank accounts and by way of deduction from the Department's payments to customers.

The DRAS debtor balance at 31 December 2016 was €482 million of which €393 million relates to Vote 37 and €89 million relates to the SIF.

Also in 2016, €81.9 million was recovered via DRAS in respect of scheme overpayments of which €67.9 million was Vote related and €14 million was SIF related.

In 2015 the Statement of Internal Financial Control (SIFC) disclosed that there was

- an unexplained difference of €515,000 between the closing debtor balance as calculated by reference to reports from DRAS on the transactions in the account in the year, and the year-end debtor listing
- an unexplained difference of €1.1 million between the recoveries listed on DRAS (€79.8 million) and that recorded on the Department's accounting system (€78.7 million).

In order to address these differences the Department took the following actions in 2016 and 2017.

- A forensic analysis of the €515,000 difference using computer assisted audit techniques enabled the Department to provide the audit with a full and comprehensive reconciliation and explanation for the difference. A similar successful exercise was carried out for 2016.
- A forensic analysis incorporating a detailed data matching exercise of all recoveries recorded on DRAS with the amounts posted to the Department's accounting system for 2015 and 2016. This involved matching 1.9 million PPSN numbers and values for both years on both systems. The value of recoveries in 2016 was €81.9 million and €79.8 million in 2015. The exercise produced a match rate of 99.3% and the reconciliation has currently unresolved differences of €21,649 for 2016 and €268,410 for 2015 as compared to the €1.1 million originally reported in 2015. These differences are identifiable at PPSN level and are under investigation.

The reason for the improved results for 2016 compared to the original 2015 results stems in the main from the learning curve and application of forensic expertise needed to reconcile a new system with specific DRAS related codes to an existing accounting system in the first year of transition.

The Department acknowledges that there is further work to resolve unexplained DRAS related differences in respect of bank balances and cash on hand.

In relation to bank balances, there are unresolved differences amounting to €390,565 between the Department's bank statements and it's books of account. Work carried out to date indicates there are compensating mis-postings between bank accounts and unmatched recovery suspense accounts. The Department is working to resolve all the bank balance differences for 2015 and 2016.

As mentioned in the 2015 SIFC there is also an unresolved difference being carried forward in respect of the Department's cash recovery office reports amounting to €57,777 at the end of December 2016. These 144 reports record cash on hand of €88,755 as compared to the accounting system which records cash on hand of €146,532. The difference may be due to manual mis-posting at local office level and is being investigated as part of overall ongoing DRAS remedial action.

The Department envisages that some system and business process changes will be required to prevent reoccurrence of the issues detailed above.

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 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.

Public procurement

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 has reported ten contracts to the value of €2,209,917 in total, as they were not subject to a competitive procurement process. Details of these contracts were included in the Department's annual 40/2002 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General.

Details of the contracts are as follows*:*

- Two supply contracts with a total value of €496,120 were extended/rolled over as required in order to maintain a guaranteed service by suppliers that were uniquely qualified to provide the service.

  The Department keeps these contracts under review and explores the most appropriate options to meet its ongoing business requirements.

- One supply contract with a value of €110,000 was to augment an existing contract to provide additional strategic software development life cycle technical support in light of escalating business demands.

  The supplier is uniquely qualified to provide the service.

- One supply contract for €330,061 was necessary, for additional deliveries by the original supplier of hardware upgrades, as a change of technology would require the dismantling of the current services and the rebuilding of all functionality on a new platform.

  The supplier is uniquely qualified to provide the service. (Article 32(3)(b) of Directive 2014/24/EU). A change of supplier could result in incompatibility or disproportionate technical difficulties in operation and maintenance.

- Two supply contracts with a value of €420,000 for critical application support were extended for six months to ensure continuity of service for the time required to undertake and complete an open tendering process. Procurement has since been completed in both cases and contracts awarded.

- Four other procurements with a value of €853,736 occurred while the finalisation of centralised tenders, frameworks and contracts in the Office of Government Procurement (OGP) were awaited.

  Tenders have since been concluded in respect of two items with a total value of €247,736. In one case, the tender process is underway within an OGP framework agreement and a mini-competition is due to commence in Q3 2017. In another case an OGP framework agreement is not anticipated until at least Q3 2017, and the Department are considering running a separate open procurement competition.

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 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.

Significant financial risks

The appropriation account records all the assets and liabilities of Vote 37 together with explanatory notes and balances allowing for financial risk assessment at 31 December 2016. There are no significant financial risks in respect of contingent assets or liabilities not disclosed in the account.

Salary overpayments

In 2016 and 2017, the Department recovered in full the amount of €222,800 in salary overpayments made to two employees. The employees had ceased employment in 2010 and 2013 respectively but had continued to be paid in error up until quarter four 2016. The Department has since reviewed and strengthened its internal controls to prevent a recurrence of such overpayments.

John McKeon
Accounting Officer
Department of Employment Affairs and Social Protection

26 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 37 Social Protection

I have audited the appropriation account for Vote 37 Social Protection 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 Department 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 37 Social Protection 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 Department of Social Protection. The appropriation account is in agreement with the accounting records.

Regularity of expenditure

Chapter 16 of my report on the accounts of the public services for 2016 relates to welfare payments in excess of entitlement included in the 2016 account for Vote 37. I consider the estimated level of irregular payment to be material.

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 2016.

Reporting on matters arising from audit

My report on the accounts of the public services for 2016 refers to certain other matters relating to Vote 37. Chapter 17 refers to the management of social welfare overpayments. Chapter 18 refers to Department reviews of welfare schemes.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 37 Social Protection

Appropriation Account 2016

			2016	2015
		Estimate provision	Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
Social assistance schemes, services, administration and payment to Social Insurance Fund				
Administration				
Original	519,102			
Supplementary	(22,000)	497,102	486,368	490,268
Pensions				
Original	955,800			
Supplementary	26,000	981,800	982,138	972,206
Working age – income supports				
Original	3,184,210			
Supplementary	8,110	3,192,320	3,190,329	3,670,246
Working age – employment supports				
Original	1,076,120			
Supplementary	(66,570)	1,009,550	996,179	1,066,525
Illness, disability and carers				
Original	2,185,030			
Supplementary	145,160	2,330,190	2,330,712	2,153,132
Children				
Original	2,570,630			
Supplementary	9,470	2,580,100	2,576,545	2,444,454
Supplementary payments, agencies and miscellaneous services				
Original	645,496			
Supplementary	8,830	654,326	653,052	669,848
Subvention to the Social Insurance Fund		1	—	119,074
Gross expenditure				
Original	11,136,389			
Supplementary	109,000			
		11,245,389	**11,215,323**	**11,585,753**
Deduct				
Appropriations-in-aid				
		263,960	**272,843**	**270,552**
Net expenditure				
Original	10,872,429			
Supplementary	109,000			
		10,981,429	**10,942,480**	**11,315,201**

Surplus for surrender

	2016	2015
	€	€
Surplus to be surrendered	38,949,110	52,061,869

Analysis of administration expenditure

			2016		2015
			Estimate Provision	Outturn	Outturn
			€000	€000	€000
i.	Salaries, wages and allowances				
	Original	296,372			
	Supplementary	1,100	297,472	295,975	303,335
ii.	Travel and subsistence				
	Original	4,975			
	Supplementary	(500)	4,475	4,304	4,283
iii.	Training and development and incidental expenses				
	Original	12,210			
	Supplementary	(4,840)	7,370	6,373	5,624
iv.	Postal and telecommunications services				
	Original	20,000			
	Supplementary	(3,600)	16,400	15,901	17,843
v.	Office equipment and external IT services				
	Original	41,785			
	Supplementary	2,400	44,185	40,591	35,469
vi.	Office premises expenses				
	Original	20,520			
	Supplementary	(760)	19,760	19,839	41,703
vii.	Consultancy services				
	Original	750			
	Supplementary	(400)	350	199	493
viii.	Payments for agency services				
	Original	110,020			
	Supplementary	(14,000)	96,020	93,480	72,725
ix.	eGovernment related projects				
	Original	12,470			
	Supplementary	(1,400)	11,070	9,706	8,793
			497,102	**486,368**	**490,268**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		10,728,955	11,095,485
Pay		295,975	303,335
Non pay		190,393	186,933
Gross expenditure		**11,215,323**	**11,585,753**
Deduct			
Appropriations-in-aid		**272,843**	**270,552**
Net expenditure		**10,942,480**	**11,315,201**
Changes in capital assets			
Purchases cash	(19,888)		
Depreciation	11,484		
Loss on disposals	253	(8,151)	6,459
Changes in assets under development			
Cash payments		(10,703)	(8,872)
Changes in net current assets			
Increase in closing accruals	6,503		
Decrease in stock	179		
		6,682	(19,345)
Direct expenditure		**10,930,308**	**11,293,443**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		51,502	49,815
Notional rents		13,472	10,927
Net programme cost		**10,995,282**	**11,354,185**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 37 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of Revenue Commissioners	e	357	557
Vote 12 Superannuation and Retired Allowances	e	37,153	35,074
Vote 13 Office of Public Works	e	13,918	13,910
Vote 20 Garda Síochána	e	45	245
Central Fund – Ministerial pensions	e	29	29
		51,502	49,815

“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	82,032	60,710
Capital assets under development	2.3	18,228	19,799
		100,260	**80,509**
Current assets			
Stocks	2.5	474	653
Prepayments	2.11	67,832	69,367
Social Insurance Fund suspense account [1]		—	239,788
Other debit balances	2.6	205,123	157,524
Total current assets		**273,429**	**467,332**
Less current liabilities			
Bank and cash	2.4	150,196	343,314
Accrued expenses	2.11	59,770	54,802
Other credit balances	2.7	40,775	23,769
Net liability to the Exchequer	2.8	14,152	30,229
Total current liabilities		**264,893**	**452,114**
Net current assets		8,536	15,218
Net assets		**108,796**	**95,727**
Represented by:			
State funding account	2.1	**108,796**	**95,727**

[1] Represents advances from Vote 37 to the Social Insurance Fund (SIF) subvention suspense account which were not expended by year end.

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			95,727	72,785
Adjustment	2.3		897	1,184
Disbursements from the Vote				
Estimate provision	Account	10,981,429		
Surplus to be surrendered	Account	(38,949)		
Net Vote			10,942,480	11,315,201
Expenditure (cash) borne elsewhere	1.1		51,502	49,815
Non cash expenditure – notional rent	1		13,472	10,927
Net programme cost	1		(10,995,282)	(11,354,185)
Balance at 31 December			**108,796**	**95,727**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	311,425	36,337	347,762
Additions	32,811	248	33,059
Disposals[1]	(71,858)	(3,392)	(75,250)
Cost or valuation at 31 December 2016	272,378	33,193	305,571
Accumulated depreciation			
Opening balance at 1 January 2016	256,741	30,311	287,052
Depreciation for the year	10,280	1,204	11,484
Depreciation on disposals[1]	(71,857)	(3,140)	(74,997)
Cumulative depreciation at 31 December 2016	195,164	28,375	223,539
Net assets at 31 December 2016	**77,214**	**4,818**	**82,032**
Net assets at 31 December 2015	**54,684**	**6,026**	**60,710**

[1] The Department undertook an active process to identify assets included in the Department's fixed asset register, which were fully depreciated and for which no future economic benefit will accrue to the Department. 30 assets with a combined value of €56.38 million were identified under this category and retired. This process will continue in 2017. The remaining disposals are part of the Department's ongoing evaluation of assets contained in the register.

2.3 Capital Assets under Development

at 31 December

In-house computer applications	2016 €000	2015 €000
Amounts brought forward at 1 January 2016	19,799	20,163
Adjustment[1]	897	1,184
Cash payments for the year[2]	10,703	8,872
Transferred to asset register	(13,171)	(10,420)
Balance at 31 December 2016	18,228	19,799

[1] Adjustment relates to cash payments in previous years for the development of computer applications not previously included.

[2] Cash payments do not include in-house developed software which is fully developed during the course of the year. Those payments are included in capital asset additions.

2.4 Bank and Cash

at 31 December	2016	2015
	€000	€000
An Post advance balances	78,809	99,003
PMG balances (overdraft)	(365,039)	(448,557)
Commercial bank and cash	136,034	6,240
	(150,196)	(343,314)

As scheme paying agent, An Post is pre-funded by Vote 37 and the SIF to meet the Department's expenditure liabilities as they fall due. At the end of 2016, the combined balance held by An Post in respect of Vote 37 and the SIF was €126,357,506. The combined corresponding balance at the end of 2015 was €196,105,089.

2.5 Stocks

at 31 December	2016	2015
	€000	€000
Stationery	434	615
IT consumables	40	38
	474	653

2.6 Other Debit Balances

at 31 December	2016	2015
	€000	€000
Advances to An Post for postage expenditure	1,007	1,007
Advances to OPW for office furniture, building and electrical work	552	309
Advances to Pobal	6,699	8,122
Scheme prepayments[1]	12,116	—
Other debit suspense	740	2,245
Due from SIF in respect of		
- SIF schemes	19,821	134,981
- Vote schemes	164,188	10,860
	205,123	157,524

[1] At 31 December 2016 there were prepayments for Vote schemes of €12,115,936 of which €10,247,002 were made via An Post and €1,868,934 were made via bank electronic funds transfer.

2.7 Other Credit Balances

at 31 December	2016	2015
	€000	€000
Amounts due to the State		
Income Tax	5,038	3,718
Superannuation contributions	779	827
Pay Related Social Insurance	3,608	2,300
Interstat Value Added Tax	65	82
Professional Services Withholding Tax	2,442	605
Local Property Tax[1]	51	23
Extra Exchequer receipts	19	6
	12,002	7,561
Payroll deductions	3,988	3,590
Due to SIF in respect of Vote schemes	18,611	10,985
Unmatched overpayment recoveries	1,885	—
Other credit suspense items	4,289	1,633
	40,775	23,769

[1] Under Section 84 of the Finance (Local Property Tax) Act 2012, the Revenue Commissioners may direct the Department to make deductions from certain scheme payments in respect of liable persons for local property tax.
The Department also make voluntary deductions from some staff salaries in respect of the tax. These deductions commenced in 2013 and are paid to the Revenue Commissioners in the month following deduction.

2.8 Net Exchequer Funding due

at 31 December	2016	2015
	€000	€000
Surplus to be surrendered	38,949	52,062
Exchequer grant undrawn	(24,797)	(21,833)
Net Exchequer funding due	14,152	30,229
Represented by:		
Debtors		
Debit balances: suspense	205,123	397,312
Creditors		
Banks and cash	(150,196)	(343,314)
Due to State	(12,002)	(7,561)
Credit balances: suspense	(28,773)	(16,208)
	(190,971)	(367,083)
	14,152	30,229

2.9 Commitments

at 31 December	2016	2015
	€000	€000
a) Global Commitments		
Procurement of goods and services	26,027	29,616
Capital projects	11,781	23,038
Total of legally enforceable commitments	37,808	52,654

b) Major Capital Commitments

Project	Cumulative expenditure to 31 December 2015	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015
	€000	€000	€000	€000	€000
Public Services Card	21,544	5,446	4,218	31,208	30,815
Activation and Case Management	5,656	4,364	1,422	11,442	11,442

2.10 Matured Liabilities

at 31 December	2016	2015
	€000	€000
Estimate of matured liabilities not discharged at year end	147	195

2.11 Accruals and Prepayments Analysis

	2016	2015
(a) Accrued expenses	€000	€000
Administration	1,417	2,178
Office expenses	4,006	3,850
Consultancy	94	264
Programmes	54,210	48,504
Miscellaneous	43	6
	59,770	54,802

(b) Prepayments

Administration	107	558
Office expenses	1,585	2,779
Consultancy	29	24
Programmes	66,105	66,000
Miscellaneous	6	6
	67,832	69,367

3 Programme Expenditure by Subhead

A. Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Administration					
A.1	Administration – pay				
	Original	296,372			
	Supplementary	1,100	297,472	295,975	303,335
A.2	Administration – non pay				
	Original	222,730			
	Supplementary	(23,100)	199,630	190,393	186,933
Pensions					
A.3	State Pension (Non-Contributory)				
	Original	955,800			
	Supplementary	26,000	981,800	982,138	972,206
Working Age – Income Supports					
A.4	Jobseeker's Allowance		2,452,900	2,452,332	2,742,505
A.5	One-Parent Family Payment				
	Original	500,050			
	Supplementary	2,210	502,260	500,699	670,564
A.6	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension				
	Original	15,800			
	Supplementary	(1,250)	14,550	14,557	15,865
A.7	Deserted Wife's Allowance		1,700	1,736	2,132
A.8	Basic Supplementary Welfare Allowance Payments				
	Original	79,660			
	Supplementary	9,190	88,850	89,018	91,729
A.9	Farm Assist				
	Original	85,000			
	Supplementary	(6,100)	78,900	78,831	88,487
A.10	Pre-retirement Allowance		8,500	8,607	16,268
A.11	Other Working Age – income supports				
	Original	40,600			
	Supplementary	4,060	44,660	44,549	42,696
Working Age – Employment Supports					
A.12	Community Employment Programme				
	Original	376,500			
	Supplementary	(21,500)	355,000	356,341	364,991
A.13	Rural Social Scheme		44,330	42,393	44,105
A.14	Tús – Community Work Placement Scheme				
	Original	121,080			
	Supplementary	1,620	122,700	118,604	124,576
A.15	Jobs Initiative		20,410	20,150	21,698
A.16	Community Services Programme		45,190	43,644	42,730
A.17	Back to Work Allowance				
	Original	130,900			
	Supplementary	(6,530)	124,370	124,383	129,037

			2016		2015
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.18	National Internship Scheme – JobBridge				
	Original	51,980			
	Supplementary	(14,900)	37,080	37,793	63,489
A.19	Back To Education Allowance				
	Original	121,080			
	Supplementary	(4,590)	116,490	114,829	143,965
A.20	Gateway				
	Original	33,380			
	Supplementary	(11,860)	21,520	21,183	29,543
A.21	Back to Work Family Dividend				
	Original	31,920			
	Supplementary	(3,200)	28,720	28,454	14,422
A.22	JobsPlus				
	Original	27,240			
	Supplementary	(3,340)	23,900	23,679	22,630
A.23	Wage Subsidy Scheme				
	Original	21,560			
	Supplementary	370	21,930	19,403	16,392
A.24	Other Working Age – Employment Supports				
	Original	50,550			
	Supplementary	(2,640)	47,910	45,323	48,947
Illness, Disability And Carers					
A.25	Disability Allowance				
	Original	1,288,000			
	Supplementary	70,310	1,358,310	1,357,989	1,281,589
A.26	Blind Pension				
	Original	14,050			
	Supplementary	(350)	13,700	13,660	14,379
A.27	Carer's Allowance				
	Original	607,320			
	Supplementary	46,910	654,230	653,667	611,139
A.28	Domiciliary Care Allowance				
	Original	118,060			
	Supplementary	14,420	132,480	133,075	120,882
A.29	Respite Care Grant				
	Original	157,600			
	Supplementary	13,870	171,470	172,321	125,143

			2016		2015
			Estimate provision	Outturn	Outturn
Children		**€000**	**€000**	**€000**	**€000**
A.30	Child Benefit				
	Original	2,074,050			
	Supplementary	3,960	2,078,010	2,078,111	1,990,299
A.31	Family Income Supplement				
	Original	410,300			
	Supplementary	3,490	413,790	415,437	367,872
A.32	Back-To-School Clothing And Footwear Allowance				
	Original	38,800			
	Supplementary	1,310	40,110	39,810	41,342
A.33	School Meals Schemes		42,000	36,886	38,777
A.34	Child Related Payments				
	Original	5,480			
	Supplementary	710	6,190	6,301	6,164
Supplementary Payments, Agencies and Miscellaneous Services					
A.35	Rent Supplement				
	Original	266,750			
	Supplementary	9,150	275,900	275,294	311,059
A.36	Mortgage Interest Supplement				
	Original	7,000			
	Supplementary	(350)	6,650	6,558	11,922
A.37	Household Benefits Package				
	Original	87,549			
	Supplementary	(5,679)	81,870	83,915	74,932
A.38	Free Travel		80,000	77,112	75,244
A.39	Fuel Allowance				
	Original	143,495			
	Supplementary	9,250	152,745	154,701	143,797
A.40	Grant to the Citizens Information Board		50,000	49,178	46,000
A.41	Office of the Pensions Ombudsman				
	Original	1,050			
	Supplementary	(431)	619	533	877
A.42	Miscellaneous services				
	Original	9,652			
	Supplementary	(3,110)	6,542	5,761	6,017
Subvention to the Social Insurance Fund					
A.43	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005		1	—	119,074
Total			**11,245,389**	**11,215,323**	**11,585,753**

Significant variations

Overall, the expenditure was €78.9 million more than originally provided. An explanation is provided below in the case of each heading where the outturn varied from the original estimate by more than €100,000 and by 25% in the case of administration subheads and 5% in the case of all other subheads.

Description	Less/ (more) than originally provided	Explanation
	€000	
Administration		
Training and development and incidental expenses (A.2.iii)	5,837	The original estimate was €12.2 million and the outturn was €6.4 million or €5.8 million lower. The estimate contained a contingency provision of €3.9 million that was not required. In addition, €1.9 million of savings were achieved on various other incidental expenses including advertising, staff training, room hire and compensation and legal fees. The outturn of €6.4 million is 13% (€997,000) less than the final allocation. Expenditure under this subhead includes legal costs and it was necessary to ensure there was adequate provision for any unforeseen expenditure. The savings were used to fund excess expenditure on other subheads.
Consultancy services (A.2.vii)	551	The original estimate was €750,000 and the outturn was €199,000 or €551,000 lower. A reduction in the estimate was made because (i) the external consultancy service requirements were reassessed during 2016 (ii) some projects were postponed (iii) other projects did not proceed as originally profiled. The final outturn of €199,000 is 43% (€151,000) less than the final allocation. This was mainly because some invoices were not received in time for payment in 2016. The savings were used to fund excess expenditure on other subheads.

Description	Less/ (more) than originally provided €000	Explanation
Working Age – Income Supports		
Widows'/Widowers'/ Surviving Civil Partner's (Non-Contributory) Pension (A.6)	1,243	The original estimate was €15.8 million, and the outturn was €14.6 million or €1.2 million lower. The reasons for the underspend were: (i) The actual average number of recipients (1,570) were 120 lower than provided for in the original estimate (1,690). Saving was - €1.1 million. (ii) Average payment values (€175.66) were -€0.78 lower than provided for in the original estimate (€176.44). Saving was -€0.07 million. (iii) Other factors (overpayment recoveries) – actual -€0.044 million compared to original estimate of €0.013 million resulted in a saving of €0.031 million. An amount of €1.25 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was just €7,000 (0.05%) higher than provided for in the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.
Basic Supplementary Welfare Allowance Payments (A.8)	(9,358)	The original estimate was €79.7 million and the final outturn was €89 million, or almost €9.4 million higher. The outturn was higher for the following reasons: (i) The actual average number of recipients (15,220) were 320 higher than provided for in the original estimate (14,900). This cost an additional €1.5 million. (ii) Average payment values (€190.07) were higher than provided for in the original estimate (€187.83). This cost an additional €1.8 million (of which €0.55 million related to the non-provision for a Christmas bonus in the original estimate). (iii) Actual transfers of expenditure to other schemes (when a final decision on scheme entitlement had been made) were -€59.9 million compared to -€66 million provided for in the original estimate. This cost €6.1 million. A supplementary estimate of €9.2 million was provided to reflect emerging trends. The final outturn was €0.2 million (0.2%) higher than the final allocation. The overspend was funded through virement from subheads with underspends elsewhere in the Vote.

Description	Less/ (more) than originally provided €000	Explanation
Farm Assist (A.9)	6,169	The original estimate was €85 million and the outturn was €78.8 million or €6.2 million lower. The reasons for the underspend are as follows: (i) Actual average number of recipients (8,240) were lower than provided for in the estimate (9,050) due to improved labour market. This saved €7.7 million. (ii) Offset by actual average payment values (€183.96) being higher than provided for in the original estimate (€180.96). This cost €1.5 million, which was the equivalent to the cost of paying the Christmas bonus. An amount of €6.1 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.1 million (0.1%) lower than the final allocation.
Other Working Age – income supports (A.11)	(3,949)	The original estimate was €40.6 million and the outturn was €44.5 million, a difference of €3.9 million. The reasons for the overspend were as follows: (i) Higher expenditure on Exceptional Needs Payments e.g. homeware - outturn was €32.2 million, €1.9 million higher than the original estimate of €30.3 million. This is due to: (a) actual average payment values (€339.84) were higher than provided for in the original estimate (€307.61) – this cost €3.1 million, offset by (b) actual number of payments (94,756) were lower than provided for in the original estimate (98,500) – this saved €1.2 million. The once-off nature of the scheme means that it is more difficult to predict future payment numbers and average payment values than for schemes with a regular frequency. (ii) Higher expenditure on Other Supplements e.g. food and travel - outturn was €6.7 million, €0.5 million higher than provided for in the original estimate (€6.2 million). This was mainly due to actual recipients (4,250) being 253 higher than provided for in the original estimate (3,997). (iii) Higher expenditure on Direct Provision Allowance - outturn was €3.98 million, approximately €0.4 million higher than the original estimate (€3.6 million). This was due to actual recipients (2,416) being higher than provided for in the estimate (2,227). (iv) Higher expenditure on Humanitarian Aid - outturn was €1.68 million original estimate was €0.5 million. It is difficult to predict the requirement for humanitarian aid in any given year given the unpredictable nature of the weather. Winter storms of late 2015 resulted in increased demand in 2016. The higher than expected demand cost an additional €1.2 million. A supplementary estimate of €4.1 million was provided. The final outturn was €111,000 (0.2%) less than the final allocation.

Description	Less/ (more) than originally provided	Explanation
	€000	
Working Age – Employment Supports		
Community Employment Programme (A.12)	20,159	The original estimate was €376.5 million and the outturn was €356.3 million, a difference of €20.2 million. The reasons for the underspend are as follows: (i) Actual average participant numbers (22,567) were lower than provided for in the estimate (23,735) due to an improved labour market. This saved €14.6 million. (ii) Actual advances to/recoupments from projects net position at end of year (-€0.2 million) was lower than provided for in the estimate (+€5.1 million). Advances relate to 2016, recoupments can relate to both 2016 and earlier years. This saved €5.3 million. (iii) €0.3 million net saving due to a range of offsetting factors. An amount of €21.5 million was surrendered as part of the supplementary estimate to reflect emerging trends. The outturn was €1.3 million (0.4%) higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.
Back To Work Allowance (A.17)	6,517	The original estimate was €130.9 million and the outturn was €124.4 million, a difference of €6.5 million. The reasons for the underspend are as follows: (i) Actual average recipient numbers (11,750) were lower than provided for in the estimate (12,430) due to an improved labour market. This saved €7.1 million. (ii) Actual average payment values (€203.32) were higher than provided for in the estimate. This cost €1 million. (iii) Actual adjustments to other schemes (€0.12 million) compared to provision in the estimate (€0.54 million). This saved €0.4 million. An amount of €6.5 million was surrendered as part of the supplementary estimate to reflect emerging trends. Outturn was just €13,000 (0.01%) higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.

Description	Less/ (more) than originally provided €000	Explanation
National Internship Scheme – JobBridge (A.18)	14,187	The original estimate was €51.98 million, the outturn was €37.8 million or €14.2 million lower. The reasons for the underspend are as follows: (i) Actual average number of recipients (3,120) were lower than provided for in the original estimate (4,273) – the scheme was closed to new entrants from October 2016, with a trend reduction prior to this due to an improved labour market. This saved €14.03 million. (ii) Actual average payment values (€232.87) were lower than provided for in the original estimate (€233.86). This saved €0.16 million). An amount of €14.9 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €0.7 million (1.9%) higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.
Back To Education Allowance (A.19)	6,251	The original estimate was €121.1 million, the outturn was €114.8 million or almost €6.3 million lower. The reasons for the underspend were as follows: (i) Actual average number of recipients (15,259) during academic terms (Jan-May, Oct-Dec) were lower than provided for in the original estimate (16,270), due to an improved labour market. This saved €6.8 million. (ii) Offset by actual average weekly payment values (€198.02) being higher than provided for in the estimate (€197.50). This cost €0.2 million. (iii) Actual expenditure over the summer months (June to Sept) of €11.7 million was €0.4 million more than provided for in the estimate (€11.3 million). An amount of €4.6 million was surrendered as part of the supplementary estimate. The outturn was almost €1.7 million (1.4%) lower than the final allocation.
Gateway (A.20)	12,197	The original estimate was €33.4 million, the outturn was €21.2 million or €12.2 million lower. The reasons for the underspend are as follows: (i) Actual average participants (1,600) were lower than provided for in the estimate (2,400). This saved almost €11 million. (ii) Actual average payment values (€248.27) were lower than provided for in the estimate (€263.27). This saved €1.2 million. An amount of €11.9 million was surrendered as part of the supplementary estimate. The outturn was €0.3 million (1.6%) lower than the final allocation.

Description	Less/ (more) than originally provided	Explanation
	€000	
Back to Work Family Dividend (A.21)	3,466	The original estimate was €31.9 million, the outturn was €28.5 million or €3.4 million lower. The reasons for the underspend are as follows: (i) Actual average recipients (11,500) were lower than provided for in the original estimate - new scheme introduced during 2015 with the first payments issuing in May 2015 - as with all new schemes, it takes time to develop. This saved €3.3 million. (ii) Actual average payment values (€47.57) were lower than provided for in the original estimate (€47.83). This saved around €0.2 million. An amount of €3.2 million was surrendered as part of the supplementary estimate. The outturn was almost €0.3 million (0.9%) lower than the final allocation.
JobsPlus (A.22)	3,561	The original estimate was €27.2 million, the outturn was €23.7 million or €3.5 million less. The reason for the underspend is that actual average participants (4,003) were lower than provided for in the estimate (6,000) due to delays in getting tax clearance from participating employers. An amount of €3.3 million was surrendered as part of the supplementary estimate. The outturn was €0.2 million (0.9%) lower than the final allocation.
Wage Subsidy Scheme (A.23)	2,157	The original estimate was €21.6 million, the outturn was €19.4 million, or €2.2 million lower. The reasons for the underspend were as follows: (i) Actual average participants (2,153) were lower than provided for in the estimates (2,350). The saving was €1.7 million. (ii) Actual average monthly payment per participant (€697.42) were lower than provided for in the original estimate (€717.48), due to timing of invoices from employers, average monthly payments can vary significantly from month to month. This saved €0.5 million. A supplementary estimate of almost €0.4 million was provided. The outturn was €2.5 million (11.5%) lower than the final allocation. The reason for this significant variance is due to a mis-posting of expenditure of €1.7 million that was not identified by the Department's control mechanisms until after the supplementary estimate had been produced.

Description	Less/ (more) than originally provided	Explanation
	€000	
Other Working Age – Employment Supports (A.24)	5,227	This subhead provides a range of employment supports under 12 different headings. The original estimate was €50.6 million, the outturn was €45.3 million or €5.3 million lower. The main reasons for the underspend were: (i) Outturn on Employability Service was €8.6 million, when the estimate was €9.7 million, resulting in an underspend of €1.1 million - reasons are (a) actual participant salaries (€6.9 million) were lower than provided for in the estimate (€7.7 million). This saved €0.8 million and (b) actual operational costs (€0.2 million) were lower than provided for in the estimate (€0.5 million). This saved €0.3 million. (ii) Outturn on Disability Activation Supports was €0.5 million, when the estimate was €1.4 million. This is due to slower than anticipated progress on the Disability Activation Project during 2016 which meant that expenditure will not now happen until 2017. (iii) Outturn on Technical Support Grant (TSG) was €3.1 million. The estimate provided for €4 million, a saving of €0.9 million. Previously, mediator interventions administered from the Local Employment Service (LES) were charged to TSG, when the LES allocated funding was fully utilised. This is no longer happening and all expenditure relating to mediator interventions is now being charged to LES. The TSG estimate for 2016 did not take this into account. Also, the positive labour market has resulted in a lower demand for the TSG scheme. (iv) Outturn on the Local Employment Service was €18.4 million. The estimate was €19.1 million. This saved €0.7 million. This is made up of 3 elements: (a) actual staff costs of the LES outturn was €14 million compared to €14.2 million provided for in the estimate. This resulted in a saving of €0.2 million. (b) LES operational actual costs were €3.3 million compared to €3.9 million provided for in the estimate. This resulted in a saving of €0.6 million. (c) actual LES mediator interventions were €1.14 million compared to €1 million in the estimate. This cost €0.14 million. (v) Outturn on Job Clubs was €5.4 million, while the original estimate was €6 million resulting in a saving of €0.6 million. This is made up of 3 elements: (a) Job Club salaries outturn was €4 million, compared to an original estimate of €4.2 million. This saved €0.2 million. (b) Job Club travel and subsistence outturn was €0.3 million, compared to an original estimate of €1.2 million. This resulted in a saving of almost €0.9 million. (c) Job Club operational costs outturn was €1.05 million compared to an original estimate of €0.57 million. This cost €0.48 million.

Description	Less/ (more) than originally provided €000	Explanation
		(vi) A net saving of €1.1 million on the remaining 7 items within the subhead due to a range of offsetting factors. An amount of €2.6 million was surrendered as part of the supplementary estimate. The outturn was almost €2.6 million (5.4%) lower than the final allocation.
Illness, Disability and Carers		
Disability Allowance (A.25)	(69,989)	The original estimate was €1,288 million, the outturn was €1,358 million or €70 million more. The reasons for the overspend were as follows: (i) Actual average recipients (121,870) were higher than provided for in the original estimate. This cost €27.5 million. (ii) Actual average payment values (€207.42) were higher than provided for in the original estimate (€203.72). This cost €23.3 million, of which €21.6 million related to the payment of the Christmas bonus, for which there was no provision in the original estimate. (iii) Actual transfers of expenditure charged to Disability Allowance from other schemes (when a final decision on scheme entitlement had been made) (€43.2 million) were higher than provided for in the original estimate (€24 million). This cost €19.2 million. The increase in recipient numbers is driven by a combination of demographic factors (increasing and aging population), socio-economic factors (such as the need for the social protection system to provide for increasing inequality in market incomes – pre-transfer and taxes) as well as other factors (greater awareness, impact of other programmes, etc). A supplementary estimate of €70.3 million was sought to reflect emerging trends and to fund the payment of a Christmas bonus. The outturn was just over €0.3 million (0.02%) lower than the final allocation.

Description	Less/ (more) than originally provided €000	Explanation
Carer's Allowance (A.27)	(46,347)	The original estimate of €607.3 million, the outturn was €653.7 million or €46.4 million higher. The reasons for the overspend were as follows: (i) Actual average recipient numbers (65,740) were higher than provided for in the original estimate (62,860). This cost €27.7 million. (ii) Actual average payment values (€189.93) were higher than provided for in the original estimate (€184.52). This cost €18.5 million. (iii) Actual transfers of expenditure charged to Carer's Allowance from other schemes (when a final decision on scheme entitlement had been made) were higher (€3.7 million) compared to the original estimate (€3.5 million). This cost €0.2 million. Carer's Allowance covers the provision of full time care and attention by a carer to people with disabilities of all ages from infants to centenarians subject to medical assessment. As the population ages and awareness of the scheme increases, the potential for higher numbers is greater. A supplementary estimate of €46.9 million was provided to reflect emerging trends. The outturn was almost €0.6 million (0.1%) less than the final allocation.
Domiciliary Care Allowance (A.28)	(15,015)	The original estimate was €118.1 million, the outturn was €133.1 million or €15 million higher. The reasons for the overspend were as follows: (i) Actual average recipients (30,440) were higher than provided for in the original estimate (29,275). This cost €4.7 million. (ii) Actual average monthly payment values (€364.47) were higher than provided for in the original estimate (€336.47). This cost €10.3 million, of which €2.2 million related to the payment of the Christmas bonus. A supplementary estimate of €14.4 million was provided to reflect emerging trends and to fund a Christmas bonus. The outturn was €0.6 million (0.4%) higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.

Description	Less/ (more) than originally provided	Explanation
	€000	
Respite Care Grant (A.29)	(14,721)	The original estimate was €157.6 million, the outturn was €172.3 million or €14.7 million more. The reason for the overspend is because actual number of payments (93,662) were higher than provided for in the estimate (85,650) - due to higher demand on qualifying schemes including Carer's Allowance, Carer's Benefit and Domiciliary Care Allowance. This resulted in extra expenditure of €14.7 million. A supplementary estimate of €13.9 million was provided to reflect emerging trends. The outturn was €0.9 million (0.5%) higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.
Children		
School Meals Schemes (A.33)	5,114	The original estimate was €42 million, the outturn was €36.9 million or €5.1 million lower. There are two instalments to school meals expenditure - the following was the position in 2016: (i) Second instalment due to schools for the 2015/2016 academic year, actual expenditure was €21.9 million, in line with estimate. (ii) First instalment due to schools for the 2016/2017 academic year, actual expenditure €15 million, €5.1 million lower than provided for in the original estimate. This was due to delays in schools submitting applications and satisfying the scheme conditions to enable payments to issue before end of 2016. The outturn was €36.9 million, which was €5.1 million (12.1%) lower than its allocation.
Child Related Payments (A.34)	(821)	The original estimate was €5.5 million, the outturn was €6.3 million or €0.8 million higher. The supplementary estimate was required because actual expenditure on Guardian's Payment (Non-Contributory) at €5.9 million was higher than provided for in the original estimate (€5.1 million). This was due to actual average recipients (470) being higher than provided for in the original estimate (420). This cost €0.8 million. A supplementary estimate of €0.7 million was provided to reflect emerging trends. The outturn was €0.1 million higher than the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.

Description	Less/ (more) than originally provided	Explanation
	€000	
Supplementary Payments, Agencies and Miscellaneous Services		
Mortgage Interest Supplement (A.36)	442	The original estimate was €7 million, the outturn was almost €6.6 million or €0.4 million lower. The main reason for the underspend is that actual average recipients (2,133) were lower than the original estimate (2,748) resulting in a saving of €0.6 million. An amount of €0.35 million was surrendered as part of the supplementary estimate. The outturn was €0.09 million (1.4%) less than the final allocation.
Fuel Allowance (A.39)	(11,206)	The original estimate was €143.5 million the outturn was €154.7 million or €11.2 million higher. The reasons for the overspend were as follows: (i) Actual average recipients (253,814) were higher than provided for in the original estimate (250,087) due to demand from qualifying schemes being greater than provided in the original estimate. This cost €2.1 million. (ii) Actual average payment values (€23.44) were higher than provided in the original estimate (€22.07). This cost €9.1 million. A supplementary estimate of €9.25 million was provided to reflect emerging trends. The outturn was €2 million (1.3%) higher than provided in the final allocation. Virement of savings on other subheads in the Vote was used to fund the excess expenditure.
Office of the Pensions Ombudsman (A.41)	517	The original estimate was €1.05 million, the outturn was €0.53 million which was €0.52 million lower. The reasons for the underspend are as follows: (i) Amalgamation with the Financial Services Ombudsman's Bureau did not take place in 2016 as envisaged in the estimate. (ii) There were savings on staff costs, legal fees and other administration costs. An amount of €0.43 million was surrendered as part of the supplementary estimate. The outturn was almost €0.1 million (13.9%) lower than the final allocation.

Description	Less/ (more) than originally provided	Explanation
	€000	
Miscellaneous Services (A.42)	3,891	The original estimate was €9.65 million, the outturn was €5.76 million or almost €3.9 million lower. The reasons for the underspend are: (i) Actual expenditure on Food Aid (€1.1 million) being lower than the original estimate (€4.0 million) due to slower than planned set-up of the Food Aid programme. The saving was €2.9 million. (ii) No expenditure on Training for Carers initiative when the original allocation was €0.5 million. Due to constraints outside of the Department's and Pobal's control it was not feasible to proceed with the measure in 2016. The Department is liaising with Pobal and the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs with a view to introducing the measure in 2017. Saving was €0.5 million. (iii) Actual expenditure on ex-gratia payments to women from Magdalen Laundries and other Institutions outturn was approximately €3.3 million when the original allocation was €3.6 million. The saving was in the order of €0.35 million. (iv) €0.1 million net saving due to a range of other factors. An amount of €3.1 million was surrendered as part of the supplementary estimate. The outturn was €0.8 million (11.9%) less than the final allocation.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
Social Insurance Fund Transfer to Vote 37				
1.	Recovery of administration expenses from the Social Insurance Fund	177,280	177,280	177,600
Appropriations-in-aid: Other				
2.	Recoveries of social assistance overpaid	53,660	62,138	56,213
3.	Repayment from the Social Insurance Fund of amounts paid initially as social assistance	6,000	4,616	5,470
4.	Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare (Consolidation) Act 2005	320	164	346
5.	Receipts from the General Register Office	480	423	454
6.	Receipts from European Social Fund for activation and participation of people with disabilities	3,630	2,677	—
7.	Receipts from pension-related deduction on public service remuneration	10,800	10,371	15,167
8.	Receipts from EURES European Job Mobility Fund	—	120	430
9.	Receipts from National Training Fund (Community Employment)	7,400	7,100	7,400
10.	Receipts from Pensions Authority – staff superannuation	810	603	578
11.	Homeless Unit operational costs – contributions from external agencies	200	829	321
12.	Recovery of social assistance from Insurance claims	1,920	2,012	1,999
13.	Miscellaneous	1,460	4,510	3,650
—	Receipts from the European Commission for the Youth Guarantee Scheme	—	—	27
—	Receipts from Department of Health – Drugs Task Force (Employment Programme)[1]	—	—	(10)
—	Dormant Account Receipts	—	—	907
	Total	**263,960**	**272,843**	**270,552**

[1] Refund of unspent funds to the Department of Health.

Significant variations

Overall, Appropriations-in-Aid were €8.88 million more than originally estimated, representing a variance of 3.4%. An explanation is provided below in the case of each heading where the amount realised varied from the original estimate by more than €100,000 and by more than 5%.

Description	Less/ (more) than originally provided	Explanation
	€000	
Recoveries of social assistance overpaid	(8,478)	Actual overpayment recoveries treated as income from social assistance schemes funded from Vote 37 were €62.1 million, compared to a provision of just under €53.7 million in the original estimate, resulting in receipts being €8.4 million higher. This was made up of €37.7 million cash receipts and €24.4 million from deductions withheld. 2015 was the first year which saw a full year's trend following a change in the accounting treatment of overpayment recoveries. Previously, overpayments by way of deductions were netted off against scheme expenditure rather than reported as income. The expectation in 2015 quarter four when the 2016 REV estimate was being prepared was that 2016 might achieve a similar yield to the then forecast end 2015 outturn. In the event the 2016 outturn was more positive with cash recoveries delivering €7.9 million more than in 2015 and overpayment deduction recoveries treated as income yielding just €0.8-million less than 2015.
Repayment from the Social Insurance Fund of amounts paid initially as social assistance	1,384	This subhead is used to record the recovery of social assistance from the SIF where inter-scheme adjustment is effected after close of the financial year. Receipts can vary significantly from month to month. In 2016, monthly receipts varied from under €200,000 to €1.1 million. The expectation in 2015 quarter four when the 2016 REV estimate was being prepared was that receipts might be higher for 2015 and 2016. The outturn was significantly lower.
Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare (Consolidation) Act 2005	156	This subhead provides for receipts from liable relatives of Deserted Wife's Benefit claimants. The lower receipts in 2016 arose mainly due to the refund of €96,000 to a number of liable relatives who had continued to make payments in error after the associated Deserted Wife’s Benefit claim had ceased. One Parent Family Payment reform measures also impacted on the downward trend in these receipts.
Receipts from European Social Fund for activation and participation of people with disabilities	953	Expectation at time of estimate was that receipts were going to be higher. Actual outturn is a receipt of €2.677 million received in September 2016 in respect of the period 2012 to 2015. Amount due was €3.234 million, of which there was an advance of €0.375 million in 2008, balance of €0.18 million will be paid in 2017.

Description	Less/ (more) than originally provided	Explanation
	€000	
Receipts from EURES European Job Mobility Fund	(120)	Actual receipts were €120,000, there was no provision for such receipts in 2016 REV estimate.
Receipts from Pension Authority – staff superannuation	207	2016 outturn was €603,000, which was a slight increase on the 2015 outturn of €578,000, and a reduction on the 2014 outturn of €779,000. The 2015 reduction arose due to six staff on three year contracts finishing at end of 2014 and not being filled until late 2015. Expectation in 2015 quarter four was that 2016 contributions might return to 2014 levels in 2016 which didn't happen. Only two of the new recruits of late 2015/early 2016 became members of the Pensions Authority Superannuation scheme, while the other new recruits became members of the Single Scheme, meaning that receipts to the Department didn't increase more significantly in 2016.
Homeless Unit operational costs – contributions from external agencies	(629)	Receipts from this source are unpredictable. In 2016 reimbursements from other departments and agencies were higher than provided for in the estimates.
Miscellaneous	(3,050)	Miscellaneous receipts are difficult to predict with accuracy. The only real constants from year to year are receipts for cancelled cheques and small miscellaneous receipts totalling around €1.2 million. 2016 REV estimate provided for an expectation of €1.46 million, which included cancelled cheques, small miscellaneous receipts and a small element of unforeseen receipts. 2016 outturn was almost €4.5 million, just over €3 million ahead of the original estimate. 2016 miscellaneous receipts included: (i) €1 million from cancelled cheques. (ii) €2.2 million from refund of employer element of PRSI to the Department as an employer. (iii) €0.76 million from European Social Fund in respect of PEIL (Youth Guarantee). (iv) €0.5 million small miscellaneous receipts.

4.2 Extra receipts payable to the Exchequer

	2016 €000	2015 €000
Balance at 1 January	6	4
Conscience money	25	10
Witness expenses	1	1
Pensions Authority fines	12	14
Transferred to Exchequer	(25)	(23)
Balance at 31 December	19	6

5 Employee Numbers and Pay

	2016	2015
Number of Staff at Year End (full time equivalents)		
Department	6,410	6,473
Agencies	124	123
	6,534	**6,596**

Remuneration of All Staff (Department and agencies)	2016 €000	2015 €000
Pay	295,338	304,717
Higher, special or additional duties allowance	1,028	1,062
Other allowances	389	440
Overtime	3,129	3,360
Employer's PRSI	17,903	17,689
Total pay	**317,787**	**327,268**

5.1 Department

The following remuneration arrangements refer to pay element Subheads A.1 (i), A.2 (viii), A.2 (ix), A.24.

	2016 €000	2015 €000
Pay	288,147	297,144
Higher, special or additional duties allowance	983	1,015
Other allowances	389	440
Overtime	3,129	3,360
Employer's PRSI	17,301	17,094
Total pay	**309,949**	**319,053**

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	603	15	19,585	68,593
Other allowances	57	16	11,804	12,258
Overtime	2,099	22	14,204	15,796
Extra remuneration in more than one category	2	1	12,127	10,912

5.2 Agency

The remuneration referred to below relates to the Citizens Information Board, the Pensions Authority and the Pensions Ombudsman.

	2016 €000	2015 €000
Pay	7,191	7,573
Higher, special or additional duties allowance	45	47
Other allowances	—	—
Overtime	—	—
Employer's PRSI	602	595
Total pay	**7,838**	**8,215**

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	13	1	11,699	15,263
Other allowances	—	—	—	—
Overtime	—	—	—	—

5.3 Other Remuneration Arrangements

Redundancy payments of €213,170 were paid to fourteen staff under the Redundancy Payments Acts 1967 to 2007.

A retired Chief Medical Officer and a retired Medical Assessor were re-employed in 2014 in the public interest and by way of open competition respectively. They continued to be employed in 2016 and were paid salaries of €56,454 and €36,285 respectively. The Chief Medical Officer's employment ceased on 1 June 2016. Pension abatement was applied.

A member of the Citizens Information Board staff received €11,020 in respect of a director's allowance.

5.4 Payroll Overpayments

Overpayments at the year-end were €3.2 million (1,511 cases) (2015: €3 million, 1,361 cases). Of this, €1.2 million (385 cases) have recovery plans in place.

6 Miscellaneous

6.1 Recovery of Welfare Overpayments

The summary position on assistance overpayments at 31 December 2016 was as follows:

	2016		2015	
		Outturn		Outturn
	€000	€000	€000	€000
Overpayments outstanding at 1 January		376,851		346,205
Adjustment[1]		881		8,499
		377,732		354,704
Net overpayments recorded				
Fraud	37,557		44,810	
Claimant error	35,258		33,712	
Departmental error	1,602		2,138	
Estate cases	19,934	94,351	17,342	98,002
		472,083		452,706
Less:				
Amounts recovered 2016[2]	(67,958)		(64,682)	
Recoveries adjustment[3]	275	(67,683)	—	(64,682)
Prior year debts cancelled[4]		(9,257)		(9,566)
Amounts written off as irrecoverable		(1,840)		(1,607)
Overpayments outstanding at 31 December		393,303		376,851

[1] In 2016, the Department changed its accounting policy in respect of overpayment recoveries. With effect from 1 January 2016, scheme cash and deduction recoveries are brought to account upon matching to the relevant debt holder which is not necessarily the date of the receipt.

An overall adjustment of €880,664 was required to align the overpayment balance brought forward from the 2015 Vote 37 statutory account with the adjusted list of matched debtors on DRAS at 1 January 2016. This consisted of (a) €768,811 to facilitate the accounting policy change (b) €98,882 in respect of year-end timing differences and (c) €12,951 in respect of 2015 debt correction.

An overall adjustment of €232,699 in respect of SIF related differences has also been applied in the SIF statutory account overpayments note (Note 4) for 2016.

The comparative adjustment for 2015 of €8.5 million was required to align the opening balance being carried forward from 2014 with the actual list of debtors at 1 January 2015. Previously, overpayments had not been reconciled to individual debtor's listings.

[2] The amount recovered includes:

- €62.1 million posted to income in respect of previous year's debt (cash €37.7 million and deductions withheld €24.4 million).
- €5.9 million posted against expenditure in respect of the current year's debt (cash €3 million and deductions withheld €2.9 million).

[3] The adjustment is in respect of recorded prior year recoveries which were cancelled in 2016.

[4] The prior year debts cancelled represent overpayments raised in previous year which were cancelled in 2016.

6.2 Legal costs

	Number of cases	Department legal costs	Legal costs awarded	Compensation awarded	2016 Total	2015 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department						
Personal injuries[1]	12	61	152	182	395	524
Breach of HR/employment policies[2]	4	3	—	8	11	47
Claims by members of the public						
Personal injuries[3]	4	7	35	—	42	220
Department schemes[4]	525	179	46	3,290	3,515	3,876
Other[5]	4	—	446	—	446	333
		250	679	3,480	4,409	5,000

[1] Payments in respect of individuals ranged from €295 to €107,128.

[2] Payments ranged from €1,382 to €6,583. The cases related to a breach of personal data, unfair dismissal, discrimination under dignity at work legislation and a breach of the Protection of Employees (Fixed-Term Work) Act 2003.

[3] Payments ranged from €1,141 to €22,429.

[4] Ex-gratia payments, loss of purchasing power payments and legal costs payments up to €95,391 were made in respect of Carer's Allowance, Disability Allowance, Supplementary Welfare Allowance basic payment, Supplementary Welfare Allowance rent supplement, Child Benefit, One-Parent Family payment, Respite Care Grant, Magdalen Laundries and other Institutions, and the Office of the Pensions Ombudsman.

[5] Payments ranged from €28 to €392,989. The cases related to the amendment of the birth register (two cases), provision of a PPSN and an insurability case.

6.3 EU Funds

European Social Fund, Human Capital Investment Operational Programme

An amount of €2.68 million was received from the EU in respect of the Disability Activation project. The project is a cross agency programme co-funded by the Department and the European Social Fund, Human Capital Investment Operational Programme 2007-2013.

European Social Fund programme for Employability, Inclusion and Learning

Funding of €761,201 was received from the EU for the European Social Fund (ESF) programme for Employability, Inclusion and Learning. The ESF is the European Union's financial instrument for investing in people. The mission of the ESF is to help prevent and fight unemployment, to make Europe's workforce and companies better equipped to face new challenges and to prevent people losing touch with the labour market.

European Globalisation Fund

A total of €202,668 in respect of the European Globalisation Fund (EGF) Andersen Ireland programme was received from the EU. The EGF provides one-off time limited individual support to people across Ireland in certain companies and sectors that were made redundant as a result of globalisation.

European Employment Services

An amount of €69,540 was received from the EaSI (Employment and Social Innovation) programme in respect of EURES (European Employment Services) Ireland/Northern Ireland partnership to facilitate the free movement of workers.

Funding of €50,878 was also received to facilitate the free movement of workers throughout the EU/EEA area. EURES is organised centrally by the European Commission and is administered in the member States by the Public Employment Service.

EP-DeM Labs - Equity, Participation, Decision making Labs

An amount of €3,186 was received from the EU in respect of a new EU co-funded project EP-DeM Labs - Equity, Participation, Decision making Labs (Youth in Transition in European cities). This project runs from January 2016 to December 2017. EP-DeM Labs seeks to engage and enable disadvantaged youth aged 16-24 in transition moments across 4 cities/regions in Europe to express their voices, co-develop and co-deliver projects and measures aimed at improving their education level and employability.

Fund for European Aid to the Most Deprived

The Fund for European Aid to the Most Deprived (FEAD) supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. The EU provides funding to member States and member States match this funding with a minimum of 15%. Expenditure is eligible to 31 December 2023. Under Article 44 of EU Regulation 223/2014 pre-financing of €2.5 million (11% of the Fund's overall contribution to the Irish operational programme) was paid to the Department in December 2014. As no FEAD payment application had been made to the Commission by December 2016 the amount of pre-financing is due to be returned to the Commission. However, the total EU contribution due to the FEAD operational programme in Ireland will not be affected by the reimbursement. In 2017, the Commission have sought reimbursement of the 2014 pre-financing.

6.4 Possible Misappropriation

There were two cases of possible misappropriation of public monies by employees with the current value yet to be confirmed. These possible misappropriations occurred during the period January 2015 to May 2016.

6.5 Late Payment Interest

	2016	2015
	€	€
Total of interest payments due	9,859	8,209
Recipients of €10,000 or more	—	—

6.6 Contingent Liabilities

The Department is involved in 63 legal cases which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

6.7 Accounting Adjustment

In 2016, a bookkeeping entry amounting to €13,170 was made to Vote Miscellaneous Income with a corresponding entry in the Vote SIF account. Department of Public Expenditure and Reform sanction was received. The entry was necessary to align the SIF and Vote accounts in respect of a difference brought forward from 2015.

Annex
Department of Social Protection
Summary of Programme Expenditure

	2016	2015
	€m	€m
Vote 37 gross expenditure	11,215	11,586
Less non scheme expenditure		
Administration	(486)	(490)
SIF subvention	—	(119)
Grant to Citizens Information Board	(49)	(46)
Grant to Pensions Ombudsman	(1)	(1)
Miscellaneous services	(6)	(6)
Vote 37 scheme expenditure	**10,673**	**10,924**
SIF gross expenditure	**9,154**	**8,980**
Less non scheme expenditure		
Administration	(273)	(271)
National Training Levy	(390)	(364)
SIF scheme expenditure	**8,491**	**8,345**
Total Department scheme expenditure	**19,164**	**19,269**

Scheme Expenditure Breakdown

Payments by scheme and category	2016	2015
	€m	€m
Pensions		
State Pensions	5,644	5,450
Widows'/Widowers'/ Surviving Civil Partners' Pension	1,446	1,430
Bereavement Grant	—	—
Total	**7,090**	**6,880**
Working Age Income Supports		
Jobseeker's Allowance	2,452	2,742
One Parent Family Payment	501	670
Jobseeker's Benefit	356	387
Redundancy and Insolvency Benefit	38	43
Maternity Benefit	255	260
Paternity Benefit	2	—
Basic Supplementary Welfare Allowance	89	92
Farm Assist	79	88
Deserted Wife's Benefit	74	77
Other Working Age - Income Supports	44	43
Pre-Retirement Allowance	9	16
Treatment Benefits	31	30
Widows' /Widowers'/ Surviving Civil Partners' Pension (Non Contributory)	14	16
Deserted Wife's Allowance	2	2
Adoptive Benefit	1	1
Health and Safety Benefit	1	1
Total	**3,948**	**4,468**
Supplementary Payments		
Rent Supplement	275	311
Household Benefits Package	230	221
Fuel Allowance	235	216
Free Travel	77	75
Mortgage Interest Supplement	7	12
Total	**824**	**835**
Working Age Employment Supports		
Employment Programmes	356	365
Back to Education Allowance	115	144
Back to Work Allowance	124	129
Back to Work Family Dividend	29	14
TÚS Community Work Placement Scheme	119	125
National Internship Scheme - JobBridge	38	63
JobsPlus	24	23
Wage Subsidy Scheme	19	16
Other Working Age - Employment Supports	45	49
Community Services Programme	44	43
Rural Social Scheme	42	44
Gateway	21	30
Jobs Initiative	20	22
Partial Capacity Benefit	13	11
Total	**1,009**	**1,078**

	2016	2015
	€m	€m
Illness, Disability and Carers		
Disability Allowance	1,358	1,282
Illness Benefit	597	620
Invalidity Pension	645	649
Carer's Payment	686	641
Respite Care Grant	172	125
Domiciliary Care Allowance	133	121
Disablement Benefit	75	77
Blind Pension	14	14
Injury Benefit	19	17
Total	**3,699**	**3,546**
Children		
Child Benefit	2,078	1,990
Family Income Supplement	415	368
Back to School Clothing and Footwear Allowance	40	41
School Meals	37	39
Child Related Payments	24	24
Total	**2,594**	**2,462**
Net Expenditure on all Schemes	**19,164**	**19,269**

Appropriation Account 2016

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

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 €2.221 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 except for the following;

Payments to the HSE

Funds are advanced to the HSE in relation to the provision of services on a grant basis, in line with the funding set out in the letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2016 amounted to €13.92 billion (2015:€13.13 billion). This is accounted for across 17 subheads — each subhead from H to L4, excluding L1 which relates to the Department's capital expenditure. A number of these subheads classify expenditure on a geographical rather than a programme basis.

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.

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is also Accounting Officer for Vote 18 and is responsible for the operation of controls within the Shared Service Centres.

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 Department transferred to the PeoplePoint service in August 2013 and the Payroll Shared Service at end October 2016. The audits are being conducted by firms 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 operated effectively.

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

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

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.
- 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.

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 periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Jim Breslin
Accounting Officer
Department of Health

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

I have audited the appropriation account for Vote 38 Health 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 Department 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 38 Health 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 Department of Health. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 19 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 38 Health.

Seamus McCarthy
Comptroller and Auditor General

17 September 2017

Vote 38 Health
Appropriation Account 2016

Service		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	26,962	23,562	22,477
A.2	Travel and subsistence	654	375	349
A.3	Training and development and incidental expenses	1,150	881	766
A.4	Postal and telecommunication services	730	343	378
A.5	Office equipment and external IT services	2,323	1,742	1,669
A.6	Office premises expenses	700	411	576
A.7	Consultancy services and value for money and policy reviews	2,250	705	814
Grants				
B.1	Grants to research bodies and other research grants	38,000	34,763	34,566
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	3,286
B.3	Drugs initiative	6,026	5,806	6,347
Other services				
C.	Expenses in connection with the World Health Organisation and other international bodies	3,100	2,635	2,590
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	16,093	15,494	38,261
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	61,942	52,200	49,956
E.2	The Food Safety Promotion Board	5,236	5,236	5,474
E.3	The National Treatment Purchase Fund	5,100	5,100	5,100
E.4	Ireland/Northern Ireland INTERREG	100	—	1,020
F.1	Payments in respect of disablement caused by thalidomide	745	406	386
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Act 1997 and 2002	24,786	18,400	17,800

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Other services (continued)				
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,849	3,000	2,949
G.	Dissemination of information, conferences and publications in respect of health and health services	2,513	1,948	1,111
Corporate Administrative				
H.	Pension lump sum payments	90,000	99,030	92,168
HSE Regions and Other Health Agencies				
I.1	HSE – Dublin Mid Leinster Region	1,441,353	1,435,278	1,337,688
I.2	HSE – Dublin North East Region	1,288,575	1,282,842	1,191,068
I.3	HSE – South Region	2,000,157	1,991,745	1,881,036
I.4	HSE – West Region	2,215,862	2,207,720	2,092,827
I.5	Grants in respect of certain other health bodies including voluntary and joint hospital boards	2,313,517	2,398,827	2,296,934
Other HSE Services				
J.1	Health agencies and similar organisations (part funded by the National Lottery)	7,513	4,255	4,289
J.2	Payments to Special Account – Health (Repayment) Act 2006	2,000	650	1,670
J.3	Payment to special account established under section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme	1,500	1,747	—
J.4	Service developments and innovative service delivery projects	87,000	70,000	40,000
J.5	Payment to State Claims Agency	198,000	228,911	205,227
J.6	Economic and social disadvantaged (dormant account funding)	2,700	1,276	1,915

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Care Programme				
K.1	Primary care reimbursement services and community demand led schemes	2,799,402	2,761,633	2,617,877
K.2	Long term residential care	939,902	921,656	895,300
Capital Services				
L.1	Grants in respect of building, equipping (including ICT)	14,527	11,169	11,148
L.2	Building, equipping and furnishing of health facilities and of higher education facilities	341,461	351,220	319,834
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)	2,539	2,539	2,539
L.4	Information services and related services for health agencies	157,700	160,429	153,353
	Gross expenditure	**14,109,254**	**14,107,220**	**13,340,748**
	Deduct			
M	**Appropriations-in-aid**	**460,221**	**460,408**	**527,975**
	Net expenditure	**13,649,033**	**13,646,812**	**12,812,773**

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	2,221,193	8,427,346
Total	**2,221,193**	**8,427,346**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Expenditure on administration		28,019	27,029
Expenditure on services and programmes		14,079,201	13,313,719
Gross expenditure		**14,107,220**	**13,340,748**
Deduct			
Appropriations-in-aid		**460,408**	**527,975**
Net expenditure		**13,646,812**	**12,812,773**
Changes in capital assets			
Purchases cash	(197)		
Depreciation	167		
Loss on disposals	6		
		(24)	15
Changes in net current assets			
Decrease in closing accruals	(46)		
Increase in stock	(20)		
		(66)	10,660
Direct expenditure		**13,646,722**	**12,823,448**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		9,619	9,383
Notional rents		2,004	2,004
Net programme cost		**13,658,345**	**12,834,835**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	167	167
Vote 12 Superannuation and Retired Allowance	e	7,696	7,486
Vote 13 Office of Public Works	e	1,472	1,466
Central Fund – Ministerial pensions	e	284	264
		9,619	**9,383**

'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	**623**	**590**
Current Assets			
Stocks	2.4	91	71
Prepayments		167	259
Accrued income		128	156
Other debit balances	2.5	19,595	7,546
Net Exchequer funding due	2.7	5,481	18,534
Total Current Assets		**25,462**	**26,566**
Less Current Liabilities			
Accrued expenses		440	606
Other credit balances	2.6	475	274
Bank and cash	2.3	24,601	25,806
Total current liabilities		**25,516**	**26,686**
Net Current Assets/ (Liabilities)		**(54)**	**(120)**
Net Assets		**569**	**470**
Represented by:			
State Funding Account	2.1	**569**	**470**

2.1 State Funding Account	**Note**	**2016**	**2016**	**2015**
		€000	**€000**	**€000**
Balance at 1 January			**470**	**11,133**
Disbursements from the Vote				
Estimate provision	Account*	13,649,033		
Surplus to be surrendered	Account*	(2,221)		
Net vote			13,646,812	12,812,773
Expenditure (cash) borne elsewhere	1		9,619	9,383
Non cash expenditure – notional rent	1		2,004	2,004
Other non-cash item – capital accrual			9	12
Net programme cost	1		(13,658,345)	(12,834,835)
Balance at 31 December			**569**	**470**

**Note: "Account" refers to the appropriation account*

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	2,304	1,956	4,260
Additions	182	24	206
Disposals	(222)	(8)	(230)
Cost or valuation at 31 December 2016	2,264	1,972	4,236
Accumulated depreciation			
Opening balance at 1 January 2016	1,767	1,903	3,670
Depreciation for the year	116	51	167
Depreciation on disposals	(216)	(8)	(224)
Cumulative depreciation at 31 December 2016	1,667	1,946	3,613
Net assets at 31 December 2016	**597**	**26**	**623**
Net assets at 31 December 2015	**537**	**53**	**590**

2.3 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balance	(24,601)	(25,807)
Commercial bank account balance	—	1
	(24,601)	(25,806)

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	20	20
IT consumables	71	51
	91	71

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Recoupable salaries	30	76
Recoupable travel expenditure	5	8
Recoupable travel pass scheme expenditure	152	135
Hepatitis C Compensation Tribunal	18,001	4,175
HSE funding overdrawn/(undrawn)	1,388	(789)
Other debit suspense items	19	3,941
	19,595	7,546

2.6 Other Credit Balances	**2016**	**2015**
At 31 December	**€000**	**€000**
Amounts due to the State		
Pay Related Social Insurance	—	(3)
Professional Services Withholding Tax	37	96
Value Added Tax	1	16
	38	109
Other credit suspense items	437	165
	475	274

2.7 Net Exchequer funding due	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus appropriations to be surrendered	2,221	8,427
Exchequer grant undrawn	(7,702)	(26,961)
Net Exchequer funding due	(5,481)	(18,534)
Represented by:		
Debtors		
Debit balances: suspense items	19,595	8,335
	19,595	8,335
Creditors		
Due to State	(38)	(109)
Bank and cash	(24,601)	(26,595)
Credit balances: suspense	(437)	(165)
	(25,076)	(26,869)
	(5,481)	(18,534)

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	1,067	977
Grant programmes	5,614	5,614
Capital grant programmes	28,789	38,801
Total of legally enforceable commitments	35,470	45,392

b) Capital Grant Programmes	**2016**	**2015**
	€000	**€000**
Opening balance	38,801	38,610
Grants paid in year	(10,012)	(10,077)
New grant commitments	—	10,268
Closing balance	28,789	38,801

c) Major Capital Commitments

Note: Individual capital projects involving total expenditure of €6,350,000 or more are shown separately in the multi-annual capital commitments table

	Cumulative expenditure to 31 December 2015	**Expenditure in 2016**	**Project commitments in subsequent years**	**Expected total spend lifetime of project 2016**	**Expected total spend lifetime of project 2015**
	€000	**€000**	**€000**	**€000**	**€000**
Health Research Board Clinical Research facilities:					
St James's Hospital and Dublin Clinical Research Network	10,376	888	1,657	12,921	12,813
Total	10,376	888	1,657	12,921	12,813

3 Expenditure Variances by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). There is an overall surrender with the excess spending on some subheads met through a virement of savings on some other subheads.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Travel and subsistence	A.2	279	Spending on travel was less than anticipated, due in part to staff vacancies, and delays in recruiting personnel.
Postal and telecommunication services	A.4	387	The savings arose due to the reducing cost of telephone charges.
Office premises expenses	A.6	289	The saving arose due to reduced spending on building maintenance pending the relocation of the Department.
Consultancy services and value for money and policy reviews	A.7	1,545	The saving resulted from delays in commencing and completing a number of projects and from using the resources of the Department's new Research Service Unit.
Grants to research bodies and other research grants	B.1	3,237	€34.763 million was spent on research from a provision of €38 million. The saving is primarily due to an unused provision for the next phase of the Irish Longitudinal Study on Ageing (TILDA), the commencement of which was delayed to 2017.
Expenses in connection with the World Health Organisation and other international bodies	C.	465	Additional provision was made in the subhead for potential currency exchange fluctuations in relation to the payment of the annual subscription to the World Health Organisation. In the event, these fluctuations did not arise to the extent provided for.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Developmental, consultative, supervisory, regulatory and advisory bodies	E.1	9,742	The Department advances funds to health agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount. Actual expenditure was less than budgeted for a number of agencies. Expenditure by the Health Information and Quality Authority (€0.808 million), the Mental Health Commission (€0.724 million) and the Food Safety Authority of Ireland (€0.174 million) was lower than budgeted predominantly due to a number of replacement posts not being filled during the year. Savings arose in the Health and Social Care Professionals Council (€0.163 million) and the Pre Hospital Emergency Care Council (€0.066 million) largely as a result of increased receipts from registration fees. Under the Lansdowne Road Agreement, €3.2 million was provided for to fund once-off developmental or exceptional costs in the NMBI associated with additional work required to fully implement all sections of The Nurses and Midwifes Act 2011, once the costs are properly justified and validated. To date, this situation has not arisen; however, it is expected to occur in 2018. The original estimate provided for expenditure of €1 million on projects in respect of the All Ireland Heart Disease Network and the cardiac waiting list for children. The funding was vired from E1 to (HSE subhead I5) and was reflected in the increase in the HSE's determination on 22 December 2016. The 2016 estimate included provision for expenditure of €0.7 million for the implementation of the new EU Tobacco Products Directive 2014/40/EU. The legislation did not proceed as planned in the year.
Ireland/Northern Ireland INTERREG	E.4	100	Payments under this subhead are requested by the Special EU Programmes Body and based on actual payments made to projects under the Scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process and therefore yearly estimates can be subject to change.
Payments in respect of disablement caused by thalidomide	F.1	339	The Department continued to make monthly payments to Irish survivors of Thalidomide in 2016.The Department is participating in a legal mediation process, managed by the State Claims Agency, with twenty two thalidomide survivors who have lodged High Court personal injury claims against the State. The savings arose as the mediation process has not concluded.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunal Act 1997 and 2002	F.3	6,386	The Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	F.4	849	The Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal. A Reparation Fund payment is fixed at 20% of the Tribunal award.
Dissemination of information, conferences and publications in respect of health and health services	G	565	A number of projects associated with Healthy Ireland and other health promotion and protection projects did not conclude.
Pension lump sum payments	H	(9,030)	The provision for HSE pension lump sums in 2016 was €90 million. The anticipated expenditure was underestimated by €9.03 million due to the scale of pension lump sums and number of retirements being difficult to predict with certainty.
Health agencies and similar organisations (part funded by the National Lottery)	J.1	3,258	The provision for Subhead J1 in 2016 was €7.5 million. The National Lottery expenditure was less than forecast due to grants not being paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificates and quotations.
Payments to Special Account – Health (Repayment) Act 2006	J.2	1,350	The provision for Subhead J2 in 2016 was €2 million. The nature of payments under this subhead are such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change.
Payment to Special Account established under section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme	J.3	(247)	The provision for Subhead J3 in 2016 was €1.5 million. The anticipated expenditure was underestimated by €0.25 million due to 2015 claims amounting to €0.36 million, made by approved insurers, not processed for recoupment until January 2016.

Description	Sub-head	Less/ (more) than provided	Explanation
		€000	
Service developments and innovative service delivery projects	J.4	17,000	In total, €35 million was provided in relation to the enhancement of mental health services and facilities in 2016. Due to delays in initiating the enhancements, arising from issues with recruitment, the amount spent was €24.5 million. The remaining €10.5 million was transferred within the mental health directorate to alleviate pressures within the services. €7 million was vired to HSE subhead L2 to fund capital works in 3 mental health facilities, and €3.5 million was vired across HSE subheads (I1-I4) to support existing services in the mental health area. Expenditure was €6.5 million less than projected, due to time related savings in recruiting staff associated with a number of initiatives. These included the enhancement of therapy services in the community including the recruitment of occupational therapists, speech & language therapists and physiotherapists (€3.5 million), staff costs associated with analysis of grade and staff mixes across wards under the nurse pilot scheme (€2 million) and increased recruitment and staff costs within the National Ambulance Service (€1 million). The funding that was available was vired across HSE subheads (I1-I4) to address deficits in the service areas to which development funding was originally applied.
Payment to State Claims Agency	J.5	(30,911)	The provision for payments to the State Claims Agency (SCA) in 2016 was €198 million. This variance reflects the nature of the SCA scheme with large single payments being difficult to predict.
Economic and social disadvantaged (dormant account funding)	J.6	1,424	The provision for Subhead J6 in 2016 was €2.7 million. The anticipated expenditure was overestimated by €1.4 million. This arose because of the detailed process for the approval and payment of funding to Dormant Account projects resulting in a certain proportion of funding being drawn down at contract stage, with the balance drawn down at a later stage. The funding for new projects in 2016 is being drawn down over two years and the delay in the commencement of these projects in 2016 means that a higher proportion of the funding remains to be drawn in 2017.
Grants in respect of building, equipping (including ICT)	L.1	3,358	The majority of the underspend related to the fit-out of the CORU (Health and Social Care Professionals Council) offices. Delays were encountered in completing the legal documentation and this had a knock-on effect on the fit-out, including the ICT.

4 Receipts

4.1 Appropriations-in-aid		2016 Estimated €000	2016 Realised €000	2015 Realised €000
1.	Recovery of cost of health services provided under regulations of the European Community	280,000	277,655	342,764
2.	Receipts from certain excise duties on tobacco products	167,605	167,605	167,605
3.	Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund	3,000	2,829	2,831
4.	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	3,000	6,031	6,304
5.	Miscellaneous receipts	1	185	195
6.	Dormant accounts	2,700	1,275	1,915
7.	Receipts from pension-related deduction on public service remuneration	3,915	4,828	6,361
	Total	**460,221**	**460,408**	**527,975**

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 estimated	Explanation
	€000	
Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund	171	Claims under the ophthalmic services scheme are difficult to predict. There is a time lag in the availability of information on the level of claims arising. As a result, the estimate for 2016 was based on the level of claims arising in 2015 with provision for a slight increase. In the event, the projected increase did not arise.
Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	(3,031)	The estimate for 2016 is largely based on previous years and did not take account of the increase in outturn since 2012. It is proposed to develop more precise estimates for this expenditure subhead.
Miscellaneous receipts	(184)	As amounts due in any year are difficult to predict, a nominal amount of €1,000 is included in the estimate. Receipts in 2016 comprised of receipts for licence fees under the Misuse of Drugs Act, refunds of unspent Drugs Initiative funding and pension scheme remittances.
Dormant accounts	1,425	The funding received from Dormant Accounts is based on the amount paid from Subhead J6 during the year.
Receipts from pension-related deduction on public service remuneration	(913)	The amount due to the Department from health agencies in respect of the pension related deduction on public service remuneration is difficult to estimate as it is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary.

5 Employee Numbers and Pay

The pay and allowances and other remuneration details in Note 5 relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies is available in the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

	2016	2015
Number of staff at year end (full time equivalents)		
Department	400	341
Agencies		
Health Service Executive direct employees	70,927	68,771
Voluntary (Section 38) acute and non acute services employees	39,331	37,624
	110,258	106,395
Other agencies	1,563	1,522
	112,221	**108,258**

'Other agencies' includes all agencies operating under the Department's aegis including those that do not receive direct Exchequer funding.

Department pay

	2016	2015
	€000	€000
Pay	22,133	21,184
Higher, special or additional duties allowances	141	122
Other allowances	2	1
Overtime	116	136
Employer's PRSI	1,170	1,034
Total pay	**23,562**	**22,477**

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	20	4	16,653	16,817
Other allowances	15	—	407	350
Overtime	36	5	14,506	21,816
Extra remuneration in more than one category	7	5	20,399	23,670

5.2 Other Remuneration Arrangements

Redundancy and severance payments of €104,670 were paid to three staff in 2016.

5.3 Payroll Overpayments

Salary overpayments amounted to €39,837 (10 cases) at end 2015 and €34,910 (8 cases) at end 2016. In all cases, recovery plans are in place.

6 Miscellaneous

6.1 National Lottery Funding

		2016		2015
		Estimate	Outturn	Outturn
Sub-head	**Description**	**€000**	**€000**	**€000**
B.2	Grants to health agencies and other similar organisation (part funded by National Lottery)	3,286	3,286	3,286
J.1	Health agencies and similar organisations (part funded by the National Lottery)	7,513	4,255	4,289
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)	2,539	2,539	2,539

Under subhead B.2, a total of €3.286 million was paid to health agencies and other similar organisations. Details of the funding paid are available on the Department's website www.health.gov.ie.

6.2 Legal Costs	**Total**	**Total**
Compensation and legal costs awarded	**2016**	**2015**
	€000	**€000**
Claims by members of the public[1]	14,655	37,718
	14,655	**37,718**

[1]The Department has not disclosed a breakdown of the total costs as required by DPER circular 29/2016 as the Department believes that such a disclosure may prejudice the outcome of ongoing cases.

6.3 Contingent Liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.

6.4 Special Obstetrics Investment Fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A Fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown moneys from the Fund to cover the cost of claims. At 31 December 2016 the balance on the fund totalled €5.119 million. The Fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.5 Late Payment Interest and Compensation Payments

	2016	2015
	€000	**€000**
Total of interest payments paid	2	4

Appropriation Account 2016

Vote 39

Office of Government Procurement

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 39. I am required 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 Office of Government Procurement.

The expenditure outturn is compared with the sums

a) 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, and
b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €6.1 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 except for the following:

Stock policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), National Shared Services Office (Vote 18) and the Office of Government Procurement (Vote 39) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on IT consumable stock is recorded under Vote 11. However, as the stock is deemed to be shared, it is included in the operating cost notes to the Accounts of Vote 7, Vote 11, Vote 18 and Vote 39 and is allocated on the basis of staff numbers in the respective Votes.

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. A system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to control arrangements for HR and payroll shared services supplied to this Office by the National Shared Services Office for which I am also the Accounting Officer.

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 39.

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.
- The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

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 scope of Internal Audit and the Audit Committee includes the operations of the Office of Government Procurement. 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.

Robert Watt
Accounting Officer
Office of Government Procurement

21 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Office of Government Procurement

I have audited the appropriation account for Vote 39 Office of Government Procurement 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 39 Office of Government Procurement 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 Department of Public Expenditure and Reform. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

31 August 2017

Vote 39 Office of Government Procurement
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Delivery of central procurement service				
	Current year provision	20,482			
	Deferred surrender	200	20,682	14,424	14,320
	Gross expenditure				
	Current year provision	20,482			
	Deferred surrender	200			
			20,682	**14,424**	**14,320**
	Deduct				
B	**Appropriations-in-aid**		**500**	**429**	**498**
	Net expenditure				
	Current year provision	19,982			
	Deferred surrender	200			
			20,182	**13,995**	**13,822**

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 in the following year.

	2016	2015
	€	€
Surplus	6,187,287	5,276,940
Deferred surrender	(110,000)	(200,000)
Surplus to be surrendered	6,077,287	5,076,940

Analysis of administration expenditure

			2016		2015
			Estimate provision	**Outturn**	**Outturn**
			€000	**€000**	**€000**
i	Salaries, wages and allowances		12,970	10,035	9,661
ii	Travel and subsistence		250	193	155
iii	Training and development and incidental expenses		708	522	346
iv	Postal and telecommunications services		120	141	98
v	Office equipment and external IT services				
	Current year provision	414			
	Deferred surrender	200	614	359	530
vi	Office premises expenses		130	112	538
			14,792	**11,362**	**11,328**

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		3,062	2,992
Pay		10,035	9,661
Non pay		1,327	1,667
Gross expenditure		**14,424**	**14,320**
Deduct			
Appropriations-in-aid		**429**	**498**
Net expenditure		**13,995**	**13,822**
Changes in capital assets			
Purchases cash	(669)		
Depreciation	361	(308)	(386)
Changes in capital assets under development			
Cash payments		–	(508)
Changes in net current assets			
Decrease in closing accruals	(138)		
Increase in stock	(4)		
		(142)	(52)
Direct expenditure		**13,545**	**12,876**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		937	733
Notional rent		48	44
Net programme cost		**14,530**	**13,653**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 39 borne elsewhere.

		2016	2015
		€000	€000
Vote 7 Finance	e	116	148
Vote 13 Office of Public Works	e	793	570
Vote 18 National Shared Services Office	e	28	15
		937	**733**

'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	1,490	658
Capital assets under development	2.3	–	536
		1,490	**1,194**
Current assets			
Bank and cash	2.4	553	884
Stocks	2.5	7	3
Prepayments		374	337
Other debit balances	2.6	115	21
Total current assets		**1,049**	**1,245**
Less current liabilities			
Accrued expenses		103	204
Other credit balances	2.7	467	660
Net liability to the Exchequer	2.8	201	245
Total current liabilities		**771**	**1,109**
Net current assets		278	136
Net assets		**1,768**	**1,330**
Represented by:			
State funding account	2.1	**1,768**	**1,330**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			1,330	356
Disbursements from the Vote				
Estimate provision	Account	20,182		
Deferred surrender	Account	(110)		
Surplus to be surrendered	Account	(6,077)		
Net vote			13,995	13,822
Expenditure (cash) borne elsewhere	1.1		937	733
Non cash items – capital assets under development adjustment			–	28
Non cash items – capital assets transferred to NSSO			(48)	–
Non cash items – capital assets transferred from NSSO – cost			36	–
Non cash items – notional rent			48	44
Net programme cost	1		(14,530)	(13,653)
Balance at 31 December			**1,768**	**1,330**

2.2 Capital Assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	476	377	6	859
Additions	1,149	54	2	1,205
Transfers from NSSO	36	–	–	36
Transfers to NSSO	(79)	–	–	(79)
Cost or valuation at 31 December 2016	1,582	431	8	2,021
Accumulated Depreciation				
Opening balance at 1 January 2016	161	39	1	201
Depreciation for the year	316	43	2	361
Depreciation on transferred assets	(31)	–	–	(31)
Cumulative depreciation at 31 December 2016	446	82	3	531
Net Assets at 31 December 2016	**1,136**	**349**	**5**	**1,490**
Net Assets at 31 December 2015	**315**	**338**	**5**	**658**

2.3 Capital assets under development as at 31 December 2016	**In house computer applications**
	€000
Amounts brought forward at 1 January	**536**
Cash payments in year	–
Transferred to asset register	(536)
Amounts carried forward 31 December 2016	–

2.4 Bank and cash at 31 December	**2016** **€000**	**2015** **€000**
PMG balances and cash	552	884
Commercial bank account	1	–
	553	884

2.5 Stocks at 31 December	**2016** **€000**	**2015** **€000**
Stationery	2	1
IT consumables	5	2
	7	3

2.6 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Travel pass	96	—
OPW advances	15	11
Other debit suspense items	4	10
	115	21

2.7 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Income Tax	159	152
Pay Related Social Insurance	123	115
Professional Services Withholding Tax	11	206
Pension contributions	40	34
Local Property Tax	2	1
Universal Social Charge	43	50
VAT	42	60
	420	618
Payroll deductions held in suspense	46	37
Travel pass scheme	—	5
Other credit suspense items	1	—
	467	660

2.8 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	6,077	5,077
Deferred surrender	110	200
Exchequer grant undrawn	(5,986)	(5,032)
Net liability to the Exchequer	201	245
Represented by:		
Debtors		
Bank and cash	553	884
Debit balances: suspense	115	21
	668	905
Creditors		
Due to State	(420)	(618)
Credit balances: suspense	(47)	(42)
	(467)	(660)
	201	245

2.9 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
Global Commitments		
Procurement of goods and services	3,210	1,665
Total of legally enforceable commitments	3,210	1,665

The increased commitment figure reflects the new contracts in place to support the centralised procurement service as the Office of Government Procurement becomes fully operational.

2.10 Matured Liabilities	**2016**	**2015**
	€000	**€000**
Estimate of matured liabilities not discharged at year end	7	29

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Delivery of Central Procurement Service**				
A.1	Administration – pay		12,970	10,035	9,661
A.2	Administration – non pay				
	Current year provision	1,622			
	Deferred surrender	200	1,822	1,327	1,667
A.3	Procurement consultancy and other costs		5,890	3,062	2,992
			20,682	14,424	14,320

Significant variations

Overall, the expenditure in relation to the programme was some €6 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided	Explanation
	€000	
Administration – pay	2,935	Delays in recruitment of staff within OGP have led to this underspend.
Administration – non pay	495	The aforementioned delays have also led to an underspend on administrative non pay, as expenditure on training and IT was less than profiled.
Procurement consultancy and other costs	2,828	Delays in capital projects such as the development of a Workflow Management System and the eInvoicing project have led to this underspend. Provision for legal fees were not utilised in 2016 as costs were not finalised.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension – related deduction on public service remuneration	475	375	471
2.	Miscellaneous	25	54	27
	Total	**500**	**429**	**498**

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%, and by more than 5%.

Description	Less/(more) than provided	Explanation
	€000	
Receipts from pension–related deduction on public service remuneration	100	The variance in receipts from pension –related deduction on public service remuneration is due to the delays in recruitment of staff within the OGP resulting in less than anticipated salary payments.

4.2 Extra receipts payable to the Exchequer	2016	2015
	€000	€000
Balance at 1 January	–	19
Rebate from suppliers	37	11
Transferred to the Exchequer	(37)	(30)
Balance at 31 December	–	–

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	192	186

	2016 €000	2015 €000
Pay	9,228	8,900
Higher, special or additional duties allowance	5	11
Other allowances	19	20
Overtime	1	2
Employer's PRSI	782	728
Total Pay	**10,035**	**9,661**

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	2	–	4,447	11,403
Other allowances	4	–	7,888	12,004
Overtime	1	–	833	485

No staff member received additional payments in more than one category.

5.2 Payroll Overpayments

Overpayments at the year-end were €28,364 (8 cases) (2015: €8,275). Of these, €1,409 (2 cases) had recovery plans in place.

6 Miscellaneous

6.1 Legal Costs

One litigation case which concluded in 2016 will have resulting legal costs. Liability is currently being determined.

6.2 Carryover to 2017

Under the provisions of Section 91 of the Finance Act 2004, €110,000 of unspent allocations in respect of the capital elements of Subhead A.3 was carried forward to 2017.

Appropriation Account 2016

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual Appropriation Account for the Vote, and to submit the Account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants including certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums:

(a) 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.
(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €48.465 million is liable for surrender to the Exchequer.

Statement of Accounting Policies and Principles

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

Depreciation

The National Children Detention facility at Oberstown was transferred into land and buildings in 2016. The asset is being depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life.

Payments to Pobal

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year (see Note 6.2).

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 on-going review.

The statement of internal financial control for the Department of Health is also relevant given that Department provides certain services on a shared basis to Vote 40 in the areas of finance and IT. As a result, payroll (to October 2016), accounts and ICT services continue to be delivered by the Department of Health on behalf of the Department of Children and Youth Affairs.

The statement on internal financial control for the Department of Justice and Equality is also relevant given that that Department provides certain services on a shared basis to Vote 40 in the areas of finance in respect of the Oberstown Children Detention Campus.

The statement on internal financial control for the National Shared Services Office is also relevant given that it provides certain services on a shared basis to Vote 40 in the areas of payroll and HR.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the Department of Health for the provision of payroll, accounts, and ICT shared services; the Department of Justice and Equality for finance services in respect of the Oberstown Children Detention Campus; and the National Shared Services Office for the provision of HR and Payroll Shared Services.

I rely on a letter of assurance from the Accounting Officers of the Vote for the Department of Health, the Vote for the Department of Justice and Equality and the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Pobal administers a number of programmes on behalf of the Department. In 2016, the Department advanced funding of €223 million to Pobal in this regard (See Note 6.2). A service level agreement between the Department and Pobal was signed in September 2016. Pobal provides quarterly reports to the Department on the results of compliance visits conducted by it.

Pobal's quarterly reports inform internal management discussion and also form the basis of communications between Pobal and the Department regarding compliance. Pobal also conducts a small number of verification audits on service providers which seek to confirm that grants moneys provided were spent for the purpose intended in accordance with programme rules and contractual conditions. The Department and Pobal meet monthly to discuss matters relating to compliance.

Payments in excess of entitlements identified as part of Pobal’s compliance and verification audit programme are recorded as overpayments and Pobal seek recovery of these amounts from the service provider. The vast majority of overpayments are rectified by reducing the level of funding to service providers in subsequent payments. Any amounts recovered directly from a service provider which relate to a previous financial year are recorded by the Department as extra exchequer receipts. Amounts which are considered unrecoverable are written off.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Risk Management

A process of risk identification and management is in place. The purpose of this is to identify and assess risks and to outline measures to control and manage the risks to which the Department may be exposed. Risk management has been incorporated into the business planning cycle and further evaluation and enhancement of risk management took place as part of the 2016 business planning and review cycle. In this regard the Department`s Management Board meets on a quarterly basis as a risk committee.

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 control system
- the senior management of the Department sign off on a Financial Control Assurance Statement in relation to their individual areas of responsibility. These Statements are available to me as Accounting Officer in finalising the Appropriation Account.

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.
- 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. During 2016, seven contracts with a value of €713,065 were procured without a competitive process.
    a) Five contracts with a value of €467,556 were deemed to have a single most effective identified solution given the specialised nature of the services provided
    b) One contract with a value of €138,000 was entered into following a tender process which did not yield any expressions of interest
    c) One contract with a total value of €107,509 was considered necessary given the consultant's previous experience in the development of the required IT infrastructure and the critical time constraints to support a statutory investigation process

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 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.

The internal audit function is supported by a private firm which uses appropriately trained personnel.

The Internal Audit Unit operates under the direction and control of the Internal Audit Committee (IAC) and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the IAC periodically. The minutes and annual report of the IAC are the subject of regular discussion by the Department's Management Board.

The Head of Internal Audit position became vacant in August 2016. Recruitment of a full time professionally qualified Head of Internal Audit commenced in late 2016 and an appointment was made in July 2017. Between August and December 2016, the Internal Audit function was carried out by a professionally qualified auditor operating on a consultancy basis supported by a full time member of staff working in the Internal Audit Unit.

During 2017 the Audit Committee plans to conduct a review of the internal audit function which will include, inter alia, a review of the adequacy of the resources by reference to the Department's budget.

Significant financial risks

Weaknesses in control over Childcare Early Years programme payments.

Irregularities (totalling €500,000) were identified in December 2014 in relation to the Community Childcare Subvention (CCS) Programme and Early Child Care and Education (ECCE). The Department receives quarterly compliance reports from Pobal setting out the results of compliance visits to service providers. The results of the compliance reports show a significant number of services being assessed as major non-compliant e.g. issues which have or may have a negative financial impact for the Exchequer and/or parent; and/or do not adhere to certain administrative requirements of the programme.

An internal audit report completed in February 2017 in relation to compliance with the terms and conditions of the CCS programme identified weaknesses in the operation of controls for that scheme. The Department has implemented or is planning to implement a number of changes to address the weaknesses identified. These include the following

- A revised compliance programme was agreed with Pobal and implemented from September 2016. Compliance reporting is now categorised under four headings
    - major non-compliant — indicating outcomes which may have a negative financial impact for the Exchequer and/or parent
    - minor non-compliant indicating outcomes which do not adhere to certain administrative requirements of the programme (previously classified as major non-compliant)
    - compliant — indicating compliance with programme rules based on sample of records reviewed, and
    - compliant with special advisory — indicating a general level of compliance but with advisory from Pobal to address issues of specific obligation deemed less significant than others

- Key focus areas for the 2016/17 compliance cycle include
    - an increased focus on the CCS programme, including a commitment to prioritise revisits to services where significant variances between child registrations versus numbers enrolled and/or attending the facilities that were identified in the 2015/16 compliance cycle
    - efforts to reduce the level of non-compliance in ECCE services in relation to minimum staff qualifications, and
    - a commitment to report services which fail to maintain attendance records in the format required by the DCYA.

The Department will be providing additional support to childcare services in developing stronger financial and improved overall governance standards in the 2017/18 programme cycle.

The Department is satisfied that the implementation of the revised control procedures outlined above will strengthen control over childcare payments and reduce the level of non-compliance identified as part of Pobal's compliance programme. This area will be kept under review.

Over the medium term, the Department is also planning a number of changes to its childcare schemes as follows.

- The Department is developing an Affordable Childcare Scheme which will replace the existing targeted childcare subsidy schemes with a single streamlined scheme designed with appropriate governance and control arrangements.
- The Department is also conducting an Early Years operational review which will provide the opportunity to consider the optimum operating model in terms of what and how early years services are delivered, funded and administered and the effectiveness of governance and accountability structures.

Petty Cash

The 2015 audit by the Comptroller and Auditor General identified weaknesses in the Department's controls over petty cash. Revised internal controls were implemented from January 2016. During 2017 Internal Audit conducted two separate reviews. One review included an assessment of the adequacy on current controls over petty cash. The other review included examination of the records for the period 2011 to 2015 and identified an amount of €18,902 which cannot be accounted for. In addition, Internal Audit noted that there was inadequate supporting documentation for a proportion of recorded withdrawals.

The petty cash balance recorded in the account has been adjusted to reflect the balance on hand and the unreconciled amount of €18,902 has been transferred to a suspense account pending completion of the Internal Audit investigations.

Enhancing internal controls

I have had the benefit of advice from the Department's Audit Committee on an ongoing basis in relation to internal controls. This advice is set out in the Committee's reports and provides a basis for continuing improvements. Further enhancements of internal financial controls have taken place or are underway, including

- During 2016, the Governance and Performance Division of the Department further refined and enhanced the system of Tusla performance monitoring in conjunction with colleagues from the Agency. This methodology will be the subject to ongoing review in 2017.
- A Corporate Governance Framework describing the main details of our governance processes was published during 2016. Good governance supports a culture and ethos which ensures behaviour with integrity, a strong commitment to ethical values and respect for the rule of law.

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

19 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 40 Children and Youth Affairs

I have audited the appropriation account for Vote 40 Children and Youth Affairs 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 Department 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 40 Children and Youth Affairs 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 Department of Children and Youth Affairs. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 40 Children and Youth Affairs
Appropriation Account 2016

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Children and Family Support Programme				
	Current year provision	701,913			
	Deferred surrender	3,500			
			705,413	704,592	694,611
B	Sectoral Programmes for Children and Young People		410,591	366,637	319,545
C	Policy and Legislation Programme		25,972	17,199	15,217
	Gross expenditure				
	Current year provision	1,138,476			
	Deferred surrender	3,500			
			1,141,976	**1,088,428**	**1,029,373**
	Deduct				
D	**Appropriations-in-aid**				
			25,450	**22,007**	**24,598**
	Net expenditure				
	Current year provision	1,113,026			
	Deferred surrender	3,500			
			1,116,526	**1,066,421**	**1,004,775**

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 in the following year.

	2016	2015
	€	€
Surplus	50,105,001	10,235,519
Deferred surrender	(1,640,000)	(3,500,000)
Surplus to be surrendered	48,465,001	6,735,519

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	10,669	9,361	8,709
ii	Travel and subsistence	182	112	109
iii	Training and development and incidental expenses	441	288	217
iv	Postal and telecommunications services	142	112	124
v	Office equipment and external IT services	249	188	198
vi	Office premises expenses	403	528	377
vii	Consultancy services and value for money and policy reviews	212	69	161
		12,298	10,658	9,895

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016	2015
	€000	€000	€000
Programme cost		1,077,770	1,019,478
Pay		9,361	8,709
Non pay		1,297	1,186
Gross expenditure		**1,088,428**	**1,029,373**
Deduct			
Appropriations-in-aid		**22,007**	**24,598**
Net expenditure		**1,066,421**	**1,004,775**
Changes in capital assets			
Purchases cash	(1,348)		
Depreciation	1,181		
		(167)	(10,692)
Changes in net current assets			
Decrease in closing accruals	(2,683)		
Increase in stock	(5)		
		(2,688)	(3,520)
Direct expenditure		**1,063,566**	**990,563**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,663	2,792
Net programme cost		**1,066,229**	**993,355**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 40 borne elsewhere.

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	30	30
Vote 12 Superannuation and Retired Allowances	e	342	279
Vote 13 Office of Public Works	e	2,242	2,459
Vote 18 National Shared Services Office	e	49	24
		2,663	2,792

'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	**56,457**	**55,172**
Current assets			
Bank and cash	2.3	744	5,062
Stocks	2.4	49	44
Prepayments		8,545	5,866
Accrued income		—	2
Other debit balances	2.5	712	238
Total current assets		**10,050**	**11,212**
Less current liabilities			
Accrued expenses		399	405
Other credit balances	2.6	122	1,731
Net liability to the Exchequer	2.7	1,334	3,569
Total current liabilities		**1,855**	**5,705**
Net current assets		**8,195**	**5,507**
Net assets		**64,652**	**60,679**
Represented by:			
State funding account	2.1	**64,652**	**60,679**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**	**2015 €000**
Balance at 1 January			60,679	46,467
Adjustment (see note 2.2)	2.2		1,118	—
Disbursements from the Vote				
Estimate provision	Account	1,116,526		
Deferred surrender	Account	(1,640)		
Surplus to be surrendered	Account	(48,465)		
Net vote			1,066,421	1,004,775
Expenditure (cash) borne elsewhere	1		2,663	2,792
Net programme cost	1		(1,066,229)	(993,355)
Balance at 31 December			**64,652**	**60,679**

2.2 Capital Assets

	Capital assets under development	Land and buildings	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	55,063	—	714	575	56,352
Adjustment [1]	1,118	—	—	—	1,118
Additions	—	1,233	33	82	1,348
Disposals	—	—	—	(7)	(7)
Transfers from assets under development	(56,181)	56,181	—	—	—
Cost or valuation at 31 December 2016	—	57,414	747	650	58,811
Accumulated depreciation					
Opening balance at 1 January 2016	—	—	654	526	1,180
Depreciation for the year	—	1,126	30	25	1,181
Disposals				(7)	(7)
Cumulative depreciation at 31 December 2016	—	1,126	684	544	2,354
Net assets at 31 December 2016	—	**56,288**	**63**	**106**	**56,457**
Net assets at 31 December 2015	**55,063**	—	**60**	**49**	**55,172**

[1] The adjustment to the opening balance represents a payment to the Office of Public Works in 2012 that was omitted in error from capital assets under development.

2.3 Bank and Cash	**2016**	**2015**
at 31 December	**€000**	**€000**
PMG balances and cash	731	5,023
Commercial bank balances	13	39
	744	5,062

2.4 Stocks	**2016**	**2015**
at 31 December	**€000**	**€000**
Stationery	29	25
IT consumables	20	19
	49	44

2.5 Other Debit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Advances to OPW	654	213
Recoupable travel pass scheme expenditure	34	5
Recoupable salaries	17	—
Other debit suspense items	7	20
	712	238

2.6 Other Credit Balances	**2016**	**2015**
at 31 December	**€000**	**€000**
Amounts due to the State		
Professional Services Withholding Tax	29	25
Value Added Tax	18	4
Pensions	2	2
	49	31
Other credit suspense items	73	1,700
	122	1,731

2.7 Net Liability to the Exchequer	**2016**	**2015**
at 31 December	**€000**	**€000**
Surplus to be surrendered	48,465	6,736
Deferred surrender	1,640	3,500
Exchequer grant undrawn	(48,771)	(6,667)
Net liability to the Exchequer	1,334	3,569
Represented by:		
Debtors:		
Bank and cash	744	5,062
Debit balances	712	238
	1,456	5,300
Creditors:		
Due to State	(49)	(31)
Credit balances: suspense	(73)	(1,700)
	(122)	(1,731)
	1,334	3,569

2.8 Commitments	**2016**	**2015**
at 31 December	**€000**	**€000**
a) Global Commitments		
Procurement of goods and services	12,403	12,985
Grant programmes	24	3,094
Total of legally enforceable commitments	12,427	16,079

b) Capital Grant Programmes	**2016**	**2015**
	€000	**€000**
Opening balance	—	—
Grant paid in year	(8,729)	8,963
New grant commitments	8,729	8,963
Grant clawback	—	—
Closing balance	—	—

c) Major Capital Commitments

(projects costing €6,350,000 or more)

Project	Cumulative expenditure to 31 December 2015 €000	Expenditure in 2016 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2016 €000	Expected total spend lifetime of project 2015 €000
National Children Detention Facility	53,100	1,233	2,107	56,440	56,440

3 Programme Expenditure by Subhead

			2016		2015
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A	**Children and Family Support Programme**				
A.1	Administration – pay		2,881	2,448	2,340
A.2	Administration – non pay		439	279	238
A.3	Child and Family Agency				
	Current year provision	676,042			
	Deferred surrender	2,500			
			678,542	678,996	662,690
A.4	Youth Justice – Children Detention Schools				
	Current year provision	22,551			
	Deferred surrender	1,000			
			23,551	22,869	29,343
			705,413	**704,592**	**694,611**

Significant variations

Overall, the final outturn in relation to Programme A was €0.821 million less than provided. In the latter part of 2016, and based on an analysis of overall expenditure and demand trends, the Department with the prior approval of the Department of Public Expenditure and Reform vired savings on various subheads within the vote to meet additional demands on other subheads.

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	160	The variation arose due to non pay administration costs associated with running the Department, particularly in relation to travel & subsistence, training and development and consultancy projects, being lower than expected.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	**Sectoral Programmes for Children and Young People**			
B.1	Administration – pay	2,881	2,581	2,420
B.2	Administration – non pay	439	286	220
B.3	ECCE preschool year programme	233,000	223,751	177,082
B.4	General childcare programmes	102,759	74,755	78,399
B.5	Childcare initiatives (cash-limited)	8,363	6,462	5,780
B.6	Youth organisations and services (part funded by the National Lottery)	54,895	53,607	51,485
B.7	Area based childhood programme	3,650	3,650	3,400
B.8	Intervention programmes for children and young people (Dormant accounts funded)	4,604	1,545	759
		410,591	**366,637**	**319,545**

Significant variations

Overall, the final outturn in relation to Programme B was €43.954 million less than provided. In the latter part of 2016 and based on an analysis of overall expenditure and demand trends, the Department with the prior approval of the Department of Public Expenditure and Reform vired savings on various subheads within the vote to meet additional demands on other subheads.

Description	Less/(more) than provided	Explanation
	€000	
Administration – non pay	153	The variation arose due to non pay administration costs associated with running the Department, particularly in relation to travel & subsistence, training and development and consultancy projects, being lower than expected.
ECCE preschool year programme	9,249	The ECCE scheme eligibility criteria were amended in September 2016. As a result, the entry age was lowered. In addition, a second year was introduced as well as increases in capitation levels. The combination of these changes meant that an increase in expenditure was anticipated. This increase, whilst difficult to fully predict, is reflected in the outturn although it is noted that a variation from the estimated provision did arise.
General childcare programmes	28,004	The majority of the savings related to participation by disadvantaged parents in the demand led Community Subvention programme being considerably lower than expected. The programme had capacity for 33,000 places whereas only 23,418 places were availed of. Savings also materialised under the Childcare Education Training Support programme which provides supports for eligible parents completing ETB/Solas training courses.

Description	Less/(more) than provided	Explanation
	€000	
Childcare initiatives (cash-limited)	1,901	The variance arose because the number of qualifying social welfare recipients for entry to the After School Childcare Programme and the Community Employment Childcare Programme were lower than originally projected.
Intervention programmes for children and young people (Dormant accounts funded)	3,059	The primary reason savings arose was due to delays in finalising the Quality and Capacity Building Initiative (QCBI). The QCBI is an ambitious initiative to ensure that the learning from the original Area Based Childhood Initiative and similar programmes is mainstreamed into established areas of policy and service provision. A more strategic, sequenced and differentiated approach involving significant consultation across a range of service providers and policy makers was required and this took longer than expected to complete during 2016.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	**Policy and Legislation Programme**			
C.1	Administration – pay	4,907	4,332	3,949
C.2	Administration – non pay	751	732	728
C.3	Miscellaneous legal fees and settlements	889	—	15
C.4	National Longitudinal Study and other research programmes	3,283	1,470	1,814
C.5	Children's and young people's policy framework and other programmes	4,660	3,146	2,238
C.6	Adoption Authority of Ireland	3,328	3,401	3,147
C.7	Office of the Ombudsman for Children	2,154	1,800	1,650
C.8	Commission of Investigation	6,000	2,318	1,676
		25,972	**17,199**	**15,217**

Description	Less/(more) than provided	Explanation
	€000	
Miscellaneous legal fees and settlements	889	The disbursement of payments associated with legal proceedings are generally difficult to predict. Costs associated with the challenge to the Children Referendum did not materialise in 2016.
National Longitudinal Study and other research programmes	1,813	The estimate included provision for a payment of €3.283m in 2016 in relation to the Growing Up in Ireland study. Progress on the study was slower than expected during 2016 and payments amounted to €1.313 million.
Children's and young people's policy framework and other programmes	1,514	This subhead supports a range of programmes where the level of expenditure for the provision of some services was lower than estimated. The most significant share of savings arose from Children First Initiative (€300,000), Children and Young People's Service Committees (€200,000), E-learning Tusla (€80,000). In addition, €875,000 remained unallocated and was returned to the exchequer.
Office of the Ombudsman for Children	354	The variation was principally due to delays in the recruitment of staff.
Commission of Investigation	3,682	The Commission of Investigation into Mother and Baby Homes was still in its initial phases having been established in 2015. The work of the Commission was advanced in 2016 but expenditure levels were lower than anticipated.

4 Receipts

4.1 Appropriations-in-aid

		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Superannuation scheme – Child and Family Agency	9,070	8,723	9,182
2.	Superannuation scheme for non-teaching staff of Children Detention Schools	550	536	556
3.	Superannuation scheme – Adoption Authority of Ireland	1	—	—
4.	Superannuation scheme – Office of the Ombudsman for Children	2	—	—
5.	Miscellaneous	874	974	1,034
6.	Dormant accounts funding	4,604	1,545	759
7.	Receipts from pension related deduction on public service remuneration	10,349	10,229	13,067
	Total	**25,450**	**22,007**	**24,598**

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 estimated	Explanation
	€000	
Miscellaneous	(100)	The allocation relates in the main to Tusla miscellaneous appropriation-in-aid receipts. The allocation was set in reference to the levels in place in the HSE Vote at the establishment of Tusla in 2014. The receipts are variable in nature resulting in a difficulty in fully estimating the anticipated level in any given year.
Dormant accounts funding	3,059	The drawdown funding is linked to payments under Subhead B.8 Intervention programmes for children and young people (Dormant accounts funded). Expenditure under this subhead was lower than expected and this resulted in lower receipts.

4.2 Extra receipts payable to the Exchequer

An amount of €2.419 million was lodged to the Exchequer arising from decommitment of funds allocated to projects across a number of programmes administered by Pobal, Child and Family Agency (Tusla) and the Education and Training Boards on behalf of the Department in the years prior to 2016.

	2016	2015
	€000	€000
Balance at 1 January	—	—
Receipts	2,419	11,053
Transferred to the Exchequer	(2,419)	(11,053)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department	178	149
Commission of Investigation	22	16
Agencies (note 5.2)	3,882	3,694
	4,082	**3,859**

	2016	2015
	€000	€000
Pay	9,926	9,044
Higher, special or additional duties allowance	101	125
Other allowances	—	1
Overtime	31	31
Employer's PRSI	622	530
Total pay	**10,680**	**9,731**

Payroll costs associated with the Commission of Investigation were charged to Subhead C.8 of the Vote. This amounted to €1.32 million in 2016 and is included in total pay figure of €10.68 million.

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	15	3	17,949	18,639
Other allowances	4	—	112	234
Overtime	20	—	7,197	8,372
Extra remuneration in more than one category	4	1	10,130	10,961

The pay, allowances and other remuneration detailed above relate to the Department's staff paid directly from the administrative budget under programmes A, B and C of the Vote.

5.2 Agency Staff

The pay expenditure of agencies is not a direct financial transaction of the Department and as such the Department does not routinely 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.

	2016	2015
Number of staff at year end (full time equivalents)		
Child and Family Agency	3,597	3,446
Oberstown Children Detention Campus	247	215
Adoption Authority of Ireland	24	22
Office of the Ombudsman for Children	14	11
Total	**3,882**	**3,694**

Pay	**2016**	**2015**
	€000	**€000**
Child and Family Agency	239,081	225,935
Oberstown Children Detention Campus	18,490	13,635
Adoption Authority of Ireland	1,583	1,558
Office of the Ombudsman for Children	826	632
Total pay	**259,980**	**241,760**

5.3 Payroll Overpayments

Payroll overpayments in respect of Department and Commission of Investigation staff at the year end were €19,522 (17 cases) (2015: €16,709, 7 cases). Of this, €14,762 (4 cases) have recovery plans in place. The remaining 13 cases involve staff who have left the Department and recovery of overpayments is now a matter for the National Shared Services Office.

5.4 Severance and Redundancy Payments

Redundancy and severance payments amounting to €142,000 were made to five staff members who were formerly employed as Ministerial staff.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2016 €000	2015 €000
B.6	Youth organisations and services (part funded by the National Lottery)	53,592	51,485

Particulars relating to individual recipients of the funding and the amounts paid over are available from the Youth Affairs Unit of the Department of Children and Youth Affairs pending the publication of the information on the Department's website.

6.2 Payments to Pobal

In accordance with the Department's accounting policy, the total amount paid to Pobal in the year (€223 million) was charged to the relevant subheads as set out below.

At 31 December 2016, Pobal held funds totaling €8.167 million which had been advanced to it but not expended at year end (2015:€7.132 million)

	Subhead	2016 €000	2015 €000
B.3	ECCE preschool year programme	126,906	8,891
B.4	General childcare programmes	73,646	77,992
B.5	Childcare initiatives (cash-limited)	6,462	5,779
B.6	Youth organisations and services (part funded by the National Lottery)	10,276	10,299
B.7	Area based childhood programme	3,650	3,400
B.8	Intervention programme for children and young people (Dormant A/C funded)	1,030	—
C.5	Children's and young people's policy framework and other programmes	640	608
	Total paid to Pobal	222,610	106,969

B7 – In addition to the €3.65 million advanced to Pobal from the Department, a further €6 million was advanced from Atlantic Philanthropies in respect of the same programme. An unspent balance of €2.8 million was held by Pobal at 31 December 2016.

6.3 Legal costs

					2016	2015
	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by employees of the Department						
Injury in the course of work	16	31	110	35	176	53
Claims by members of the public						
Child care proceedings	—	—	—	—	—	15
Legal challenge	2	—	—	72	72	84
Personal injury claim	1	—-	—	—	—	—
	19	31	110	107	248	152

6.4 Contingent Liability

Liabilities will arise as a result of the legal challenge to the outcome of the Children Referendum. The petitioner was awarded one third of her legal costs by the High Court in November 2013 but the actual amount and the timing of the payment remain to be determined. The Department currently awaits hearing from the Chief State Solicitors Office in the matter.

6.5 Commission of Investigation

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (S.I. No. 57 of 2015).

	Year of appointment	Cumulative expenditure to end 2016	2016 Outturn	2015 Outturn
		€000	€000	€000
Fixed Term and Fixed Purpose Commissions				
C8 — Commission of Investigation – Mother and Baby Homes	**2015**	**3,994**	**2,318**	**1,676**

6.6 Carryover of Funding

Under the provision of Section 91 of the Finance Act 2004, €1.64 million of unspent allocation in respect of the capital elements of Subhead B.4 was carried forward to 2017.

Appropriation Account 2016

Vote 41

Policing Authority

Introduction

As Accounting Officer for Vote 41, 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 Policing Authority.

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 €1.56 million is liable for surrender to the Exchequer.

The statement of accounting policies and principles and notes 1 to 5 form part of the account.

Establishment of the Vote

The Policing Authority was established on 1 January 2016. It comprises the Chairperson and eight members.

The Authority was established by the enactment of the Garda Síochána (Policing Authority and Miscellaneous Provisions) Act 2015 which amended the Garda Síochána Act 2005. The role of the Authority is to oversee the performance by the Garda Síochána of its functions relating to policing services. The Act provides that, in doing so, the Authority shall:

- set priorities and performance targets for the Garda Síochána
- approve a strategy statement and annual policing plan submitted by the Garda Commissioner
- keep under review
    - the performance by the Garda Síochána of its functions
    - the arrangements and strategies in place to support and enhance the performance of those functions
    - the adequacy of
        - the corporate governance arrangements and structures within the Garda Síochána
        - the arrangements for the recruitment, training and development of the members and members of the civilian staff of the Garda Síochána
        - the mechanisms in place within the Garda Síochána for the measurement of performance and accountability of such members and staff and
        - the arrangements for managing and deploying the resources available to the Garda Síochána so as to ensure the most beneficial, effective and efficient use of those resources
- hold so many meetings with the Garda Commissioner as are necessary for the performance if its functions, at least four of which may be attended by the public and the media be permitted to broadcast each year
- nominate persons for appointment by the Government to the posts of Garda Commissioner and Deputy Garda Commissioner following a selection process undertaken by the Public Appointments Service, and recommending their removal in certain circumstances

- appoint persons to the ranks of Garda Superintendent, Chief Superintendent and Assistant Commissioner (and remove them for reasons related to policing services)

- appoint the civilian staff of the Garda Síochána of grades equivalent to or above that of Chief Superintendent

- establish a Garda code of ethics within 12 months of the establishment of the Authority

- issue guidelines to local authorities and the Garda Commissioner concerning the establishment and maintenance of joint policing committees (JPCs) and convening meetings of JPC chairpersons for the purpose of coordinating or facilitating the performance of their functions

- promote the policing principles and public awareness of matters relating to policing services and supporting the continuous improvement of policing in the State
-
- keep itself generally informed as to:

    - complaints made against members of the Garda Síochána and the application of the disciplinary regulations and
    - trends and patterns in crimes committed

- undertake, commission or assist in research projects in respect of matters relating to policing services, which in the opinion of the Authority, may:

    - promote an improvement in standards for those matters and public awareness of them or
    - contribute to a reduction in the number of complaints against members of the Garda Síochána in relation to those matters

- monitor and assess measures taken by the Garda Síochána in relation to recommendations made in a report of the Garda Síochána Inspectorate.

The Authority comprises nine members. In addition, four subcommittees of the Board dealing with appointments, audit and risk, ethics and strategy and performance meet monthly. The Authority is supported by the Executive.

In 2015, the Department of Justice and Equality subhead A11 provided grant funding of all pay and non-pay administrative costs involved in preparation for the establishment of the Policing Authority. 2016 represents the first year of operation for the Policing Authority and is the first year the Policing Authority has been a separate Vote. Prior year comparative figures are not included in 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 Policing Authority.

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
- an audit committee to advise me in discharging my responsibilities for the internal financial control system in the Policing Authority was established during 2016 and met on 2 occasions during the year.

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
- 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 Authority 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 Authority complied with the guidelines
- while a formal risk management system, including a risk register was not in place in the Authority in 2016, the Authority identified and carried out a high level assessment of the principal risks as part of its strategic planning in 2016 and risk is addressed in the context of all significant Authority decisions. Arrangements are underway to establish a formal risk management system in 2017.

Internal Audit

An internal audit function for the Authority was not in place during 2016 due to the low level of expenditure and staff resources during the establishment phase of the organisation. A procurement process was undertaken in late 2016 and a contract put in place in January 2017 to outsource the internal audit function. Since then an internal audit charter has been put in place and a 3-year internal audit work programme has been drafted.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this office and the Department of Justice and Equality for the provision of financial shared services. I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this office.

Employees of the Policing Authority continue to be paid through the Justice and Equality Vote with a recoupment process in place. This arrangement is necessary to ensure a payroll service is provided pending the Policing Authority becoming a separate client organisation of the Payroll Shared Services Centre (Shared Services Vote).

Helen Hall
Accounting Officer
Policing Authority

2 March 2017

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 41 Policing Authority

I have audited the appropriation account for Vote 41 Policing Authority for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under her control, for the efficiency and economy of administration in the Policing Authority 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 41 Policing Authority 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 Policing Authority. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

24 September 2017

Vote 41 Policing Authority
Appropriation Account 2016

		2016	
		Estimate provision	**Outturn**
		€000	**€000**
Programme expenditure			
A.	Provision of independent oversight of the policing functions of the Garda Síochána	2,700	1,106
	Gross expenditure	**2,700**	**1,106**
	Deduct		
B	**Appropriations-in-aid**	**60**	**31**
	Net expenditure	**2,640**	**1,075**

Surplus for surrender

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

	2016
	€
Surplus to be surrendered	€1,564,883

Analysis of administration expenditure

		2016	
		Estimate provision	**Outturn**
		€000	**€000**
i	Salaries, wages and allowances	1,700	680
ii	Travel and subsistence	50	3
iii	Training and development and incidental expenses	685	275
iv	Postal and telecommunications services	50	8
v	Office equipment and external IT services	125	98
vi	Office premises expenses	80	41
vii	Consultancy services and value for money and policy reviews	10	1
		2,700	1,106

Notes to the Appropriation Account

1 Operating Cost Statement 2016

		2016
	€000	€000
Administration pay		680
Administration non-pay		426
Gross expenditure		**1,106**
Deduct		
Appropriations-in-aid		**31**
Net expenditure		**1,075**
Changes in capital assets		
Purchases cash	(7)	
Depreciation	4	
		(3)
Changes in net current assets		
Increase in prepayments	(46)	
Increase in stock	(6)	
		(52)
Direct expenditure		**1,020**
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)		235
Net programme cost		**1,255**

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 41 borne elsewhere.

	2016
	€000
Vote 13 Office of Public Works	203
Vote 24 Justice and Equality	32
	235

2 Balance Sheet as at 31 December 2016

	Note	2016 €000
Capital assets	2.2	**9**
Current assets		
Bank and cash	2.3	2
Stocks	2.4	6
Prepayments		71
Total current assets		**79**
Less current liabilities		
Accrued expenses		25
Other credit balances	2.5	2
Total current liabilities		**27**
Net current assets		**52**
Net assets		**61**
Represented by:		
State funding account	2.1	**61**

2.1 State Funding Account	**Note**	**€000**	**2016 €000**
Disbursements from the Vote			
Estimate provision	Account	2,640	
Surplus to be surrendered	Account	(1,565)	
Net vote			**1,075**
Expenditure (cash) borne elsewhere	1.1		235
Net programme cost	1		(1,255)
Transfer of assets	2.2		6
Balance at 31 December			**61**

2.2 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	—	—	—
Additions	5	2	7
Transferred in*	—	28	28
Cost or valuation at 31 December 2016	5	30	35
Accumulated depreciation			
Opening balance at 1 January 2016	—	—	—
Depreciation for the year	1	3	4
Depreciation on transferred assets*	—	22	22
Cumulative depreciation at 31 December 2016	1	25	26
Net assets at 31 December 2016	**4**	**5**	**9**

* The assets transferred in were furniture received from the Office of the Director of Public Prosecutions (Vote 5) who previously occupied the premises now used by the Policing Authority.

2.3 Bank and Cash	**2016**
at 31 December	**€000**
PMG balances and cash	2

2.4 Stocks	**2016**
at 31 December	**€000**
IT consumables and stationery	6

2.5 Other Credit Balances	**2016**
at 31 December	**€000**
Amounts due to the State	
VAT on foreign invoices	2

2.6 Net liability from the Exchequer	**2016**
at 31 December	**€000**
Surplus to be surrendered	1,565
Exchequer grant undrawn	(1,565)
Net Exchequer funding due	—
Represented by:	
Debtors	
Bank and cash	2
	2
Creditors	
Due to State	(2)
	(2)
	—

2.7 Commitments	**2016**
at 31 December	**€000**
a) Global Commitments	
Procurement of goods and services	4
Total of legally enforceable commitments	4

3 Programme Expenditure by Subhead

		2016	
		Estimate provision	Outturn
		€000	€000
A	**Provision of independent oversight of the policing functions of the Garda Síochána**		
A.1	Administration – pay	1,700	680
A.2	Administration - non pay	1,000	426
		2,700	1,106

Significant Variations

Overall, the expenditure in relation to the Programme was €1.6 million lower than provided. This was mainly due to the following:

Description	Less than provided	Explanation
Administration–pay	1,020	Savings were achieved due to longer than expected timelines to recruit and appoint staff members that resulted in only 14 of the total staff complement of 35 being in place by year end.
Administration–non pay	574	Savings were achieved due to the date of establishment of the Authority with certain activities taking place later in 2016 than had been anticipated. In addition, the gradual filling of staff positions resulted in lower administration costs as a significant number of posts remained vacant in 2016. Due to the gradual recruitment of staff some of the activities originally forecast for 2016 did not occur, resulting in savings in costs including legal fees, contractors' fees, publication costs and recruitment expenses. An outsourced internal audit contract was put in place later than anticipated and therefore the anticipated cost of internal audit services did not arise during 2016. There was an underspend on staff training and development and on travel and subsistence as the staff were not in place to undertake the anticipated level of activities and of related training and development. The amount spent on office equipment, consumables and external IT support services was less than anticipated as this expenditure is directly related to the number of staff in place.

4 Receipts

4.1 Appropriations-in-aid

	2016	
	Estimated	**Realised**
	€000	**€000**
Receipts from pension-related deductions on public service remuneration	60	31

5 Employee Numbers and Pay

	2016
Number of staff at year end (full time equivalents)	14

	2016
	€000
Pay	618
Higher, special or additional duties allowance	6
Employer's PRSI	56
Total pay	**680**

5.1 Allowances and Overtime Payments

	Number of recipients	**Recipients of €10,000 or more**	**Maximum individual payment**
			2016
			€
Higher, special or additional duties	1	—	5,636

5.2 Authority members fees and expenses

There are nine members of the Authority, including the Chairperson. Fees totalling €185,000 were paid during 2016. The Authority met in plenary a total of 13 times (5 in public) and a total of 32 subcommittee meetings were held. Expenses paid to the Authority's board members in 2016 were €7,867. The fees and expenses were charged to subhead A2 (iii).

5.3 Payroll Overpayments

Overpayments at the year end were €1,419 (2 cases). Of this, €245 (1 case) has a recovery plan in place.