



Comptroller and Auditor General

Appropriation Accounts 2014

September 2015

Appropriation Accounts 2014

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 2014.

Seamus McCarthy
Comptroller and Auditor General

29 September 2015

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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 notes to the account provide information on: variances in expenditure (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Note 6 presents information on any other relevant matters.

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 account(s) 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 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. An audit 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 2014 are set out in a separate report entitled *Report on the Accounts of the Public Services 2014*. 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 2014

Statement of Accounting Policies and Principles

Basis of accounts

Appropriation accounts, showing the financial transactions of Government departments¹, 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.

The standard accounting policies and principles set out below are applied in the preparation of the accounts. Any departures from the standard policies and principles are explained in the Accounting Officer's introduction to the appropriation account.

Reporting period

The reporting period is the year ended 31 December 2014.

Receipts

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

Departmental receipts fall into two categories: they may be appropriated in aid of expenditure borne on a Vote or they must 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 (via the Sundry Moneys Deposit Account) and the amounts payable (but not yet transferred over to the Exchequer), where the amounts are not the same.

From 2014, Departments are 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 1) the liability has been incurred, 2) payment is due and 3) 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 and matured liabilities are outstanding at year end, 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 (the principal) resulting in financial transactions between the principal and agent, the general rule is that the agent should put the transactions through a suspense account and invoice the principal for the amount due. The payment for the service will be 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 including 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 whole or in part 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.

The following are not included in the statement of capital assets

- assets worth less than €318 acquired from 1 January 1995 to 31 December 2003, or assets worth less than €1,000 acquired since 1 January 2004.
- heritage assets, the value of which cannot be adequately expressed in financial terms.

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 relevant 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 land and buildings are 1) vested in the Office of Public Works or 2) 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 cannot provide valuations for state-owned lands and buildings controlled or managed by them 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%
- 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 the 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 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 contractual commitments likely to materialise in the subsequent years under 1) procurement and 2) 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 overall commitment has changed by more than €500,000 (and taking account of payments made) compared with the previous year end position, the reason for the movement is explained.

Public Private Partnerships (PPP)

PPPs take a number of forms including design build operate (DBO); design build operate and finance (DBOF); concession design build and finance (DBF), and operate only.

Typically under the contractual arrangements for 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 usually made from a designated PPP subhead in departmental Votes. In some instances, the State may also pay a capital grant to the private sector partner over the construction period; such a payment would be made from the relevant capital subhead in departmental Votes. 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 the risk of a call on Exchequer funds in the future. Contingent liabilities are not recognised in the account but 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 (and former Health Board) personnel are met on a pay-as-you-go basis from Votes 12, 20, 26, 35 and 39, respectively. Direct provision for superannuation does not appear in the appropriation accounts of other Votes.

Foreign currency transactions

Transactions arising in foreign currencies are translated into Euro at the rates of exchange ruling 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 when 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.

Legal costs

In cases where cumulative legal costs incurred in the year of account exceed €50,000, or costs in a single legal case exceed €50,000, a note is to be provided with a breakdown of the total costs into

- legal fees, and
- compensation paid.

Variations from grant

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

In cases where payments from a subhead vary from the original grant, a note is provided where the overall variation

- is €100,000 or more and
- represents 5% or more of the subhead (25% in the case of administration subheads), or
- the variation warrants explanation, even though it does not meet the above criteria.

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 (Note 5) include the total amount paid under each category, the total number of recipients, the number of individuals that received €10,000 or more, and the maximum individual payment, if over €10,000. Severance/redundancy amounts should also be disclosed where material.

Late payments

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

- the total of interest 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 was €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 appropriate, Note 6 includes a statement of expenditure on each commission or special inquiry financed from the Vote. Where a committee, commission or inquiry has been established on a temporary basis, the total expenditure since its establishment is also given.

This note is split into

- *ad hoc*, fixed term or fixed purpose commissions, etc. and
- permanent commissions or ones where the existence is open ended.

Petty cash

Amounts relating to petty cash are included in the Paymaster General (PMG) balance disclosure.

Bank and cash

'Bank and cash' includes Paymaster General account balances and all commercial bank account balances (payroll and other vote related accounts) held at year end which are funded by the Exchequer through voted expenditure or contain receipts due to be deposited back to the Exchequer as appropriations-in-aid.

Grant-in-aid fund and miscellaneous accounts

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



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €85,637 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

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 Payroll 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
- an Audit Committee to advise me in discharging my responsibilities for the internal financial control system in the President's Establishment has been established.

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

The Office relies on 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. Given the scale and nature of the Office's operations and the assessment of risks, no internal audit work was undertaken in 2014. This will be reviewed in 2015. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Martin Fraser
Accounting Officer

27 March 2015

Comptroller and Auditor General

Report for presentation to the 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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

29 July 2015

Vote 1 President's Establishment

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	President's Establishment	2,187	2,144	1,987
B	Centenarians' bounty	1,200	1,131	1,118
Gross expenditure		3,387	3,275	3,105
<i>Deduct</i>				
C	Appropriations-in-aid	120	94	123
Net expenditure		3,267	3,181	2,982

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	85,637	79,999

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,751	1,644	1,626
ii	Travel and subsistence	140	198	102
iii	Training and development and incidental expenses	140	135	136
iv	Postal and telecommunications services	90	78	83
v	Office machinery and other supplies and related services	121	147	94
		2,242	2,202	2,041

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	1,073	1,065
Pay	1,644	1,626
Non pay	558	414
Gross expenditure	3,275	3,105
<i>Deduct</i>		
Appropriations-in-aid	(94)	(123)
Net expenditure	3,181	2,982
Changes in capital assets		
Purchases cash	(29)	
Depreciation	18	
	(11)	(13)
Changes in net current assets		
Decrease in closing accruals	(26)	
Decrease in stock	4	
	(22)	76
Direct expenditure	3,148	3,045
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,546	4,604
Net programme cost	7,694	7,649

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.

	2014	2013
	€000	€000
Vote 7 Office of the Minister for Finance	28	69
Vote 12 Superannuation and Retired Allowances	457	497
Vote 13 Office of Public Works	2,112	2,182
Vote 18 Shared Services	1	—
Vote 20 Garda Síochána	198	193
Vote 28 Foreign Affairs and Trade	362	277
Vote 36 Defence	409	389
Central Fund (Emoluments and allowances of President; and pensions of former Presidents and of widows of former Presidents).	979	997
	4,546	4,604

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	49	38
Current assets			
Bank and cash	2.3	26	42
Stocks	2.4	55	59
Prepayments		16	10
Accrued income		—	2
Other debit balances	2.6	26	—
Total current assets		123	113
Less current liabilities			
Net liability to the Exchequer	2.6	4	(5)
Accrued expenses		50	72
Other credit balances	2.5	48	47
Total current liabilities		102	114
Net current assets		21	(1)
Net assets		70	37
Represented by:			
State funding account	2.1	70	37

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		37	100
Disbursements from the Vote			
Estimate provision	Account	3,267	
Surplus to be surrendered	Account	(86)	
Net vote		3,181	2,982
Expenditure (cash) borne elsewhere	1.1	4,546	4,604
Net programme cost	1	(7,694)	(7,649)
Balance at 31 December		70	37

2.2 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	276	93	369
Additions	29	—	29
Disposals	—	—	—
Cost or valuation at 31 December 2014	305	93	398
Accumulated depreciation			
Opening balance at 1 January 2014	244	87	331
Depreciation for the year	17	1	18
Depreciation on disposals	—	—	—
Cumulative depreciation at 31 December 2014	261	88	349
Net assets at 31 December 2014	44	5	49
Net assets at 31 December 2013	32	6	38

Heritage assets of the President's Establishment are not valued as assets in these financial statements. The President's heritage assets have the unique characteristics of being inalienable, irreplaceable, and fragile. Therefore the President's Establishment has decided that there is no useful purpose in capitalising its heritage assets in these statements.

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	26	42
	26	42

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Centenarian medals	24	23
IT consumables and stationery	31	36
	55	59

2.5 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Income Tax	20	21
Pay Related Social Insurance	8	8
Pension Levy	6	—
Universal Social Charge	6	6
Income Levy	—	—
Pension contributions	2	2
	42	37
Payroll deductions held in suspense	6	10
	48	47

2.6 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	86	80
Exchequer grant undrawn	(82)	(85)
Net liability to the Exchequer	4	(5)

Represented by:

Debtors

PMG and cash	26	42
Debit balances: suspense	26	—
	52	42

Creditors

Due to State	(42)	(37)
Credit balances: suspense	(6)	(10)
	(48)	(47)
	4	(5)

2.7 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	—	48

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	President's Establishment			
A.1	Administration – pay	1,711	1,601	1,588
A.2	Administration - non pay	476	543	399
		<u>2,187</u>	<u>2,144</u>	<u>1,987</u>
B	Centenarians' bounty			
B.1	Administration – pay	40	43	38
B.2	Administration - non pay	15	15	15
B.3	Centenarians' bounty	1,145	1,073	1,065
		<u>1,200</u>	<u>1,131</u>	<u>1,118</u>

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	90	83	88
2.	Miscellaneous	30	11	35
		<u>120</u>	<u>94</u>	<u>123</u>

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	26	25
	2014	2013
	€000	€000
Pay	1,496	1,492
Higher, special or additional duties allowance	54	59
Overtime	21	17
Employer's PRSI	73	59
Total Pay	1,644	1,627

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	11	3	19,108	19,108
Overtime	16	—	6,426	3,902

Certain individuals received extra remuneration in more than one category.



Appropriation Account 2014

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 2014 for the salaries and expenses of the Department of the Taoiseach, including certain services administered by the Department and for payment of grants and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.52 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.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and Department of Justice and Equality for the provision of financial shared services. I rely on a letter of assurance from the Acting Secretary General of the Department of Justice and Equality.

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. The Department complied with the guidelines with the exception of twelve contracts to the value of €827,153 which were listed in my annual return in respect of Circular 40/2002. Four of these contracts with a value of €247,643 were included because they were rolled over from a previous year. Another four of these contracts with a value of €173,266 were included because they were not advertised on etenders and the spend in 2014 exceeded €25,000. Two other contracts with a value of €259,353 relate to proprietary information and communications technology goods and the remaining two contracts with a value of €146,891 were awarded without a competitive tender because they were deemed to be the most cost effective solution available.

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

28 March 2015

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 Taoiseach for the year ended 31 December 2014 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 Taoiseach for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

16 June 2015

Vote 2 Department of the Taoiseach

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government			
	<i>Original</i>	20,301		
	<i>Supplementary</i>	2,000		
			22,301	20,835
				21,925
	Gross expenditure		22,301	20,835
				21,925
	<i>Deduct</i>			
B	Appropriations-in-aid		878	935
	Net expenditure			
	<i>Original</i>	19,423		
	<i>Supplementary</i>	2,000		
			21,423	19,900
				20,965

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,522,914	1,182,599

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,422	11,238	11,323
ii	Travel and subsistence	385	404	350
iii	Training and development and incidental expenses	1,072	547	427
iv	Postal and telecommunications services	360	296	329
v	Office equipment and external IT services	960	731	658
vi	Office premises expenses	264	315	328
vii	Consultancy services and value for money and policy reviews	18	15	—
viii	<i>EU Presidency</i>	—	—	2,030
		14,481	13,546	15,445

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	7,289	6,480
Pay	11,238	11,960
Non pay	2,308	3,485
Gross expenditure	20,835	21,925
<i>Deduct</i>		
Appropriations-in-aid	935	960
Net expenditure	19,900	20,965
Changes in capital assets		
Purchases cash	(119)	
Depreciation	120	
	1	39
Changes in net current assets		
Decrease in closing accruals	(256)	
Increase in stock	(38)	
	(294)	409
Direct expenditure	19,607	21,413
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,047	4,226
Notional rents	1,395	1,082
Net programme cost	25,049	26,721

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 2,663	2,455
Vote 13 Office of Public Works	e 537	710
Vote 20 Garda Síochána	e 179	190
Vote 24 Justice and Equality	e 117	222
Vote 36 Defence	e 58	50
Central Fund: Taoisigh and Ministerial pensions	493	599
	4,047	4,226

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	343	344
Current assets			
Bank and cash	2.3	1,173	1,431
Stocks	2.4	92	54
Prepayments		247	147
Other debit balances	2.5	288	72
Total current assets		1,800	1,704
Less current liabilities			
Accrued expenses		88	244
Other credit balances	2.6	391	432
Net liability to the Exchequer	2.7	1,070	1,071
Total current liabilities		1,549	1,747
Net current assets		251	(43)
Net assets		594	301
Represented by:			
State funding account	2.1	594	301

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		301	749
Disbursements from the Vote			
Estimate provision	Account	21,423	
Surplus to be surrendered	Account	(1,523)	
Net vote		19,900	20,965
Expenditure (cash) borne elsewhere	1	4,047	4,226
Non cash expenditure – notional rent	1	1,395	1,082
Net programme cost	1	(25,049)	(26,721)
Balance at 31 December		594	301

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,202	573	2,775
Additions	105	14	119
Disposals	(81)	(1)	(82)
Cost or valuation at 31 December 2014	2,226	586	2,812
Accumulated depreciation			
Opening balance at 1 January 2014	1,964	467	2,431
Depreciation for the year	97	23	120
Depreciation on disposals	(81)	(1)	(82)
Cumulative depreciation at 31 December 2014	1,980	489	2,469
Net assets at 31 December 2014	246	97	343
Net assets at 31 December 2013	238	106	344

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	1,149	1,242
Commercial bank accounts	24	189
	1,173	1,431

The Commercial bank account balance is presented separately and the comparative reclassified The Commercial bank account balance reflects €24,000 in 2014 (2013: €189,000) in respect of a commercial bank account operated by Department of Justice & Equality-Financial Shared Services.

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Gifts	10	9
Stationery	34	3
Publications	41	41
Consumables, etc.	7	1
	92	54

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Payroll suspense account	209	—
Recoupment of travel pass scheme	74	65
Other	5	7
	288	72

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Income Tax	219	196
Pay Related Social Insurance	76	68
Value Added Tax	5	7
Professional Services Withholding Tax	18	15
Pensions suspense	4	4
	322	290
Payroll deductions held in suspense	68	75
Other	1	67
	391	432

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	1,523	1,182
Exchequer grant undrawn	(453)	(111)
Net liability to the Exchequer	1,070	1,071

Represented by:

Debtors

Bank and cash	1,173	1,431
Debit balances: suspense	288	72
	1,461	1,503

Creditors

Due to State	(322)	(290)
Credit balances: suspense	(69)	(142)
	(391)	(432)
	1,070	1,071

2.8 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	45	—

2.9 Matured Liabilities

There were no matured liabilities undischarged at year end 2014 or in the previous year.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Supporting the work of the Taoiseach and Government			
A.1	Administration – pay	11,422	11,238	11,960
A.2	Administration – non pay	3,059	2,308	3,485
A.3	National Economic and Social Council (grant-in-aid)	1,990	1,807	1,950
A.4	Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1,460	3,697	2,513
A.5	Constitutional Convention	920	327	824
A.6	EU engagement	250	236	—
A.7	Irish personnel in EU and international institutions	1,200	644	—
A.8	Commission of Investigation			
	<i>Original</i>	—		
	<i>Supplementary</i>	2,000	578	—
—	<i>Referendum on abolition of the Seanad</i>	—	—	1,193
		22,301	20,835	21,925

Significant variations

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

Description	Less/(more) than provided €000	Explanation
Administration – non pay	751	Variance primarily due to under spend in subheads (iii) and (v) due to the deferral of a cross departmental communications project of €300,000 and of hardware and licencing upgrades of €194,000 to 2015.
National Economic and Social Council (grant-in-aid)	183	Variance mainly due to under spend on pay due to staff member on secondment to Government department.
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	(2,237)	Variance due to receipt of claims for third party legal representation costs of €2.5 million. There is no time limit on the submission of claims so it is not possible to know in advance what claims may be received in any given year.
Constitutional Convention	593	In late 2013, the Convention selected additional topics for consideration in 2014 and a full year of work was budgeted for. In the event, the Constitutional Convention concluded its full programme of work by spring 2014.
Irish personnel in EU and international institutions	556	Savings were due to delays in the uptake of twelve sanctioned secondment posts. Four were taken up in the first quarter with the remainder of posts taken up in the last quarter. Costs for secondees were also lower as in most areas assigned the European Commission met some of the costs. In addition, the secondee appointments were at a lower grade structure in the majority of cases.

Description	Less/(more) than provided €000	Explanation
Commission of Investigation	1,422	The Fennelly Commission was established by Government Order on 30 April 2014 and €2 million was allocated by way of a supplementary estimate on 7 May. After the Commission began its work, it became apparent that its actual requirements in 2014 were less than originally envisaged e.g. general costs in a number of areas, including staffing, legal fees, and IT and general administration were lower than originally estimated.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	66	128	91
2.	Receipts from pension-related deductions on public service remuneration	812	807	869
Total		878	935	960

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	214	201
	2014	2013
	€000	€000
Pay	12,263	11,744
Higher, special or additional duties allowance	341	375
Overtime and extra attendance	365	464
Employer's PRSI	803	751
Total pay	13,772	13,334

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

The 2014 figures in the table above include core staff from the Department (183), National Economic and Social Council (NESC) (17), the Tribunal of Inquiry (1), the Fennelly Commission (1) and Seconded National Experts (12).

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 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	39	14	20,614	26,940
Overtime and extra attendance	69	9	21,737	27,351

Certain individuals received extra remuneration in more than one category.

Certain individuals in NESDO received an allowance of 16.67% of salary in lieu of pension contributions.

5.2 Other Remuneration Arrangements

Ex-gratia payment of €29,698 (2013: €29,698) was made in respect of agreed retired benefit to one former employee.

5.3 Payroll Overpayments

The balance of payroll overpayments outstanding a year end was €13,080 (2013: €6,623).

6 Miscellaneous

6.1 Commissions and Inquiries

Commission, Committee or Special Inquiry

	Year of appointment	2014 €000	2013 €000
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1997	3,697	2,513
Commission of Investigation (Fennelly Commission)	2014	578	—

Cumulative expenditure for the Tribunal of Inquiry (payments to Messrs Haughey and Lowry) to the end of December 2014 was €50.8 million.

There will be further payments associated with this Tribunal of Inquiry. Final costs cannot be determined at this point.

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

A total of €2 million was allocated to this subhead in 2014 following a supplementary estimate on 7 May. Following a formal request from the Fennelly Commission under section 6 (6) of the Commissions of Investigation Act 2004, the Taoiseach extended the timeframe for the Commission to report from the end of 2014 to 31 December 2015.

6.2 Official Gifts

The account includes the sum of €3,028 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2014 (2013: €9,053).



Appropriation Account 2014

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 2014 for the salaries and expenses of the Office of the Attorney General including a grant-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1,314,644 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 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 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.

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 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 Office.

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. The Office complied with the guidelines with the exception of ten contracts to the value of €441,091 and one contract to the value of Stg £19,703 which were listed in my annual return in respect of Circular 40/2002. The reasons for not having a competitive process, as detailed in my return for 2014 under Circular 40/2002 included the specialised nature of the service provided, a sole supplier of the service, the service can only be purchased directly from the publisher and not through an intermediary. I can confirm that for all procurements, appropriate national and EU procedures were followed, the contract prices were fair and reasonable and represented best value for money.

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 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.

Liam O'Daly
Accounting Officer
Office of the Attorney General

27 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

29 July 2015

Vote 3 Office of the Attorney General

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of professional legal services to Government, departments and offices	15,089	13,820	14,094
	Gross expenditure	15,089	13,820	14,094
<i>Deduct</i>				
B	Appropriations-in-aid	788	834	768
	Net expenditure	14,301	12,986	13,326

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,314,644	991,287

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	10,834	10,001	9,960
ii	Travel and subsistence	225	93	199
iii	Training and development and incidental expenses	600	628	552
iv	Postal and telecommunications services	70	64	60
v	Office equipment and external IT services	499	513	553
vi	Office premises expenses	156	120	136
vii	Consultancy services and value for money and policy reviews	20	67	20
viii	Contract legal expertise	481	202	227
ix	<i>EU Presidency</i>	—	—	328
		12,885	11,688	12,035

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	2,132	2,059
Pay	10,001	10,264
Non pay	1,687	1,771
Gross expenditure	13,820	14,094
<i>Deduct</i>		
Appropriations-in-aid	834	768
Net expenditure	12,986	13,326
Changes in capital assets		
Purchases cash	(105)	
Depreciation	189	
	84	21
Changes in assets under development		
Cash payments	(21)	(7)
Changes in net current assets		
Increase in closing accruals	(12)	
Increase in stock	(1)	
	(13)	48
Direct expenditure	13,036	13,388
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,305	1,195
Notional rents	727	559
Net programme cost	15,068	15,142

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.

	2014	2013
	€000	€000
Vote 7 Office of the Minister of Finance	31	38
Vote 12 Superannuation and Retired Allowances	727	520
Vote 13 Office of Public Works	204	242
Vote 18 Shared Services	7	—
Central Fund - Pensions in respect of former Attorneys General and widow of former Attorney General	336	395
	1,305	1,195

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	450	534
Capital assets under development	2.3	21	—
		471	534
Current assets			
Bank and cash	2.4	257	119
Stocks	2.5	36	35
Prepayments		213	202
Accrued income		4	9
Other debit balances	2.6	249	218
Total current assets		759	583
Less current liabilities			
Accrued expenses		64	70
Other credit balances	2.7	13	122
Net liability to the Exchequer	2.8	493	215
Total current liabilities		570	407
Net current assets		189	176
Net assets		660	710
Represented by:			
State funding account	2.1	660	710

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		710	772
Disbursements from the Vote			
Estimate provision	Account	14,301	
Surplus to be surrendered	Account	(1,315)	
Net vote		12,986	13,326
Expenditure (cash) borne elsewhere	1	1,305	1,195
Non cash expenditure – notional rent	1	727	559
Net programme cost	1	(15,068)	(15,142)
Balance at 31 December		660	710

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	4,510	1,691	6,201
Additions	100	5	105
Disposals	(145)	(3)	(148)
Cost or valuation at 31 December 2014	4,465	1,693	6,158
Accumulated depreciation			
Opening balance at 1 January 2014	4,210	1,457	5,667
Depreciation for the year	132	57	189
Depreciation on disposals	(145)	(3)	(148)
Cumulative depreciation at 31 December 2014	4,197	1,511	5,708
Net assets at 31 December 2014	268	182	450
Net assets at 31 December 2013	300	234	534

2.3 Capital Assets under Development

	In-house computer applications 2014 €000
at 31 December	
Opening balance at 1 January	—
Cash payments for the year	21
Balance at 31 December	21

2.4 Bank and Cash^a

	2014 €000	2013 €000
at 31 December		
PMG balance	247	25
Commercial bank account balance	10	94
PMG Balances and cash	257	119

^a Commercial bank account balance is presented separately and the comparative has been reclassified.

2.5 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	22	25
IT consumables	14	10
	36	35

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Pay related social insurance	1	—
Office of Public Works	38	—
Recoupable shared costs	7	—
Salaries control account	173	178
Travel pass scheme	26	32
Miscellaneous	4	8
	<u>249</u>	<u>218</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	2	15
Value Added Tax	11	45
	<u>13</u>	<u>60</u>
Other	—	62
	<u>13</u>	<u>122</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,315	991
Exchequer grant undrawn	(822)	(776)
Net liability to the Exchequer	<u>493</u>	<u>215</u>

Represented by:**Debtors**

Bank and cash	257	119
Pay Related Social Insurance	1	—
Debit balances: suspense	248	218
	<u>506</u>	<u>337</u>

Creditors

Due to State	(13)	(60)
Credit balances: suspense	—	(62)
	<u>(13)</u>	<u>(122)</u>
	<u>493</u>	<u>215</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	171	102

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of professional legal services to Government, Departments and Offices			
A.1	Administration – pay	10,834	10,001	10,264
A.2	Administration – non pay	2,051	1,687	1,771
A.3	Contributions to international organisations	38	35	38
A.4	Law Reform Commission (grant-in-aid)	2,091	1,952	1,896
A.5	General law expenses	75	145	125
		<u>15,089</u>	<u>13,820</u>	<u>14,094</u>

Significant variations

Overall, the expenditure in relation to the Programme was €1.27 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	833	Savings were achieved because it took longer than anticipated to complete recruitment procedures through the Public Appointments Service for new legal posts.
Administration – non pay (ii)	132	Savings arose due to a less than anticipated level of official travel undertaken by the Attorney General and staff.
Administration – non pay (viii)	279	Savings were achieved because the Office engaged contract Parliamentary Counsel to a lesser extent than projected in 2014.
Law Reform Commission (grant-in-aid)	139	Savings were achieved due to the fact that expenditure in non-pay areas was less than anticipated during the year. In relation to pay expenditure, less cost was incurred because the Code of Practice for the Governance of State Bodies was implemented and savings with an administration staff on paternal leave.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	8	99	2
2. Receipts from pension-related deductions on public service remuneration	780	735	766
Total	788	834	768

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	149	151

	2014	2013
	€000	€000
Pay	9,235	9,472
Higher, special or additional duties allowance	73	92
Overtime	2	1
Employer's PRSI	691	699
Total Pay	10,001	10,264

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	16	1	14,497	19,585
Overtime and extra attendance	4	—	784	622



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.97 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

Some office equipment assets are being depreciated at 10%.

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 relevant guidelines. The Office is compliant with the exception of four contracts to a total value of €194,277 which were listed in my annual return in respect of Circular 40/2002. Two of these contracts are placed with sole suppliers and it is intended to put tenders in place for the other two going forward.

Shared Services

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 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 HR Shared Services to this Office.

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

30 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

14 August 2015

Vote 4 Central Statistics Office

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of annual statistical programme	41,520	39,472	40,329
	Gross expenditure	41,520	39,472	40,329
<i>Deduct</i>				
B	Appropriations-in-aid	1,943	1,866	3,308
	Net expenditure	39,577	37,606	37,021

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,971,466	2,737,115

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	31,276	30,684	31,521
ii	Travel and subsistence	889	932	986
iii	Training and development and incidental expenses	1,626	1,118	1,023
iv	Postal and telecommunications services	1,020	616	754
v	Office equipment and external IT services	3,908	3,977	3,447
vi	Office premises expenses	1,110	822	758
vii	Consultancy services and value for money and policy reviews	111	54	24
viii	Collection of statistics	1,580	1,269	1,816
		41,520	39,472	40,329

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	30,684	31,521
Non pay	8,788	8,808
Gross expenditure	39,472	40,329
<i>Deduct</i>		
Appropriations-in-aid	1,866	3,308
Net expenditure	37,606	37,021
Changes in capital assets		
Purchases cash	(742)	
Depreciation	3,714	
Loss on disposals	2	
	2,974	3,236
Changes in assets under development		
Cash payments	(1,281)	(1,441)
Changes in net current assets		
Decrease in closing accruals	(99)	
Increase in stock	(1)	
	(100)	14
Direct expenditure	39,199	38,830
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6,162	5,746
Notional rents	1,395	1,345
Net programme cost	46,756	45,921

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.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	1,746	1,802
Vote 12 Superannuation and Retired Allowances	3,576	3,025
Vote 13 Office of Public Works	840	919
	6,162	5,746

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	10,608	12,688
Capital assets under development	2.3	1,436	1,026
		12,044	13,714
Current assets			
Stocks	2.5	82	81
Prepayments		970	904
Accrued income		348	311
Other debit balances	2.6	709	264
Net Exchequer funding due	2.8	898	760
Total current assets		3,007	2,320
Less current liabilities			
Bank and cash	2.4	655	130
Accrued expenses		196	169
Other credit balances	2.7	952	894
Total current liabilities		1,803	1,193
Net current assets		1,204	1,127
Net assets		13,248	14,841
Represented by:			
State funding account	2.1	13,248	14,841

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		14,841	16,523
Adjustment		—	127
Disbursements from the Vote			
Estimate provision	Account	39,577	
Surplus to be surrendered	Account	(1,971)	
Net vote		37,606	37,021
Expenditure (cash) borne elsewhere	1	6,162	5,746
Non cash expenditure – notional rent	1	1,395	1,345
Net programme cost	1	(46,756)	(45,921)
Balance at 31 December		13,248	14,841

2.2 Capital Assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	34	59,414	3,445	62,893
Additions	—	1,636	—	1,636
Disposals	—	(2,239)	(3)	(2,242)
Cost or valuation at 31 December 2014	34	58,811	3,442	62,287
Accumulated depreciation				
Opening balance at 1 January 2014	34	47,013	3,158	50,205
Depreciation for the year	—	3,606	108	3,714
Depreciation on disposals	—	(2,238)	(2)	(2,240)
Cumulative depreciation at 31 December 2014	34	48,381	3,264	51,679
Net assets at 31 December 2014	—	10,430	178	10,608
Net assets at 31 December 2013	—	12,401	287	12,688

2.3 Capital Assets under Development

	In-house computer applications
at 31 December	2014 €000
Amounts brought forward at 1 January	1,026
Cash payments for the year	1,281
Transferred to asset register	(871)
Balance at 31 December	<u>1,436</u>

2.4 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balance	(688)	(145)
Commercial bank	32	14
Petty cash	1	1
	<u>(655)</u>	<u>(130)</u>

2.5 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	60	52
IT consumables	16	23
Publications	6	6
	<u>82</u>	<u>81</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable salary costs	629	—
Recoupable travel costs	15	29
Recoupable travel pass scheme	25	23
Other debit suspense items	40	212
	<u>709</u>	<u>264</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	322	314
Pay Related Social Insurance	208	202
Professional Services Withholding Tax	27	1
Value Added Tax	20	16
Pension contributions	68	66
Universal Social Charge	120	120
	<u>765</u>	<u>719</u>
Payroll deductions held in suspense	175	172
Other credit suspense items	12	3
	<u>952</u>	<u>894</u>

2.8 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,971	2,737
Exchequer grant undrawn	(2,869)	(3,497)
Net Exchequer funding due	<u>(898)</u>	<u>(760)</u>

Represented by:**Debtors**

Debit balances: suspense	709	264
	<u>709</u>	<u>264</u>

Creditors

Bank and cash	(655)	(130)
Due to State	(765)	(719)
Credit balances: suspense	(187)	(175)
	<u>(1,607)</u>	<u>(1,024)</u>
	<u>(898)</u>	<u>(760)</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000
Procurement subheads	12,215	5,120
	<u>12,215</u>	<u>5,120</u>

The increase in commitments at 31 December 2014 is due to the contract for the establishment of the processing environment for the Census of Population 2016.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of annual statistical programme			
A.1	Administration - pay	31,276	30,684	31,521
A.2	Administration - non pay	10,244	8,788	8,808
		<u>41,520</u>	<u>39,472</u>	<u>40,329</u>

Significant variations

Overall, the expenditure in relation to the Programme was €2.05 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Training and development and incidental expenses	508	The saving arose because of continued tight control of all expenditure in the subhead during the year. Much of the Office's learning and development needs were met from in-house resources.
Postal and communications services	404	Savings continue to be made on telecommunications costs. All costs associated with postage were minimised during 2014 with fewer reminder letters issued.
Office premises expenses	288	The saving was due to lower than expected office premises costs in all three CSO premises during 2014.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. European Union receipts	130	118	535
2. Miscellaneous	122	138	1,016
3. Receipts from pension-related deductions on public service remuneration	1,691	1,610	1,757
Total	1,943	1,866	3,308

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	616	621
	2014	2013
	€000	€000
Pay	28,632	29,465
Higher, special or additional duties allowance	55	48
Other allowances	67	63
Overtime	69	81
Employer's PRSI	1,861	1,864
Total Pay	30,684	31,521

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	37	—	2,474	4,259
Overtime and extra attendance	15	2	14,256	13,106
Shift and roster allowances	9	—	8,318	8,318

Certain individuals received extra remuneration in more than one category.

5.2 Payroll Overpayments	2014	2013
	€000	€000
Overpayments in salaries outstanding due to delays in the receipt of salary instructions	53	9

All overpayments are expected to be recouped from the individuals to whom they were paid.

6 Miscellaneous

6.1 Support for statistical endeavour

A sum of €10,000 was paid from Subhead A2 (Training and development and incidental expenses) to University College Cork by way of funding for the Donal McCarthy Scholarship 2014-2015. Two recipients of the scholarship will undertake a CSO/official statistics project. In addition, the Office awarded prize money of €3,200 in 2014 as part of the fourth John Hooper Medal for Statistics Competition. This competition was open to senior cycle second level students.

6.2 EU Funding

During 2014 a total of €118,000 in appropriations-in-aid was received from the European Union in respect of four contracts for the provision of statistical information on industry and services to EUROSTAT. Most of the €118,000 was charged to subhead A1. The moneys from the EU are recouped on a percentage of agreed cost basis in respect of these contracts.

6.3 Research Collaboration

A sum of €30,000 was paid from Subhead A2 (Training and development and incidental expenses) by way of once-off contribution to costs where CSO and the Irish Centre for High End Computing (ICHEC) are co-operating and contributing in an international research collaboration led by the United Nations Commission for Europe (UNECE).

6.4 Legal costs

	2014	2013
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	6	2
Compensation costs	—	1
	<u>6</u>	<u>3</u>

Legal fees include medical, engineer and investigator fees.

6.5 Contingent Liability

The Supreme Court decided in October 2014 that the Balance of Payments (BOP) Order 2005 was ultra vires the power of the Minister of State at the Department of the Taoiseach. The Order was quashed.

As costs follow the event, costs were awarded in both the High Court and the Supreme Court cases against the CSO. The Chief States Solicitors Office subsequently argued successfully for off-set of some of the High Court costs. The actual amount of these costs is uncertain, as bills for costs are awaited.



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €135,853 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 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 Payroll, Pension and Travel and Subsistence payments.

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.

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

31 March 2015

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 2014 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 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 5 Office of the Director of Public Prosecutions for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

2 July 2015

Vote 5 Office of the Director of Public Prosecutions

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of prosecution service	37,813	37,675	37,145
	Gross expenditure	37,813	37,675	37,145
<i>Deduct</i>				
B	Appropriations-in-aid	975	973	996
	Net expenditure	36,838	36,702	36,149

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	135,853	1,265,198

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	13,007	12,648	13,025
ii	Travel and subsistence	109	103	95
iii	Training and development and incidental expenses	991	1,188	868
iv	Postal and telecommunications services	270	201	182
v	Office equipment and external IT services	831	469	470
vi	Office premises expenses	1,292	597	543
vii	Consultancy services and value for money and policy reviews	37	20	33
		16,537	15,226	15,216

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	22,449	21,929
Pay	12,648	13,025
Non pay	2,578	2,191
Gross expenditure	37,675	37,145
<i>Deduct</i>		
Appropriations-in-aid	973	996
Net expenditure	36,702	36,149
Changes in capital assets		
Purchases cash	(142)	
Depreciation	166	
Loss on disposals	27	
	51	189
Changes in net current assets		
Increase in closing accruals	165	
Decrease in stock	1	
	166	(204)
Direct expenditure	36,919	36,134
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,897	3,272
Notional rents	457	240
Net programme cost	40,273	39,646

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.

	2014	2013
	€000	€000
Vote 7 Finance	44	61
Vote 12 Superannuation and Retired Allowances	1,106	1,076
Vote 13 Office of Public Works	1,545	1,949
Vote 18 Shared Services	10	—
Vote 20 Garda Síochána	192	186
	2,897	3,272

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	441	492
Current assets			
Bank and cash		608	635
Stocks	2.3	61	62
Prepayments		157	131
Other debit balances		370	292
Total current assets		1,196	1,120
Less current liabilities			
Net liability to the Exchequer	2.5	93	(3)
Accrued expenses		2,551	2,360
Other credit balances	2.4	885	930
Total current liabilities		3,529	3,287
Net current liabilities		(2,333)	(2,167)
Net assets		(1,892)	(1,675)
Represented by:			
State funding account	2.1	(1,892)	(1,675)

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		(1,675)	(1,690)
Disbursements from the Vote			
Estimate provision	Account	36,838	
Surplus to be surrendered	Account	(136)	
Net vote		36,702	36,149
Expenditure (cash) borne elsewhere	1	2,897	3,272
Non cash expenditure – notional rent	1	457	240
Net programme cost	1	(40,273)	(39,646)
Balance at 31 December		(1,892)	(1,675)

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	3,483	756	4,239
Additions	142	—	142
Disposals	(167)	(53)	(220)
Cost or valuation at 31 December 2014	3,458	703	4,161
Accumulated depreciation			
Opening balance at 1 January 2014	3,246	501	3,747
Depreciation for the year	108	58	166
Depreciation on disposals	(155)	(38)	(193)
Cumulative depreciation at 31 December 2014	3,199	521	3,720
Net assets at 31 December 2014	259	182	441
Net assets at 31 December 2013	237	255	492

2.3 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	40	38
IT consumables	21	24
	61	62

2.4 Other Credit Balances

	2014 €000	2013 €000
at 31 December		
Amounts due to the State		
Income Tax	433	443
Pay Related Social Insurance	119	118
Professional Services Withholding Tax	232	263
Value Added Tax	14	22
	798	846
Payroll deductions held in suspense	82	84
Other credit suspense items	5	—
	885	930

2.5 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	136	1,265
Exchequer grant undrawn	(43)	(1,268)
Net liability to the Exchequer	93	(3)

Represented by:**Debtors**

Bank and cash	608	635
Debit balances: suspense	370	292
	978	927

Creditors

Due to State	(798)	(846)
Credit balances: suspense	(87)	(84)
	(885)	(930)
	93	(3)

2.6 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 2014 (2013 : nil).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a Prosecution Service			
A.1	Administration - pay	13,007	12,648	13,025
A.2	Administration - non pay	3,530	2,578	2,191
A.3	Fees to counsel	12,500	13,399	13,016
A.4	General law expenses	2,121	2,648	2,413
A.5	Local state solicitor service	6,655	6,402	6,500
		37,813	37,675	37,145

Significant variations

Overall, the expenditure in relation to Programme A was €138,000 lower than provided. Significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	952	Savings arose mainly because capital works which were due to be carried out in 2014 did not proceed.
Fees to counsel	(899)	The excess on this subhead is principally due to the cost of a single complex financial trial.
General law expenses	(527)	The excess on this subhead is due to an increase in the number of more expensive settlements.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	80	151	126
2.	Receipts from pension-related deductions on public service remuneration	895	822	870
Total		975	973	996

4.2 Extra receipts payable to the Exchequer

A total of €13,812 was lodged to the Exchequer arising from forfeitures ordered by the courts.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	181	185
	2014	2013
	€000	€000
Pay	11,593	11,952
Higher, special or additional duties allowance	170	176
Overtime	3	2
Employer's PRSI	882	895
Total Pay	12,648	13,025

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	59	4	30,915	52,357
Overtime and extra attendance	8	—	910	579

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €206,330 in respect of three officers who were serving outside the Office for all or part of 2014 and whose salaries were paid from Subhead A.1.

6 Miscellaneous

6.1 Legal Costs	2014	2013
	€000	€000

Legal costs paid during the year are categorised as follows:

Fees to counsel	13,399	13,016
General law expenses	2,648	2,413
State Solicitor Service	6,402	6,500
External legal services	61	—
Compensation paid	130	—
	22,640	21,929



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €839,927 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 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.

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 seven contracts to the value of €0.606 million which were listed in my annual return in respect of Circular 40/2002. The reasons for not having a competitive process, as detailed in my return included the specialised nature of the service provided, a sole supplier of a service and the Office awaiting implementation of a centralised procurement framework. I can confirm that all appropriate national and EU procurement procedures were followed and that the contract prices were fair and reasonable and represented best value for money. The Office has put in place or is in the process of putting in place contracts where applicable for these services into the future.

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.

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 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/Office.

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.

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 MAC and the Audit Committee regularly review controls. All internal audit reports are considered by the MAC.

Eileen Creedon

Accounting Officer

Office of the Chief State Solicitor

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

28 August 2015

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	28,169	26,983	29,737
	Gross expenditure	28,169	26,983	29,737
	<i>Deduct</i>			
B	Appropriations-in-aid	1,860	1,514	1,432
	Net expenditure	26,309	25,469	28,305

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	839,927	1,610,920

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,800	14,126	13,993
ii	Travel and subsistence	61	59	58
iii	Training and development and incidental expenses	839	745	801
iv	Postal and telecommunications services	350	303	331
v	Office equipment and external IT services	600	550	795
vi	Office premises expenses	290	142	221
vii	Consultancy services and value for money policy reviews	29	20	7
		16,969	15,945	16,206

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	11,038	13,531
Pay	14,126	13,993
Non pay	1,819	2,213
Gross expenditure	26,983	29,737
<i>Deduct</i>		
Appropriations-in-aid	1,514	1,432
Net expenditure	25,469	28,305
Changes in capital assets		
Purchases cash	(80)	
Depreciation	287	
Loss on Disposals	5	
	212	(9)
Changes in assets under development		
Cash payments	(69)	(39)
Changes in net current assets		
Increase in closing accruals	690	
Decrease in stock	4	
	694	(1,018)
Direct expenditure	26,306	27,239
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,074	2,036
Notional rents	795	825
Net programme cost	29,175	30,100

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.

	2014	2013
	€000	€000
Vote 7 Finance	50	66
Vote 12 Superannuation and Retired Allowances	1,106	1,108
Vote 13 Office of Public Works	906	862
Vote 18 Shared Services	12	—
	2,074	2,036

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	735	839
Capital assets under development	2.3	—	39
		735	878
Current assets			
Bank and cash	2.4	1,005	105
Stocks	2.5	43	47
Prepayments		152	150
Accrued income ^a		9,699	9,890
Other debit balances	2.6	416	334
Net Exchequer funding due	2.8	545	790
Total current assets		11,860	11,316
Less current liabilities			
Accrued expenses		1,235	734
Other credit balances	2.7	1,966	1,229
Total current liabilities		3,201	1,963
Net current assets		8,659	9,353
Net assets		9,394	10,231
Represented by:			
State funding account	2.1	9,394	10,231

^a 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.

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		10,231	9,165
Disbursements from the Vote			
Estimate provision	Account	26,309	
Surplus to be surrendered	Account	(840)	
Net vote		25,469	28,305
Expenditure (cash) borne elsewhere	1	2,074	2,036
Non cash expenditure – notional rent	1	795	825
Net programme cost	1	(29,175)	(30,100)
Balance at 31 December		9,394	10,231

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	4,141	1,706	5,847
Additions	183	5	188
Disposals	(392)	(1)	(393)
Cost or valuation at 31 December 2014	3,932	1,710	5,642
Accumulated depreciation			
Opening balance at 1 January 2014	3,667	1,341	5,008
Depreciation for the year	200	87	287
Depreciation on disposals	(387)	(1)	(388)
Cumulative depreciation at 31 December 2014	3,480	1,427	4,907
Net assets at 31 December 2014	452	283	735
Net assets at 31 December 2013	474	365	839

2.3 Capital Assets under Development

at 31 December	Computer applications €000
Amounts brought forward at 1 January 2014	39
Cash payments in year	69
Transferred to asset register	(108)
Balance at 31 December 2014	—

2.4 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balances and cash	1,005	106
Orders outstanding	—	(1)
	1,005	105

2.5 Stocks

at 31 December	2014 €000	2013 €000
Stationery	43	47

2.6 Other Debit Balances

at 31 December	2014 €000	2013 €000
Miscellaneous	416	334

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Income Tax	236	234
Pay Related Social Insurance	116	110
Professional Services Withholding Tax	390	471
Value Added Tax	1	20
Local Property Tax	1	—
Pension contributions	52	49
	796	884
Payroll deductions held in suspense	53	56
State Property	1,117	289
	1,966	1,229

2.8 Net Exchequer funding due	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	840	1,611
Exchequer grant undrawn	(1,385)	(2,401)
Net Exchequer funding due	(545)	(790)

Represented by:

Debtors

Bank and cash	1,005	105
Debit balances: suspense	416	334
	1,421	439

Creditors

Due to State	(796)	(884)
Credit balances: suspense	(1,170)	(345)
	(1,966)	(1,229)
	(545)	(790)

2.9 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	1,197	1,140

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.

2.10 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2014 amounted to €70,750.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of legal services			
A.1	Administration - pay	14,800	14,126	13,993
A.2	Administration - non -pay	2,169	1,819	2,213
A.3	External legal services	200	179	268
A.4	Fees to counsel	9,600	9,823	12,391
A.5	General law expenses	1,400	1,036	872
		28,169	26,983	29,737

Significant variations

Overall, the expenditure in relation to Programme A was €1.19 million lower than provided. The main variances were as follows:

Description	Less/(more) than provided €000	Explanation
Administration – pay	674	Savings arose because it took longer than expected to fill legal vacancies during the year.
Office premises expenses	148	Savings were achieved as a result of the use of centralised contracts in the area of Utilities and lower than estimated expenditure on furniture and fittings.
Fees to counsel	(223)	The excess arose due to the office dealing with a number of high profile and complex cases during the year.
General law expenses	364	Expenditure on this subhead is dependent on the level of activity in the Courts and as such is difficult to predict.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Costs and fees received by the Office of the Chief State Solicitor	1,000	641	530
2. Receipts from pension-related deductions on public service remuneration	860	873	902
	<u>1,860</u>	<u>1,514</u>	<u>1,432</u>

Explanation of significant variations

The amount of fees realised was €346,000 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.

4.2 Extra receipts payable to the Exchequer

A total of €16,074 (2013: €50,122) was lodged to the Exchequer under the State Property Act 1954.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	235	226
	2014	2013
	€000	€000
Pay	12,980	12,889
Higher, special or additional duties allowance	84	83
Other allowances	7	7
Overtime	15	21
Employer's PRSI	1,040	993
Total Pay	14,126	13,993

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	40	1	12,382	10,434
Other allowances	4	—	1,783	1,783
Overtime	10	—	3,745	5,920

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 Legal Costs	2014	2013
	€000	€000

Legal costs paid during the year are categorised as follows:

Fees to counsel	9,823	12,391
General law expenses	987	862
Attorney General's scheme	49	10
External legal services	179	268
	<u>11,038</u>	<u>13,531</u>

6.2 Monies Held in Trust

The CSSO maintains a number of commercial bank accounts. Monies 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 monies from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2014 is €1.67 million and is not included in the account. (2013: €2.384 million).



Appropriation Account 2014

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, 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 2014 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 and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9.31 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.

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks and, in general, the usage of capital assets.

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 and Vote 11, 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 purchased certain assets in 2012, 2013 and 2014 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 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 of Finance 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. Of the contracts dealt with under the procedures set out in Circular 40/2002, seven contracts did not fully comply with the requirements of same. Payments totaling €405,415 were made under these contracts in 2014. Details of the seven contracts concerned have been reported to the Comptroller and Auditor General in accordance with Circular 40/2002. The Department is taking steps, where possible, to redress the position in 2015.

Significant financial risks

There are no significant financial risks for the Vote.

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.

Derek Moran

Accounting Officer
Department of Finance

26 March 2015

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 2014 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 7 Office of the Minister for Finance for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

20 August 2015

Vote 7 Office of the Minister for Finance

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	European Union and International Policy	3,707	2,834	3,464
B	Financial Services Policy	11,175	6,813	9,648
C	Fiscal Policy	4,212	3,580	3,661
D	Economic Policy	2,513	1,737	1,913
E	Provision of Shared Services	11,093	9,179	8,655
Gross expenditure		32,700	24,143	27,341
<i>Deduct</i>				
F	Appropriations-in-aid	1,500	2,248	2,732
Net expenditure		31,200	21,895	24,609

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	9,305,117	8,577,861

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,225	17,563	18,151
ii	Travel and subsistence	541	613	445
iii	Training and development and incidental expenses	847	780	726
iv	Postal and telecommunications services	549	488	457
v	Office equipment and external IT services	1,468	1,003	1,222
vi	Office premises expenses	649	374	394
vii	Consultancy and other services	112	56	—
viii	<i>EU Presidency</i>	—	—	<i>1,719</i>
		23,391	20,877	23,114

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
€000	€000	€000
Programme cost	3,266	4,226
Pay	17,563	19,164
Non pay	3,314	3,951
Gross expenditure	24,143	27,341
<i>Deduct</i>		
Appropriations-in-aid	2,248	2,732
Net expenditure	21,895	24,609
Changes in capital assets		
Purchases cash	(574)	
Depreciation	459	
	(115)	295
Changes in net current assets		
Decrease in closing accruals	(39)	
Decrease in stock	9	
	(30)	239
Direct expenditure	21,750	25,143
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	10,900	9,249
Notional rents	1,746	1,511
Net programme cost	34,396	35,903

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.

	2014	2013
	€000	€000
Vote 3 Attorney General	e —	—
Vote 12 Superannuation and Retired Allowances	e 11,243	9,939
Vote 13 Office of Public Works	294	367
Vote 18 Shared Services	e 14	—
Central Fund – Ministerial pensions	e 223	244
	11,774	10,550
Apportioned cost of shared payroll and accounting support for other Votes	(874)	(1,301)
	10,900	9,249

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	611	874
Current assets			
Bank and cash	2.3	269	183
Stocks	2.4	14	23
Prepayments		364	321
Accrued income		29	59
Other debit balances	2.5	462	282
Payroll shared services bank account	2.8	—	1,618
Total current assets		1,138	2,486
Less current liabilities			
Accrued expenses		236	262
Other credit balances	2.6	628	614
Payroll shared services	2.8	—	1,618
Net liability to the Exchequer	2.7	103	(149)
Total current liabilities		967	2,345
Net current assets		171	141
Net assets		782	1,015
Represented by:			
State funding account	2.1	782	1,015

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,015	1,523
Disbursements from the Vote			
Estimate provision	Account	31,200	
Surplus to be surrendered	Account	(9,305)	
Net vote		21,895	24,609
Expenditure (cash) borne elsewhere	1	10,900	9,249
Non cash items – capital assets ^a		(544)	(78)
Non cash items – depreciation ^a		166	104
Non cash expenditure – notional rent	1	1,746	1,511
Net programme cost	1	(34,396)	(35,903)
Balance at 31 December		782	1,015

^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 €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	218	5,378	2,393	7,989
Additions	4	26	—	30
Cost or valuation at 31 December 2014	222	5,404	2,393	8,019
Accumulated depreciation				
Opening balance at 1 January 2014	87	4,685	2,343	7,115
Depreciation for the year	45	218	30	293
Cumulative depreciation at 31 December 2014	132	4,903	2,373	7,408
Net assets at 31 December 2014	90	501	20	611
Net assets at 31 December 2013	131	693	50	874

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	258	183
Commercial bank account balance	11	—
	<u>269</u>	<u>183</u>

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	9	12
IT consumables	5	11
	<u>14</u>	<u>23</u>

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Recoupable salaries	28	54
Recoupable travel expenditure	—	85
Travel imprests	3	—
Recoupable travel pass scheme expenditure	97	92
Advances to OPW	8	43
Other debit suspense items	326	8
	<u>462</u>	<u>282</u>

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Income Tax	203	217
Pay Related Social Insurance	111	112
Professional Services Withholding Tax	95	94
Value Added Tax	5	1
Pension contributions	42	37
Local Property Tax	1	1
Universal Social Charge	66	72

	523	534

Payroll deductions held in suspense

	73	76

Other credit suspense items

	11	4

Recoupable travel expenditure

	21	—

	628	614

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered

	9,305	8,578

Exchequer grant undrawn

	(9,202)	(8,727)

Net liability to the Exchequer

	103	(149)

Represented by:

Debtors

Bank and cash	269	183
Debit balances: suspense	462	282
	731	465

Creditors

Due to State	(523)	(534)
Credit balances: suspense	(105)	(80)
	(628)	(614)

	103	(149)

2.8 Payroll Shared Services

Up to 31 August 2014, the Department of Finance provided a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account in 2013 represented money lodged to the account by those client offices to cover the funding for salaries over the New Year period.

2.9 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	53	104

2.10 Matured Liabilities	2014	2013
at 31 December	€000	€000

Estimate of matured liabilities not discharged at year end	4	—

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	European Union and International Policy			
A.1	Administration – pay	2,555	2,245	2,837
A.2	Administration – non pay	432	392	555
A.3	Consultancy and other services	720	197	72
		<u>3,707</u>	<u>2,834</u>	<u>3,464</u>

Significant variations

Overall, the expenditure in relation to Programme A was €873,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Consultancy and other services	523	Savings arose because the majority of costs on the International Assignee Programme are payroll related, whereas the budget was provided on the consultancy subhead, and because a number of placements were funded externally. Smaller variances arose on both A.1 and A.2 because of unanticipated retirements.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Financial Services Policy			
B.1	Administration – pay	3,969	4,045	5,178
B.2	Administration – non pay	642	559	903
B.3	Committees and commissions	20	—	18
B.4	Consultancy and other services	6,544	2,209	3,549
		<u>11,175</u>	<u>6,813</u>	<u>9,648</u>

Significant variations

Overall, the expenditure in relation to Programme B was €4.4 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Committees and commissions	20	The new Credit Union Advisory Committee was not appointed until late 2014. Therefore, expected costs did not materialise.
Consultancy and other services	4,335	The nature of this subhead is that issues arising and associated expenditure, cannot be predicted with certainty. The savings arose as follows: Shareholding Management Unit – savings of approx. €2.7 million arose in relation to the budget for litigation and transactional activity. National Payments Plan (NPP)/SME/Mortgage initiatives – savings were achieved arising from delays in progressing a number of projects within the plan and because certain works were completed in-house. This has pushed some expenditure on the NPP into 2015. Central Bank Consolidation Act – there was a delay in progressing with the tender. Savings in this area were approx. €0.25 million.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Fiscal Policy			
C.1	Administration – pay	2,855	2,685	2,887
C.2	Administration – non pay	452	211	289
C.3	Committees and commissions	330	289	324
C.4	Consultancy and other services	575	395	161
		4,212	3,580	3,661

Significant variations

Overall, the expenditure in relation to Programme C was €632,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	241	Significantly less travel was required than originally budgeted due to meeting cancellations and more limited scheduling. There were also lower than anticipated costs associated with accommodation than had been expected.
Consultancy and other services	180	Consultancy costs associated with Capital Taxes/Agri Tax and other reviews were less than anticipated with significant elements conducted in-house.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Economic Policy			
D.1	Administration – pay	1,672	1,463	1,261
D.2	Administration – non pay	211	204	551
D.3	Consultancy and other services	630	70	101
		2,513	1,737	1,913

Significant variations

Overall, the expenditure in relation to Programme D was €776,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Consultancy and other services	560	The Economic Planning Initiative/Medium Term Economic Strategy budget of €350,000 was not called upon in 2014.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Provision of Shared Services			
E.1	Administration – pay	8,174	7,126	7,001
E.2	Administration - non pay	2,429	1,948	1,653
E.3	Consultancy and other services	490	105	1
		11,093	9,179	8,655

Significant variations

Overall, the expenditure in relation to Programme E was €1.91 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	1,048	Savings arose because a number of vacancies were not filled and because payroll staff transferred to the Payroll Shared Services Centre in December.
Consultancy and other services	385	There is an underspend on this programme due to delays in the implementation of the Fiscal Transparency Assessment project and lower than anticipated spend on the Transformational project. This work is continuing in 2015.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1	Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	1,123	1,364
2	Receipts from pension-related deductions on public service remuneration	950	1,016	1,148
3	Miscellaneous	50	109	95
4	Central Bank support for ECOFIN	—	—	125
Total		1,500	2,248	2,732

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
Recoupment of certain expenses in relation to the stabilisation of the banking sector	(623)	Increased recoupments arose in relation to costs of the stabilisation of the banking sector, (specifically the recapitalisation of PTSB). These had not been budgeted because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.
Miscellaneous	(59)	Miscellaneous receipts are by their nature difficult to predict. One key driver of this variance was a recoupment in respect of Strategic Banking Corporation of Ireland (SBCI) branding.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Per diem allowances – IMF and World Bank	8	2
Salary recouped from former Department official	3	1
Payroll deductions prior to 2005 (repaid by life assurance company)	—	6
Transferred to the Exchequer	(11)	(9)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	289	308
	2014	2013
	€000	€000
Pay ^a	16,084	17,492
Higher, special or additional duties allowance	112	93
Other allowances	156	132
Overtime	159	342
Employer's PRSI	1,052	1,105
Total Pay	17,563	19,164

^a The total pay figure is distributed across subheads A.1, B.1, C.1, D.1 and E.1 and includes salary overpayments of €16,553, that are in the process of recoupment and which arose from administrative delays.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	33	3	20,613	11,937
Other allowances	53	3	45,090	63,746
Overtime	51	6	22,548	24,033

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Two retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €39,677. The payments made were consistent with the principles of the Pension (Abatement) Act 1965.

This account includes expenditure of €143,197 in respect of 3 officers who were serving outside the Department for all or part of 2014 and whose salaries were paid by the Department.

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

	Year of appointment	2014 €000	2013 €000
Credit Union Advisory Committee ^a	1967	—	18
Disabled Drivers Appeals Board ^b	1989	289	324
		289	342

^a The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise the Minister for Finance and such other persons as the Minister thinks fit regarding:

- the improvement of the management of credit unions;
- the 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.

Prior to 2005, expenses were paid through the Vote for Enterprise, Trade and Employment.

^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; prior to 2005 its expenses were paid through the Vote for Health.

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 on that basis 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 Write Offs

Sanction was obtained from the Department of Public Expenditure and Reform in 2014 to charge the Vote in respect of historic suspense account balances in the amount of €83,751.

6.5 Legal Costs	2014	2013
at 31 December	€000	€000

Legal costs paid during the year are categorised as follows:

Compensation costs	600	458



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €677,695 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.

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.

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

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 €46,000 listed in my annual return in respect of circular 40/2002. As this Office is due to vacate premises in 2015, it extended the contract for cleaning services at the existing rate for a period of 19 months or until the Office vacates the current premises. Prior to extending the contract a check on prices disclosed that the price was competitive and represented value for money. A new tender competition will be held for cleaning services prior to the move to new premises in 2015.

Internal Audit and Audit Committee

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

16 March 2015

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 2014

Seamus Mc Carthy
Comptroller and Auditor General

11 May 2015

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 2014.

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 2014. 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 books of account

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 2014 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 books of account have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the books of account.

Tommy Doherty

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

11 May 2015

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Audit and reporting	11,797	11,045	11,098
Gross expenditure		11,797	11,045	11,098
<i>Deduct</i>				
B	Appropriations-in-aid	5,875	5,801	5,337
Net expenditure		5,922	5,244	5,761

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	677,695	215,869

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,568	9,182	9,199
ii	Travel and subsistence	546	415	439
iii	Training and development and incidental expenses	328	297	266
iv	Postal and telecommunications services	100	100	86
v	Office equipment and external IT services	443	410	439
vi	Office premises expenses	217	199	217
vii	Consultancy services	350	2	36
viii	Legal fees	45	33	19
ix	Contract audit services	200	407	397
		11,797	11,045	11,098

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Pay		9,182	9,199
Non pay		1,863	1,899
Gross expenditure		11,045	11,098
<i>Deduct</i>			
Appropriations-in-aid (note 4)		5,801	5,337
Net expenditure		5,244	5,761
Changes in capital assets			
Purchases	(189)		
Depreciation	181		
		(8)	21
Changes in net current assets			
Increase in closing accruals	(159)		
Increase in stock	(2)		
		(161)	(360)
Direct expenditure		5,075	5,422
Increase in value of work-in-progress		(8)	(356)
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,566	2,615
Notional rents		244	203
Net programme cost		7,877	7,884

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,377	1,381
Vote 13 Office of Public Works	693	723
Account of the Central Fund of the Exchequer	496	511
	2,566	2,615

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	400	392
Work-in-progress	2.3	942	934
		1,342	1,326
Current assets			
Bank and cash	2.4	76	398
Stocks		16	14
Prepaid expenses		97	102
Audit fee debtors		170	179
Accrued audit fee income	2.5	1,320	1,144
Other debit balances	2.6	294	92
Total current assets		1,973	1,929
Less current liabilities			
Accrued expenses		30	27
Other credit balances	2.7	335	326
Net liability to the Exchequer	2.8	35	164
Total current liabilities		400	517
Net current assets		1,573	1,412
Net assets		2,915	2,738
Represented by:			
State funding account	2.1	2,915	2,738

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,738	2,043
Disbursements for the Vote			
Estimate provision	Account	5,922	
Surplus to be surrendered	Account	(678)	
Net vote		5,244	5,761
Expenditure (cash) borne elsewhere	1	2,566	2,615
Non cash expenditure – notional rent	1	244	203
Net programme cost	1	(7,877)	(7,884)
Balance at 31 December		2,915	2,738

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,119	358	2,477
Additions	183	6	189
Disposals	(285)	(1)	(286)
Cost or valuation at 31 December 2014	2,017	363	2,380
Accumulated depreciation			
Opening balance at 1 January 2014	1,816	269	2,085
Depreciation for the year	159	22	181
Depreciation on disposals	(285)	(1)	(286)
Cumulative depreciation at 31 December 2014	1,690	290	1,980
Net assets at 31 December 2014	327	73	400
Net assets at 31 December 2013	303	89	392

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, as follows:

Status of audit	Percentage of audit fee included in work-in- progress	2014 €000	2013 €000
Cleared for certification	90%	316	226
Audit review stage	75%	318	289
Fieldwork complete	60%	161	167
Final audit in progress	30%	25	16
Interim audit completed	15%	50	132
Interim audit in progress	10%	72	104
		942	934

2.4 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balance	57	33
Commercial bank account balance	19	365
	76	398

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	2014	2013
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	65	72
Recoupable expenditure from co-tenants	39	20
Miscellaneous salary suspense	190	—
	<u>294</u>	<u>92</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	110	114
Pay Related Social Insurance	70	72
Income Levy	37	38
Professional Services Withholding Tax	38	25
Value Added Tax	13	12
Pension contributions	24	25
Local Property Tax	1	1
	<u>293</u>	<u>287</u>
Payroll deductions held in suspense	38	39
Haddington Road payroll deduction	4	—
	<u>335</u>	<u>326</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	678	216
Exchequer grant undrawn	(643)	(52)
Net liability to the Exchequer	<u>35</u>	<u>164</u>

Represented by:**Debtors**

Bank and cash	76	398
Debit balances: suspense	<u>294</u>	<u>92</u>
	370	490

Creditors

Due to State	(293)	(287)
Credit balances: suspense	<u>(42)</u>	<u>(39)</u>
	(335)	(326)
	<u>35</u>	<u>164</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	77	26

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Audit and reporting			
A.1	Administration - pay	9,568	9,182	9,199
A.2	Administration - non pay	2,229	1,863	1,899
		<u>11,797</u>	<u>11,045</u>	<u>11,098</u>

Significant variations

The overall saving on expenditure headings in the year was €752,000. The main areas where savings occurred were as follows:

Salaries, wages and allowances

There was an underspend of €386,000 which mainly arises from replacement audit staff commencing on a lower salary point.

Travel and Subsistence

There was an underspend of €133,000 on official travel undertaken due to 2014 interim audits not advancing to the level anticipated and expenditure in relation to current year audit programme being less than budgeted.

Consultancy Services

The estimate provision for consultancy services was €350,000 of which €200,000 relates to a saving on the consultancy budget for National Asset Management Agency (NAMA). A corresponding €200,000 is included within the appropriations-in-aid budget as any such consultancy spend is recoupable from NAMA. The outturn was €2,000. The Office uses external expert consultants, if required, to assist in examinations carried out at the direction of the Comptroller and Auditor General. It is difficult in advance of decisions to undertake examinations to estimate the consultancy input that will be required. A business case review is prepared, setting out the reasons why a consultancy input is required, in advance of a contract being put in place.

Contract Audit Service

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform, a financial process known as virement was used in 2014. This allowed for savings on subhead (vii) Consultancy of €107,345 and €100,000 on subhead (ii) Travel and Subsistence to be used for additional expenditure of €207,345 on subhead (ix) Contract Audit Services to facilitate the timely certification of the final accounts of county enterprise boards and vocational education committees.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1	Audit fees	5,275	5,269	4,772
2	Receipts from pension-related deductions on public service remuneration	600	532	565
		5,875	5,801	5,337

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	146	142
	2014	2013
	€000	€000
Pay	8,505	8,514
Higher, special or additional duties allowances	30	57
Overtime	—	—
Employer's PRSI	647	628
Total pay	9,182	9,199

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	8	1	10,913	13,692
Overtime and extra attendance	1	—	401	—

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 2014 in relation to the remuneration of the Comptroller and Auditor General was €175,742 (2013: €182,800). 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 2014 in relation to the remuneration of the Accounting Officer was €130,799 (2013: €135,630).

5.4 Acting up allowances

Two staff received acting up allowances for taking on the roles of higher grades. The total cost was €8,296 (2013: €35,935).

5.5 Re-engagement of Retired Officer

A total of €22,842 was paid to two retired civil servants, in receipt of civil service pensions, who were re-engaged on a short-term basis. One was re-engaged to aid in the review and clearance of audit files and the other was re-engaged to pilot an organisational performance review.

The payments made were consistent with the principles of the Pensions (Abatement) Act 1965. The Act provides that the pensions of former civil servants who are re-employed after retirement are abated to ensure their total pay in the period of re-employment does not exceed the remuneration they would have received if they had remained in the posts they held on the last day of their reckonable service.

6 Miscellaneous

Audit Committee costs amounted to €2,055 in 2014 (€4,000 in 2013).



Appropriation Account 2014

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 2014 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 granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €13,230,169 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 cutters 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 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 Shared Services in relation to the provision of Human Resources shared services and from the Accounting Officer of the Department of Justice and Equality in relation to the provision of Payroll shared services. The letters provide assurances 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 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
 - 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 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 is compliant with the exception of four contracts to a total value of €584,526 that were awarded without a competitive tender. 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 competitive tender for the following reasons
 - one contract with a total value of €420,401 was rolled over from a previous competitive tender process
 - one contract with a total value of €46,802 was awarded to a sole supplier
 - two contracts with a total value of €117,323 were awarded due to other reasons.

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

27 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

4 September 2015

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Administration and collection of taxes and duties, and frontier management	393,429	385,294	393,062
	<i>Deduct</i>			
B	Appropriations-in-aid	72,966	78,061	78,637
Net expenditure		320,463	307,233	314,425

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	13,230,169	8,280,139

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	283,103	285,655	287,564
ii	Travel and subsistence	3,500	3,606	3,371
iii	Training and development and other day-to-day expenses	16,000	19,899	17,368
iv	Postal and telecommunications services	11,100	9,928	10,535
v	Office equipment and external IT services	49,950	46,503	52,623
vi	Office premises expenses	5,950	6,882	7,021
vii	Consultancy services and value for money and policy reviews	45	43	25
viii	Motor vehicles and equipment maintenance	2,000	2,481	3,526
ix	Law charges, fees and rewards	13,600	9,868	10,437
x	Compensation and losses	481	429	437
xi	<i>EU Presidency</i>	—	—	155
		385,729	385,294	393,062

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Pay		285,655	287,564
Non pay		99,639	105,498
Gross expenditure		385,294	393,062
<i>Deduct</i>			
Appropriations-in-aid		78,061	78,637
Net expenditure		307,233	314,425
 Changes in capital assets			
Purchases cash	(5,556)		
Depreciation	16,185		
Disposals cash	12		
(Gain) on disposals	(6)		
		10,635	9,740
 Changes in assets under development			
Cash payments		(8,127)	(13,392)
 Changes in net current assets			
(Decrease) in closing accruals	(1,124)		
Decrease in stock	24		
		(1,100)	7,038
Direct expenditure		308,641	317,811
 Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		83,963	72,533
Notional rents (non cash)		9,220	10,993
Net programme cost		401,824	401,337

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	66,650	55,194
Vote 13 Office of Public Works	19,154	20,191
Vote 24 Justice and Equality	1,045	—
	86,849	75,385
Services rendered by Revenue without charge ^a	e (2,886)	(2,852)
	83,963	72,533

^a In addition to services rendered without charge to other Votes (€2.89 million), services to the value of approximately €831,000 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 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	62,683	62,512
Capital assets under development	2.3	1,625	4,282
		64,308	66,794
Current assets			
Bank and cash	2.4	5,539	10,297
Stocks	2.5	1,518	1,542
Prepayments		7,047	6,991
Accrued income		2,658	1,946
Other debit balances	2.6	5,462	1,026
Total current assets		22,224	21,802
Less current liabilities			
Accrued expenses		3,855	4,194
Deferred income		81	80
Other credit balances	2.7	10,552	11,183
Net liability to the Exchequer	2.8	449	140
Total current liabilities		14,937	15,597
Net current assets		7,287	6,205
Net assets		71,595	72,999
Represented by:			
State funding account	2.1	71,595	72,999

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		72,999	76,385
Disbursements from the Vote			
Estimate provision	Account	320,463	
Surplus to be surrendered	Account	(13,230)	
Net vote		307,233	314,425
Expenditure (cash) borne elsewhere	1	83,963	72,533
Non cash expenditure – notional rent	1	9,220	10,993
Other non-cash items – seized vehicles		4	—
Net programme cost	1	(401,824)	(401,337)
Balance at 31 December		71,595	72,999

2.2 Capital Assets

	Vehicles and equipment €000	Office/IT equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	13,489	392,488	55,200	461,177
Additions	604	13,926	1,838	16,368
Disposals	(314)	(2,022)	(22)	(2,358)
Cost or valuation at 31 December 2014	13,779	404,392	57,016	475,187
Accumulated depreciation				
Opening balance at 1 January 2014	10,701	338,029	49,935	398,665
Depreciation for the year	540	14,440	1,205	16,185
Depreciation on disposals	(308)	(2,020)	(18)	(2,346)
Cumulative depreciation at 31 December 2014	10,933	350,449	51,122	412,504
Net assets at 31 December 2014	2,846	53,943	5,894	62,683
Net assets at 31 December 2013	2,788	54,459	5,265	62,512

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2014	4,282
Cash payments for the year	8,127
Transferred to asset register	(10,784)
Amounts carried forward at 31 December 2014	1,625

2.4 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balances and cash	5,611	10,376 ^a
Commercial bank account balances	8	1 ^a
Orders outstanding	(80)	(80)
	5,539	10,297

^a Prior year presentation adjusted to allow comparison.

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery and small stores	593	705
IT consumables	477	420
Equipment/clothing/miscellaneous	448	417
	<u>1,518</u>	<u>1,542</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Shared buildings advances	211	181
Advances for travel and subsistence purposes	6	11
Advances to OPW for building works etc.	291	564
Miscellaneous suspense	775	170
Vote 10 Appeal Commissioners	114	100
Payroll suspense	4,065	—
	<u>5,462</u>	<u>1,026</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to/(from) the State		
Income Tax	4,086	4,112
Pay Related Social Insurance	1,480	1,439
Professional Services Withholding Tax	457	1,124
Value Added Tax	275	467
Relevant Contracts Tax	(3)	—
Local Property Tax	53	36
Pension contributions	683	569
Extra exchequer receipts	410	366
	<u>7,441</u>	<u>8,113</u>
Payroll deductions held in suspense	2,868	2,854
Recoupable expenditure in advance	187	201
Other credit suspense items	56	15
	<u>10,552</u>	<u>11,183</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	13,230	8,280
Exchequer grant undrawn	(12,781)	(8,140)
Net liability to the Exchequer	<u>449</u>	<u>140</u>

Represented by:**Debtors**

Bank and cash	5,539	10,297
Other debit balances	<u>5,462</u>	<u>1,026</u>
	11,001	11,323

Creditors

Due to State	(7,441)	(8,113)
Other credit balances	<u>(3,111)</u>	<u>(3,070)</u>
	(10,552)	(11,183)

	<u>449</u>	<u>140</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

Procurement subheads	6,311	963

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014

Description	€000	Explanation
Multi-annual facilities contracts	4,625	Increased contractual commitments arising from renewed contracts which run until 2018.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Administration and collection of taxes, duties and frontier management			
A.1	Administration – pay	283,103	285,655	287,592
A.2	Administration – non pay	102,626	99,639	105,470
A.3	Disabled Drivers and Disabled Passengers Grant Scheme	7,700	—	—
		<u>393,429</u>	<u>385,294</u>	<u>393,062</u>

Explanation of significant variations

An explanation is provided in the case of each expenditure subhead where the outturn varied from the amount estimated by more than €100,000, and by more than 25%.

Description	Less/(more) than provided €000	Explanation
Disabled Drivers and Disabled Passengers Grant Scheme	7,700	This scheme did not proceed in 2014 as it required the resolution of significant legal matters before implementation.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated €000	Realised €000	Realised €000
1. Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2. Fines, forfeitures, law costs recovered	4,000	3,664	3,598
3. Cherished numbers	58	131	93
4. Receipts in respect of Environmental Levy collection	400	399	399
5. Share of SASP collection cost (Single Authorisation for Simplified Procedures)	13,000	18,204	17,850
6. Miscellaneous	2,124	2,545	2,754
7. Receipts from pension-related deductions on public service receipts in respect of civil service staff	15,947	15,681	16,506
Total	72,966	78,061	78,637

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
Fines, forfeitures, law costs recovered	336	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
Share of SASP collection costs	(5,204)	This represents the collection costs in respect of Custom duties. Forecasting the duties payable is difficult as it relates to levels of economic activity in other member states.
Miscellaneous	(420)	Increase due to first full year impact of VRT Export Repayment scheme.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	366	137
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994.	844	515
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers.	667	601
Bank interest	55	30
Receipts from voluntary surrender of salary under Section 483 of the Taxes Consolidation Act 1997.	14	15
Transferred to Exchequer	(1,536)	(932)
Balance at 31 December	410	366

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	5,787	5,868
	2014	2013
	€000	€000
Pay	265,409	265,521
Higher, special or additional duties allowance	3,851	3,887
Overtime	3,194	5,383
Employer's PRSI	13,201	12,801
Total pay	285,655	287,592

The number of staff at year end 2014 includes 140 temporary Clerical Officers (2013:113) engaged in the administration of Local Property Tax.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	161	12	17,602	19,568
Overtime and extra attendance	1,817	103	26,870	27,348
Shift and roster allowances	175	26	22,015	22,756
Miscellaneous	77	1	10,232	11,305

Certain individuals received extra remuneration in more than one category.

5.2 Performance Awards

A total of €81,167 was spent on Staff Recognition Schemes i.e. 1,395 individual awards, ranging from €25 to €400.

5.3 Other Remuneration Arrangements

The cost of Revenue staff on secondment to other departments/agencies without recoupment was €447,241 (2013: €385,719).

A total of €51,150 was paid in 2014 to 23 members of staff in respect of duties carried out during the Irish Presidency of the EU in 2013 (Ref.Circ.DPE071/17/13).

5.4 Overpayments arising due to delays in salary instructions	2014	2013
	€	€
Balance at 1 January	259,680	297,814
Overpayments in year	788,373	78,924
Recoupments	(265,880)	(117,058)
Balance at 31 December	<u>782,173</u>	<u>259,680</u>

The number of overpayments outstanding at 31 December 2014 was 555 (2013: 154)

6 Miscellaneous

6.1 Write-off

The following sums were written off in the year.

	2014	2013
	€000	€000
Obsolete stock	42	12
Suspense account balance re: imprests	—	6

6.2 EU Funding

Four grants totalling €147,511 were received from the European Anti-fraud Office towards the purchase of a detector dog, surveillance equipment, mobile x-ray inspection van and x-ray equipment.

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

	2014	2013
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	5,447	5,348
Counsel fees	1,820	1,796
Other fees and costs:		
Bankruptcy/liquidation costs	1,978	1,698
Court fees	2	988
Miscellaneous costs and rewards	621	607
	<u>9,868</u>	<u>10,437</u>

6.4 Compensation Costs (subhead A (x))

	2014	2013
	€000	€000
Compensation costs	429	437

Compensation of €286,641 (2013: €255,317) was paid in respect of legal action taken by members of the public.

A total of €135,569 (2013: €179,715) was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

6.5 Contingent Liability

Revenue has contingent liabilities of €2.1 million (2013: €1.7 million).



Appropriation Account 2014

Vote 10

Office of the Appeal Commissioners

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 2014 for the salaries and expenses of the Office of the Appeal Commissioners.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €61,972 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.

Financial control environment

The Office of the Appeal Commissioners depends to a significant degree on the controls operated by the Revenue Commissioners which provides a payment function and an accounting service to this Office.

I confirm that a signed service level agreement is in place between this Office and the Office of the Revenue Commissioners which sets out both parties' responsibilities for all administrative and accounting procedures.

The Office of the Appeal Commissioners does not have an Audit Committee and the agreement between the Office and the Revenue Commissioners does not provide for access to the Revenue Commissioners' Audit Committee by the Office. However, if I required access, I understand I would be 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 systems
- 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 risk management system in the Revenue Commissioners does not extend to the Office of the Appeal Commissioners and the Office does not have a separate risk management system or maintain a risk register.

Internal Audit

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

In 2014, this Office did not consult with or seek the advice of Revenue's internal audit function.

John O'Callaghan

Accounting Officer

Office of the Appeal Commissioners

30 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Office of the Appeal Commissioners

I have audited the appropriation account for Vote 10 Office of the Appeal Commissioners for the year ended 31 December 2014 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 10 Office of the Appeal Commissioners for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

5 August 2015

Vote 10 Office of the Appeal Commissioners

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing tax appeals	509	445	443
	Gross expenditure	509	445	443
<i>Deduct</i>				
B	Appropriations-in-aid	32	30	32
	Net expenditure	477	415	411

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	61,972	30,510

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	440	378	390
ii	Travel and subsistence	19	19	30
iii	Training and development and incidental expenses	28	25	14
iv	Postal and telecommunications services	10	5	6
v	Office equipment and external IT services	10	17	2
vi	Office premises expenses	2	1	1
		509	445	443

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	378	390
Non pay	67	53
Gross expenditure	445	443
<i>Deduct</i>		
Appropriations-in-aid	30	32
Net expenditure	415	411
Changes in capital assets		
Purchases cash	(4)	
Depreciation	7	
	3	6
Changes in net current assets		
Decrease in closing accruals	(3)	
	(3)	(9)
Direct expenditure	415	408
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	249	248
Net programme cost	664	656

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.

	2014	2013
	€000	€000
Vote 13 Office of Public Works	249	248
	249	248

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	16	19
Current Assets			
Paymaster General account balance		104	102
Prepayments		8	4
Payroll suspense		6	—
Net Exchequer funding due	2.3	4	(2)
Total current assets		122	104
Less current liabilities			
Accrued expenses		2	1
Vote 9 Office of the Revenue Commissioners		114	100
Total current liabilities		116	101
Net current assets/(liabilities)		6	3
Net assets		22	22
Represented by:			
State funding account	2.1	22	22

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		22	19
Disbursements from the Vote			
Estimate provision	Account	477	
Surplus to be surrendered	Account	(62)	
Net vote		415	411
Expenditure (cash) borne elsewhere	1	249	248
Net programme cost	1	(664)	(656)
Balance at 31 December		22	22

2.2 Capital Assets

	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	63	26	89
Additions	—	4	4
Cost or valuation at 31 December 2014	63	30	93
Accumulated depreciation			
Opening balance at 1 January 2014	47	23	70
Depreciation for the year	5	2	7
Cumulative depreciation at 31 December 2014	52	25	77
Net assets at 31 December 2014	11	5	16
Net assets at 31 December 2013	16	3	19

**2.3 Net Exchequer Funding Due
at 31 December**

	2014 €000	2013 €000
Surplus to be surrendered	62	31
Exchequer grant undrawn	(66)	(29)
Net Exchequer funding due	(4)	2

Represented by:**Debtors**

Paymaster General account balance	104	102
Payroll suspense	6	—
	110	102

Creditors

Vote 9 Revenue Commissioners	(114)	(100)
	(4)	2

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Facilitation of hearing of tax appeals			
A.1	Administration - pay	440	378	390
A.2	Administration - non pay	69	67	53
		509	445	443

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	32	30	32
		32	30	32

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	4	4
	2014	2013
	€000	€000
Pay	365	377
Allowances and overtime	—	—
Employer's PRSI	13	13
Total Pay	378	390



Appropriation Account 2014

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 2014 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 and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.8 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) and the Department of Public Expenditure and Reform (Vote 11) share stocks and, in general, the usage of capital assets.

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 and Vote 11, 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, 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 purchased certain assets in 2012, 2013 and 2014 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 with the exception of four contracts to the value of €414,648. A contract of €40,000 was awarded urgently following the recommendations of the Quigley report and involved a focused review of PeoplePoint. A further three contracts related to the provision of IT services for a total value of €374,648, these were continued beyond the term outlined in the original request for tender for operational reasons. The Department is taking steps, where possible, to redress the position in 2015.

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

20 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

28 August 2015

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2014

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Public expenditure and sectoral policy	18,361	17,037	19,102
B Public service management and reform	21,537	19,765	19,390
Gross expenditure	39,898	36,802	38,492
<i>Deduct</i>			
C Appropriations-in-aid	4,000	4,748	5,777
Net expenditure	35,898	32,054	32,715

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	3,844,458	3,648,761

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,063	17,597	18,113
ii	Travel and subsistence	163	181	192
iii	Training and development and incidental expenses	566	652	505
iv	Postal and telecommunications services	340	233	292
v	Office equipment and external IT services	585	713	1,081
vi	Office premises expenses	368	359	367
vii	Consultancy and other services	50	49	31
viii	<i>EU Presidency^a</i>	—	—	383
		21,135	19,784	20,964

^a The EU Presidency figure for 2013 includes salaries amounting to €214,135.

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	17,018	17,529
Pay	17,597	18,326
Non pay	2,187	2,637
Gross expenditure	36,802	38,492
<i>Deduct</i>		
Appropriations-in-aid	4,748	5,777
Net expenditure	32,054	32,715
Changes in capital assets		
Purchases cash	(587)	
Depreciation	443	
	(144)	240
Changes in assets under development		
Cash payments	(48)	—
Changes in net current assets		
Increase in closing accruals	(49)	
Increase in stock	9	
	(40)	334
Direct expenditure	31,822	33,289
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,855	2,250
Notional rents	1,891	1,452
Net programme cost	35,568	36,991

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.

	2014	2013
	€000	€000
Vote 7 Finance	e 233	239
Vote 9 Office of the Revenue Commissioners	e 94	150
Vote 12 Superannuation and Retired Allowances	e 582	395
Vote 13 Office of Public Works	931	1,466
Vote 18 Shared Services	e 15	—
	1,855	2,250

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	1,423	880
Current assets			
Bank and cash		303	1,414
Stocks	2.4	14	23
Prepayments		632	553
Other debit balances	2.5	545	167
Total current assets		1,494	2,157
Less current liabilities			
Accrued expenses		241	211
Other credit balances	2.6	702	942
Net liability to the Exchequer	2.7	146	639
Total current liabilities		1,089	1,792
Net current assets		405	365
Net assets		1,828	1,245
Represented by:			
State funding account	2.1	1,828	1,245

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,245	2,468
Disbursements from the Vote			
Estimate provision	Account	35,898	
Surplus to be surrendered	Account	(3,844)	
Net vote		32,054	32,715
Expenditure (cash) borne elsewhere	1	1,855	2,250
Non cash items- capital assets ^a		512	77
Non cash items – depreciation ^a		(161)	(104)
Non cash expenditure – notional rent	1	1,891	1,452
Non cash items – transfer of assets to Shared Services		—	(622)
Net programme cost	1	(35,568)	(36,991)
Balance at 31 December		1,828	1,245

^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 €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	25,635	2	2	25,639
Additions	1,142	4	1	1,147
Cost or valuation at 31 December 2014	26,777	6	3	26,786
Accumulated depreciation				
Opening balance at 1 January 2014	24,758	—	1	24,759
Depreciation for the year	602	1	1	604
Cumulative depreciation at 31 December 2014	25,360	1	2	25,363
Net assets at 31 December 2014	1,417	5	1	1,423
Net assets at 31 December 2013	877	2	1	880

2.3 Capital Assets under Development

	In house computer applications	
at 31 December	2014 €000	2013 €000
Opening balance at 1 January	—	—
Cash payments for the year	48	—
Transferred to asset register	(48)	—
Amounts carried forward at 31 December 2014	—	—

2.4 Stocks

at 31 December	2014 €000	2013 €000
Stationery	10	13
IT consumables	4	10
	14	23

2.5 Other Debit Balances

at 31 December	2014 €000	2013 €000
Recoupable travel expenditure	13	39
Travel imprests	—	3
Recoupable travel pass scheme expenditure	111	105
Recoupable salaries	9	—
Other debit suspense items	412	20
	545	167

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	283	288
Pay Related Social Insurance	112	114
Professional Services Withholding Tax	54	78
Value Added Tax	28	23
Pension contributions	43	43
Local Property Tax	2	2
Universal Social Charge	85	87
	607	635
Recoupable salaries	—	86
Payroll deductions held in suspense	94	94
Other credit suspense items	1	127
	702	942

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	3,844	3,649
Exchequer grant undrawn	(3,698)	(3,010)
Net liability to the Exchequer	146	639

Represented by:**Debtors**

Bank and cash	303	1,414
Debit balances: suspense	545	167
	848	1,581

Creditors

Due to State	(607)	(635)
Recoupable salaries	—	(86)
Credit balances: suspense	(95)	(221)
	(702)	(942)
	146	639

2.8 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	168	320

2.9 Matured Liabilities	2014	2013
at 31 December	€000	€000

Estimates of matured liabilities not discharged at year end	4	—

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Public Expenditure and Sectoral Policy			
A.1	Administration - pay	7,627	7,036	7,441
A.2	Administration - non pay	807	793	1,180
A.3	Economic and Social Research Institute-administration and general expenses (grant-in-aid)	2,600	2,600	2,700
A.4	Structural funds technical assistance and other costs	968	847	808
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	814	667
A.6	Peace Programme/ Northern Ireland INTERREG	3,300	2,832	3,558
A.7	Special EU Programmes Body	1,164	1,075	1,164
A.8	Ireland/ Wales and transnational INTERREG	363	418	379
A.9	Consultancy and other services	330	613	597
A.10	Office of the National Lottery Regulator	552	9	—
	<i>Procurement management reform</i>	—	—	608
		18,361	17,037	19,102

Significant variations

Overall, the expenditure in relation to programme A was €1.3 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	591	Variance arose as a number of anticipated recruitments did not occur or occurred later in the year. Furthermore, the number of retirements and career breaks was higher than expected.
Structural funds technical assistance and other costs	121	Variance arose as a project on electronic data exchange did not proceed as anticipated
Office of the National Lottery Regulator	543	Variance arose as the Regulator was not appointed until late in the year and minimal costs were incurred.
Peace Programme/ Northern Ireland INTERREG	468	Variance arose as expenditure was below target across a range of Peace/INTERREG projects.

These savings were offset in part by the following overspend:

Consultancy and other services	(283)	A variance arose primarily because the final milestone on the National Lottery contract was not achieved in 2013 and, therefore, the final payment was made in 2014.
Technical assistance costs of Regional Assemblies (grant-in-aid)	(164)	Additional costs arose as work allocated to the Regional Assemblies on the development of the 2014-2020 Partnership Agreement was more extensive than was anticipated.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Public Service Management and Reform			
B.1	Administration - pay	11,436	10,561	10,885
B.2	Administration - non pay	1,265	1,393	1,457
B.3	Institute of Public Administration (grant-in-aid)	2,750	2,750	2,750
B.4	Civil service arbitration and appeals procedure	42	27	32
B.5	Consultancy and other services	100	102	70
B.6	Office of the Government Chief Information Officer	2,675	2,834	1,568
B.7	Reform agenda	1,803	711	1,208
B.8	Employee Assistance Officer shared service	1,307	1,268	1,276
B.9	Statute law revision programme	159	119	144
		21,537	19,765	19,390

Significant variations

Overall, the expenditure in relation to Programme B was €1.8 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	875	Variance arose as a number of anticipated recruitments did not occur or occurred later in the year. Furthermore, the number of retirements and career breaks was higher than expected.
Office of the Government Chief Information Officer	(159)	Variance arose as additional costs were identified mid-year in respect of work required on IT, database, disaster recovery infrastructure and telecommunications upgrades.
Reform agenda	1,092	Variance arose as anticipated costs did not materialise in a number of reform projects including Irish Nonprofits Project (INKEx), and the Learning and Development Shared Service. Furthermore, an anticipated recruitment of a project manager in respect of the single pension scheme did not take place.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. EU programmes	1,300	2,336	2,598
2. Pension cashflow surpluses	600	252	651
3. Miscellaneous	50	97	63
4. Receipts from pension-related deduction on public service remuneration	2,050	2,063	2,465
Total	4,000	4,748	5,777

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
EU programmes	(1,036)	A number of factors impact on the level of recoupments, including the actual drawdown of grants by the receiving organisations and the EU's approval process. As a funding calendar reaches a conclusion, the reimbursement process is further complicated by the final closure of funding. 2014 represented the start of the closure for the 2007-2013 funding period and reimbursements were received earlier than anticipated in the Estimates.
Pension cashflow surpluses	348	Receipts are driven by net pension cashflows from the relevant agencies. The variance arises primarily because of the impact of lump sum payments on retirement, which was significantly higher than anticipated in the Estimates. Staffing turnover has caused a reduction in receipts under this subhead due to the lower cashflow from replacements joining the new single pension scheme compared to those exiting from the defined benefit scheme.

4.2 Extra receipts payable to the Exchequer	2014 €000	2013 €000
Balance at 1 January	—	—
Receipt in respect of prior year secondment recouped	46	—
Closure of suspense account no longer in operation	32	—
Transferred to Exchequer	(78)	—
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	314	301
	2014	2013
	€000	€000
Pay ^a	19,372	20,644
Higher, special or additional duties allowance	204	228
Redundancy	6	33
Other allowances	53	34
Overtime	47	58
Employer's PRSI	1,003	991
Total pay	20,685	21,988

^a The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, B.1, B.6 and B.7. and includes salary overpayments of €4,450, arising from administrative delays which are in the process of recoupment. Despite an increase in number of staff at year end compared to 2013, there was a decrease in pay as savings achieved under the Haddington Road Agreement applied to full year as opposed to half year in 2013.

Staff numbers exclude agency staff, but the pay figure represents all pay incurred by the Department.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	31	6	19,869	22,822
Other allowances	26	—	8,011	7,485
Overtime	18	1	11,071	12,814

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €149,157 in respect of two officers who were serving outside the Department for all or part of 2014 and whose salary was paid by the Department.

Under the terms of the AHCPs 1% PCW restructuring agreement, 25 officers received a total of €42,693 in respect of PCW/seniority allowances.

The pay figure includes €80,612 paid to 11 teachers who were formerly employed as language teachers within the Civil Service. The payment was a result of an adjudication in favour of a loss of earnings claim brought by these individuals following the reduction in the provision of language services for civil servants in 2008 and the formal withdrawing of such services following the teaching year 2011-12.

6 Miscellaneous

6.1 EU Funding

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

Heading	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	758	636	602
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	814	667
A.6	Peace Programme/Northern Ireland INTERREG	3,300	2,832	3,558
		<u>4,708</u>	<u>4,282</u>	<u>4,827</u>

6.2 Committees and Commissions

	Year of appointment	2014	2013	Cumulative expenditure to 31 December 2014
		€000	€000	€000
Civil Service Arbitration Board	1950/51	10	16	968
		<u>10</u>	<u>16</u>	<u>968</u>

6.3 Late Payment Interest

	2014	2013
	€000	€000
Total of interest payments	18	5

6.4 Contingent Liabilities

The Department is engaged in negotiations with the organisation that provides pre-retirement courses – work which was undertaken within the Department until 2014 – to determine the costs due for the courses delivered.

7 Contingency Fund

	2014	2013
	€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 by a grant-in-aid voted 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 2014

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 2014 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 Board; miscellaneous payments, etc.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €16.06 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.

Reclassification of figures

The 2014 accounts were prepared based on circular 17/2014 issued by the Department of Public Expenditure and Reform which specified the commercial bank account be identified separately in the accounts. This resulted in some of the 2013 comparative figures being reclassified.

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.

The statement on internal financial control for the Department of Finance is also relevant given that it makes superannuation payments on an agency basis for Vote 12.

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 guideline. The Department complied with the 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 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

23 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2014

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Superannuation and retired allowances			
	<i>Original</i>	444,800		
	<i>Supplementary</i>	33,000		
			477,800	427,704
	Gross expenditure			
	<i>Original</i>	444,800		
	<i>Supplementary</i>	33,000		
			477,800	427,704
	<i>Deduct</i>			
B	Appropriations-in-aid			
	<i>Original</i>	82,250		
	<i>Supplementary</i>	10,750		
			93,000	89,224
	Net expenditure			
	<i>Original</i>	362,550		
	<i>Supplementary</i>	22,250		
			384,800	338,480

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	16,061,215	46,119,612

Notes to the Appropriation Account

1 Operating Cost Statement 2014

This note is not applicable as the administration costs of this Vote are borne by Vote 7 - Office of the Minister for Finance and the costs involved in formulation of superannuation policy are borne by Vote 11 - Office of the Minister for Public Expenditure and Reform.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Current Assets			
Net Exchequer funding due	2.5	72	(30,670)
Other debit balances	2.3	22,620	44
Total current assets		22,692	(30,626)
Less current liabilities			
Other credit balances	2.4	8,590	4,765
Bank and cash	2.2	14,102	(35,391)
Total current liabilities		22,692	(30,626)
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—
2.1 State Funding Account			
	Note	2014 €000	2013 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	384,800	
Surplus to be surrendered	Account	(16,061)	
Net vote		368,739	338,480
Net programme cost		(368,739)	(338,480)
Balance at 31 December		—	—

2.2 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	(14,327)	5,526
Commercial bank account balance	225	29,896
Orders outstanding	—	(31)
	<u>(14,102)</u>	<u>35,391</u>

2.3 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable pensions owed by other Departments	17	32
Other debit suspense items	22,603	12
	<u>22,620</u>	<u>44</u>

2.4 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	5,051	2,123
Universal Social Charge	1,950	1,014
Local Property Tax	116	60
	<u>7,117</u>	<u>3,197</u>
Voluntary pension deductions held in suspense	13	3
Other credit suspense items	1,460	1,565
	<u>8,590</u>	<u>4,765</u>

2.5 Net Exchequer funding due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	16,061	46,120
Exchequer grant undrawn	(16,133)	(15,450)
Net Exchequer funding due	<u>(72)</u>	<u>30,670</u>

Represented by:**Debtors**

Debit balances: suspense	22,620	44
	<u>22,620</u>	<u>44</u>

Creditors

Bank and cash	(14,102)	35,391
Due to State	(7,117)	(3,197)
Credit balances: suspense	(1,473)	(1,568)
	<u>(22,692)</u>	<u>30,626</u>
	<u>(72)</u>	<u>30,670</u>

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Superannuation and Retired Allowances			
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances			
	<i>Original</i>	325,000		
	<i>Supplementary</i>	316	325,316	323,985
				319,010
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers			
	<i>Original</i>	40,000		
	<i>Supplementary</i>	808	40,808	40,832
				40,990
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers			
	<i>Original</i>	1,000		
	<i>Supplementary</i>	(150)	850	772
				911
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service			
	<i>Original</i>	58,180		
	<i>Supplementary</i>	29,203	87,383	83,328
				46,380
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			
	<i>Original</i>	20,000		
	<i>Supplementary</i>	2,929	22,929	24,506
				19,954
A.6	Injury grants and medical fees			
	<i>Original</i>	500		
	<i>Supplementary</i>	(95)	405	339
				350
A.7	Fees to Pensions Board			
	<i>Original</i>	60		
	<i>Supplementary</i>	(6)	54	54
				55
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997			
	<i>Original</i>	5		
	<i>Supplementary</i>	(5)	—	—
				—
A.9	Pension liabilities of former public service bodies payable under statute		55	52
			477,800	473,868
				427,704

Significant variations

Overall, the expenditure in relation to Programme A was €3.93 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Superannuation allowances, compensation allowances, pensions and certain children's allowances	1,331	This subhead is mostly made up of payments to established pensioners. It can be difficult to estimate expenditure from one year to the next as the subhead is impacted by the number of established pensioners joining and leaving the scheme each year as well as the various grades of pensioners that join the scheme.
Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	78	The original budget was decreased to €850,000 in the supplementary estimate due to the number of beneficiaries declining at a greater rate than anticipated.
Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	4,055	For established staff who joined the civil service before 2004, there is a window of 5 years within which they may retire on full pension. Because the lump sum is 1.5 times salary, this subhead is particularly sensitive to both the number of retirees and their respective grades. There is no cost effective way to accurately forecast total numbers retiring in any one year. Numbers retiring in 2014 were almost double the number of retirees in 2013.
Injury grants and medical fees	66	The original budget was decreased to €405,000 in the supplementary estimate as this subhead provides for payments in respect of death or injuries on duty and fees for medical examinations/medical referees. By its nature, it is difficult to predict the cessation of existing payments and the incidence of new payments that will arise on the subhead.

These savings were offset in part by the following overspend:

Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	(1,577)	The original estimate was in line with the previous year's outturn. In 2014, lump sums were €4 million higher than the previous year, and this accounts for almost all of the variation.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
	€000	€000	€000	€000
1. Receipt from the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff				
	<i>Original</i>	30,000		
	<i>Supplementary</i>	(2,000)	28,000	28,000
2. Receipts in respect of pension liability of staff on loan, etc.				
	<i>Original</i>	1,103		
	<i>Supplementary</i>	897	2,000	2,498
3. Contributions to spouses' and children's pension scheme for civil servants and others				
	<i>Original</i>	21,500		
	<i>Supplementary</i>	(2,500)	19,000	20,021
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)				
	<i>Original</i>	25,237		
	<i>Supplementary</i>	1,763	27,000	28,455
5. Repayment of gratuities, etc.				
	<i>Original</i>	1,103		
	<i>Supplementary</i>	(103)	1,000	1,312
6. Purchase of notional service				
	<i>Original</i>	3,197		
	<i>Supplementary</i>	(197)	3,000	5,484
7. Miscellaneous				
	<i>Original</i>	110		
	<i>Supplementary</i>	12,890	13,000	19,359
Total			93,000	105,129
				89,224

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 in respect of pension liability of staff on loan, etc.	(498)	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	(1,021)	Contributions to Spouses' and Children's pension scheme for Civil Servants and others will vary according to the staff changes across the service and therefore are difficult to predict.
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(1,455)	The number paying the full pension contributions exceeded estimate.
Repayment of gratuities, etc.	(312)	It is difficult to predict the number of gratuities that will be repaid.
Purchase of notional service	(2,484)	Purchase of notional service is at the discretion of officers and therefore it is difficult to predict the number who will purchase service.
Miscellaneous	(6,359)	This is mainly because of higher than expected receipts, principally arising from pension contributions relating to the Single Public Service Pension Scheme.

5 Employee Numbers and Pay

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 7 - Office of the Minister for Finance and 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.

	2014	2013
A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances	13,633	12,806
A.2 Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,781	2,756
A.3 Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	37	61
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	4,674	4,688
A.9 Pension liabilities of former public service bodies payable under statute	3	3
	21,128	20,314

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	8,676	214
FÁS/Solas pensions	1,572	30.5

The amounts are charged to the following Vote:
Department of Education and Skills (Vote 26)

An amount of €10.187 million was due to be reimbursed to the Department at 31 December 2014 in relation to these agency arrangements. This value was reimbursed in January 2015.

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 2014, in the case of two retired civil servants, fees were determined with reference to their former salary in the amount of €10,695.



Appropriation Account 2014

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 2014 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 granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €364,690 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 the national procurement service was transferred to Vote 41 Office of Government Procurement with effect from 1 January 2014.

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 have followed the 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 Valuation - Professional Standards January 2014. 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 on the 'existing use' basis are applied to land and buildings where market comparisons are available. For a large part of the portfolio, estimates are based on current building cost norms and notional site values. Prestige properties have been valued using the replacement cost valuation method. Properties purchased since 1 January 1995 and properties constructed since 1 January 1997 are initially valued at cost. National historic properties and national monuments are not included in the valuation.

(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.

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 Service 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.

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 five contracts to the value of €358,000 which were listed in my annual return in respect of Circular 40/2002. Service continued to be provided beyond the original contract end-date without competitive procurement. In three cases, the tender competitions are complete and the remaining two are in train.

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.

Clare McGrath

Accounting Officer
Office of Public Works

31 March 2015

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 2014 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 13 Office of Public Works for the year ended 31 December 2014.

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

Reporting on matters arising from audit

Chapter 8 of my report on the accounts of the public services for 2014 refers to certain matters relating to Vote 13 Office of Public Works.

Seamus McCarthy
Comptroller and Auditor General

22 September 2015

Vote 13 Office of Public Works

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Flood Risk Management	69,420	69,647	70,788
B	Estate Portfolio Management	311,752	311,361	323,635
	<i>National Procurement Service</i>	—	—	4,782
Gross expenditure		381,172	381,008	399,205
<i>Deduct</i>				
C	Appropriations-in-aid	27,026	27,227	26,041
Net expenditure		354,146	353,781	373,164

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	364,690	880,000

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	30,742	31,467	34,064
ii	Travel and subsistence	1,311	1,382	1,463
iii	Training and development and incidental expenses	637	597	667
iv	Postal and telecommunications services	1,532	1,630	1,607
v	Office equipment and external IT services	2,231	2,465	3,731
vi	Office premises expenses	1,253	1,265	1,482
vii	Consultancy services and value for money and policy reviews	47	61	13
		37,753	38,867	43,027

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	342,141	356,178
Administration pay	31,467	34,064
Administration non pay	7,400	8,963
Gross expenditure^a	381,008	399,205
<i>Deduct</i>		
Appropriations-in-aid	27,227	26,041
Net expenditure	353,781	373,164
Changes in capital assets		
Purchases cash	(3,740)	
Disposals cash ^b	1,461	
Depreciation	5,411	
Gain on disposals	(132)	
	3,000	(535)
Changes in net current assets		
Decrease in closing accruals	(2,918)	
Increase in stock	(37)	
	(2,955)	(1,478)
Direct expenditure	353,826	371,151
Expenditure on services provided free to other Departments (allied services) ^c	(147,539)	(147,182)
Expenditure on services where OPW acts as client ^d	(103,334)	(114,371)
Direct expenditure (excluding allied services and services where OPW acts as client)	102,953	109,598
Expenditure borne elsewhere		
Vote 12 - Superannuation and Retired Allowances	18,378	18,671
Total operating cost^e	121,331	128,269

- ^a This figure is derived from the gross outturn on Vote 13 only (€381.008 million) whereas the total financial transactions of the OPW during 2014, including direct expenditure incurred by OPW and charged to other Votes, amounted to €507.008 million.
- ^b The disposals cash figure does not include proceeds from the sale of property in 2014, to the value of €1.868 million which was due to the Exchequer (Note 4.2 refers).
- ^c This includes capital expenditure of €28.895 million.
- ^d The direct expenditure figure has been reduced by an amount of €103.334 million which is the net cost of 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, payments for the Convention Centre Dublin). The cost of such works and grants do not form part of the running costs of OPW.
- ^e The operating cost figure does not include an amount for notional income or payments.
 - (i) Notional rents receivable by the OPW on State owned properties are estimated at some €67.1 million. Notional rents payable by OPW are estimated at €3.1 million.
 - (ii) 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 Office of Public Works.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	3,222,162	3,032,898
Capital assets under development	2.3	—	498
		3,222,162	3,033,396
Current assets			
Bank and cash	2.4	27,672	39,984
Stocks	2.5	2,071	2,034
Prepayments		21,075	21,812
Accrued income		1,282	1,083
Other debit balances	2.6	3,558	4,422
Total current assets		55,658	69,335
Less current liabilities			
Accrued expenses		4,464	7,638
Deferred income		39	320
Other credit balances	2.7	30,866	43,526
Net liability to the Exchequer	2.8	364	880
Total current liabilities		35,733	52,364
Net current assets		19,925	16,971
Net assets		3,242,087	3,050,367
Represented by:			
State funding account	2.1	3,242,087	3,050,367
2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January		3,050,367	2,888,931
Disbursements from the Vote			
Estimate provision	Account	354,146	
Surplus to be surrendered	Account	(365)	
Net vote		353,781	373,164
Expenditure (cash) borne elsewhere	1	18,378	18,671
Allied services	1	(147,539)	(147,182)
Client services	1	(103,334)	(114,371)
Total operating cost	1	(121,331)	(128,269)
Adjustments ^a		191,765	159,423
Balance at 31 December		3,242,087	3,050,367

^a Adjustments includes €195 million in respect of land and buildings revaluations (note 2.2).

2.2 Capital Assets

	Land and buildings	Plant and machinery	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2014	3,010,987	42,147	26,583	20,829	3,100,546
Additions	11,209	1,666	821	1,065	14,761
Disposals	(14,645)	(2,209)	(461)	(19)	(17,334)
Revaluations ^a	194,690	—	—	—	194,690
Cost or valuation at 31 December 2014	3,202,241	41,604	26,943	21,875	3,292,663
Accumulated depreciation					
Opening balance at 1 January 2014	—	32,620	21,138	13,890	67,648
Depreciation for the year	—	2,611	1,980	820	5,411
Depreciation on disposals	—	(2,082)	(459)	(17)	(2,558)
Cumulative depreciation at 31 December 2014	—	33,149	22,659	14,693	70,501
Net assets at 31 December 2014	3,202,241	8,455	4,284	7,182	3,222,162
Net assets at 31 December 2013	3,010,987	9,527	5,445	6,939	3,032,898

^a A number of buildings in Dublin were revalued to provide a current market value and some prestige buildings were revalued on a "replacement cost value".

2.3 Capital Assets under Development

at 31 December	Land and buildings
	€000
Amounts brought forward at 1 January 2014	498
Cash payments in year	1,042
Transferred to asset register	(1,540)
Balance at 31 December 2014	—

2.4 Bank and Cash

at 31 December	2014	2013
	€000	€000
Bank balances		
Central Bank	26,151	40,605
Commercial bank	1,513	—
Petty cash	11	12
Orders outstanding	(3)	(633)
	<u>27,672</u>	<u>39,984</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000
Engineering stocks	864	776
Heritage depot stocks	1,067	1,116
Building materials	77	100
Paper and stationery	12	15
Miscellaneous stocks	51	27
	<u>2,071</u>	<u>2,034</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Pension refunds due from the Department of Public Expenditure and Reform	—	2,112
Payroll suspense	1,219	1,264
Rents	1,557	1,046
Schools building account	730	—
Maintenance accounts	52	—
	<u>3,558</u>	<u>4,422</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	—	780
Universal Social Charge	—	328
Pay Related Social Insurance	—	693
Professional Services Withholding Tax	554	692
Value Added Tax	4,860	3,925
Pension contributions	3	215
Local Property Tax	—	6
Receipts from sales of State property	677	186
	<u>6,094</u>	<u>6,825</u>
Sundry works accounts	12,493	23,893
Property management accounts	8,340	6,908
Per cent for art scheme	1,369	2,020
Maintenance accounts	—	299
Furniture services	1,299	1,244
Heritage	820	856
Schools building account	—	511
Payroll deductions held in suspense	276	793
Other credit suspense items	175	177
	<u>30,866</u>	<u>43,526</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	365	880
Exchequer grant undrawn	(1)	—
Net liability to the Exchequer	<u>364</u>	<u>880</u>

Represented by:**Debtors**

Bank and cash	27,672	39,984
Debit balances: suspense	<u>3,558</u>	<u>4,422</u>
	31,230	44,406

Creditors

Due to State	(6,094)	(6,825)
Credit balances: suspense	<u>(24,772)</u>	<u>(36,701)</u>
	(30,866)	(43,526)
	<u>364</u>	<u>880</u>

2.9 Commitments

(a) Global commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	2,111	5,270

There were commitments outstanding at the end of 2014 in respect of rental of leased properties - 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 €94 million in 2015 (2014: €101 million).

(b) Multi-annual capital commitments

The following table details expenditure in 2014 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2014.

	€000
Expenditure in 2014	101,549
Commitments to be met in subsequent years (2015 – 2017)	138,325

(c) Major capital projects

Expenditure was incurred on eleven ongoing major projects during 2014 where the total estimated cost of the individual project will exceed €6.5 million. Particulars of these projects are as follows:

Project	2014			2013
	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years estimate	Project total
	€000	€000	€000	€000
Flood relief schemes				
Mallow North	19,504	205	3,009	22,718
Mallow South	9,951	609	3,453	14,843
Clonmel West	22,680	1,077	1,243	23,810
Clonmel North	15,061	121	3,533	18,715
Fermoy North	7,781	243	1,873	9,897
Fermoy South	15,452	4,190	9,875	28,770
River Dodder (tidal)	12,195	326	3,520	13,000
River Dodder (fluvial scheme)	1,344	1,999	5,682	—
Ennis Lower	10,770	4,074	3,801	16,000
Bray	10,315	4,875	30,810	40,000
Waterford	6,971	4,240	6,789	13,515
	132,024	21,959	73,588	201,268

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Description	Total cost increase €000	Explanation
Clonmel West	1,190	As works reached substantial completion adjustments were required to reflect more up to date estimates of construction and third party compensation claims.
Fermoy South	747	As works reached substantial completion adjustments were required to reflect actual costs and more up to date estimates of construction and third party compensation claims.
River Dodder (tidal)	3,041	Adjustments were required to reflect the most up to date estimated costs of all aspects of the project rather than construction costs alone used in the previous year's figures.
River Dodder (fluvial scheme)	9,025	This is the fluvial section of the River Dodder scheme and has a project budget of €9.03 million. Expenditure in 2013 was in connection with emergency works which have since been incorporated into a wider scheme.

Description	Total cost increase €000	Explanation
Ennis Lower	2,645	As works reached substantial completion adjustments were required to reflect more up to date estimates of construction and third party compensation claims.
Bray	6,000	Due to the termination of the original contract while works were underway, the re-tendering of the works by the local authority resulted in higher estimated costs which are now reflected in the revised project budget.
Waterford	4,485	The overall project budget was revised to take into account additional works to the scheme due primarily to unforeseen ground conditions.

(d) Capital cost of public private partnership project

				2014	2013
	Expenditure to 31 December 2013	Expenditure ^a	Balance still outstanding on capital cost of project at delivery	Total	Total
	€000	€000	€000	€000	€000
Convention Centre Dublin	87,610	24,677	167,941	280,228	286,975

^a Represents expenditure in the current year on repayment of the capital cost of the asset, excluding the cost of PPP financing.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Flood Risk Management			
A.1	Administration - pay	6,644	6,665	6,707
A.2	Administration - non pay	1,927	1,598	2,219
A.3	Purchase of engineering plant and machinery	800	821	982
A.4	Hydrometric and hydrological investigation and monitoring	1,004	1,001	919
A.5	Flood risk management	44,200	43,537	44,913
A.6	Drainage maintenance	14,845	16,025	15,048
		69,420	69,647	70,788

Significant variations

Overall, the expenditure in relation to the Programme A was €227,000 higher than provided. The subhead with the most significant variation is as follows:

Description	Less/(more) than provided €000	Explanation
Drainage maintenance	(1,180)	Additional expenditure was incurred on the repair of OPW flood protection infrastructure following the December 2013 – January 2014 storm damage.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Estate Portfolio Management			
B.1	Administration - pay	24,098	24,802	24,134
B.2	Administration - non pay	5,084	5,802	6,380
B.3	President's household staff (pay)	722	771	809
B.4	Grants for certain refurbishment works	250	250	340
B.5	Purchase of sites and buildings	500	709	10
B.6	New works, alterations and additions	38,450	46,877	48,199
B.7	Property maintenance and supplies	54,355	55,675	54,033
B.8	Rents etc.	100,852	94,302	97,437
B.9	Fuel, electricity and water	1,823	1,721	1,757
B.10	Unitary payments	50,300	43,208	48,346
B.11	Heritage services	35,097	37,075	35,886
B.12	Government publication services	221	169	154
B.13	EU Presidency	—	—	6,150
		311,752	311,361	323,635

Significant variations

Overall, the expenditure in relation to Programme B was €391,000 lower than provided. The subheads with the most significant variations are as follows:

Description	Less/(more) than provided €000	Explanation
Purchase of sites and buildings	(209)	The additional expenditure was incurred on deposits for property acquisitions to be finalised in 2015 and was funded by virement from other savings on the Vote.
New works, alterations and additions	(8,427)	The additional expenditure was incurred on a number of projects and programmes including the mechanical and electrical programme and an additional court settlement payment and was funded by virement from other savings on the Vote.
Rents etc.	6,550	The saving achieved was due to the continued office rationalisation and lease surrender programme.
Fuel, electricity and water	102	The saving resulted from a timing issue where a number of payments were not processed until 2015.
Unitary payments	7,092	The saving on unitary payments for the Convention Centre Dublin resulted from a VAT payment on account of €5.795 million being used to offset liabilities due in 2014.
Heritage services	(1,978)	The excess was due to additional expenditure on guide pay costs and the repair of infrastructure at historic properties caused by storm damage from December 2013 – January 2014.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated €000	Realised €000	Realised €000
1.	Rents, licence fees, etc.	3,646	3,943	4,533
2.	Events and facilities management	1,190	2,068	1,142
3.	Receipts for Government publication services	630	746	696
4.	Recoveries for services carried out on repayment or agency basis	7,725	7,442	7,770
5.	Sales at national monuments and historic properties	470	935	561
6.	Admission charges at national monuments and historic properties	5,600	5,853	5,560
7.	Miscellaneous, including fees, interest and disposals etc	3,700	2,026	1,124
8.	Receipts from pension-related deduction on public service remuneration	4,065	4,214	4,655
Total		27,026	27,227	26,041

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
Rents, licence fees, etc	(297)	The additional receipts arose due to a conservative estimate of mast receipts. These were expected to be lower due to the anticipated closure and sale of properties in 2014 but this did not transpire.
Events and facilities management	(878)	The excess was due to an increase in admission and conference receipts at Dublin Castle and Kilkenny Castle.
Receipts for Government publication services	(116)	The increase in receipts was due to additional revenue from Iris Oifigiúil advertising.
Sales at national monuments and historic properties	(465)	The excess was due to higher than anticipated receipts from concession fees.
Miscellaneous including fees interest and disposals, etc	1,674	Miscellaneous receipts were less than anticipated as the responsibility for the Energy Efficiency National Fund reverted back to the Exchequer in April 2014.

4.2 Extra receipts payable to the Exchequer

Proceeds of €1.868 million from the sale of state property in 2014 were paid to the Exchequer during 2014. This included an opening balance amount of €0.186 million that had been due for payment to the Exchequer at end of 2013. There were no outstanding amounts due for payment to the Exchequer at the end of 2014.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Civil service grades	550	608
OPW specific grades	1,015	1,055
	1,565	1,663
	2014	2013
	€000	€000
Pay	73,142	76,365
Higher, special or additional duties allowance		
Civil service grades	240	267
OPW specific grades	453	520
Overtime		
Civil service grades	111	130
OPW specific grades	2,891	2,992
Extra attendance, shift and roster		
OPW specific grades	2,153	2,282
Employer's PRSI	6,515	6,689
Total pay	85,505	89,245

The total pay figure is inclusive of pay in programme subheads A1, A4, A5, A6, B1, B3, B7, and B11 and includes pay for an additional 490 temporary and seasonal staff in 2014 (2013: 403 additional staff).

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties				
Civil service grades	84	1	11,424	20,613
OPW specific grades	742	1	17,041	18,885
Overtime				
Civil service grades	27	1	12,022	16,744
OPW specific grades	831	80	27,084	38,690
Extra attendance, shift and roster				
OPW specific grades	720	17	15,452	17,764

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

One retired civil servant in receipt of a civil service pension was re-employed and paid directly by OPW at a total cost of €18,900.

5.3 Overpayments

The amount of overpayments arising in 2014 was €48,529 in relation to 47 individual cases. Of this €13,719 has been recouped.

6 Miscellaneous

6.1 Affordable Housing Initiative

Payments totalling €4,669,377 were made by the Office of Public Works to the Housing and Sustainable Communities Agency following a High Court judgement in respect of a land-swap arrangement with Durkan New Homes under the affordable housing initiative (D/PER sanctions 2014).

6.2 Compensation Payments

	2014	2013
	€000	€000
Legal fees	—	91
Compensation costs	769	252
	<u>769</u>	<u>343</u>

6.3 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 OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2014 was €126 million of which the main area of expenditure were major capital works (€76 million), schools programme (€19 million), maintenance works (€3 million), leasing of accommodation (€14 million), local loans (€4.8 million) and property management (€7 million).

The Office also performs specific roles not attracting OPW voted funds 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, the sourcing, assessment, acquisition and construction of sites for primary schools, procurement issues related to specific projects and art management within the State portfolio.

6.4 Interest and Compensation

Penalty interest and compensation payments amounting to €18,106 were made by OPW in 2014 under the Prompt Payment of Accounts Act 1997, in respect of late payments (€6,134 in 2013). The total value of payments made by OPW in 2014 amounted to €445 million and the total number of reckonable payments were 65,709.

6.5 Contingent Liability

The Office 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.

6.6 Services supplied to Departments and Offices 2014 (Subhead B8 Rents etc.)

Departments, etc	2014	2014	2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Houses of the Oireachtas	1,167	1,040	1,128
Taoiseach	178	61	171
Attorney General	130	82	125
Central Statistics Office	715	663	690
Director of Public Prosecutions	1,872	1,344	1,809
Chief State Solicitor's Office	799	736	772
Finance	901	97	871
Comptroller and Auditor General	673	650	650
Revenue Commissioners	17,411	16,393	16,821
Public Expenditure and Reform	570	1,084	551
Office of Public Works	3,238	4,180	3,129
Valuation Office	853	729	824
Public Appointments Service	2,028	1,966	1,959
Shared Services	—	545	—
Ombudsman	1,145	1,088	1,106
Garda Síochána	8,554	8,153	8,264
Prisons	127	142	123
Courts Service	776	658	750
Property Registration Authority	164	265	159
Justice and Equality	12,283	10,857	11,867
Environment, Community and Local Government	510	724	493
Education and Skills	4,110	3,555	3,970
Foreign Affairs and Trade	5,037	4,161	4,866
Communications, Energy and Natural Resources	4,135	3,554	3,995
Agriculture, Food and the Marine	3,308	2,444	3,196
Transport, Tourism and Sport	4,083	3,833	3,945
Jobs, Enterprise and Innovation	6,476	5,695	6,256
Arts, Heritage and the Gaeltacht	1,490	1,837	1,440
National Gallery	110	110	107
Defence	421	321	407
Social Protection	13,781	13,451	13,315
Health	1,429	1,311	1,381
Health Services Executive	105	99	101
Children and Youth Affairs	2,273	2,175	2,196
Office of Government Procurement	—	299	—
Total	100,852	94,302	97,437



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €568,343 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 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 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 payroll shared services to the Laboratory.

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 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 one contract to the value of €59,299 which was listed in my annual return in respect of Circular 40/2002. The reason for this exception is that this supplier is the sole European agent for specialist consumables for a particular laboratory instrument.

Internal Audit

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

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

24 April 2015

Vote 14 State Laboratory

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	8,647	8,312	8,489
	Gross expenditure	8,647	8,312	8,489
	<i>Deduct</i>			
B	Appropriations-in-aid	852	1,085	944
	Net expenditure	7,795	7,227	7,545

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	568,343	574,375

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,047	4,819	4,805
ii	Travel and subsistence	35	26	20
iii	Training and development and incidental expenses	229	228	220
iv	Postal and telecommunications services	75	60	63
v	Office equipment and external IT services	1,665	1,794	1,979
vi	Office premises expenses	1,582	1,372	1,388
vii	Consultancy services and value for money and policy reviews	14	13	14
		8,647	8,312	8,489

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Pay		4,819	4,805
Non pay		3,493	3,684
Gross expenditure		8,312	8,489
<i>Deduct</i>			
Appropriations-in-aid		1,085	944
Net expenditure		7,227	7,545
 Changes in capital assets			
Purchases cash	(496)		
Depreciation	686		
		190	(23)
 Changes in net current assets			
Increase in closing accruals	(26)		
Decrease in stock	7		
		(19)	63
Direct expenditure		7,398	7,585
Net allied services expenditure (note 1.1)		893	754
Notional rents		1,302	1,344
Net programme cost		9,593	9,683

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.

		2014	2013
		€000	€000
Vote 7 Finance	e	16	23
Vote 12 Superannuation and Retired Allowances	e	873	731
Vote 18 Shared Services	e	4	—
		893	754

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	1,111	1,301
Current assets			
Bank and cash	2.3	72	74
Stocks	2.4	159	166
Prepayments		643	633
Accrued income		53	46
Other debit balances	2.5	108	113
Net Exchequer funding due	2.7	7	(19)
Total current assets		1,042	1,013
Less current liabilities			
Accrued expenses		66	75
Other credit balances	2.6	187	168
Total current liabilities		253	243
Net current assets		789	770
Net assets		1,900	2,071
Represented by:			
State funding account	2.1	1,900	2,071

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,071	2,111
Disbursements from the Vote			
Estimate provision	Account	7,795	
Surplus to be surrendered	Account	(568)	
Net vote		7,227	7,545
Expenditure (cash) borne elsewhere	1	893	754
Non cash expenditure – notional rent	1	1,302	1,344
Net programme cost	1	(9,593)	(9,683)
Balance at 31 December		1,900	2,071

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	12,391	538	20	12,949
Additions	496	—	—	496
Disposals	(475)	—	—	(475)
Cost or valuation at 31 December 2014	12,412	538	20	12,970
Accumulated depreciation				
Opening balance at 1 January 2014	11,152	476	20	11,648
Depreciation for the year	633	53	—	686
Depreciation on disposals	(475)	—	—	(475)
Cumulative depreciation at 31 December 2014	11,310	529	20	11,859
Net assets at 31 December 2014	1,102	9	—	1,111
Net assets at 31 December 2013	1,239	62	—	1,301

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balance	70	74
Commercial bank account balance	2	—
	72	74

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Chemicals and laboratory consumables	140	145
Stationery and IT consumables	19	21
	159	166

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Recoupable salaries	91	96
Recoupable travel expenses	—	1
Recoupable travel pass scheme expenditure	14	14
Recoupable cycle to work scheme	3	2
	108	113

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	50	55
Pay Related Social Insurance	30	30
Universal Social Charge	18	20
Local Property Tax	1	-
Value Added Tax on intra-EU acquisitions	52	25
	<u>151</u>	<u>130</u>
Payroll deductions held in suspense	36	38
	<u>187</u>	<u>168</u>

2.7 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	568	574
Exchequer grant undrawn	(575)	(555)
Net Exchequer funding due	<u>(7)</u>	<u>19</u>

Represented by:**Debtors**

Bank and cash	72	74
Debit balances: suspense	108	113
	<u>180</u>	<u>187</u>

Creditors

Due to State	(151)	(130)
Credit balances: suspense	(36)	(38)
	<u>(187)</u>	<u>(168)</u>
	<u>(7)</u>	<u>19</u>

2.8 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	54	12

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Government analytical laboratory and advisory service			
A.1	Administration - pay	5,047	4,819	4,805
A.2	Administration - non pay	3,600	3,493	3,684
		<u>8,647</u>	<u>8,312</u>	<u>8,489</u>

Explanation of significant variations

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

Heading	Less/(more) than estimated €000	Explanation
Administration – pay	228	Vacancies created by staff retiring and staff transfers on promotion were not filled until 2015.
Administration – non pay	107	The planned upgrade of the compressed air and nitrogen generation system was not completed by year end.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	550	799	649
2.	Receipts from pension-related deductions on public service remuneration	300	284	295
3.	Miscellaneous Receipts – Haddington Road	2	2	—
Total		852	1,085	944

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.	(249)	The excess receipts arise from Coroner's fees. As this is a demand led service, it is difficult to accurately predict the income.

4.2 Extra receipts payable to the Exchequer

	2014 Realised €000	2013 Realised €000
Exchequer extra receipts	—	17

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	79	83
	2014	2013
	€000	€000
Pay	4,512	4,510
Higher, special or additional duties allowance	19	20
Overtime	—	—
Employer's PRSI	288	275
Total Pay	4,819	4,805

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	6	1	11,157	12,344



Appropriation Account 2014

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 2014 for the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014.

A surplus of €406,777 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

The Statement on Internal Financial Control made in respect of the Department of Public Expenditure and Reform and Department of Finance also applies in relation to the issue of payments from this Vote.

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.

Robert Watt
Accounting Officer

17 February 2015

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 2014 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 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.

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.

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 2014.

Seamus McCarthy
Comptroller and Auditor General

23 March 2015

Vote 15 Secret Service

Appropriation Account 2014

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
Secret Service	1,000	593	587
	1,000	593	587

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	406,777	412,960

Notes to the Appropriation Account

1 Operating Cost Statement 2014

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Current assets			
Sub-account balances		367	190
Total current assets		367	190
Less current liabilities			
PMG balance		289	206
Other credit balances		—	—
Net liability to the Exchequer	2.2	78	(16)
Total current liabilities		367	190
Net assets		—	—
Represented by:			
State funding account	2.1	—	—
2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January			—
Disbursements from the Vote			
Estimate provision	Account	1,000	
Surplus to be surrendered	Account	407	
Net vote		593	587
Net programme cost		(593)	(587)
Balance at 31 December		—	—

2.2 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	407	413
Exchequer grant undrawn	(329)	(429)
Net liability to the Exchequer	<u>78</u>	<u>(16)</u>

Represented by:**Debtors**

Sub-account balances	367	190

Creditors

Net PMG balance	(289)	(206)
	<u>78</u>	<u>(16)</u>

3 Variations in Expenditure

The estimate is necessarily conjectural.



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.25 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.

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
- 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.

Internal Audit

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

30 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

14 August 2015

Vote 16 Valuation Office

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of a State valuation service	9,345	7,863	8,181
B	Administration services for the Valuation Tribunal	850	432	406
Gross expenditure		10,195	8,295	8,587
<i>Deduct</i>				
C	Appropriations-in-aid	1,291	1,639	1,160
Net expenditure		8,904	6,656	7,427

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	2,248,406	1,693,542

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,153	6,898	7,223
ii	Travel and subsistence	340	182	195
iii	Training and development and incidental expenses	219	270	223
iv	Postal and telecommunications services	120	103	65
v	Office equipment and external IT services	650	475	489
vi	Office premises expenses	140	115	148
vii	Consultancy services and value for money and policy reviews	100	11	32
		8,722	8,054	8,375

Notes to the Appropriation Account

1 Operating Cost Statement 2014

		2014	2013
	Note	€000	€000
Programme cost		241	212
Pay		6,898	7,223
Non pay		1,156	1,152
Gross expenditure		8,295	8,587
<i>Deduct</i>			
Appropriations-in-aid		1,639	1,160
Net expenditure		6,656	7,427
Changes in capital assets			
Purchases cash		(38)	
Depreciation		177	
Loss on disposals		93	
		232	90
Changes in assets under development			
Cash payments		(161)	(121)
Changes in net current assets			
Decrease in closing accruals		(86)	
Decrease in stock		4	
		(82)	81
Direct expenditure		6,645	7,477
Net allied services expenditure (note 1.1)		4,492	4,642
Net programme cost		11,137	12,119

1.1 Net Allied Services Expenditure

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

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	3,639	3,749
Vote 13 Office of Public Works	853	893
	4,492	4,642

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	449	519
Capital assets under development	2.3	—	8
		449	527
Current assets			
Stocks	2.5	39	43
Prepayments		105	82
Accrued income		91	3
Other debit balances	2.6	213	57
Net Exchequer funding due	2.8	95	7
Total current assets		543	192
Less current liabilities			
Bank and cash	2.4	153	(84)
Accrued expenses		103	96
Deferred income		73	55
Other credit balances	2.7	155	148
Total current liabilities		484	215
Net current assets		59	(23)
Net assets		508	504
Represented by:			
State funding account	2.1	508	504

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		504	554
Disbursements from the Vote			
Estimate provision	Account	8,904	
Surplus to be surrendered	Account	(2,248)	
Net vote		6,656	7,427
Expenditure (cash) borne elsewhere	1.1	4,492	4,642
Fixed assets adjustment		(7)	—
Net programme cost		(11,137)	(12,119)
Balance at 31 December		508	504

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,803	1,211	4,014
Adjustment ^a	(2)	(1)	(3)
Additions	196	3	199
Disposals	(1,314)	(95)	(1,409)
Cost or valuation at 31 December 2014	1,683	1,118	2,801
Accumulated depreciation			
Opening balance at 1 January 2014	2,364	1,131	3,495
Adjustment	(3)	(1)	(4)
Depreciation for the year	165	12	177
Depreciation on disposals	(1,222)	(94)	(1,316)
Cumulative depreciation at 31 December 2014	1,304	1,048	2,352
Net assets at 31 December 2014	379	70	449
Net assets at 31 December 2013	439	80	519

^a Adjustment arises from the final reconciliation of the fixed assets records with the Office's general ledger.

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2014	8
Written off ^a	(8)
Transferred to capital assets	(161)
Cash payments for the year	161
Amounts carried forward at 31 December 2014	—

^a The write off relates to development work in 2013 superseded by 2014 enhancements incorporating their functionality.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	(171)	75
Commercial bank account balance	18	9
	<u>(153)</u>	<u>84</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000
Valuation Office consumable stocks	39	43
	<u>39</u>	<u>43</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable travel pass scheme	54	57
Recoupable prefunding Office of Public Works	16	—
Payroll advance	143	—
	<u>213</u>	<u>57</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	105	105
Pay Related Social Insurance	44	38
Value Added Tax	—	1
Professional Services Withholding Tax	6	4
	<u>155</u>	<u>148</u>
Payroll deductions held in suspense	—	—
	<u>155</u>	<u>148</u>

2.8 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	2,248	1,694
Exchequer grant undrawn	(2,343)	(1,701)
Net Exchequer funding due	<u>(95)</u>	<u>(7)</u>

Represented by:**Debtors**

Bank and cash	—	84
Debit balances: suspense	213	57
	<u>213</u>	<u>141</u>

Creditors

Bank and cash	(153)	—
Due to State	(155)	(148)
Credit balances: suspense	—	—
	<u>(308)</u>	<u>(148)</u>
	<u>(95)</u>	<u>(7)</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	74	191

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a State Valuation Service			
A.1	Administration - pay	6,703	6,661	6,984
A.2	Administration - non pay	1,569	1,156	1,153
A.3	Fees to counsel and other legal expenses	73	46	44
A.4	National revaluation projects	1,000	—	—
		<u>9,345</u>	<u>7,863</u>	<u>8,181</u>

Significant variations

Overall, the gross expenditure in relation to Programme A was €1.48 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration non pay	413	The outturn for 2014 on many of the non pay subheads was lower than anticipated partly as a result of efficiencies achieved and partly as a result of the larger part of the national revaluation programme being concentrated on appeals to the Commissioner in relation to the Dublin City area during the year, resulting in savings on travel and subsistence expenses in particular. Spending in the ICT area for new revaluation projects which are dependent on legislative change was deferred. Expenditure on consultancy was kept to a minimum during 2014 yielding considerable savings on this subhead.
National revaluation projects	1,000	Expenditure on specific national revaluation projects in 2014 was contingent on the enactment of enabling legislation which was not enacted during the year. The provision has been included again in the 2015 estimate.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Administration Services for the Valuation Tribunal			
B.1	Administration - pay	450	237	238
B.2	Valuation Tribunal	400	195	168
		<u>850</u>	<u>432</u>	<u>406</u>

Significant variations

Overall, the gross expenditure in relation to Programme B was €418,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration pay	213	Work on the appeals to the Tribunal in respect of the revaluation of Dublin City and Waterford City and County did not commence until the final quarter of the year. Provision had been made to engage staff on a temporary basis in anticipation of a large volume of appeals. The volume of appeals was lower than expected, due to a reduction in the revision programme, thus reducing the staff numbers required. Those additional staff members were not engaged until October/November 2014.
Valuation Tribunal	205	Due to the concentration of effort in the Valuation Office on the Dublin City and Waterford Revaluation in 2013 and subsequent Appeals to the Commissioner early in 2014, resulting in a reduced Revision service to Local Authorities, there was a consequent reduction in the number of appeals to the Valuation Tribunal in relation to revision cases in 2014. This resulted in savings on members fees and associated expenses.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Valuation Tribunal appeal fees	60	232	6
2. Valuation certificates	158	118	130
3. Valuation revision fees	600	612	483
4. Fees from appeals to the Commissioner	—	258	32
5. Miscellaneous receipts	65	10	63
6. Receipts from pension related deduction on public service remuneration	408	409	446
Total	1,291	1,639	1,160

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 Tribunal appeal fees	(172)	Receipts in respect of Valuation Tribunal appeals fees in respect of an unexpected number of valuation tribunal appeals relating to the revaluation of the Dublin City council and Waterford areas were received in the final quarter of 2014. It is difficult to estimate accurately the number of appeals which will be received.
Fees from appeals to the Commissioner	(258)	A provision to abolish the appeal to the Commissioner is included in amending valuation legislation, the enactment of which was anticipated during 2014. Consequently no provision was made to receive fees for such appeals. The enactment of this legislation is anticipated in 2015.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	120	125
	2014	2013
	€000	€000
Pay	6,330	6,647
Higher, special or additional duties allowance	153	120
Overtime	10	24
Employer's PRSI	405	432
Total Pay	6,898	7,223

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	28	2	33,452	24,403
Overtime and extra attendance	4	—	5,260	9,109

Note: Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments of €4,125 were paid to retired civil servants who were employed on contract on specialised tasks.

6 Miscellaneous Items

6.1 Write-offs

Amounts written off during the year:

	2014 €000	2013 €000
Suspense account balance re income tax	—	4
Unpaid fees due from local authorities	—	4
	<u>—</u>	<u>8</u>

6.2 Legal Costs

Legal costs paid during the year are categorised as follows:

	2014 €000	2013 €000
Compensation costs	46	44
	<u>46</u>	<u>44</u>

6.3 Merger

As part of the Public Service Reform Programme, 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 Chief Executive Designate for the new organisation was appointed on 1 July 2013 and he has since been working towards the development of a detailed plan for the establishment of the new entity, proposed to be called Tailte Éireann. 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 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €154,866 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 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.

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.

Internal Audit

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

25 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

8 May 2015

Vote 17 Public Appointments Service

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Civil and Public Service - Redeployment/Recruitment/ Selection			
	<i>Original</i>	7,002		
	<i>Supplementary</i>	230		
			7,232	7,169
				6,283
Gross expenditure				
	<i>Original</i>	7,002		
	<i>Supplementary</i>	230		
			7,232	7,169
				6,283
	<i>Deduct</i>			
B	Appropriations-in-aid		245	337
				269
Net expenditure				
	<i>Original</i>	6,757		
	<i>Supplementary</i>	230		
			6,987	6,832
				6,014

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	154,866	269,359

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,540	4,437	4,283
ii	Travel and subsistence	108	55	45
iii	Training and development and incidental expenses	112	174	140
iv	Postal and telecommunications services	121	117	103
v	Office equipment and external IT services	816	847	746
vi	Office premises expenses	250	215	214
vii	Recruitment costs – research and corporate governance	45	13	24
viii	Recruitment costs – advertising and testing	740	761	386
ix	Recruitment costs – interview boards	500	550	342
		7,232	7,169	6,283

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	4,437	4,283
Non pay	2,732	2,000
Gross expenditure	7,169	6,283
<i>Deduct</i>		
Appropriations-in-aid	337	269
Net expenditure	6,832	6,014
Changes in capital assets		
Purchases cash	(79)	
Depreciation	470	
	391	467
Changes in net current assets		
Increase in closing accruals	(202)	
Decrease in stock	(2)	
	(204)	906
Direct expenditure	7,019	7,387
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,130	3,048
Net programme cost	10,149	10,435

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.

	2014	2013
	€000	€000
Vote 7 Finance	e 21	27
Vote 18 Shared Services	e 5	—
Vote 9 Office of the Revenue Commissioners	e 45	45
Vote 12 Superannuation and Retired Allowances	e 905	918
Vote 13 Office of Public Works	e 2,154	2,058
	3,130	3,048

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	1,482	1,873
Current assets			
Bank and cash	2.3	79	126
Stocks	2.4	152	150
Prepayments		358	335
Accrued income		112	63
Other debit balances - suspense	2.5	116	107
Total current assets		817	781
Less current liabilities			
Accrued expenses		92	222
Other credit balances	2.7	155	156
Net liability to the Exchequer	2.6	40	77
Total current liabilities		287	455
Net current assets		530	326
Net assets		2,012	2,199
Represented by:			
State funding account	2.1	2,012	2,199

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,199	3,487
Disbursements from the Vote			
Estimate provision	Account	6,987	
Surplus to be surrendered	Account	155	
Net vote		6,832	6,014
Expenditure (cash) borne elsewhere	1.1	976	990
Non cash expenditure – notional rent	1.1	2,154	2,058
Fixed asset adjustment		—	85
Net programme cost	1	(10,149)	(10,435)
Balance at 31 December		2,012	2,199

2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Building improvement €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	8,626	663	692	9,981
Additions	59	20	—	79
Disposals	(109)	(30)	—	(139)
Cost or valuation at 31 December 2014	8,576	653	692	9,921
Accumulated depreciation				
Opening balance at 1 January 2014	6,807	609	692	8,108
Depreciation for the year	455	15	—	470
Depreciation on disposals	(109)	(30)	—	(139)
Cumulative depreciation at 31 December 2014	7,153	594	692	8,439
Net assets at 31 December 2014	1,423	59	—	1,482
Net assets at 31 December 2013	1,819	54	—	1,873

2.3 Bank and Cash^a

	2014 €000	2013 €000
at 31 December		
PMG balance	35	116
Commercial bank account balance	43	10
Petty Cash	1	—
PMG Balances and cash	79	126

^a Commercial bank account balance is presented separately and the comparative has been reclassified.

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Test materials	129	127
IT consumables/stationery	23	23
	152	150

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Recoupable salaries	92	82
Recoupable travel pass scheme	23	24
Other debit balance suspense items	1	1
PMG Balances and cash	116	107

2.6 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	155	269
Exchequer grant undrawn	(115)	(192)
Net liability to the Exchequer	<u>40</u>	<u>77</u>

Represented by:**Debtors**

Bank and cash	79	126
Debit balances - suspense	<u>116</u>	<u>107</u>
	195	233

Creditors

Due to State	(154)	(116)
Credit balances suspense	<u>(1)</u>	<u>(40)</u>
	40	77

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	92	76
Pay Related Social Insurance	39	33
Local Property Tax	1	—
Professional Services Withholding Tax	7	2
Value Added Tax	<u>15</u>	<u>5</u>
	154	116
Credit balances - suspense	<u>1</u>	<u>40</u>
	155	156

2.8 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	103	40

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil and Public Service- Redeployment/Recruitment/ Selection			
A.1	Administration - pay		4,540	4,437
A.2	Administration - non pay			4,283
	<i>Original</i>	2,462		
	<i>Supplementary</i>	230	2,692	2,732
				2,000
			7,232	7,169
				6,283

Explanation of significant variations

Overall, the expenditure in relation to Programme A was €63,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than estimated €000	Explanation
Administration - pay	103	Recruitment campaigns expected to take place in 2014 were deferred until 2015, and as a consequence, planned additions to staff did not take place.
Administration – non pay	(40)	The additional costs arose from the recommencement of large volume campaigns such as for An Garda Síochána. The high level of applications and the consequent cost of online testing led the Public Appointments Service to request a supplementary Estimate.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	25	89	38
2.	Receipts from pension-related deductions on public service remuneration	220	248	231
		245	337	269

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	92	86
	2014	2013
	€000	€000
Pay	4,031	3,945
Higher, special or additional duties allowance	69	52
Other allowances	—	—
Overtime	57	22
Employer's PRSI	280	264
Total Pay	4,437	4,283

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	26	—	7,626	8,398
Overtime and extra attendance	51	1	10,220	10,446

Note: Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €26,291 was paid as fees to four members of the Board of Public Appointments Service in 2014 (2013: €35,055).



Appropriation Account 2014

Vote 18

Shared Services

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 2014 for the salaries and expenses of Shared Services.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9.29 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.

Stock policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), the Office of Government Procurement (Vote 41) and Shared Services (Vote 18) share IT consumable stocks. They are 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. 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.
- 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 to the value of €89,665 which were listed in my annual return in respect of Circular 40/2002. In each of these cases, the exceptions have a sound basis.

Management of overpayments

Salary overpayments 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 recouping any monies owed transfers to PeoplePoint, regardless of the cause or date of overpayment.

At the end of 2014, overpayments had been made to 1,374 individuals, with some cases pre-dating the creation of PeoplePoint in 2013. The estimated value of these overpayments was €2.35 million. Recoupment plans were in place at the year end for 442 cases. Since the year end, an amount of €0.7 million has been recouped. The National Shared Services Office, through PeoplePoint and the Payroll Shared Services Centre, continue to engage with departments on the identification and reporting of overpayment cases and agreement of recoupment plans.

A cross-departmental working group was established to examine the end-to-end overpayment steps and processes, review current practice and volumes, identify failure points, immediate and short-term actions and identify process changes to minimise new risks. The initial focus was on absence management, where the group has progressed a number of remediation measures, primarily in the technology and process space.

The group is now assessing and documenting the impact of these recommendations on the length of time it is taking for the end-to-end absence process, the value of overpayments and the trend in pay-related cases.

In addition, a single recoupment policy has been developed and approved that will apply to all civil servants with effect from 2 March 2015. This policy sets out the standard procedure for recouping money from any staff member when an overpayment occurs. The policy will be communicated to staff via Personnel Officers and will be available on the PeoplePoint portal and my Department's website once approved. The policy deals with a number of issues including the principles underpinning the recoupment of overpayments; the recoupment process; non-standard arrangements and repayment options.

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
Shared Services

11 September 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 Shared Services

I have audited the appropriation account for Vote 18 Shared Services for the year ended 31 December 2014 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 Shared Services for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 18 Shared Services

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	National shared service office	1,300	681	—
B	PeoplePoint	15,750	13,247	11,842
C	Payroll shared services centre	12,016	7,642	—
D	Other shared service projects	4,983	1,675	3,822
Gross expenditure		34,049	23,245	15,664
<i>Deduct</i>				
E	Appropriations-in-aid	3,468	2,955	282
Net expenditure		30,581	20,290	15,382

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.

	2014	2013
	€	€
Surplus to be surrendered	10,290,828	5,637,926
Deferred surrender	(998,000)	—
Surplus to be surrendered	<u>9,292,828</u>	<u>5,637,926</u>

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	16,097	11,977	5,050
ii	Travel and subsistence	35	22	2
iii	Training and development and incidental expenses	262	272	5
iv	Postal and telecommunications services	525	321	53
v	Office equipment and external IT services	1,766	1,131	53
vi	Office premises expenses	304	145	102
vii	Consultancy and other services	2	—	—
		18,991	13,868	5,265

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	9,378	10,399
Pay	11,977	5,050
Non pay	1,890	215
Gross expenditure	23,245	15,664
<i>Deduct</i>		
Appropriations-in-aid	2,955	282
Net expenditure	20,290	15,382
Changes in capital assets		
Purchases cash	(1,732)	(1,152)
Depreciation	538	353
	(1,194)	(799)
Changes in assets under development		
Cash payments	(4,898)	—
Changes in net current assets		
Movement in closing accruals	(404)	181
Increase in stock	(10)	(2)
	(414)	—
Direct expenditure	13,784	14,762
Expenditure borne elsewhere		
Notional rent	132	—
Net allied services expenditure (note 1.1)	1,216	675
Net programme cost	15,132	15,437

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.

	2014	2013
	€000	€000
Vote 7 Finance	200	129
Vote 13 Office of Public Works	1,016	546
	1,216	675

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	2,615	1,421
Capital assets under development	2.3	17,021	—
		19,636	1,421
Current assets			
Bank and cash	2.4	2,153	260
Stocks	2.5	12	2
Prepayments		318	139
Accrued Income		21	
Other debit balances	2.6	167	31
Total current assets		2,671	432
Less current liabilities			
Accrued expenses		116	320
Other credit balances	2.7	506	273
Client funding/advance balances	2.9	736	—
Net liability to the Exchequer	2.8	1,078	18
Total current liabilities		2,436	611
Net current assets		235	(179)
Net assets		19,871	1,242
Represented by:			
State funding account	2.1	19,871	1,242
2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January		1,242	—
Disbursements from the Vote			
Estimate provision	Account	30,581	
Deferred surrender	Account	(998)	
Surplus to be surrendered	Account	(9,293)	
Net vote		20,290	15,382
Expenditure (cash) borne elsewhere	1	1,216	675
Non cash items – CAUD adjustment		12,123	622
Non cash expenditure – notional rent	1	132	—
Net programme cost	1	(15,132)	(15,437)
Balance at 31 December		19,871	1,242

2.2 Capital Assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	1,557	337	35	1,929
Additions	1,612	119	1	1,732
Cost or valuation at 31 December 2014	3,169	456	36	3,661
Accumulated Depreciation				
Opening balance at 1 January 2014	467	34	7	508
Depreciation for the year	486	45	7	538
Cumulative depreciation at 31 December 2014	953	79	14	1,046
Net Assets at 31 December 2014	2,216	377	22	2,615
Net Assets at 31 December 2013	1,090	303	28	1,421

2.3 Capital Assets under Development

	In-house computer applications €000
at 31 December 2014	
Opening balance at 1 January 2014	—
Cash payments for the year	4,898
Adjustment ^a	12,123
Amounts carried forward 31 December 2014	17,021

^a A review of assets under development determined that prior years expenditure should be reclassified as assets under development. Assets under development will transfer to the asset register at the conclusion of each project.

2.4 Bank and Cash

		2014 €000	2013 €000
at 31 December	Note		
PMG balances and cash		1,295	260
Commercial bank account	2.9	858	—
		2,153	260

2.5 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	4	1
IT consumables	8	1
	12	2

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000

Recoupable salaries	—	28
Other debit suspense items	167	3
	<u>167</u>	<u>31</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
VAT	15	—
Income Tax	95	54
Pay Related Social Insurance	118	56
Professional Services Withholding Tax	146	95
Pension Contribution	34	16
Local Property Tax	2	1
Universal Social Charge	46	25
	<u>456</u>	<u>247</u>
Payroll deductions held in suspense	50	2
Other credit suspense items	—	24
	<u>506</u>	<u>273</u>

2.8 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	9,293	5,638
Deferred surrender	998	—
Exchequer grant undrawn	(9,213)	(5,620)
Net liability to the Exchequer	<u>1,078</u>	<u>18</u>

Represented by:**Debtors**

Bank and cash	2,153	260
Debit balances: suspense	167	31
	<u>2,320</u>	<u>291</u>

Creditors

Due to State	(456)	(247)
Client funding/advance balances	(736)	—
Credit balances suspense	(50)	(26)
	<u>(1,242)</u>	<u>(273)</u>
	<u>1,078</u>	<u>18</u>

2.9 Client Funded Payroll Bank Account

Shared Services provides a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account was €858,000 at 31 December 2014, of which €736,000 represents money lodged to the account by these client offices to cover funding for salaries over the new year period.

2.10 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	3,518	1,395

2.11 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2014 amounted to €3,501.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	National shared services office			
A.1	Administration - pay	985	501	—
A.2	Administration - non pay	315	180	—
		1,300	681	—

Significant variations

Overall, the expenditure in relation to Programme A was €618,575 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	484	The variation arose due to slower than anticipated recruitment.
Administration - non pay	135	The variation is a consequence of the delay in recruitment of staff.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	PeoplePoint			
B.1	Administration - pay	10,650	8,605	5,050
B.2	Administration - non pay	1,075	1,008	215
B.3	Human resources shared services project set-up	4,025	3,634	6,577
		15,750	13,247	11,842

Significant variations

Overall, the expenditure in relation to Programme B was €2.5 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	2,045	The variation arose because (a) temporary clerical staff were employed at a lower salary level than anticipated, and (b) recruitment had not reached the anticipated level by year end.
Human resources shared services project set-up	391	Savings arose due to the reduction in size of the project team.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Payroll shared services centre			
C.1	Administration - pay	4,462	2,870	—
C.2	Administration - non pay	1,504	703	—
C.3	Payroll shared services project set-up	6,050	4,069	3,559
		<u>12,016</u>	<u>7,642</u>	<u>3,559</u>

Significant variations

Overall, the expenditure in relation to Programme C was €4.37 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	1,592	The variation arose due to delayed filling of posts with the deferral of Wave II.
Administration - non pay	801	The variation is a consequence of the delays in transitioning of staff, which also impacted on non-pay costs.
Payroll shared services project set-up	1,981	In the main, this is due to timing of client organisations coming online for payroll shared services centre services which resulted in reduced software, licensing and support costs.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Other shared service projects			
D.1	Administration - pay	—	—	—
D.2	Administration - non pay	—	—	—
D.3	Financial management project set-up	4,983	1,675	263
		<u>4,983</u>	<u>1,675</u>	<u>263</u>

Signification Variations

Overall, the expenditure in relation to Programme D was €3.31 million lower than provided. The significant variation was as follows:

Description	Less/(more) than provided €000	Explanation
Financial management project set-up	3,308	The variation on the financial management project set up arose because of project delays which impacted on all cost areas but particularly on licencing costs.

4 Receipts

4.1 Appropriations-in-aid	2014	2014	2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deduction on public service remuneration	757	442	260
2. PeoplePoint levy	2,673	2,449	—
3. Miscellaneous	38	64	22
Total	3,468	2,955	282

Explanation of significant variations

An explanation required in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%. While all subheads did not meet this criteria some variance analysis is provided on all.

Description	Less/(more) than provided €000	Explanation
Receipts from pension-related deduction on public service remuneration	315	The shortfall arose as a consequence of the delays in transitioning of staff which resulted in reduced paybill costs but also impacted on the associated pension levy deduction.
PeoplePoint levy	224	The shortfall arose due to reductions agreed with clients entering the human resources shared services centre during 2014 whose specific service stabilisation requirements were not fully delivered.
Miscellaneous	(26)	Miscellaneous receipts are unpredictable by nature, relating primarily to recoupment of salary by the Department as a result of sick leave and maternity leave.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	442	203
	2014	2013
	€000	€000
Pay ^a	12,350	5,781
Higher, special or additional duties allowance	51	4
Other allowances	5	2
Overtime	52	1
Employer's PRSI	979	431
Total pay	13,437	6,219

^a The total pay figure is inclusive of pay in subheads A.1, B.1, B.3, C.1, C.3 and D.3 and includes salary overpayments of €28,206, arising from administrative delays. Recoupment has commenced.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	23	—	3,654	3,808
Other allowances	4	—	2,393	1,137
Overtime	93	—	4,298	227

5.2 Other Remuneration Arrangements

Under the terms of the AHCPS 1% PCW restructuring agreement, one officer received a total of €2,058 in respect of seniority allowances.

6 Public Service Bodies in Shared Services

HR Shared Services – PeoplePoint (21)

Department of Agriculture, Food and Marine
Office of the Attorney General
Central Statistics Office
Chief State Solicitors Office
Department of Children and Youth Affairs
Department of Communications, Energy and Natural Resources
Department of Education and Skills
Department of Finance
Garda Ombudsman
Department of Health
Department of Justice and Equality
National Council for Special Education
Office of Public Works
Office of the Ombudsman
Property Registration Authority (Merging with Valuation Office and Ordnance Survey Ireland)
Department of Public Expenditure and Reform (including the Office of Government Procurement, Shared Services)
Office of the Revenue Commissioners
Road Safety Authority
Department of Social Protection
State Exams Commission
Department of Transport, Tourism and Sport

Payroll Shared Services – PSSC (18)

Department of Justice and Equality (Garda/Prisons)
Legal Aid Board
Department of Finance
Department of Communications, Energy and Natural Resources
Department of Public Expenditure and Reform (including the Office of Government Procurement, Shared Services)
Department of Transport, Tourism and Sport
Chief State Solicitor's Office
Director of Public Prosecutions
Office of the Attorney General
Courts Service Central Fund payments
Law Reform Commission
Public Appointments Service
President's Establishment
State Laboratory
Office of the Ombudsman (incl. Commission for Public Service Appointments)
National Council for Special Education
Health Information and Quality Authority
Credit Union Restructuring Board (REBO)



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.36 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.

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 3 contracts to the value of €173,000 which were listed in my annual return in respect of Circular 40/2002. However, in each instance contracts had previously been in place, following competitive tendering processes, for these services but they had expired. The service providers had agreed to continue with these contracts under the terms and conditions of the original contract until new tender processes had been held. New tender competitions have since been held for these services and the resulting contracts have been awarded.

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 2013. 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.

Bernadette McNally

Accounting Officer
Office of the Ombudsman

24 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

8 June 2015

Vote 19 Office of the Ombudsman

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/Office of the Commission for Public Service Appointments	5,141	4,297	4,341
B	Standards in Public Office Commission	1,317	865	1,174
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	1,682	1,556	1,410
Gross expenditure		8,140	6,718	6,925
<i>Deduct</i>				
D	Appropriations-in-aid	397	335	380
Net expenditure		7,743	6,383	6,545

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,360,072	891,917

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	6,490	5,479	5,588
ii	Travel and subsistence	58	45	27
iii	Training and development and incidental expenses	435	270	294
iv	Postal and telecommunications services	86	39	39
v	Office equipment and external IT services	232	249	235
vi	Office premises expenses	189	113	91
vii	Consultancy and value for money and policy reviews	206	84	108
viii	Legal fees	444	439	543
		8,140	6,718	6,925

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	5,479	5,588
Non pay	1,239	1,337
Gross expenditure	6,718	6,925
<i>Deduct</i>		
Appropriations-in-aid	335	380
Net expenditure	6,383	6,545
Changes in capital assets		
Purchases cash	(108)	
Depreciation	72	
	(36)	(9)
Changes in net current assets		
Increase in closing accruals	23	
Decrease in stock	2	
	25	4
Direct expenditure	6,372	6,540
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,548	1,635
Net programme cost	8,920	8,175

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.

	2014	2013
	€000	€000
Vote 7 Finance	34	38
Vote 9 Office of the Revenue Commissioners	15	30
Vote 12 Superannuation and Retired Allowances	1,366	417
Vote 13 Office of Public Works	1,129	1,150
Vote 18 Shared Services	4	—
	2,548	1,635

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	203	167
Current assets			
Bank and cash	2.3	55	85
Stocks	2.4	16	18
Prepayments		92	95
Other debit balances		134	18
Total current assets		297	216
Less current liabilities			
Accrued expenses		35	15
Net liability to the Exchequer	2.6	2	(130)
Other credit balances	2.5	187	233
Total current liabilities		224	118
Net current assets		73	98
Net assets		276	265
Represented by:			
State funding account	2.1	276	265

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		265	260
Disbursements from the Vote			
Estimate provision	Account	7,743	
Surplus to be surrendered	Account	1,360	
Net vote		6,383	6,545
Expenditure (cash) borne elsewhere	1	2,548	1,635
Net programme cost	1	(8,920)	(8,175)
Balance at 31 December		276	265

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	602	504	1,106
Additions	90	18	108
Disposals	(8)	(3)	(11)
Cost or valuation at 31 December 2014	684	519	1,203
Accumulated depreciation			
Opening balance at 1 January 2014	500	439	939
Depreciation for the year	54	18	72
Depreciation on disposals	(8)	(3)	(11)
Cumulative depreciation at 31 December 2014	546	454	1,000
Net assets at 31 December 2014	138	65	203
Net assets at 31 December 2013	102	65	167

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	60	90
Other balances	(5)	(5)
	55	85

2.4 Stocks

	2014 €000	2013 €000
Stationery	6	8
IT consumables	10	10
	16	18

2.5 Other Credit Balances

	2014 €000	2013 €000
at 31 December		
Amounts due to the State		
Income Tax	81	92
Pay Related Social Insurance	31	29
Professional Services Withholding Tax	19	48
Pension contributions	13	12
	144	181
Payroll deductions held in suspense	28	34
Other credit suspense items	15	18
	187	233

2.6 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,360	892
Exchequer grant undrawn	(1,358)	(1,022)
Net liability to the Exchequer	<u>2</u>	<u>(130)</u>

Represented by:**Debtors**

Bank and cash	55	85
Debit balances: suspense	<u>134</u>	<u>18</u>
	189	103

Creditors

Due to State	(144)	(181)
Credit balances: suspense	<u>(43)</u>	<u>(52)</u>
	(187)	(233)
	<u>2</u>	<u>(130)</u>

2.7 Commitments

The total of legally enforceable commitments at 31 December amounted to €436,000.

2.8 Contingent Liabilities

The CPSA must 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

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function/Office of the Commission for Public Service Appointments			
A.1	Administration - pay	4,431	3,716	3,840
A.2	Administration - non pay	710	581	501
		<u>5,141</u>	<u>4,297</u>	<u>4,341</u>

Significant variations

Overall, the expenditure in relation to Programme A was €844,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €715,000 due to the average number of staff employed in the year being less than that approved. This arose due to the length of time taken to fill vacancies.

Incidental Expenditure

Expenditure on staff training and development was lower than anticipated. The Office is currently revising its training and development plans to ensure that there is a close link between the training function and the operational needs of the organisation.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Standards in Public Office Commission			
B.1	Administration - pay	851	549	602
B.2	Administration - non pay	466	316	572
		1,317	865	1,174

Significant variations

Overall, the gross expenditure in relation to Programme B was €452,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €302,000 due to the provisions relating to the regulation of lobbying not being rolled out in 2014 as expected. This resulted in a delay in the recruitment of the necessary staff for carrying out these functions.

Consultancy Services

There was a budget of €105,000 for consultancy services but an amount of €22,000 was expended. The savings arose due to the provisions relating to the regulation of lobbying not being rolled out in 2014 as expected.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1	Administration - pay	1,208	1,214	1,146
C.2	Administration - non pay	474	342	264
		1,682	1,556	1,410

Significant variations

Overall, the gross expenditure in relation to Programme C was €126,000 lower than provided. This was mainly due to the following:

Legal Services

There is provision in law that the decisions of both the Information Commissioner and the Commissioner for Environmental Services can be appealed to the superior courts. Factors such as the number, timing and length of these cases make it difficult to estimate these costs accurately. An amount of €160,000 was expended on legal fees by OIC and OCEI in 2014 out of a total estimate provision of €230,000.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated €000	Realised €000	Realised €000
1. Miscellaneous	5	7	16
2. Receipts from pension-related deductions on public service remuneration	392	328	364
	397	335	380

4.2 Extra receipts payable to the Exchequer

An amount of €158,191 was transferred to the Exchequer during the year in respect of recovery of legal costs arising from a High Court case involving the Standards in Public Office Commission.

A refund amounting to €1,464 was received from OPW in December 2013 which was transferred to the Exchequer in 2014.

Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	1	—
Payover of voluntary salary deduction	—	12
Payover of legal costs	158	—
Transferred to the Exchequer	(159)	(11)
Balance at 31 December	—	1

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	89	91
	2014	2013
	€000	€000
Pay	5,146	5,290
Higher, special or additional duties allowance	31	23
Overtime	35	33
Employer's PRSI	267	242
Total Pay	5,479	5,588

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	6	—	9,774	10,052
Overtime and extra attendance	22	—	5,296	6,692

6. Legal Costs

Legal costs paid during the year are categorised as follows:

	2014	2013
	€000	€000
Legal fees	439	543
Compensation	—	—
Total	439	543

The legal fees mainly arise from appeals to the Courts of decisions of the Office of the Information Commissioner and the Commissioner for Environmental Information. Significant expenditure was also incurred in 2014 in respect of legal fees incurred by the Commission for Public Service Appointments involving judicial review proceedings.



Appropriation Account 2014

Vote 20

Garda Síochána

Introduction

As Accounting Officer for Vote 20, 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 2014 for the salaries and expenses of the Garda Síochána, including pensions, etc; for the payment of certain witnesses' expenses, and for payment of a grant-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.8 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 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).

Comparative figures

Comparative figures for 'Bank and cash' (Note 2.4) for 2013 have been reclassified and adjusted for the inclusion of commercial bank account balances following a policy clarification.

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 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.

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 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 Vote 18-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 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.

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 85 contracts to the value of €11,080,896 which were listed in my annual return in respect of Circular 40/2002. Fourteen contracts to a value of €2,222,249 included payments to sole suppliers and security related services. In addition, fourteen contracts to a value of €1,757,810 were extended beyond the original contract date without competitive procurement and tenders are in progress in 2015 for these services. Twenty contracts to a value of €2,184,434 in respect of medical services were paid in accordance with Department of Public Expenditure and Reform sanctioned rates for professional services and a competitive tender has been undertaken. In the other 37 cases with a value of €4,916,403, 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 2015 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***Fixed charge processing system***

Reports concerning the operation of the Fixed Charge Processing System published by the Comptroller and Auditor General and the Garda Inspectorate identified significant control weaknesses and risks in relation to the issuing and collection of fixed charge notices.

In response, An Garda Síochána implemented a comprehensive list of enhanced internal control procedures and policies in June 2014 including the introduction of a centralised cancelling authority for fixed charge notices.

The Garda Professional Standards Unit published a report in January 2015 which examined the implementation of the revised policies and procedures implemented in June 2014. The report highlighted a significant enhancement in internal controls and associated compliance with revised policies and a number of additional recommendations were identified to further enhance the control environment.

In addition, Garda Internal Audit Section and the Garda Professional Standards Unit undertake regular audit checks to ensure compliance with policies and procedures.

Audit of a National Garda Specialist Unit

A joint audit by the Garda Internal Audit Section and the Garda Professional Standards Unit of a National Garda Specialist Unit was undertaken during 2014 which identified control failures in relation to the oversight and authorisation of claims in addition to staff absence management.

The control failures identified are currently the subject of further investigations and ongoing audit review. Garda management have implemented enhanced procedures to address the audit findings.

Nóirín O'Sullivan
Accounting Officer
An Garda Síochána

27 March 2015

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 An Garda Síochána for the year ended 31 December 2014 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 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.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 20 An Garda Síochána for the year ended 31 December 2014.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2014.

Control failures

The Accounting Officer has also disclosed in the Statement on Internal Financial Control that there is an ongoing investigation into control failures in a national Garda specialist unit in relation to the oversight and authorisation of claims for payments and the management of staff absences.

Seamus McCarthy
Comptroller and Auditor General

10 August 2015

Vote 20 Garda Síochána

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Working with communities to protect and serve			
	<i>Original</i>	1,343,618		
	<i>Supplementary</i>	97,910		
			1,441,528	1,439,854
				1,458,240
	Gross expenditure			
	<i>Original</i>	1,343,618		
	<i>Supplementary</i>	97,910		
			1,441,528	1,439,854
				1,458,240
	<i>Deduct</i>			
B	Appropriations-in-aid			
	<i>Original</i>	104,130		
	<i>Supplementary</i>	22,670		
			126,800	126,892
				136,605
	Net expenditure			
	<i>Original</i>	1,239,488		
	<i>Supplementary</i>	75,240		
			1,314,728	1,312,962
				1,321,635

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,765,512	1,435,844

Analysis of administration expenditure

				2014	2013
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances	<i>Original</i>	863,784		
		<i>Supplementary</i>	65,000	931,418	946,562
ii	Travel and subsistence	<i>Original</i>	14,483		
		<i>Supplementary</i>	(518)	13,940	14,463
iii	Training and development and incidental expenses	<i>Original</i>	12,706		
		<i>Supplementary</i>	(206)	13,336	12,752
iv	Postal and telecommunications services	<i>Original</i>	39,647		
		<i>Supplementary</i>	3,047	41,259	42,356
v	Office equipment and external IT services	<i>Original</i>	19,212		
		<i>Supplementary</i>	6,538	25,830	20,693
vi	Maintenance of Garda premises	<i>Original</i>	721		
		<i>Supplementary</i>	1,719	2,901	1,919
vii	Consultancy services and value for money and policy reviews	<i>Original</i>	261		
		<i>Supplementary</i>	(111)	160	125
viii	Station services	<i>Original</i>	18,700		
		<i>Supplementary</i>	1,175	19,458	19,540
ix	Garda Reserve	<i>Original</i>	895		
		<i>Supplementary</i>	205	593	1,042
x	EU Presidency/OSCE		—	—	3,607
			1,047,258	1,048,895	1,063,059

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost		390,959	395,181
Pay ^a		931,418	949,419
Non pay		117,477	113,640
Gross expenditure		1,439,854	1,458,240
<i>Deduct</i>			
Appropriations-in-aid		126,892	136,605
Net expenditure		1,312,962	1,321,635
Changes in capital assets			
Purchases cash (note 1.2)	(17,195)		
Depreciation	12,091		
Disposals cash	35		
Loss on disposals	201	(4,868)	1,409
Assets under development			
Cash payments		(481)	(425)
Changes in net current assets			
Decrease in closing accruals	(109)		
Increase in stock	(477)		
		(586)	(3,244)
Direct expenditure		1,307,027	1,319,375
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		22,012	20,147
Net programme cost		1,329,039	1,339,522

^a The pay figure for 2013 includes salaries for the EU Presidency amounting to €2,857,433.

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

		2014	2013
		€000	€000
Vote 12 Superannuation and Retired Allowances		—	535
Vote 13 Office of Public Works	e	18,059	15,922
Vote 18 Shared Services	e	2,105	4,808
Vote 24 Justice and Equality - Financial Shared Services Centre	e	2,968	—
<i>Less</i>			
Services provided by An Garda Síochána to other Votes	e	(1,120)	(1,118)
		22,012	20,147

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

Garda transport was made available without charge to the Irish 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.

An Garda Síochána availed of Air Corps aircraft during 2014 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.

1.2 Accrued Expenses

Included in 2014 accrued expenses of €11.83 million is an amount of €4.79 million in respect of a Garda Information Systems upgrade associated with a Windows 7 migration. This relates to the lease purchase and installation of 7,027 desktop computers in 2014 under a Department of Public Expenditure and Reform framework agreement for a fixed price over the five year period 2015 – 2019 as part of a lease agreement at a total financing cost of €417,951.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	43,218	33,672
Capital assets under development	2.3	3,582	3,101
		46,800	36,773
Current assets			
Bank and cash	2.4	16,947	25,735
Stocks	2.5	5,097	4,620
Prepayments		6,239	6,211
Accrued income		2,719	1,086
Other debit balances	2.6	13,585	3,647
Net Exchequer funding due	2.8	34	(98)
Total current assets		44,621	41,201
Less current liabilities			
Accrued expenses		11,827	5,597
Other credit balances	2.7	30,566	29,284
Total current liabilities		42,393	34,881
Net current assets		2,228	6,320
Net assets		49,028	43,093
Represented by:			
State funding account	2.1	49,028	43,093

2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January		43,093	40,833
Disbursements from the Vote			
Estimate provision	Account	1,314,728	
Surplus to be surrendered	Account	(1,766)	
Net vote		1,312,962	1,321,635
Expenditure (cash) borne elsewhere	1	22,012	20,147
Net programme cost	1	(1,329,039)	(1,339,522)
Balance at 31 December		49,028	43,093

2.2 Capital Assets

	Aircraft	Motor boat	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 2014	17,072	1,060	61,822	153,958	5,419	239,331
Additions	—	—	12,104	9,434	335	21,873
Disposals	—	—	(8,016)	(2,141)	—	(10,157)
Cost or valuation at 31 December 2014	17,072	1,060	65,910	161,251	5,754	251,047
Accumulated depreciation						
Opening balance at 1 January 2014	10,076	805	48,253	143,470	3,055	205,659
Depreciation for the year	826	72	5,442	5,281	470	12,091
Depreciation on disposals	—	—	(7,840)	(2,081)	—	(9,921)
Cumulative depreciation at 31 December 2014	10,902	877	45,855	146,670	3,525	207,829
Net assets at 31 December 2014	6,170	183	20,055	14,581	2,229	43,218
Net assets at 31 December 2013	6,996	255	13,569	10,488	2,364	33,672

2.3 Capital Assets under Development

at 31 December 2014	Schengen Project^a	MIMS Project^b	Total
	€000	€000	€000
Amounts brought forward at 1 January 2014	2,676	425	3,101
Cash payments for the year	—	481	481
Transferred to the asset register	—	—	—
Balance at 31 December 2014	2,676	906	3,582

^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 EU member state police forces. There is currently no signed contract in place for the Schengen Information System. Contract negotiations are taking place between the preferred supplier and An Garda Síochána. The project has an estimated cost of €23.9 million but no commitment arises until a decision is made to proceed with the project.

^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 cost of €28.7 million and a supplier has been sourced after a tender competition. Phase 2 development commenced in 2013 and the remaining phases of this project are subject to available funding.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	(2,807)	(2,307)
Orders outstanding	(450)	(5)
Commercial bank accounts	20,204	28,047
	<u>16,947</u>	<u>25,735</u>

The commercial bank account balance reflects €15,355,000 in 2014 (2013: €23,667,000) in respect of a commercial bank account operated by Department of Justice and Equality – Financial Shared Services.

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery	427	435
Telecommunications stock	877	1,034
Clothing	2,051	1,586
Technical Bureau	96	128
United Nations stock	76	68
Armoury	1,142	1,008
Miscellaneous	428	361
	<u>5,097</u>	<u>4,620</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Advances to OPW	2,368	2,368
Imprests	709	698
Payroll suspense account (Paypath)	9,752	—
Cycle to Work scheme	548	393
Other debit suspense items	208	188
	<u>13,585</u>	<u>3,647</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	13,937	13,683
Pay Related Social Insurance	5,665	5,441
Professional Services Withholding Tax	546	301
Value Added Tax	367	177
Road Traffic Act fines	207	410
Tax on pension contribution refunds	20	18
Construction Tax	—	6
Garda accounts	4,849	4,380
	<u>25,591</u>	<u>24,416</u>
Payroll deductions held in suspense	4,423	4,342
Garda Reward Fund	330	324
Other credit suspense items	222	202
	<u>30,566</u>	<u>29,284</u>

2.8 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	1,766	1,436
Exchequer grant undrawn	(1,800)	(1,338)
Net Exchequer funding due	(34)	98

Represented by:**Debtors**

Bank and cash	16,947	25,735
Debit balances: suspense	13,585	3,647
	30,532	29,382

Creditors

Due to State	(25,591)	(24,416)
Credit balances: suspense	(4,975)	(4,868)
	(30,566)	(29,284)

(34)	98

2.9 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	32,781	37,590

The commitment in 2014 amounting to €30.5 million is in respect of the GoSafe road safety camera project.

2.10 Matured Liabilities

There were no matured liabilities un-discharged at year end 2014 or in the previous year.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
A	Working with communities to protect and serve			
A.1	Administration - pay			
	<i>Original</i>	863,784		
	<i>Supplementary</i>	65,000	928,784	931,418
A.2	Administration - non pay			
	<i>Original</i>	106,625		
	<i>Supplementary</i>	11,849	118,474	117,477
A.3	Clothing and accessories			
	<i>Original</i>	2,764		
	<i>Supplementary</i>	736	3,500	4,014
A.4	St. Paul's Garda Medical Aid Society (grant-in-aid)		124	124
A.5	Transport			
	<i>Original</i>	26,516		
	<i>Supplementary</i>	5,554	32,070	31,150
A.6	Communications and other equipment			
	<i>Original</i>	13,957		
	<i>Supplementary</i>	15,693	29,650	29,606
A.7	Aircraft			
	<i>Original</i>	1,050		
	<i>Supplementary</i>	200	1,250	1,479
A.8	Superannuation, etc.		309,173	308,212
A.9	Witnesses' expenses		1,805	1,562
A.10	Compensation			
	<i>Original</i>	16,622		
	<i>Supplementary</i>	(1,122)	15,500	13,614
A.11	Witness security programme		1,198	1,198
			1,441,528	1,439,854
				1,458,240

Significant variations

Overall, the gross expenditure in relation to Programme A was €1.67 million lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	(2,634)	The original estimate was increased by €65 million in the supplementary estimate due to an underfunding in the annual provision.
Administration - non pay	997	The original estimate allocation was increased by €11.8 million in the supplementary estimate due to additional funding requirements in a number of subheads including the TETRA radio system, health and safety maintenance works, increased utility charges and a number of demand led areas of expenditure. Additional capital funding of €3 million was provided for ICT projects including an information systems upgrade. Additional expenditure associated with the intake of Garda recruits was incurred on the training budget. The overall additional expenditure was offset in part by budgetary savings under the travel and subsistence subhead in addition to savings in the Garda Reserve subhead following an amendment to the tax treatment of annual allowance payments.
Clothing and accessories	(514)	The original estimate allocation was increased by €736,000 in the supplementary estimate. The additional costs arose from the continued roll-out of an online uniform ordering system during the year which required an increased level of stock to be maintained in addition to the uniform requirements of new Garda recruits.
Transport	920	The original estimate was increased by €5.5 million which included an additional capital allocation of €7 million for the purchase of new vehicles which was offset by savings achieved of €1.5 million for maintenance and running costs of the Garda fleet.
Communications and other equipment	44	As there is no estimate provision for the Safety Camera contract, a supplementary estimate is required each year in order to offset the expenditure on the GoSafe contract. The receipts from the fixed charge processing system are accounted for in appropriations-in-aid.
Aircraft	(229)	The original budget was increased by €200,000 in the supplementary estimate to fund additional maintenance works for Garda aircraft.
Witnesses' expenses	243	The savings arose due to a reduction in operational demand and a number of cost saving initiatives undertaken.
Compensation	1,886	The original budget was decreased by €1.1 million in the supplementary estimate. The savings arose due to fewer large individual settlements and associated costs than originally estimated.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
	€000	€000	€000	€000
1. Contributions to the Garda Síochána spouses' and children's pension schemes				
Original	12,906			
Supplementary	(306)	12,600	12,677	13,247
2. Contributions to the Garda Síochána pensions scheme				
Original	22,229			
Supplementary	71	22,300	22,376	22,489
3. Miscellaneous receipts (note 4.2)				
Original	10,000			
Supplementary	1,400	11,400	12,143	10,806
4. Receipts from banks in respect of cash escort services				
Original	1,000			
Supplementary	450	1,450	489	2,599
5. Firearm fees				
Original	2,000			
Supplementary	1,600	3,600	3,697	10,755
6. Safety cameras - certain receipts from fixed charges				
Original	100			
Supplementary	17,100	17,200	16,761	14,760
7. Receipts from pension-related deduction on public service remuneration				
Original	55,895			
Supplementary	2,355	58,250	58,749	61,949
		126,800	126,892	136,605

Explanation of significant variations

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

Description	Less/(more) than provided €000	Explanation
Miscellaneous receipts	(743)	Receipts for non public duty services were greater than anticipated due to the timeliness of monies received. In addition, greater than anticipated receipts were generated from Road Traffic Act Section 41 charges.
Receipts from banks in respect of cash escort services	961	Although the original estimate was increased by €450,000, a deficit in receipts arose due to a delay in receipt of payment from the Irish Banking Federation for cash escorts provided by An Garda Síochána.

Description	Less/(more) than provided €000	Explanation
Firearm fees	(97)	The original estimate was increased by €1.6 million by way of a supplementary estimate. The additional receipts arose from a greater than estimated number of applications for firearm licences under the three year licensing cycle.
Safety cameras - certain receipts from fixed charges	439	The original budget was increased by €17.1 million by way of a supplementary estimate. This is required each year to fund the cost of the GoSafe safety camera contract from receipts from the fixed charge notice system. A nominal amount of €100,000 is included in the original estimate allocation.
Receipts from pension-related deduction on public service remuneration	(499)	The original estimate was increased by €2.4 million. The number of retirements was lower than originally estimated, resulting in higher numbers serving than estimated in the supplementary estimate.

4.2 Analysis of Miscellaneous Receipts	2014	2013
	€000	€000
Payment for non-public duty services rendered by Gardaí	4,457	2,870
Recovery in respect of damage to official vehicles and other Garda property	98	129
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	1,170	1,437
Fees for accident and malicious damage reports	778	709
Contribution for living quarters	52	52
Recoupment of witnesses' expenses	9	8
Recoupment of salaries	3	1
Percentage charge to insurance companies for collection of insurance premia	88	54
Taxi licence fees	159	144
Road Traffic Act - Section 41 charges (charges for detention, removal and storage of vehicles)	2,249	2,094
Fingerprint fees for employment and visa purposes	41	41
Garda masts	1,082	1,083
Carrier liability	357	549
Age cards	283	258
Unclassified items	1,317	1,377
	<u>12,143</u>	<u>10,806</u>

4.3 Extra receipts payable to the Exchequer	2014	2013
	€000	€000
Balance at 1 January	410	920
Receipts from Road Traffic Act fines	3,673	3,927
Transferred to Exchequer	(3,876)	(4,437)
Balance at 31 December	<u>207</u>	<u>410</u>

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Garda members	12,799	13,093
Student Gardaí	200	—
Civilians	2,054	2,071
	<u>15,053</u>	<u>15,164</u>
	2014	2013
	€000	€000
Pay	634,793	641,619
Higher, special or additional duties allowance	231	321
Other allowances	196,179	198,509
Overtime	37,700	46,486
Employer's PRSI	62,515	62,484
Total Pay	<u>931,418</u>	<u>949,419</u>

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	174	—	8,999	11,482
Overtime and extra attendance	11,910	851	43,564	45,432
Shift and roster allowances	12,975	6,840	28,282	23,810
Miscellaneous	13,171	643	73,998	72,806

Certain individuals received extra remuneration in more than one category.

5.2 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 monies 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.

	2014 €000	2013 €000
Balance brought forward on 1 January	373	345
Receipts for the year ended 31 December	56	71
	<u>429</u>	<u>416</u>
Less payments for the year ended 31 December	50	43
Balance on 31 December	<u>379</u>	<u>373</u>

5.3 Payroll Overpayments

The balance of payroll overpayments outstanding at year-end amounted to €733,598 (2013: €576,594)

The balance of Garda pension overpayments outstanding at year-end amounted to €433,168 (2013: €386,543).

6 Miscellaneous

6.1 Support for Representative Associations

Included in subhead A.1 is a total of €323,077 in respect of the remuneration of members of An Garda Síochána on special leave with pay to staff representative bodies and 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 €43,521 and €140,252 were charged in respect of postal and telecommunications services and accommodation availed of by staff representative bodies and welfare organisations.

6.2 EU Funding

A total of €169,921 was received directly by An Garda Síochána in EU funding under Title VI of the Treaty of the European Union. This amount relates to a project through the Association of Law Enforcement Forensic Accountants Network which seeks to establish common methodologies, techniques and training in the field of forensic accounting in law enforcement within EU member states.

6.3 Write-Offs

Sanction was obtained from the Department of Public Expenditure and Reform to write-off a total of €25,279 in 2014 in respect of an overpayment of a civilian member.

6.4 Statement of Losses (Garda Vehicles, etc.)

A total of 613 accidents involving Garda vehicles were reported in 2014 (2013: 598). Damage and other costs to official vehicles amounted to €330,953. Compensation totalling €89,913 was recovered.

6.5 Fraud and Suspected Fraud	2014	2013
	€000	€000
Alleged misappropriation of monies	50	12

There were 34 detected/alleged fraud instances in 2014 which are currently under Garda investigation (2013: 6).

6.6 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.

					2014	2013
	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded ^a	Total	Total
		€000	€000	€000	€000	€000
Claims by members and employees of An Garda Síochána^b						
Under Garda Síochána Compensation Act 1941-1945	159	4,089	2,230	—	6,319	8,404
Through the State Claims Agency for injuries received while on duty	41 ^c	290	177	30	497	422
Legal actions administered by the Department of Justice and Equality	8	150	441	—	591	875
Ex-gratia contributions towards Garda legal costs under Section 49 of the Garda Síochána Act 2005	—	—	—	—	—	1
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	205 ^c	948	2,889	33	3,870	4,430
Claims (including by Garda members) resulting from accidents involving Garda vehicles	177 ^c	1,308	819	81	2,208	3,293

At 31 December 2014

- 1,131 claims outstanding under the Garda Síochána Compensation Act (2013: 1,119).
- 186 civil claims outstanding relating to accidents involving Garda vehicles (2013: 237).
- 926 civil claims other than those involving Garda vehicles outstanding (2013: 1,018).

^a Other costs awarded relate to agency fees, investigator fees, medical fees etc.

^b Compensation payments amounting to €108,503 (2013: €103,448) 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.

Legal fees in 2014 amounted to €21,000 (2013: €28,000).



Appropriation Account 2014

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 2014 for the salaries and expenses of the Prison Service, and other expenses in connection with prisons, including places of detention; for probation services; and for payment of a grant-in-aid.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €1.205 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, Thornton, property adjacent to the Headquarters building in Longford and two sites in Dublin; one site adjacent to Cloverhill Prison and another site in Kilmainham, Dublin 8.

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 cost, including investment in infrastructure and services, pending a review of its potential value and benefit to the State.

The basis for valuing prison buildings – average replacement cost per cell – remains unchanged.

Prisons land and buildings are revalued every five years – the next planned revaluation is 2019. 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.

Bank and cash

The requirement for inclusion of commercial account balances in certain circumstances in the 2014 and subsequent year appropriation accounts has led to the corresponding figures in the 2013 account being revised for comparative purposes.

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 Acting 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 to advise me in discharging my responsibilities for the internal financial control system.

Administrative controls and management reporting

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

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Prison Service.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.

- The Prison Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In total, 30 supply arrangements were reported under Circular 40/2002 in 2014 with a total value of €7,869,629. These are broken down as follows
 - Four urgent purchases with a total value of €306,870
 - Ten proprietary purchases accounted for a total of €2,235,258
 - Five existing supply contracts were extended/rolled over with a value of €2,368,553
 - Two situations arose where there was a single suitable supplier available and the value of these contracts was €121,691
 - Nine other procurement scenarios are reflected in the 40/2002 return with a value of €2,837,257. These situations 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.

Tenders have been concluded in respect of eleven of the items reported above with a total value of €3,340,992. These include the five supply contracts which were extended/rolled over. In two other cases the tender process is well advanced.

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

31 March 2015

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 2014 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 2014.

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

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2014.

Reporting on matters arising from audit

Chapter 9 of my report on the accounts of the public services for 2014 deals with the development of prison accommodation in Dublin.

Seamus McCarthy
Comptroller and Auditor General

6 August 2015

Vote 21 Prisons

Appropriation Account 2014

		2014		2013
		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			
	<i>Original</i>	324,538		
	<i>Deferred surrender</i>	2,400		
	<i>Supplementary</i>	9,650		
			336,588	335,341
				321,631
Gross expenditure				
	<i>Original</i>	324,538		
	<i>Deferred surrender</i>	2,400		
	<i>Supplementary</i>	9,650		
			336,588	335,341
				321,631
	<i>Deduct</i>			
B	Appropriations-in-aid			
	<i>Original</i>	15,993		
	<i>Supplementary</i>	400		
			16,393	16,351
				16,664
Net expenditure				
	<i>Original</i>	308,545		
	<i>Deferred surrender</i>	2,400		
	<i>Supplementary</i>	9,250		
			320,195	318,990
				304,967

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending the following year.

	2014	2013
	€	€
Surplus	1,204,687	6,424,477
Deferred surrender	—	(2,400,000)
Surplus to be surrendered	1,204,687	4,024,477

Analysis of administration expenditure

				2014	2013
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	230,100			
	Supplementary	7,000	237,100	236,926	237,310
ii	Travel and subsistence		1,816	1,861	1,931
iii	Training and development and incidental expenses				
	Original	3,860			
	Supplementary	(960)	2,900	2,344	2,526
iv	Postal and telecommunications services				
	Original	2,900			
	Supplementary	200	3,100	3,402	2,878
v	Office equipment and external IT services				
	Original	4,480			
	Supplementary	(200)	4,280	4,341	6,212
vi	Consultancy services and value for money and policy reviews				
	Original	100			
	Supplementary	(100)	—	—	5
			249,196	248,874	250,862

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost		86,467	70,769
Pay		236,926	237,310
Non pay		11,948	13,552
Gross expenditure		335,341	321,631
<i>Deduct</i>			
Appropriations-in-aid		16,351	16,664
Net expenditure		318,990	304,967
Changes in capital assets			
Purchases cash	(3,861)		
Depreciation	2,767		
Disposals cash	2		
Loss on disposals	11	(1,081)	(5,289)
Changes in assets under development			
Cash payments		(26,564)	(7,149)
Changes in net current assets			
Decrease in closing accruals	(2,857)		
Increase in stock	(40)		
		(2,897)	389
Direct expenditure		288,448	292,918
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		34,393	35,247
Net programme cost		322,841	328,165

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.

		2014	2013
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	135	135
Vote 12 Superannuation and Retired Allowances	e	32,907	33,673
Vote 13 Office of Public Works	e	216	140
Vote 18 Shared Services	e	568	—
Vote 24 Justice and Equality - Financial Shared Services Centre	e	567	1,299
		34,393	35,247

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	887,331	834,257
Capital assets under development	2.3	28,461	3,956
		915,792	838,213
Current assets			
Bank and cash	2.4	8,270	9,202
Stocks	2.5	1,170	1,130
Prepayments		450	529
Accrued income		52	96
Other debit balances	2.6	603	474
Total current assets		10,545	11,431
Less current liabilities			
Net liability to the Exchequer	2.8	48	2,423
Accrued expenses		2,702	5,682
Other credit balances	2.7	8,825	7,253
Total current liabilities		11,575	15,358
Net current liabilities		(1,030)	(3,927)
Net assets		914,762	834,286
Represented by:			
State funding account	2.1	914,762	834,286

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		834,286	821,446
Land and buildings revaluation		50,735	—
Disbursements from the Vote			
Estimate provision	Account	320,195	
Surplus to be surrendered	Account	(1,205)	
Net vote		318,990	304,967
Expenditure (cash) borne elsewhere	1	34,393	35,247
Transfer from Department of Justice and Equality	2.2	(801)	791
Net programme cost	1	(322,841)	(328,165)
Balance at 31 December		914,762	834,286

2.2 Capital Assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets					
Cost or valuation at 1 January 2014	828,298	70,257	811	8,553	907,919
Additions	5,026	712	—	182	5,920
Revaluations	50,735	—	—	—	50,735
Transfer out ^{a,b}	(801)	—	—	(35)	(836)
Disposals	—	(1,814)	—	(157)	(1,971)
Cost or valuation at 31 December 2014	883,258	69,155	811	8,543	961,767
Accumulated depreciation					
Opening balance at 1 January 2014	—	65,590	644	7,428	73,662
Depreciation for the year	—	2,190	34	543	2,767
Depreciation on transfer out	—	—	—	(35)	(35)
Depreciation on disposals	—	(1,801)	—	(157)	(1,958)
Cumulative depreciation at 31 December 2014	—	65,979	678	7,779	74,436
Net assets at 31 December 2014	883,258	3,176	133	764	887,331
Net assets at 31 December 2013	828,298	4,667	167	1,125	834,257

^a This refers to an asset, Fort Mitchell prison site on Spike Island, which was transferred to Cork County Council in April 2010.

^b Two vehicles with an original cost of €35,000 were transferred to the Garda Síochána Voté.

2.3 Capital Assets under Development

	Construction contracts	
	2014	2013
	€000	€000
Amounts brought forward at 1 January	3,956	2,655
Cash payments for the year	26,564	7,149
Transferred to asset register	(2,059)	(5,848)
Balance at 31 December	28,461	3,956

2.4 Bank and Cash

	2014	2013
at 31 December	€000	€000
PMG balances and cash	8,011	8,782
Commercial bank accounts	259	420
	8,270	9,202

The commercial bank account balance is presented separately and the comparative has been reclassified. The commercial bank account balance includes €58,000 in 2014 (2013: €229,000) in respect of a commercial bank account administered by the Department of Justice and Equality – Financial Shared Services.

2.5 Stocks	2014	2013
at 31 December	€000	€000
Uniforms and clothing	1,035	1,047
Furniture and maintenance material	30	15
Miscellaneous	105	68
	<u>1,170</u>	<u>1,130</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Imprests	120	252
Payroll suspense account (Paypath)	204	—
Other debit suspense items	279	222
	<u>603</u>	<u>474</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,460	3,976
Pay Related Social Insurance	1,836	1,682
Retention Tax	141	357
Value Added Tax	1,510	547
Construction Tax	13	—
Tax deducted from pension contribution refunds	1	—
	<u>7,961</u>	<u>6,562</u>
Payroll deductions held in suspense	626	593
Other credit suspense items	238	98
	<u>8,825</u>	<u>7,253</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,205	4,024
Deferred surrender	—	2,400
Exchequer grant undrawn	(1,157)	(4,001)
Net liability to the Exchequer	<u>48</u>	<u>2,423</u>

Represented by:

Debtors		
Bank and cash	8,270	9,202
Debit balances: suspense	603	474
	<u>8,873</u>	<u>9,676</u>
Creditors		
Due to State	(7,961)	(6,562)
Credit balances: suspense	(864)	(691)
	<u>(8,825)</u>	<u>(7,253)</u>
	<u>48</u>	<u>2,423</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

(a) Global Commitments

Total of legally enforceable commitments	2,187	3,580

(b) Multi-Annual Capital Commitments

	Expenditure to 31 December 2013 €000	Expenditure €000	Subsequent years €000	2014 Project total €000	2013 Project total €000
New Cork Prison	2,336	19,926	20,169	42,431	40,676

The figure for subsequent years' expenditure represents commitments where formal contracts were entered into at 31 December 2014.

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Description	Amount of increase €000	Explanation
New Cork Prison	1,755	There were a number of change orders approved by the IPS Capital Projects Oversight Board during 2014 which led to an increase in the total project cost.

2.10 Matured Liabilities

There were no matured liabilities undischarged at year end (2013: Nil).

3 Programme Expenditure by Subhead

		2014		2013
		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			
	<i>Original</i>	230,100		
	<i>Supplementary</i>	7,000	237,100	236,926
A.2	Administration – non pay			237,310
	<i>Original</i>	13,156		
	<i>Supplementary</i>	(1,060)	12,096	11,948
A.3	Buildings and equipment			13,552
	<i>Original</i>	44,188		
	<i>Deferred surrender</i>	2,400		
	<i>Supplementary</i>	3,220	49,808	49,503
A.4	Prison services			24,584
	<i>Original</i>	28,976		
	<i>Supplementary</i>	(400)	28,576	28,335
A.5	Operational services			40,817
	<i>Original</i>	3,730		
	<i>Supplementary</i>	240	3,970	4,004
A.6	Educational services			—
	<i>Original</i>	1,265		
	<i>Supplementary</i>	(100)	1,165	1,101
A.7	Compensation			1,307
	<i>Original</i>	2,873		
	<i>Supplementary</i>	1,000	3,873	3,524
A.8	Social disadvantage measures (Dormant Accounts Funded)			3,978
	<i>Original</i>	250		
	<i>Supplementary</i>	(250)	—	—
				83
			336,588	335,341
				321,631

Significant variations

Overall, the gross expenditure in relation to the Programme was €1.2 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	174	While there was a saving of €174,000, the original estimate was increased by €7 million in a supplementary estimate due to a number of budgetary pressures including the full year cost of Prison Administration and Support Officers (PASOs), a number of recruit Prison Officers from earlier years progressing to the Prison Officer pay scale in 2014 and the appointment of Work Training Officers. In addition, the number of serving personnel was greater than the number which had been projected under the Employment Control Framework (ECF). The estimated serving number under the ECF at the end of 2014 was 3,265. The actual serving number was 3,381.

Description	Less/(more) than provided €000	Explanation
Administration - non pay	148	While there was a saving of €148,000, the original estimate was actually reduced by €1.06 million as part of the supplementary estimate. The savings arose across a number of administrative areas including the purchase of uniforms and training costs as there was no Prison Officer recruitment during the year.
Buildings and equipment	305	While there is a saving of €305,000, the original estimate was increased by €3.22 million as part of the supplementary estimate. The increased requirement arose mainly from the cost of essential boiler and heating system works across a number of prisons.
Prison services	241	While there was a saving of €241,000, the original estimate was reduced by €400,000 as part of the supplementary estimate process due to lower than expected costs in prison services. The reduction in prisoner numbers was a contributory factor to the reduced costs in this subhead.
Operational services	(34)	The original estimate was increased by €240,000 as part of the supplementary estimate. The additional costs in this subhead were mainly due to maintenance costs for the prison transport fleet.
Educational services	64	The original estimate was reduced by €100,000 as part of the supplementary estimate process. The reduced cost was mainly attributable to the reduction in prisoner numbers.
Compensation	349	While there was a saving of €349,000, the subhead was increased by €1.0 million as part of the supplementary estimate process in anticipation of awards falling due for payment prior to the end of the year. The timing of expenditure on compensation awards is difficult to predict.
Social disadvantage measures (Dormant Accounts Funded)	—	The original estimate of €250,000 was reduced to zero as part of the supplementary estimate process. There was no expenditure from this subhead in 2014 pending the publication of the Dormant Account Action Plan and the determination of the funding base for projects in 2015 as part of Revised Estimates in December 2014. This delayed the commencement of projects in 2014.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1. European Social Fund				
	<i>Original</i>	5		
	<i>Supplementary</i>	(5)	—	—
2. Proceeds from the sale of prison property			—	—
3. Miscellaneous				
	<i>Original</i>	400		
	<i>Supplementary</i>	5	405	321
4. Dormant account receipts				
	<i>Original</i>	250		
	<i>Supplementary</i>	(250)	—	83
5. Receipts from pension - related deduction on public service remuneration				
	<i>Original</i>	15,338		
	<i>Supplementary</i>	650	15,988	16,260
Total			16,393	16,351
				16,664

Explanation of significant variations

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

Description	Less/(more) than provided €000	Explanation
Miscellaneous	92	Even though the original estimate was increased by €5,000 as part of the supplementary estimate process, receipts fell short by €92,000. It is difficult to predict the precise level of receipts under this heading.
Dormant account receipts	—	The receipts in this case match expenditure from subhead A.8. As there was a delay in engaging in projects in 2014 pending clarification of the funding base for 2015, there were no receipts under this heading in 2014. This was reflected in the supplementary estimate.
Receipts from pension - related deduction on public service remuneration	(50)	The original allocation was increased by €650,000 in the supplementary estimate to reflect the additional receipts under this heading which are closely linked to payroll costs.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	3,381	3,433
	2014	2013
	€000	€000
Pay	142,050	140,669
Higher, special or additional duties allowance	290	492
Other allowances	47,968	47,961
Extra attendance and overtime	31,048	32,791
Employer's PRSI	15,570	15,397
Total Pay	236,926	237,310

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	67	3	11,560	12,090
Extra attendance and overtime	3,079	1,749	22,884	28,704
Shift and roster allowances	2,936	665	18,388	19,003
Miscellaneous	3,228	203	31,252	21,881

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €76,565 was paid to 17 retired civil servants in receipt of civil service pensions, ranging from €600 to €12,043, who were re-employed on various duties during 2014. A total of €31,457 was paid to six retired members of An Garda Síochána, who were employed on specific duties during 2014. 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.

5.3 Payroll Overpayments

The balance of payroll overpayments outstanding at year end was €561,028 (2013: €443,538)

6 Miscellaneous

6.1 Prison Population

The estimated daily average number of prisoners in 2014 was 3,916 (2013: 4,158).

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.

				2014	2013
	Number of cases	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000
Claims by prison staff					
Civil claims for injuries received while on duty and other issues involving prison staff	93	837	380	1,217	892
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	46	983	—	983	827
Claims by prisoners					
Claims arising out of injuries and other actions involving prisoners	137	249	835	1,084	1,470
Claims by members of the public	22	86	148	234	783
		2,155	1,363	3,518	3,972

At 31 December 2014, the State Claims Agency recorded 1,201 claims as outstanding (2013: 585 cases).

6.3 Prisoner Funeral Expenses

Ex-gratia payments totalling €5,700 were made towards the funeral expenses of two prisoners who died in prison.

6.4 Fraud and Suspected Fraud

	2014 €000	2013 €000
Alleged misappropriation of stock/monies	10	2

There were two detected fraud instances in 2014 (2013: 2).



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.43 million is liable for surrender to the Exchequer.

The new Court of Appeal has been established and commenced sittings on 5 November 2014.

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. The valuation used is based on market values of commercial properties in the area.

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 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.

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. The Courts Service complied with the guidelines with the exception of seven contracts to the value of €659,916. These contracts were extended beyond the original contract date without competitive procurement and an independent review was not obtained in advance of expenditure as required under Circular 40/2002. The Courts Service is in the process of putting tenders in place for these services during 2015. In addition, there was one item relating to a centrally procured draw down contract for fixed line services valued at €326,873 which was extended beyond the original contract. We understand that a new contract is being procured centrally by the Office of Government Procurement for these services during 2015. Furthermore, there were seven contracts with sole suppliers with a total value of €1,312,250 which by their nature are not subject to a competitive process.

Audit Committee

I can confirm that the Courts Service has an Audit Committee. The Committee is a sub-committee of the Board of the Courts Service. 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 an approved written charter and submits an annual report 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 I have approved. Its work is informed by analysis of the financial 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 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 responsibility in relation to the requirements of the Financial Shared Service Centre Killarney for the provision of financial shared services and I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality for the provision of shared services to the Courts Service.

Brendan Ryan
Accounting Officer
Courts Service

31 March 2015

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 2014 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 the Courts 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 2014.

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

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2014.

Seamus McCarthy
Comptroller and Auditor General

27 August 2015

Vote 22 Courts Service

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the courts and support the judiciary			
	<i>Original</i>	104,565		
	<i>Supplementary</i>	2,188		
			106,753	105,399
				104,647
	Gross expenditure		106,753	105,399
	<i>Deduct</i>			
B	Appropriations-in-aid			
	<i>Original</i>	46,535		
	<i>Supplementary</i>	2,187		
			48,722	48,797
				46,838
	Net expenditure			
	<i>Original</i>	58,030		
	<i>Supplementary</i>	1		
			58,031	56,602
				57,809

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,429,334	515,170

Analysis of administration expenditure

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
i	Salaries, wages and allowances		47,679	47,139
ii	Travel and subsistence			49,012
	<i>Original</i>	2,663		
	<i>Supplementary</i>	82	2,745	2,912
iii	Training and development and incidental expenses			2,881
	<i>Original</i>	7,286		
	<i>Supplementary</i>	(899)	6,387	5,761
iv	Postal and telecommunications services			5,812
	<i>Original</i>	2,291		
	<i>Supplementary</i>	24	2,315	2,275
v	Office equipment and external IT services			2,476
	<i>Original</i>	4,381		
	<i>Supplementary</i>	1,826	6,207	6,237
vi	Office premises expenses			6,052
	<i>Original</i>	13,122		
	<i>Supplementary</i>	1,867	14,989	13,681
vii	Consultancy services and value for money and policy reviews			15,601
	<i>Original</i>	100		
	<i>Supplementary</i>	(34)	66	76
			80,388	78,081
				81,901

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost		27,318	22,746
Pay		47,139	49,012
Non pay		30,942	32,889
Gross expenditure		105,399	104,647
<i>Deduct</i>			
Appropriations-in-aid		48,797	46,838
Net expenditure		56,602	57,809
Changes in capital assets			
Purchases cash	(730)		
Loss on disposal	6		
Depreciation	6,662		
		5,938	6,742
Changes in assets under development			
Cash payments	(2,038)	(2,038)	(685)
Changes in net current assets			
Increase in closing accruals	582		
Decrease in stock	4		
		586	832
Direct expenditure		61,088	64,698
Net allied services expenditure (note 1.1)		38,260	39,005
Notional rents		3,342	3,331
Net programme cost		102,690	107,034

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.

		2014	2013
		€000	€000
Vote:			
Vote 9 Office of the Revenue Commissioners	e	150	150
Vote 12 Superannuation and Retired Allowances	e	7,495	7,073
Vote 13 Office of Public Works	e	1,003	1,103
Vote 20 Garda Síochána	e	187	177
Vote 24 Justice and Equality - Financial Shared Services Centre	e	460	737
Central Fund – Judicial salaries and pensions	e	28,965	29,765
		38,260	39,005

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	215,100	198,883
Capital assets under development	2.3	1,870	2,655
		216,970	201,538
Current assets			
Bank and cash	2.4	898	2,223
Stocks	2.5	224	228
Prepayments		2,213	2,861
Accrued income		1,787	2,764
Other debit balances	2.6	2,092	1,069
Total current assets		7,214	9,145
Less current liabilities			
Accrued expenses		2,164	3,214
Other credit balances	2.7	2,460	2,768
Net liability to the Exchequer	2.8	530	524
Total current liabilities		5,154	6,506
Net current assets		2,060	2,639
Net assets		219,030	204,177
Represented by:			
State funding account	2.1	219,030	204,177

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		204,177	220,280
Disbursements from the Vote			
Estimate provision	Account	58,031	
Surplus to be surrendered	Account	(1,429)	
Net vote		56,602	57,809
Expenditure (cash) borne elsewhere	1	38,260	39,005
Non cash expenditure – notional rent	1	3,342	3,331
Other non-cash items		21,542	(9,002)
Capital asset under development adjustment	2.3	(2,203)	(212)
Net programme cost	1	(102,690)	(107,034)
Balance at 31 December		219,030	204,177

2.2 Capital Assets

	Land and buildings €000	IT and office equipment €000	Furniture and fittings €000	Total €000
Gross Assets				
Cost or valuation at 1 January 2014	223,063	40,282	31,653	294,998
Additions	7	985	351	1,343
Adjustment ^a	26,928	—	—	26,928
Disposals	—	(1,057)	(22)	(1,079)
Cost or valuation at 31 December 2014	249,998	40,210	31,982	322,190
Accumulated depreciation				
Opening balance at 1 January 2014	30,098	37,832	28,185	96,115
Depreciation for the year	4,316	1,090	1,256	6,662
Depreciation on adjustment	5,386	—	—	5,386
Depreciation on disposals	—	(1,054)	(19)	(1,073)
Cumulative depreciation at 31 December 2014	39,800	37,868	29,422	107,090
Net assets at 31 December 2014	210,198	2,342	2,560	215,100
Net assets at 31 December 2013	192,965	2,450	3,468	198,883

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. Nenagh Courthouse was vested in 2014 bringing the total number of vested buildings to 41. There were no buildings valued in 2014. There are currently six buildings awaiting valuation: Washington Street, Kilkenny, Clifden, Wicklow, Tullamore and Nenagh. 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.

^a The adjustment reflects the additional costs relating to the refurbishment of Washington Street courthouse.

2.3 Capital Assets under Development

at 31 December 2014

	Construction projects €000	Computer applications €000	Total €000
Amounts brought forward at 1 January 2014	2,233	422	2,655
Cash payments for the year	1,232	806	2,038
Transferred to asset register	—	(620)	(620)
Adjustment ^a	(2,203)	—	(2,203)
Balance at 31 December 2014	1,262	608	1,870

^a Waterford, Wexford and Mullingar are no longer classified as assets under development as they are now projects which form part of the Courts Service PPP bundle currently underway.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	(360)	102
Commercial bank accounts ^{a,b}	1,258	2,121
	<u>898</u>	<u>2,223</u>

^a The commercial bank account balance is presented separately and the comparative has been reclassified.

^b The commercial bank account balance includes €196,000 in 2014 (2013: €738,000) in respect of a commercial bank account operated by Department of Justice and Equality – Financial Shared Services.

The bank balance for the year end 2014 in the Courts Accounting System amounted to €7.5 million and is not included in Note 2.4 as the balance principally consists of non Exchequer funding relating to maintenance lodgements under Family law, bail money lodgements and poor box receipts.

The Circuit Court offices also maintain bank accounts that are not included in Note 2.4. There was a balance on these accounts of €938,043 at the end of 2014. Unclaimed bail money accounted for €220,947 of this balance with the remainder relating to civil monies for Landlord and Tenant receipts, and balances in dormant fund accounts.

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery	172	171
Consumables	32	38
Miscellaneous	20	19
	<u>224</u>	<u>228</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Advances to OPW	1,115	919
Payroll suspense account (Paypath)	745	—
Recoupment of salaries	86	98
Other debit suspense items	137	44
Imprests	9	8
	<u>2,092</u>	<u>1,069</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	723	715
Professional Services Withholding Tax	21	43
Value Added Tax	51	31
Pay Related Social Insurance	283	271
Court accounts	1,062	1,384
	2,140	2,444
Payroll deductions held in suspense	318	322
Other credit suspense items	2	2
	2,460	2,768

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	1,429	515
Exchequer grant undrawn	(899)	9
Net liability to the Exchequer	530	524

Represented by:**Debtors**

Bank and cash	898	2,223
Debit balances: suspense	2,092	1,069
	2,990	3,292

Creditors

Due to State	(2,140)	(2,444)
Credit balances: suspense	(320)	(324)
	(2,460)	(2,768)
	530	524

2.9 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	39,262	41,077

(b) Multi-annual capital commitments

	2014			2013
	Expenditure to 31 December 2013^a	Expenditure	Subsequent years	Total
Project	€000	€000	€000	€000
Refurbishment of Washington Street courthouse	8,905	1,380	14,715	25,000

^a Expenditure to the end of 2013 excludes a payment of €1.2 million made to Cork City Council in 2006 for settlement of the final account on the refurbishment of Washington Street.

(c) Capital cost of Public Private Partnership project

	2014			2013
	Expenditure to 31 December 2013	Expenditure	Legally enforceable commitments to be met in subsequent years	Total
Name of PPP Project	€000	€000	€000	€000
Criminal Courts Complex	33,166	4,943	138,988	177,097

2.10 Matured Liabilities

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

3 Programme Expenditure by Subhead

				2014	2013
		Estimate provision		Outturn	Outturn
A	Manage the Courts and Support the Judiciary	€000	€000	€000	€000
A.1	Administration - pay		47,679	47,139	49,012
A.2	Administration – non pay				
	Original	29,843			
	Supplementary	2,866	32,709	30,942	32,889
A.3	Courthouses (capital works)				
	Original	5,880			
	Supplementary	(1,365)	4,515	4,456	2,506
A.4	PPP costs				
	Original	21,163			
	Supplementary	687	21,850	22,862	20,240
			106,753	105,399	104,647

Significant variations

Overall, the gross expenditure in relation to the programme was €1.35 million less than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	1,767	The supplementary estimate of €2.87 million was originally sought to fund additional requirements on a number of essential ICT projects including the implementation of the Fines Act and the establishment of the Court of Appeal. Furthermore, there were additional requirements relating to maintenance works in various courthouses, and increases in utility costs and travel and subsistence costs due to increased court sittings. As it transpired, there was a saving of €1.8 million primarily due to underspends on office premises of €1.3 million relating to a small number of courthouse maintenance projects which were not completed by year end and non payment of a lease due to a tax clearance issue.
Courthouse (capital works)	59	A number of capital projects were not completed as planned. As a result, spending in 2014 was €1.4 million less than originally provided. The budget was reduced by €1.37 million in the supplementary estimate.
PPP costs	(1,012)	The supplementary estimate of €0.69 million was originally sought to fund additional requirements including increases in the annual repayment due to indexation. The subsequent excess was due to the payment of charges relating to the November period before the end of the financial year. In general, the PPP costs are relatively fixed but there are a number of contractual provisions, including those relating to insurance and unavailability which need to be evaluated before payment can be made and as a result the precise timing of payments can vary from year to year.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1	Fees			
	<i>Original</i>	42,493		
	<i>Supplementary</i>	1,537	44,030	42,165
2	Miscellaneous			
	<i>Original</i>	1,542		
	<i>Supplementary</i>	500	1,869	1,809
3	Receipts from pension-related deduction on public service remuneration			
	<i>Original</i>	2,500		
	<i>Supplementary</i>	150	2,626	2,864
Total			48,722	48,797
				46,838

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
Fees	(272)	The 2014 estimate was increased by €1.5 million as a result of a supplementary estimate that was approved by the Dáil which arose due to additional fee income received as a result of a change in the Fees Orders and change in jurisdiction in 2014. Actual receipts in the year exceeded the revised budget marginally.
Miscellaneous	173	The 2014 target was increased by €500,000 as part of the supplementary estimate due to anticipated increased receipts. A small shortfall was recorded under income miscellaneous at year end.
Receipts from pension-related deduction on public service remuneration	24	The 2014 target was increased by €150,000 as a result of a supplementary estimate. The small shortfall arose due to the general difficulty in accurately forecasting staff movement, including age related retirements, early retirements, and the recruitment of staff to fill a number of these vacancies.

4.2 Extra receipts payable to the Exchequer

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
Balance at 1 January	—	—	—
Road Traffic Act fines ^a	7,032	6,889	6,807
Other fines ^a	3,960	4,234	4,879
Other receipts ^b	—	158	88
Total transferred	(10,992)	(11,281)	(11,774)
Balance at 31 December	—	—	—

^a Fines receipts are largely outside of the control of the Courts Service and are dependent on the imposition of fines by the Courts, and enforcement by An Garda Síochána.

^b The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are paid over to the Department of Finance. The 2014 receipts relate to funds lodged in 2006.

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following departments in respect of fines and fees collected by the Court Service on their behalf in 2014.

	2014	2013
	€000	€000
Balance at 1 January	—	—
Revenue Commissioners		
Revenue fines ^a	1,885	1,761
Excise Duty ^b	5,150	5,500
Department of Communications, Energy and Natural Resources	19	97
Department of Agriculture, Fisheries and Food	216	210
Total transferred	(7,270)	(7,568)
Balance at 31 December	—	—

^a Monies collected relate to court fines imposed where the prosecutor is the Revenue Commissioner.

^b Monies collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are receipted by the Court Service on behalf of the Revenue Commissioners.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	927	927

	2014	2013
	€000	€000
Pay	43,328	45,133
Higher, special or additional duties allowance	32	27
Other allowances	1,045	1,035
Overtime	236	289
Employer's PRSI	2,498	2,528
Total Pay	47,139	49,012

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	18	—	4,200	5,275
Other allowances	286	15	19,585	19,585
Overtime	163	5	20,861	22,108

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €15,232 was paid in 2014 to two retired civil servants in receipt of a civil service pension who were engaged for a short period of time during 2013 and 2014. This amount is made up of €7,078 payroll and €8,154 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 €796,316 were recouped from tribunals and government departments in respect of staff on secondment.

5.4 Salary overpayments

The balance of payroll overpayments outstanding at 31 December 2014 was €58,606 (2013: €85,283).

6 Miscellaneous

6.1 Compensation and Third Party Legal Costs

Total payments in respect of third party legal costs and compensation costs amounted to €379,666. 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 €287,782.

	2014 €000	2013 €000
State Claims Agency	288	103
Third party legal costs	76	74
Compensation costs	16	23
	380	200

6.2 Courts Service PPP Bundle

In July 2012, the Government announced an investment package which includes seven courthouse projects, as follows: Wexford, Mullingar, Waterford, Limerick, Cork, Letterkenny and Drogheda. These projects are being procured on a Public Private Partnership (PPP) basis and the Courts Service is working with the Department of Justice and Equality, the Office of Public Works and the National Development Finance Agency to progress these projects. It is anticipated that a contract will be in place in relation to these projects before the end of 2015.



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.36 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.

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 with the exception of seven contracts to the value of €3.736 million (including VAT) which were listed in my annual return in respect of Circular 40/2002. Of this amount, one contract in the amount of €3 million relates to payments to Ordnance Survey Ireland, the national mapping agency. Of the remainder, two contracts to the value of €198,020 relate to services available from sole suppliers, two contracts to the value of €195,807 are in respect of extensions of existing contracts and two contracts to the value of €342,475 are in respect of proprietary 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 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 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.

Frank Treacy

Chief Executive Officer
Property Registration Authority

26 March 2015

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 2014 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 Authority and for the regularity and propriety of all transactions in the appropriation account.

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- 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.

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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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

29 July 2015

Vote 23 Property Registration Authority

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the Land Registry and the Registry of Deeds	31,087	29,923	30,550
Gross expenditure		31,087	29,923	30,550
<i>Deduct</i>				
B	Appropriations-in-aid	979	1,177	1,276
Net expenditure		30,108	28,746	29,274

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	1,361,979	1,957,579

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	23,773	23,082	24,025
ii	Travel and subsistence	110	106	111
iii	Training and development and incidental expenses	4,100	4,079	4,063
iv	Postal and telecommunications services	800	654	601
v	Office equipment and external IT services	1,817	1,508	1,238
vi	Office premises expenses	462	469	499
vii	Consultancy services and value for money and policy reviews	25	25	13
		31,087	29,923	30,550

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	23,082	24,025
Non pay	6,841	6,525
Gross expenditure	29,923	30,550
<i>Deduct</i>		
Appropriations-in-aid	1,177	1,276
Net expenditure	28,746	29,274
Changes in capital assets		
Purchases cash	(622)	
Depreciation	1,210	
Loss on disposals	—	
	588	2,030
Changes in net current assets		
Increase in closing accruals	115	
Increase in stock	(9)	
	106	58
Direct expenditure	29,440	31,362
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,728	4,260
Notional rents	2,637	2,382
Net programme cost	36,805	38,004

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 3,624	3,501
Vote 13 Office of Public Works	e 788	500
Vote 24 Justice and Equality - Financial Shared Services Centre	e 316	259
	4,728	4,260

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	1,246	1,834
Current assets			
Bank and cash ^a	2.3	1,598	1,092
Stocks	2.4	257	248
Prepayments		702	739
Other debit balances	2.5	390	93
Net Exchequer funding due	2.7	456	389
Total current assets		3,403	2,561
Less current liabilities			
Accrued expenses		184	106
Other credit balances	2.6	2,444	1,574
Total current liabilities		2,628	1,680
Net current assets		775	881
Net assets		2,021	2,715
Represented by:			
State funding account	2.1	2,021	2,715

^a The commercial bank account balance is presented separately and the comparative has been reclassified.

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,715	4,803
Disbursements from the Vote			
Estimate provision	Account	30,108	
Surplus to be surrendered	Account	(1,362)	
Net vote		28,746	29,274
Expenditure (cash) borne elsewhere	1	4,728	4,260
Non cash expenditure – notional rent	1	2,637	2,382
Net programme cost	1	(36,805)	(38,004)
Balance at 31 December		2,021	2,715

2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	35,137	3,630	38,767
Additions	601	21	622
Disposals	(273)	(11)	(284)
Cost or valuation at 31 December 2014	35,465	3,640	39,105
Accumulated depreciation			
Opening balance at 1 January 2014	33,523	3,410	36,933
Depreciation for the year	1,160	50	1,210
Depreciation on disposals	(273)	(11)	(284)
Cumulative depreciation at 31 December 2014	34,410	3,449	37,859
Net assets at 31 December 2014	1,055	191	1,246
Net assets at 31 December 2013	1,614	220	1,834

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	(353)	(181)
Commercial bank accounts	1,951	1,273
	1,598	1,092

The commercial bank account balance includes €91,000 in 2014 (2013: €366,000) in respect of a commercial bank account operated by Department of Justice and Equality – Financial Shared Services. Extra exchequer receipt balances are also included and the comparative figures have been adjusted accordingly.

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	140	97
Miscellaneous supplies	16	16
IT consumables	101	135
	257	248

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Payroll suspense account (Paypath)	355	—
Suspense	35	93
	390	93

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	305	315
Retention Tax	1	1
Pay Related Social Insurance	137	141
Value Added Tax	24	9
Extra receipts payable to the Exchequer	1,860	907
	<u>2,327</u>	<u>1,373</u>
Payroll deductions held in suspense	85	169
Owed to OPW	32	32
	<u>2,444</u>	<u>1,574</u>

2.7 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	1,362	1,958
Exchequer grant undrawn	(1,818)	(2,347)
Net Exchequer funding due	<u>(456)</u>	<u>(389)</u>

Represented by:**Debtors**

Bank and cash	1,598	1,092
Debit balances: suspense	390	93
	<u>1,988</u>	<u>1,185</u>

Creditors

Due to State	(2,327)	(1,373)
Credit balances: suspense	(117)	(201)
	<u>(2,444)</u>	<u>(1,574)</u>
	<u>(456)</u>	<u>(389)</u>

2.8 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	266	3,014

The Authority entered into an agreement in 2012 with Ordnance Survey Ireland, the national mapping agency, as a sole supplier for the provision of mapping data. Under the agreement, the Authority made payments of €3.4 million in 2012 and €3 million in both 2013 and 2014. In the context of the impending merger involving both organisations and Valuation Office (Note 6.2), the contract will be renewed on an annual basis pending the completion of the merger. As a result, no multi annual contractual commitment arises for this service at end December 2014.

2.9 Matured Liabilities

There were no matured liabilities undischarged at the year end 2014 or in the previous year.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Manage the Land Registry and the Registry of Deeds			
A.1	Administration - pay	23,773	23,082	24,025
A.2	Administration - non pay	7,314	6,841	6,525
		<u>31,087</u>	<u>29,923</u>	<u>30,550</u>

Significant variations

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

Description	Less/(more) than provided €000	Explanation
Salaries, wages and allowances	691	Expenditure on salaries, wages and allowances was lower as a result of a further reduction in staff numbers throughout 2014.
Post and telecom services	146	Expenditure on post and telecoms is reducing as a result of new telecommunications arrangements.
Office equipment and external IT services	309	Expenditure on external IT services was reduced as a result of the cessation of a large IT support contract.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	979	1,177	1,276

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Opening balance at 1 January	907	820
Land Registry fees received	45,799	35,543
Registry of Deeds fees received	1,206	1,034
Ground Rents fees received	59	57
Paid over to Exchequer	(46,111)	(36,547)
Closing balance at 31 December	1,860	907

Fees are paid over to the Exchequer on a weekly basis. Fees in the amount of €1.4 million were paid to the Exchequer on 7 January 2015.

The increased level of fees received reflects increased activity in the property market, particularly in respect of transfer sales transactions. As a result, increased levels of applications for registration were lodged in the Land Registry in 2014.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	502	518
	2014	2013
	€000	€000
Pay	21,628	22,500
Higher, special or additional duties allowance	14	12
Other allowances	81	83
Overtime	124	164
Employer's PRSI	1,235	1,266
Total Pay	23,082	24,025

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	2	1	11,002	11,506
Other allowances	35	—	7,718	7,870
Overtime	43	—	8,908	10,796

Certain individuals received extra remuneration in more than one category.

5.2 Overpayments arising due to delays in salary instructions

	2014	2013
	€000	€000
at 31 December		
Staff overpayments outstanding	178	30

6 Miscellaneous

6.1 Compensation Costs

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 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. Twenty three Section 120 compensation payments (2013: 19) were paid in 2014, the total costs of which are set out below.

Personal Injury Compensation

There were no personal injury claim payments in 2014.

	2014	2013
	€000	€000
Section 120 compensation costs	108	75
Personal injury compensation	—	76
Legal fees in relation to personal injury claims	—	49
	<u>108</u>	<u>200</u>

6.2 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. The Chief Executive Designate for the new organisation was appointed on 1 July 2013 and since then a number of working groups, led by senior management in the three entities have been working towards the development of a detailed plan for the establishment of the new entity.

The establishment of the new entity requires primary legislation. To that end, on 22 January 2015, the Minister for Justice and Equality published the Heads and General Scheme of the Tailte Éireann Bill, which provides for the merger. 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 merger is not expected to have an impact on the carrying value of the Authority's assets or liabilities.



Appropriation Account 2014

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 2014 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 and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €24.39 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.

Vote structure

The Justice and Equality vote is structured on a programme basis.

Each of the existing subheads has been grouped under one of six programmes and the administrative costs of the Department have been apportioned across the programmes. The programmes are as follows

- A Maintain a secure Ireland
- B Work for safe communities
- C Facilitate the provision and administration of justice
- D Promote equality and integration
- E Represent Ireland's justice interests in international fora
- F Contribute to economic recovery

The Irish Human Rights and Equality Commission (Subhead D.3) has been established as a separate Vote with effect from 1 January 2015.

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.

Bank and cash

The requirement for inclusion of commercial account balances in certain circumstances in the 2014 and subsequent year appropriation accounts has led to the corresponding figures in the 2013 account being revised for comparative purposes.

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 Acting 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 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.

A Service Management Agreement was signed with the National Shared Service Office (PeoplePoint) in April 2015.

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
- 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 this context, the Department operates a central supply agreement database and runs regular reports to match the entries in the database to expenditure in the financial management system. Before payments are processed, a supply agreement reference must be present. This is to ensure that appropriate procurement arrangements are in place and that prior approval has been sought and received from the Procurement Officer where tendering is not possible. This can be due to the proprietary nature of the goods or services, situations where urgency is a factor or where it has been necessary to extend an agreement. The database is operated by the Procurement Division.

The database holds records in respect of long term support and maintenance arrangements for software such as Microsoft, Oracle and CorePay and consumables for proprietary laboratory equipment where tendering is not possible. These arrangements have not, by agreement, been included under Circular 40/02 for the last number of years.

A total of 14 supply arrangements are being reported under Circular 40/02 in 2014. These are broken down as follows

- eight existing supply arrangements totalling €1,206,991 were extended beyond 2013, mostly in connection with the timing of procurement tenders in the Office of Government Procurement
- specialist knowledge, urgency or security considerations were in place for four arrangements totalling €167,031 and covering location of victims remains and support for an independent review of the Department
- direct sourcing - contract awarded by direct negotiation without a tendering process in two instances totalling €1,079,272 for travel and registration documents where internationally specified standards had to be met.

It is the policy of my Department 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 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

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

26 August 2015

Vote 24 Justice and Equality

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Maintain a secure Ireland	143,819	146,347	142,404
B	Work for safe communities	51,265	49,380	49,649
C	Facilitate the provision and administration of justice	137,323	128,274	123,035
D	Promote equality and integration	22,487	16,099	20,307
E	Represent Ireland's justice interests in international fora	3,110	2,935	4,267
F	Contribute to economic recovery	22,532	20,241	19,571
Gross expenditure		380,536	363,276	359,233
<i>Deduct</i>				
G	Appropriations-in-aid	55,940	63,068	63,575
Net expenditure		324,596	300,208	295,658

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	24,388,295	24,701,742

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,872	19,441	20,468
ii	Travel and subsistence	440	264	420
iii	Training and development and incidental expenses	3,717	3,554	2,949
iv	Postal and telecommunications services	734	786	1,045
v	Office equipment and external IT services	5,236	5,631	7,724
vi	Office premises expenses	1,733	1,006	1,438
vii	Consultancy services and value for money and policy reviews	73	48	22
viii	Research	82	24	10
ix	Financial shared services	11,779	8,206	9,868
x	<i>EU Presidency</i>	—	—	1,270
		43,666	38,960	45,214

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	324,316	314,019
Pay ^a	25,541	28,630
Non-pay	13,419	16,584
Gross expenditure	363,276	359,233
<i>Deduct</i>		
Appropriations-in-aid	63,068	63,575
Net expenditure	300,208	295,658
Changes in capital assets		
Purchases cash	(3,406)	
Depreciation	5,224	
Loss on disposals	14	
Disposals cash	13	
	1,845	3,970
Changes in assets under development		
Cash payments	(3,142)	
	(3,142)	(1,011)
Changes in net current assets		
Decrease in closing accruals	(2,360)	
Increase in stock	(32)	
	(2,392)	(874)
Direct expenditure	296,519	297,743
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	28,027	25,354
Notional rents	4,725	4,643
Net programme cost	329,271	327,740

^a The pay figure for 2014 includes salaries for the Financial Shared Services Centre amounting to €6,099,767 (2013: €7,335,659).

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.

		2014	2013
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	91	15
Vote 12 Superannuation and Retired Allowances	e	21,791	19,721
Vote 13 Office of Public Works	e	11,977	13,055
Vote 18 Shared Services	e	39	—
Vote 20 Garda Síochána	e	182	194
Central Fund – Ministerial pensions	e	230	299
		<u>34,310</u>	<u>33,284</u>
Vote 24 Allied services – apportioned cost of Financial Shared Services Centre	e	(6,283)	(7,930)
		<u>28,027</u>	<u>25,354</u>

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	15,807	17,652
Capital assets under development	2.3	5,323	2,181
		21,130	19,833
Current assets			
Bank and cash	2.4	16,507	22,990
Stocks	2.5	1,539	1,507
Prepayments		4,154	6,006
Accrued income		7,065	3,502
Other debit balances	2.6	3,061	849
Total current assets		32,326	34,854
Less current liabilities			
Accrued expenses		6,249	6,882
Deferred income		145	161
Other credit balances	2.7	19,547	22,251
Net liability to the Exchequer	2.8	21	1,588
Total current liabilities		25,962	30,882
Net current assets		6,364	3,972
Net assets		27,494	23,805
Represented by:			
State funding account	2.1	27,494	23,805

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		23,805	26,617
Disbursements from the Vote			
Estimate provision	Account	324,596	
Surplus to be surrendered	Account	(24,388)	
Net vote		300,208	295,658
Expenditure (cash) borne elsewhere	1.1	28,027	25,354
Non cash expenditure – notional rent	1	4,725	4,643
Net programme cost	1	(329,271)	(327,740)
Transfer to other departments		—	(727)
Balance at 31 December		27,494	23,805

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 2014	6,974	1,163	98,264	5,458	111,859
Additions	—	130	2,568	19	2,717
Adjustment ^a	—	—	635	54	689
Disposals ^a	—	(102)	(5,918)	(1,840)	(7,860)
Cost or valuation at 31 December 2014	6,974	1,191	95,549	3,691	107,405
Accumulated depreciation					
Opening balance at 1 January 2014	765	854	88,159	4,429	94,207
Depreciation for the year	139	115	4,050	261	4,565
Adjustment ^a	—	—	629	30	659
Depreciation on disposals	—	(102)	(5,901)	(1,830)	(7,833)
Cumulative depreciation at 31 December 2014	904	867	86,937	2,890	91,598
Net assets at 31 December 2014	6,070	324	8,612	801	15,807
Net assets at 31 December 2013	6,209	309	10,105	1,029	17,652

^a Arising from a review of fixed assets which is ongoing, a number of assets with a date placed in service prior to 2014 were added to the asset register. The related accumulated depreciation is also included. In addition, assets over 15 years old with a net book value of nil and which were not in place during an asset inventory were removed from the register in 2014. The removal of these assets from the asset register comprises the main part of the disposals figure in 2014.

2.3 Capital Assets under Development

at 31 December	In-house computer applications	Buildings	Totals
	€000	€000	€000
Amounts brought forward at 1 January 2014	1,113	1,068	2,181
Cash payments for the year	3,142	—	3,142
Balance at 31 December 2014	4,255	1,068	5,323

Probation Services Premises

The balance carried forward of €1.068 million in the Buildings category reflects the fit out costs of leased premises in Dublin for use by the Probation Service. While work has been completed in relation to this building, it cannot be occupied due to issues in relation to planning permission. The status of the lease remains in dispute. Legal proceedings on behalf of the Department issued on 20 March 2013 and these proceedings are ongoing.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	2,694	5,163
Petty cash/impres	15	25
Commercial bank accounts ^{a,b}	13,798	17,802
	<u>16,507</u>	<u>22,990</u>

^a The commercial bank account balance is presented separately and where required reclassification of the current year and comparative balances has been reflected.

^b A further commercial bank account for payroll services for the Justice Group and other client votes of the Financial Shared Services centre (FSS) is operated by the Department of Justice and Equality – FSS. An amount for €291,000 in 2014 (2013: €1,899,000) relates to Paypath payroll payments for the Department of Justice and Equality directly. The balance of this account of €15,770,000 (2013: €25,717,000) is reflected in the balance sheets of the client votes of the FSS i.e. Votes 2, 20, 21, 22, 23 and 33.

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery	122	143
Forensic consumables	253	174
IT consumables	58	90
Immigration registration cards	1,046	1,045
Miscellaneous	23	17
Publications	20	20
Equipment/clothing	17	18
	<u>1,539</u>	<u>1,507</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Advance to the Office of Public Works	396	445
Impres	48	51
Recoupable salaries	213	100
Recoupment of travel pass scheme	317	26
Criminal Assets Bureau receivership	41	135
Payroll suspense account (Paypath)	1,889	—
Other	157	92
	<u>3,061</u>	<u>849</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Income Tax	1,934	1,961
Pay Related Social Insurance	866	872
Value Added Tax	197	173
Professional Service Withholding Tax	1,666	1,571
Construction Tax	—	3
Justice bank accounts	13,507	15,903
	18,170	20,483
Payroll deductions held in suspense	702	701
Emergency resettlement and Reach projects	199	414
Other	476	653
	19,547	22,251

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	24,388	24,702
Exchequer grant undrawn	(24,382)	(23,139)
Petty cash/imprest	15	25
Net liability to the Exchequer	21	1,588

Represented by:

Debtors

Bank and cash	16,507	22,990
Debit balances: suspense	3,061	849
	19,568	23,839

Creditors

Due to State	(18,170)	(20,483)
Credit balances: suspense	(1,377)	(1,768)
	(19,547)	(22,251)
	21	1,588

2.9 Commitments	2014	2013
at 31 December	€000	€000

Total of legally enforceable commitments	3,470	2,539

2.10 Matured Liabilities

There were no matured liabilities un-discharged at year end 2014 or in the previous year.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Maintain a Secure Ireland			
A.1	Administration – pay	6,361	6,559	6,508
A.2	Administration – non pay	4,128	3,743	4,843
A.3	Irish Naturalisation and Immigration Service (INIS)	47,544	48,880	42,903
A.4	Asylum seekers accommodation	51,936	53,217	55,228
A.5	Garda Complaints Board	110	175	179
A.6	Criminal Assets Bureau	7,037	6,654	6,455
A.7	Prisons Inspectorate	382	382	369
A.8	Garda Ombudsman Commission	7,924	8,310	7,972
A.9	Office of the Garda Inspectorate	1,002	1,111	863
A.10	Irish Youth Justice Service	17,395	17,316	17,084
		143,819	146,347	142,404

Significant variations

Overall the expenditure in relation to the Programme was a net €2.53 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Irish Naturalisation and Immigration Service	(1,336)	The excess arose mainly due to increased costs arising from demand led operations such as increased asylum and other applications as well as timing of payments for some services and projects. The services relate to legal bills from the Chief State Solicitor's Cost Accounting Office and the timing of project payments relate mainly to the British Irish Visa Scheme.
Asylum seekers accommodation	(1,281)	The excess arose mainly because of essential building/renovation work taking place in State owned centres. Also, an expected decline in the numbers of persons in accommodation did not materialise. At the end of December 2014, there were 4,364 people in accommodation compared with 4,360 at the end of December 2013.
Criminal Assets Bureau	383	The savings arose as a result of anticipated legal costs not materialising in 2014. In addition, staff vacancies remained unfilled pending completion of a recruitment competition.
Garda Ombudsman Commission	(386)	The excess occurred mainly due to legal costs incurred in relation to various matters which arose in the early part of 2014.
Office of the Garda Inspectorate	(109)	The excess arose primarily due to an overrun on payroll costs of €217,000 related to an increase in staff numbers because of the increased workload undertaken by the Inspectorate. The excess was offset in part by savings in the non-pay budget of €108,000. It has been possible to increase the budget available in 2015.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Work for Safe Communities			
B.1	Administration – pay	3,291	2,800	3,363
B.2	Administration – non pay	2,135	2,277	2,636
B.3	Office of the Data Protection Commissioner	1,890	2,275	1,963
B.4	Funding for services to victims of crime	1,212	1,212	1,211
B.5	Crime prevention measures	197	197	197
B.6	Private Security Authority	2,234	2,109	2,074
B.7	Irish Film Classification Office	700	661	691
B.8	Mental Health (Criminal Law) Review Board	396	355	383
B.9	Cosc - domestic, sexual and gender-based violence	1,915	1,388	1,333
B.10	Probation Service - salaries, wages and allowances	20,721	20,703	20,860
B.11	Probation Service - operating expenses	3,775	3,171	3,122
B.12	Probation Service - services to offenders	10,732	10,170	9,703
B.13	Community service order scheme	2,067	2,062	2,113
		51,265	49,380	49,649

Significant variations

Overall, the expenditure in relation to the Programme was €1.89 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Office of the Data Protection Commissioner	(385)	The excess arose due to the combination of an overrun on payroll and legal costs. Additional resources were assigned to the Office in 2014 and the complexity of legal cases has increased in recent years leading to the requirement for the retention of external legal services. It has been possible to increase the budget available to the Office in 2015.
Private Security Authority	125	The saving arose due to the delay in the introduction of licensing for event security and CCTV monitoring sectors until later in 2014 than anticipated. Some other costs such as the appointment of a technical Inspector did not occur in 2014 as anticipated.
COSC - domestic, sexual and gender based violence	527	Savings were made due to some programmes not costing as much as had been anticipated and other programmes associated with the implementation of the national strategy not commencing in 2014. There were also savings on research and communications expenditure.
Probation Service - operating expenses	604	The saving arose mainly due to the utilisation of more efficient procurement arrangements. These measures included centralised purchasing and the use of shared services opportunities, where possible, such as availing of the Office of Government Procurement and Department of Justice and Equality tenders and framework agreements.
Probation Service - services to offenders	562	The saving arose due to economies achieved in community based organisations, as a result of streamlining cost structures and only absolutely essential and committed expenditure being incurred. In addition, some planned developments did not proceed within expected timelines.

		2014		2013
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
C	Facilitate the Provision and Administration of Justice			
C.1	Administration – pay	4,660	4,611	4,832
C.2	Administration – non pay	2,497	2,399	2,668
C.3	Commissions and special inquiries	7,102	2,891	5,585
C.4	Legal Aid - criminal (no. 12 of 1962)	47,552	49,890	50,862
C.5	Legal Aid - custody issues	3,750	3,230	3,365
C.6	Legal Aid Board (grant-in-aid)	32,574	32,574	33,759
C.7	Free legal advice centres	98	98	98
C.8	Coroners Service	384	198	134
C.9	Parole Board	335	341	321
C.10	Forensic Science Laboratory	8,607	8,329	8,452
C.11	State Pathology	2,397	941	950
C.12	Compensation for personal injuries criminally inflicted	4,231	4,181	11,520
C.13	Central authorities (child abduction, child protection and maintenance debtors)	135	68	88
C.14	Legal services regulatory authority	1	—	—
C.15	Magdalen Fund	23,000	18,523	401
		137,323	128,274	123,035

Significant variations

Overall, the expenditure in relation to the Programme was €9.05 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Commissions and special inquiries	4,211	The main reason for the saving is due to the fact that outstanding third party legal costs, particularly in relation to the Smithwick Tribunal have yet to be finalised.
Legal Aid criminal (no. 12 of 1962)	(2,338)	The excess arose due to the number and category of criminal matters coming before the Courts in respect of which legal aid certificates are issued. This is a demand led subhead and expenditure is difficult to predict.
Legal Aid - custody issues	520	The saving is due to the number of cases requiring legal representation being less than anticipated. The scheme is an administrative, non statutory arrangement covering certain types of cases not covered by the Civil Legal Aid or the Criminal Legal Aid Scheme.
Coroners Service	186	The saving arose due to expenditure on payroll and legal costs in relation to judicial reviews being less than anticipated.

Description	Less/(more) than provided €000	Explanation
State Pathology	1,456	The saving mainly arose due to a delay in starting work on new accommodation for the Office of the State Pathologist in 2014. As a result, the saving includes an unspent capital allocation of €1.3 million. It is expected that the Office will relocate to new premises before the end of 2015.
Magdalen Fund	4,477	A lesser number of applications were received in 2014 than expected. In addition, a number of applications were not processed before the end of 2014 as further investigations were required to make a determination in these cases. Also, the Assisted Decision Making Bill was not enacted in 2014 as was expected, thus delaying payment to a number of applicants with capacity issues.

		2014		2013
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
D	Promote Equality and Integration			
D.1	Administration – pay	2,192	2,142	2,265
D.2	Administration – non pay	1,033	869	1,158
D.3	Irish Human Rights and Equality Commission (grant-in-aid)	6,299	2,371	3,911
D.4	Social disadvantage measures (dormant accounts funded)	750	50	—
D.5	Grants to women's organisations	300	300	300
D.6	Traveller initiatives	305	274	118
D.7	Positive action for gender equality	1,000	873	959
D.8	Office for the Promotion of Migrant Integration	2,312	2,382	2,150
D.9	European Refugees Fund	1,500	688	1,500
D.10	Disability awareness initiatives	257	234	109
D.11	National Disability Authority	3,884	3,276	3,449
D.12	Charities regulation	300	280	53
D.13	Charitable Donations and Bequests Office	355	360	335
D.14	Payments to the promoters of certain charitable lotteries (National Lottery funded)	2,000	2,000	4,000
		22,487	16,099	20,307

Significant variations

Overall, the expenditure in relation to the Programme was €6.39 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Irish Human Rights and Equality Commission (grant-in-aid)	3,928	The Irish Human Rights and Equality Commission Act was passed in July 2014. The Act dissolved the Equality Authority and the Irish Human Rights Commission which had previously been funded from this subhead, and established the Irish Human Rights and Equality Commission (IHREC) with effect from 1 November 2014. The budgetary provision was based on the establishment of the IHREC occurring earlier in the year. Both payroll and non pay savings arose as a result. Recruitment of sanctioned additional staff was not completed by year end. An anticipated move to new premises did not occur in 2014 and programme activity did not reach the anticipated level in the year.
Social disadvantage measures (dormant accounts funded)	700	The saving arose due to the fact that the Dormant Account Action Plan was not published until July 2014. The requisite funding base for the projects under the remit of the Department of Justice and Equality was not determined until the revised estimates in December 2014 which delayed committing to projects in 2014. A number of projects within areas such as youth justice, victims of crime, etc. will commence in 2015.

Description	Less/ (more) than provided €000	Explanation
Positive action for gender equality	127	The saving arose mainly due to three existing projects not availing of an extension under the access to employment strand under the Equality for Women Measure. It was not possible to allocate the remaining funding to any new initiatives.
European Refugees Fund	812	The saving arose as a result of a new project, the Asylum, Migration and Integration Fund not commencing in 2014 as had been originally planned.
National Disability Authority	608	The savings arose due to non-pay costs, including building work and library services being less than expected.

		2014	2013
		Estimate provision	Outturn
		€000	€000
E	Represent Ireland's Justice Interests in International Fora		
E.1	Administration – pay	1,749	1,843
E.2	Administration – non pay	1,361	1,092
		<u>3,110</u>	<u>2,935</u>
			<u>4,267</u>

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
F	Contribute to Economic Recovery			
F.1	Administration – pay	9,730	7,586	8,997
F.2	Administration – non pay	4,529	3,039	3,677
F.3	National Property Services Regulatory Authority (NPSRA)	1,071	1,235	832
F.4	Insolvency Service Ireland	7,202	8,381	6,065
		<u>22,532</u>	<u>20,241</u>	<u>19,571</u>

Significant variations

Overall, the expenditure in relation to the Programme was €2.29 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	1,490	The saving arose due to ICT costs being lower than expected and savings in other administrative costs such as postal and telecommunications in the Departments Financial Shared Services Centre in Killarney.
National Property Services Regulatory Authority	(164)	The excess is mainly due to increased payroll costs related to the deployment of additional staff resources to the Authority to meet urgent business requirements during 2014. It has been possible to increase the budget to the Authority in 2015.
Insolvency Services Ireland	(1,179)	The excess relates mainly to greater than expected ICT development costs for a case management system, increased legal costs and the costs of a public information campaign in 2014.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated €000	Realised €000	Realised €000
1.	Film censorship fees	2,103	1,700	1,922
2.	Data protection fees	550	414	640
3.	EU receipts	3,350	1,665	4,305
4.	Miscellaneous receipts	583	413	327
5.	Immigration registration fees	16,000	19,763	16,857
6.	Visa fees	4,800	6,356	4,533
7.	Dormant accounts receipts	750	50	—
8.	Private Security Authority fees	2,364	2,891	2,369
9.	Nationality and citizenship certificate fees	15,500	20,605	23,106
10.	Legal Services Regulatory Authority – levy on professional bodies	1	—	—
11.	Property Services Regulatory Authority fees	2,300	2,250	2,350
12.	Insolvency Service Ireland fees	1,500	615	—
13.	Receipts from pension-related deductions on public service remuneration	6,139	6,346	7,166
Total		55,940	63,068	63,575

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
Film censorship fees	403	The shortfall is due to a gradual decline in the numbers of DVD applications being submitted for classification, which is reflective of a global trend.
Data protection fees	136	The shortfall arose due to the difficulty in predicting the amount of fees which are likely to be collected in any year as organisations are due to renew at different intervals throughout the year and it is difficult to predict at the beginning of the year whether or not they will renew on time.
EU receipts	1,685	The shortfall arose due to the difficulty in predicting the quantum and timing of receipts under the various programmes.
Miscellaneous	170	The shortfall is due to the difficulty in predicting the precise amount of receipts under this category which in 2014 was made up of circa 480 individual transactions.

Description	Less/(more) than provided €000	Explanation
Immigration registration fees	(3,763)	The amount of registration fees received, which is demand led, is dependent on the number of non-European Economic Area (EEA) nationals who are in the State for longer than 90 days. These individuals are obliged to register with the Garda National Immigration Bureau and pay a fee. The overall number was higher than expected in 2014.
Visa fees	(1,556)	Visa fees are mainly remitted to the Department through the Department of Foreign Affairs and Trade on a quarterly basis. The receipts were brought to account up to the end of quarter 3 in 2014 and also included receipts for the last three quarters of 2013.
Dormant accounts funding	700	The receipts in this case match expenditure from subhead D.4. As there was a delay in commencing projects in 2014 pending clarification of the funding base for 2015, there was a shortfall in receipts to correspond with the expenditure saving in subhead D.4.
Private Security Authority fees	(527)	The surplus receipts are due mainly to the volume of both first time and renewal licence applications being higher in 2014 than originally estimated.
Nationality and citizenship certificates fees	(5,105)	The higher number of naturalisation applications than expected together with the number of cases finalised where a certification fee was due led to a surplus in receipts in 2014.
Insolvency Services Ireland fees	885	The uptake in debt solutions was lower than anticipated resulting in a shortfall in income for debt settlement arrangements and bankruptcy fees. A fee waiver for certain services was introduced in late 2014.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	2,246	2,283
	2014	2013
	€000	€000
Pay	116,747	118,307
Higher, special or additional duties allowance	214	250
Other allowances	2,426	2,589
Overtime and extra attendance	1,401	1,637
Employer's PRSI	6,551	6,531
Total Pay	127,339	129,314

The total pay figure included elements of pay from the following subheads:
A1, A3, A5, A6, A7, A8, A9, A10, B1, B3, B6, B7, B8, B9, B10, B13, C1,
C3, C6, C8, C9, C10, C11, C12, C15, D1, D3, D8, D11, D13, E1, F1, F3
and F4.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	46	5	52,906	55,362
Overtime and extra attendance	238	24	25,914	28,557
Shift and roster allowances	18	—	4,248	1,910
Miscellaneous	333	30	26,308	27,904

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total amount of €35,935 was paid to seven retired civil servants who were in receipt of civil service pensions in 2014. In addition, an amount of €20,716 was paid to four former public servants and €198,838 to six former judiciary members who were engaged in various roles in 2014. 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 €1,226,112 was paid through payroll to 121 individuals in respect of duties performed in relation to various boards, committees and commissions, etc.

A severance payment of €13,613 was made during 2014 in accordance with the terms of a fixed term contract.

5.3 Payroll Overpayments

The balance of payroll overpayments outstanding at year end was €356,267 (2013: €333,492)

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
D.14	Payments to promoters of certain charitable lotteries (part funded by the National Lottery)	2,000	2,000	4,000

Details are available on the Department of Justice and Equality website www.justice.ie/en/JELR/Pages/Charities

6.2 EU Funding

The outturns in Subheads A.3, A.10, D.7, and D.11 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. The Office for Internet Safety is an executive office of the Department of Justice and Equality. It has been established by the Government to take a lead responsibility for internet safety in Ireland, particularly as it relates to children.

Funding for another EU Programme, the Emergency Resettlement Programme was received in 2014 and is being operated through a suspense account. The objective of the funding is to encourage member states to accept refugees in need of international protection from areas where conflict is rife.

The Probation Service also received funding in 2014 for a number of EU funded projects that are administered through a suspense account.

Subhead	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
A.3	European Return Fund	342	308	683
A.10	ESF- Garda Youth Diversion additional skills and employees	1,900	1,207	1,770
D.7	Positive action for Gender Equality	—	135	—
D.8/D.9	European Refugees Fund and Integration Fund	2,090	—	1,853
D.11	National Disability Authority	—	15	—
		4,332	1,665	4,306

6.3 Commissions and Inquiries

	Year of appointment	2013 €000	2014 €000	Cumulative expenditure to 31 December 2014 €000
<u>Permanent Commissions</u>				
Criminal Injuries Compensation Tribunal	1974	59	37	1,665
<u>Fixed Purpose Commissions</u>				
Morris Tribunal	2002	2,286	51	66,349
Smithwick Tribunal	2005	1,040	1,679	14,212
Dublin Archdiocese and Diocese of Cloyne Commission	2006	—	6	8,797
Location of Victims Remains	2007	495	229	5,166
Gary Douch Commission of Investigation	2007	512	523	2,783
Inquiry under Section 42 of the Garda Síochána Act 2005 in relation to the removal of two Roma children from their families	2013	—	80	80
Ronan MacLochlainn Commission of Investigation	2014	—	104	104
Independent Review Mechanism – certain allegations in relation to Garda Síochána	2014	—	171	171
Cooke Inquiry	2014	—	11	11
		4,392	2,891	99,338

6.4 Contingent Liability

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 and the Independent Review Mechanism into Garda allegations.

The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

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 of Inquiry concluded at the end of 2013. Additional costs will arise with regard to the discharge of third party costs. Certain of the Tribunal's findings have been challenged in the High Court and some additional costs will arise in this regard.

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 court 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 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 work of the Commission of Investigation into the Death of Gary Douch has concluded. There are no outstanding bills for the Commission to be paid.

In December 2013, Ms Emily Logan was appointed to carry out an inquiry under Section 42 of the Garda Síochána Act 2005 into the circumstances surrounding the taking into care of the children of two Roma families in October 2013. The report, entitled 'Report of the Inquiry under Section 42 of the Garda Síochána Act 2005 in relation to the removal of two Roma children from their families', was published on 1 July 2014. There will be no further expenditure in relation to this inquiry.

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. It was originally required to report to the Minister within six months and this time frame has now been extended until April 2015. Estimated expenditure is €414,000 but does not include any third party legal fees and expenses which would be approved in accordance with the agreed guidelines for the Commission.

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 and it is nearing completion of its work. It is unlikely that the costs in 2015 will exceed 2014 expenditure levels.

The Cooke Inquiry was set up in February 2014 to conduct the independent inquiry into the reports of unlawful surveillance of GSOC. The practical arrangements surrounding Judge Cooke's appointment were made by the Department of the Taoiseach and the only costs from this Vote were relatively minor administrative costs. No further costs for this Vote are expected to arise.

6.5 Ex-gratia payments

Ex-gratia payments amounting to €327,152 (2013: €382,072) 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 €1,009,896 (2013: €811,866) 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 €41,664 (2013: €15,697) 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 an inquest into the deaths of persons in State custody.

6.6 Drugs Initiative Fund

An amount of €239,326 (2013: €257,473) 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

	2014	2013
	€000	€000
Legal costs paid during the year are as follows:		
Legal fees	637	332
Compensation	7,056	6,907
	<u>7,693</u>	<u>7,239</u>

6.8 Prompt Payment of Account Interest

The amount of prompt payment interest incurred by the Department in 2014 was €12,614 (2013: €1,379). There were no recipients of €10,000 or more.



Appropriation Account 2014

Vote 25

Environment, Community and Local Government

Introduction

As Accounting Officer for Vote 25, 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 2014 for the salaries and expenses of the Office of the Minister for the Environment, 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €15.08 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:

Multi-annual 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 6.9)

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 while land is not depreciated. Motor vehicles are depreciated at 20% per year over five years, plant and machinery are depreciated over ten 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.

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 (in excess of €25,000) to a total value of €0.303 million (ex VAT) which were awarded without competitive tender for exceptional reasons. The Department has provided details of these exceptional one-off contracts as part of the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

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 the Environment, Community and Local Government

26 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Environment, Community and Local Government

I have audited the appropriation account for Vote 25 Department of Environment, Community and Local Government for the year ended 31 December 2014 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 25 Department of Environment, Community and Local Government for the year ended 31 December 2014.

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

Regularity of expenditure

I draw attention to Note 6.8 to the appropriation account which discloses material suspected irregularities in relation to the manner in which public funding was applied by three local development companies.

Reporting on matters arising from audit

Chapters 10 and 11 of my report on the accounts of the public services for 2014 refer to certain other matters relating to Vote 25.

Seamus McCarthy
Comptroller and Auditor General

16 September 2015

Vote 25 Environment, Community and Local Government

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Housing			
	<i>Current year provision</i>	575,833		
	<i>Deferred surrender</i>	22,000	597,833	594,593
B	Water services		43,914	36,450
C	Environment and waste management		34,675	33,184
D	Local Government			
	<i>Original</i>	24,724		
	<i>Supplementary</i>	13,000	37,724	36,237
E	Community and rural development			
	<i>Original</i>	103,442		
	<i>Deferred surrender</i>	50,000		
	<i>Supplementary</i>	38,000	191,442	181,640
F	Planning		16,285	18,955
G	Met Éireann		18,350	15,061
Gross expenditure				
	<i>Original</i>	817,223		
	<i>Deferred surrender</i>	72,000		
	<i>Supplementary</i>	51,000		
			940,223	916,120
	<i>Deduct</i>			
H	Appropriations-in-aid			
	<i>Original</i>	78,342		
	<i>Supplementary</i>	16,290		
			94,632	85,607
Net expenditure				
	<i>Original</i>	738,881		
	<i>Deferred surrender</i>	72,000		
	<i>Supplementary</i>	34,710		
			845,591	830,513
				1,053,298

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.

	2014	2013
	€	€
Surplus	15,078,353	119,818,418
Deferred surrender	—	(72,000,000)
Surplus to be surrendered	<u>15,078,353</u>	<u>47,818,418</u>

Analysis of administration expenditure

		2014	2013
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	48,300	45,786
ii	Travel and subsistence	1,390	1,227
iii	Training and development and incidental expenses	1,588	974
iv	Postal and telecommunications services	1,490	779
v	Office equipment and external IT services	7,121	6,126
vi	Office premises expenses	1,199	512
vii	Consultancy services and value for money and policy reviews	140	—
viii	<i>EU Presidency</i>	—	—
		<u>61,228</u>	<u>55,404</u>
			<u>58,565</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	860,716	1,090,102
Pay	45,786	48,251
Non pay	9,618	10,314
Gross expenditure	916,120	1,148,667
<i>Deduct</i>		
Appropriations-in-aid	85,607	95,369
Net expenditure	830,513	1,053,298
Changes in capital assets		
Purchases cash	(699)	
Depreciation	1,008	
	309	612
Changes in assets under development		
Cash payments	(295)	(137)
Changes in net current assets		
Decrease in closing accruals	(3,362)	
Increase in stocks	(69)	
	(3,431)	(2,359)
Direct expenditure	827,096	1,051,414
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	19,059	17,056
Notional rents	3,016	2,561
Net programme cost	849,171	1,071,031

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.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	12	—
Vote 12 Superannuation and Retired Allowances	17,542	15,708
Vote 13 Office of Public Works	1,296	1,111
Central Fund – Ministerial pensions	209	237
	19,059	17,056

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	3,649	3,691
Capital assets under development	2.3	432	146
		4,081	3,837
Current assets			
Bank and cash	2.4	596	77,123
Stocks	2.5	359	290
Prepayments		4,022	3,036
Accrued income		4,117	1,123
Other debit balances	2.6	1,804	833
Net Exchequer funding due	2.8	312	(74,709)
Total current assets		11,210	7,696
Less current liabilities			
Accrued expenses		7,482	6,638
Deferred income		109	332
Other credit balances	2.7	2,712	3,247
Total current liabilities		10,303	10,217
Net current assets/(liabilities)		907	(2,521)
Net assets		4,988	1,316
Represented by:			
State funding account	2.1	4,988	1,316

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,316	(495)
Disbursements from the Vote			
Estimate provision	Account	845,591	
Surplus to be surrendered	Account	(15,078)	
Net vote		830,513	1,053,298
Expenditure (cash) borne elsewhere	1	19,059	17,056
Non cash expenditure – notional rent	1	3,016	2,561
Capital asset adjustments	2.2	255	(73)
Net programme cost	1	(849,171)	(1,071,031)
Balance at 31 December		4,988	1,316

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 2014	427	261	24,009	3,136	27,833
Adjustments ^a	—	—	(130)	360	230
Additions	—	20	677	14	711
Disposals	—	—	(47)	—	(47)
Cost or valuation at 31 December 2014	427	281	24,509	3,510	28,727
Accumulated depreciation					
Opening balance at 1 January 2014	24	191	21,186	2,741	24,142
Adjustments ^a	—	—	(130)	105	(25)
Depreciation for the year	—	22	849	137	1,008
Depreciation on disposals	—	—	(47)	—	(47)
Cumulative depreciation at 31 December 2014	24	213	21,858	2,983	25,078
Net assets at 31 December 2014^b	403	68	2,651	527	3,649
Net assets at 31 December 2013	403	70	2,823	395	3,691

^a In order to reflect the most accurate valuation of assets, adjustments were required to the cost or valuation of gross assets at 1 January 2014, and to the accumulated depreciation at 1 January 2014, including: the addition of furniture provided by the Office of Public Works for the decentralised offices at Newtown Road, Wexford; the removal of older IT software and hardware to reflect their historical physical disposal, which had not been processed on the asset register; and the removal of certain fittings that should not have been included in the register.

^b The Department provides some accommodation and ICT services to the Heritage Division of the Department of Arts, Heritage and the Gaeltacht. The capital assets purchased by the Department of the Environment, Community and Local Government up to 31 December 2012 and used in the provision of these services are recorded on its asset register. A process relating to the possible transfer of these assets to the Department of Arts, Heritage and the Gaeltacht has commenced.

2.3 Capital Assets under Development

at 31 December	€000
Amounts brought forward at 1 January 2014	146
Adjustment ^a	(9)
Cash payments in year	295
Transferred to asset register	—
Balance at 31 December 2014	<u>432</u>

^a This adjustment relates to the reallocation of a cash payment from 2013 to 2014.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000

PMG balances	(1,109)	75,929
Commercial bank account balance and cash	1,705	1,194
	<u>596</u>	<u>77,123</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000

Meteorological consumables	255	192
IT consumables	45	47
Stationery	42	33
Cleaning materials	2	1
Other	15	17
	<u>359</u>	<u>290</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000

Recoupable salary costs	422	261
Recoupable travel pass scheme	94	54
Recoupable travel costs	81	128
Imprests	8	7
Other debit suspense items	1,199	383
	<u>1,804</u>	<u>833</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	793	844
Pension contributions	284	252
Pay Related Social Insurance	274	275
Value Added Tax	192	123
Professional Services Withholding Tax	35	63
	<u>1,578</u>	<u>1,557</u>
Payroll deductions held in suspense	284	300
Other credit suspense items	850	1,390
	<u>2,712</u>	<u>3,247</u>

2.8 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	15,078	47,818
Deferred surrender	—	72,000
Exchequer grant undrawn	(15,390)	(45,109)
Net Exchequer funding due	<u>(312)</u>	<u>74,709</u>

Represented by:**Debtors**

Bank and cash	596	77,123
Debit balances: suspense	<u>1,804</u>	<u>833</u>
	2,400	77,956

Creditors

Due to State	(1,578)	(1,557)
Credit balances: suspense	<u>(1,134)</u>	<u>(1,690)</u>
	(2,712)	(3,247)
	<u>(312)</u>	<u>74,709</u>

2.9 Matured Liabilities	2014	2013
at 31 December	€000	€000
Estimate of matured liabilities not discharged at 31 December	2	5

2.10 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	—	41
(ii) Grant subheads	431,084	657,769
	<u>431,084</u>	<u>657,810</u>

(b) Multi-annual capital commitments

(Projects costing €12,697,380 or more)

				2014	2013
1 Rural Water Programme (Water/Sewerage) Projects	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Project	€000	€000	€000	€000	€000
Galway DBO Bundle No 2	16,933	368	1,465	18,766	18,733

Note:**Water Services Investment Programme – capital commitments**

The Water Services Act 2013 provided for the establishment of Irish Water as a subsidiary of Bord Gáis Éireann. The Water Services (No. 2) Act 2013 transferred statutory responsibility for water services to Irish Water and provided for local authorities to act as agents for Irish Water from 1 January 2014. Arising from the transfer of water services functions to Irish Water, the capital commitments previously funded by the Department under the Water Services Investment Programme became the responsibility of that company and therefore do not fall to be funded from the Department's Vote since 1 January 2014.

				2014	2013
2 Housing Projects	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Construction Projects	€000	€000	€000	€000	€000
Fortunestown, Phase B1, Tallaght, Dublin 24	25,012	5,807	—	30,819	25,012
Pearse Street, Sallynoggin, Co. Dublin	15,290	1,134	53	16,477	15,290
Total	<u>40,302</u>	<u>6,941</u>	<u>53</u>	<u>47,296</u>	<u>40,302</u>

				2014	2013
	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Regeneration Projects	€000	€000	€000	€000	€000
Glen Phase 2, Cork City	12,526	250	56	12,832	12,832
Liberty House, Dublin City	7,956	5,275	338	13,569	13,240
Regeneration of Ballymun Flats	755,398	5,888	4,112	765,398	765,398
St. Michael's Estate, Dublin City	15,704	3,005	824	19,533	18,148
Total	791,584	14,418	5,330	811,332	809,618
Voluntary Housing	€000	€000	€000	€000	€000
Respond, Springfield, Tallaght, Dublin 24	22,681	—	1,018	23,699	22,681
Catholic Housing Aid, Fr. Scully House, Grenville Street, Dublin 1	11,530	4,858	555	16,943	16,725
Total	34,211	4,858	1,573	40,642	39,406

Significant variations year on year

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Project	Total cost increase in 2014 €000	Explanation
Fortunestown, Phase B1, Tallaght, Dublin 24	5,807	The increase was due to a revised budget following the settlement of a contractual dispute.
Pearse Street, Sallynoggin, Co. Dublin	1,187	The increase was due to a revised budget following variations to the contract and a delay dispute claim.
St. Michael's Estate, Dublin City	1,385	The increase was due to the budget cost being revised upwards following agreement to incorporate units originally planned as affordable units as social units.
Respond, Springfield, Tallaght, Dublin 24	1,018	There was an increase in the final account being submitted due to variations on the initial contract and additional professional fees associated with the delivery of the project.

2.11 Land Remediation

Cumulatively to 31 December 2014, a total of €39.552 million was expended from both the Vote and the Environment Fund on remediation of 15 landfill sites where there were expected future costs at that date. This comprised of €30.530 million from the Vote and €9.022 million from the Environment Fund. Future expenditure of €7.102 million is anticipated on remediation of 13 of these sites.

In addition, there will be a significant funding requirement in respect of the remaining two sites (Kerdiffstown, County Kildare and Kilconnell, County Galway).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Housing			
A.1	Administration - pay		8,773	7,496
A.2	Administration - non pay		1,774	1,437
A.3	Local authority housing			
	<i>Current year provision</i>	260,500		
	<i>Deferred surrender</i>	15,000	275,500	241,582
A.4	Voluntary and co-operative housing			
	<i>Current year provision</i>	95,925		
	<i>Deferred surrender</i>	7,000	102,925	112,885
A.5	Social inclusion		52,260	53,359
A.6	Estate regeneration - social housing improvements		109,400	122,052
A.7	Private housing grants		38,600	38,297
A.8	Subsidies and allowances		5,899	5,993
A.9	Other services		2,702	5,767
			597,833	588,868

Significant variations

Overall, the expenditure in relation to the Programme A was €3.24 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Local authority housing	18,212	Savings arose mainly due to the reclassification of expenditure on returning vacant properties to productive use to A.6 (Estate regeneration - social housing improvements). Additional savings arose under long term leasing and the rental accommodation scheme.
Social inclusion	(5,154)	Additional expenditure arose due to the rising demands for homeless services and additional support costs in respect of traveller accommodation services.
Estate regeneration - social housing improvements	(11,544)	Expenditure was lower than anticipated on certain regeneration projects. However, expenditure relating to returning vacant properties to productive use was reclassified from A.3 (Local authority housing) resulting in increased expenditure. This increased expenditure was Exchequer neutral because it generated corresponding savings in A.3.
Other services	(3,159)	The Pyrite Remediation Scheme was established with a nominal budget of €1,000 pending the establishment of the Pyrite Resolution Board in early 2014. Expenditure of €2.2 million was incurred in 2014 under this scheme.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Water Services			
B.1	Administration - pay	5,582	5,097	5,805
B.2	Administration - non pay	1,078	929	965
B.3	Water services investment programme	6,007	13,947	241,477
B.4	Rural water programme	27,713	16,005	33,880
B.5	Foreshore	3,500	472	1,122
B.6	Other services	34	—	2,648
		43,914	36,450	285,897

Significant variations

Overall, the expenditure in relation to the Programme B was €7.46 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Water services investment programme	(7,940)	Expenditure relating to road opening protocols incurred by local authorities in respect of the Irish Water metering programme was reclassified from B.4 (Rural water programme) resulting in increased expenditure. The increased expenditure was Exchequer neutral because it generated corresponding savings in B.4.
Rural water programme	11,708	Savings arose mainly due to the reclassification of expenditure on road opening protocols incurred by local authorities in respect of the Irish Water metering programme to B.3 (Water services investment programme). Additional savings arose as expected claims by local authorities in respect of group water and group sewerage schemes did not materialise.
Foreshore	3,028	Spending in respect of legal costs, valuations and contingencies was less than anticipated.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Environment and Waste Management			
C.1	Administration - pay	6,088	5,736	7,254
C.2	Administration - non pay	1,692	1,609	2,257
C.3	Environmental Protection Agency	15,948	15,738	15,325
C.4	Environmental radiation policy	2,400	2,398	2,206
C.5	Carbon Fund	—	—	371
C.6	International climate change commitments	—	—	—
C.7	Landfill remediation	8,500	7,673	8,598
C.8	Other services	47	30	16
		34,675	33,184	36,027

Significant variations

Overall, the expenditure in relation to the Programme C was €1.49 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Landfill remediation	827	The saving arose due to three landfill remediation projects not progressing as anticipated.

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
D	Local Government			
D.1	Administration - pay		8,986	7,995
D.2	Administration - non pay		1,840	1,681
D.3	Local Government Fund		1	—
D.4	Fire and emergency services		8,792	7,460
D.5	Local authority library and archive service		2,200	2,199
D.6	Franchise		300	235
D.7	Other services			
	<i>Original</i>	2,605		
	<i>Supplementary</i>	<u>13,000</u>	15,605	16,667
			<u>37,724</u>	<u>36,237</u>
				<u>24,213</u>

Significant variations

Overall, the expenditure in relation to the Programme D was €1.49 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Fire and emergency services	1,332	The saving arose due to the expanded scope of the CAMP II project, which resulted in later than anticipated tendering and lower expenditure.
Other services	(1,062)	Additional expenditure arose mainly due to exceptional costs borne by local authorities in relation to tourism infrastructure, certain piers, harbours and other facilities following storm damage in early 2014. A supplementary estimate of €13 million was provided to meet expenditure under the subhead. Total storm damage related expenditure in the year was €13.85 million.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Community and Rural Development			
E.1	Administration - pay	4,780	6,088	5,899
E.2	Administration - non pay	608	668	678
E.3	Supports for community and voluntary sector (part funded by National Lottery)	10,875	10,184	10,664
E.4	Local and community development programmes (part funded by National Lottery)	47,707	47,971	47,657
E.5	RAPID	1,900	170	263
E.6	Dormant accounts measures	5,456	2,342	1,243
E.7	Western Development Commission	1,521	1,413	1,312
E.8	National rural development schemes	3,783	5,182	3,793
E.9	LEADER – rural economy sub-programme 2007-2013			
	<i>Original</i>	1		
	<i>Deferred surrender</i>	50,000		
	<i>Supplementary</i>	38,000		
E.10	Programme for Peace and Reconciliation	23,796	12,445	20,845
E.11	INTERREG programme	2,293	2,149	2,500
E.12	Tidy Towns competition (note 6.6)	1	1	1
E.13	Irish Water Safety	657	657	507
E.14	Other services	64	12	35
		191,442	181,640	178,086

Significant variations

Overall, the expenditure in relation to the Programme E was €9.8 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	(1,308)	The budget allocation for this programme under performance budgeting was underestimated because of administrative changes to the Community and Rural Development Division. This is offset by savings in pay across other programme areas. Overall, there were savings in pay of €2.514 million across the Department.
Supports for community and voluntary sector	691	Savings of €1 million arose due to delay in establishment of the arrangements for implementation of a Community Sector Redundancy Fund. There was an increase in bridging funding under the Scheme to Support National Organisations.
RAPID	1,730	The saving arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	3,114	Savings arose due to lower than anticipated drawdown of funding by two projects. Further savings arose due to delay in implementation of the Gateway Initiative.

Description	Less/(more) than provided €000	Explanation
Western Development Commission	108	The saving arose due to unfilled staff vacancies and lower than anticipated pension related costs.
National rural development schemes	(1,399)	Expenditure was greater than anticipated due to increased demand on the rural recreational infrastructure scheme.
LEADER - rural economy sub-programme 2007-2013	(4,357)	Expenditure was accelerated in 2014 to maximise the benefit of the programme to the State and to allow for the formal closure of the programme to commence as early as possible in 2015.
Programme for Peace and Reconciliation	11,351	Savings arose due to a number of large scale projects under the Environment measure not progressing as anticipated. Additional savings arose as expected expenditure on projects, which were to benefit from funding that transferred to the scheme, did not materialise. Further savings arose from lower than expected final claims on projects under the Community measure.
INTERREG programme	144	The saving arose due to lower than expected final claims on projects under the Environment and Community measures.

		2014	2013
		Estimate provision	Outturn
		€000	€000
F	Planning		
F.1	Administration - pay	1,591	1,257
F.2	Administration - non pay	86	85
F.3	An Bord Pleanála	12,500	12,250
F.4	Planning Tribunal	1,998	5,326
F.5	Other services	110	37
		16,285	18,955
			20,063

Significant variations

Overall, the expenditure in relation to the Programme F was €2.67 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Planning Tribunal	(3,328)	Additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
G	Met Éireann			
G.1	Administration - pay	12,500	11,885	12,295
G.2	Administration - non pay	5,850	3,176	3,218
		<u>18,350</u>	<u>15,061</u>	<u>15,513</u>

Significant variations

Overall, the expenditure in relation to the Programme G was €3.29 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	2,674	Savings arose due to the aviation modernisation and automation project and some other projects not progressing as anticipated.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
	€000	€000	€000	€000
1.	Fees payable by local authorities, etc., for audit of their accounts	2,400	2,169	2,437
2.	Receipts 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	9,300	9,507	9,580
4.	Miscellaneous receipts	250	314	405
5.	Foreshore receipts	2,000	1,418	1,849
6.	Programme for Peace and Reconciliation	15,395	9,669	11,248
7.	Dormant accounts - administration	750	400	647
8.	Dormant accounts - programme expenditure	4,706	1,942	596
9.	LEADER rural economy sub-programme 2007-2013			
	<i>Original</i>	37,500		
	<i>Supplementary</i>	16,290	53,790	61,767
10.	Receipts from pension-related deduction on public service remuneration	5,300	5,657	6,099
Total		94,632	85,607	95,369

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
Fees payable by local authorities, etc., for audit of their accounts	231	Demands for audit fees are issued on an ongoing basis as audits are completed. Income was lower than expected due to the level of progress in a small number of audits and due to a number of outstanding audit fees at 31 December 2014.
Foreshore receipts	582	Foreshore receipts are difficult to predict reliably and were lower than expected.
Programme for Peace and Reconciliation	5,726	There were lower than expected receipts from EU funds due to the impact of a variety of factors, such as the fluctuation in the euro/sterling exchange rate and delays by projects in the submission of actual vouched expenditure, which affected the amount and timing of payments.
Dormant accounts - administration	350	This receipt relates to administrative activity under E.6 (Dormant accounts measures). Such activity was lower than expected in 2014.

Description	Less/(more) than provided €000	Explanation
Dormant accounts - programme expenditure	2,764	This receipt relates to recoupment from the Dormant Accounts Fund of programme expenditure arising under E.6 (Dormant accounts measures). Expenditure from E.6 was less than expected in 2014 due to lower than anticipated drawdown of funding by two projects. Further savings arose due to delay in implementation of the Gateway Initiative.
Receipts from pension-related deductions on public service remuneration	(357)	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

	2014 €000	2013 €000
Balance at 1 January	—	—
Emissions trading scheme ^a	39,597	43,437
PRTB pension contributions	33	171
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	22	88
Proceeds from sale of property	21	110
Voluntary surrender of pay	4	16
Refund of ineligible expenditure under the Clár programme	—	268
Outstanding balance in closed bank account	—	74
Interest from bank account used for electronic payments	—	19
Transfer to Exchequer	(39,677)	(44,183)
Balance at 31 December	—	—

^a With the start of the third trading period in 2013, auctioning will progressively become the main method for allocating carbon allowances under the EU Emissions Trading Scheme. Ireland, in common with other member states, participates in the EU centralised auctioning facility where the allowances are auctioned on the open market. Following completion of the auctions, the proceeds are distributed among the member states concerned. The EPA was appointed EU Emissions Trading Auctioneer for Ireland. The EPA retained €1,130,628 of emission receipts in 2014 for carrying out these regulatory and administrative functions for the scheme in accordance with the Department of Public Expenditure and Reform sanction. The 2014 gross emission trading receipts were €40,727,888 before the EPA costs were deducted.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	721	748
Agencies	678	696
	<u>1,399</u>	<u>1,444</u>

The number of staff at year end in the Department's agencies includes a number of non-commercial state agencies that are not in direct receipt of Exchequer funding.

	2014	2013
	€000	€000
Pay	41,146	43,177
Higher, special or additional duties allowance	329	470
Other allowances	1,748	1,877
Overtime	422	548
Employer's PRSI	2,387	2,427
Total pay	<u>46,032</u>	<u>48,499</u>

5.1 Allowances and Overtime Payments ^a

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	94	7	17,602	18,706
Other allowances	238	76	20,867	21,682
Overtime	98	12	20,285	20,094

Certain individuals received extra remuneration in more than one category.

^a The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to G. 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

Five retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €112,062. Their pensions were abated in all cases.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads B.3, B.4, E.10 and E.11 includes payments in respect of activities co-financed by the European Regional Development Fund. The outturn shown in subhead E.9 includes payments in respect of activities co-financed by the European Agricultural Fund for Rural Development. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

Subhead	Description	2014		2013
		Estimate	Outturn	Outturn
			€000	€000
B.3	Water services investment programme	—	—	1,000
B.4	Rural water programme	—	—	207
E.9	LEADER - rural economy sub-programme 2007-2013	74,800	78,504	70,286
E.10	Programme for Peace and Reconciliation	12,969	6,783	11,361
E.11	INTERREG programme	1,720	1,611	1,875
		89,489	86,898	84,729

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2014	2014 Outturn	2013 Outturn
		€000	€000	€000
Tribunal of Inquiry into certain Planning Matters and Payments	1997	111,280	5,326	5,321

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 2014 was €111 million. On the basis of a tribunal estimate and expenditure to the end of 2014, additional costs of €48 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2014		2013
		Estimate €000	Outturn €000	Outturn €000
A.4	Voluntary and co-operative housing	500	764	431
A.7	Private housing grants	5,570	5,570	5,548
E.3	Supports for community and voluntary sector (part funded by National Lottery)	6,003	6,029	5,960
E.4	Local and community development programmes (part funded by National Lottery)	5,797	5,347	6,630
		<u>17,870</u>	<u>17,710</u>	<u>18,569</u>

Details are available on the Department's website www.environ.ie

6.4 Legal Costs

	2014 €000	2013 €000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation costs	310	7,812
	<u>310</u>	<u>7,812</u>

6.5 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.

6.6 Tidy Towns Funding

In addition to voted money (€1,000 - subhead E.12), sponsorship totalling €449,226 was administered and expended on the Tidy Towns competition through a vote suspense account.

6.7 Write-Offs

Sanction was obtained from the Department of Public Expenditure and Reform to write off €225,961 under the Programme for Peace and Reconciliation 2007 - 2013 and an overpayment of €7,937 under the Local and Community Development Programme.

6.8 Suspected Irregularities

Three cases of suspected irregularities arose in relation to the manner in which public funding was applied, amounting to €691,518. The suspected irregularities involve issues with certain public procurement guidelines and issues with certain project documentation regarding the application of grant funding under the LEADER programme by three local development companies.

The Department has undertaken specific response measures, which includes notifying the relevant authorities including the Comptroller and Auditor General, terminating a contract for delivery of a programme, instituting additional control checks and making every reasonable effort to recover funds in these cases.

In all cases grant assistance has been received from the EU under the LEADER programme (85% of the €691,518). The recovery of these amounts is being actively pursued by both the Department and the EU Commission under the programmes debtor resolution process.

6.9 Payments to Pobal

In accordance with the Department's accounting policy, the total paid to Pobal in the year (€45.414 million) was charged to the relevant subheads as set out below.

Sub-head	Description	2014	2013
		€000	€000
E.3	Supports for community and voluntary sector (part funded by National Lottery)	1,934	47
E.4	Local and community development programmes (part funded by National Lottery)	42,520	41,390
E.5	RAPID	—	4
E.6	Dormant accounts measures	764	1,236
E.9	LEADER - rural economy sub-programme 2007-2013	196	—
		<u>45,414</u>	<u>42,677</u>

At 31 December 2014, Pobal had accrued balances totalling €2.56 million in relation to programmes it delivers for the Department (2013: €1.85 million).



Appropriation Account 2014

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 2014 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 and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €10.4 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.

Appropriation Account structure

Expenditure on education services in 2014 is accounted for under Vote 26 across four main subhead headings corresponding to the high level goals contained in the Department's Statement of Strategy 2011 – 2014 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 the range of subheads E.1 to E.5.

Reform of Education and Training Boards/SOLAS

In the context of the Public Service Transformation agenda, the extensive reform of the Education and Training Boards (ETB) sector continued throughout 2014. Responsibilities for training functions and staff associated with nineteen SOLAS Training Centres were transferred under the auspices of the relevant ETB, whilst progress on a new organisational structure, development of new HR policies and the commencement of shared services projects for payroll and finance were initiated.

The ETB/SOLAS Reform Programme, which consists of 19 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 senior management team along with the General Secretary of Education and Training Boards Ireland, the Director General of SOLAS and the Chief Executives of two ETBs.

The annual accounts of the ETBs and of SOLAS will be 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 (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 (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 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.

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 2014, a total of twenty audit reports – thirteen ESF and seven internal audit – 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 totaling €2.5 million, which is made up of the following

- twelve services and purchases with a total contract value of €149,487 were in place in 2014 without recourse to an appropriate procurement process
- six contracts in the value range €25,000 to €50,000, five contracts in the value range €50,000 to €100,000 per annum, two contracts in the value range €100,000 to €200,000 per annum and four contracts in the value range €200,000 to €575,000 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.

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 HR shared services.

I have received a letter of assurance from the Accounting Officer for the Vote for Shared Services that the appropriate level of controls are exercised in the provision of shared HR services to this Department. See also note 5.5(a).

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.

Governance

The Department continues to develop robust reporting arrangements with its bodies and agencies in order to manage their performance and governance. In so doing, the Department is seeking to adopt an approach that focuses on outputs and outcomes, and includes meaningful performance indicators. In this regard service level agreements (SLAs) are in place with a number of bodies and agencies and work on agreeing SLAs is progressing with others. The purpose of the SLA is to ensure that resources are used in an effective and cost effective manner to deliver quality services to the public.

I have, in addition, recently established a sub-committee of the Management Advisory Committee to support the further implementation and development of governance and accountability arrangements across the education sector.

Protected disclosures

The Protected Disclosures Act 2014 requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information relating to these procedures to workers. The Department's interim guidelines make clear that the Department is committed to fostering an appropriate environment for addressing concerns relating to potential wrongdoing in the workplace and to providing the necessary support for staff who raise genuine concerns.

Seán Ó Foghlú

Accounting Officer

Department of Education and Skills

4 September 2015

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 2014 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 2014.

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

Settlements with the Revenue Commissioners

In Note 6.12 of the appropriation account, the Accounting Officer discloses details of a settlement payment of €1.36 million made to the Revenue Commissioners. Chapter 12 of my report on the accounts of the public services for 2014 sets out more detail regarding this payment and an additional settlement payment to the Revenue Commissioners of €10.89 million made by the State Examinations Commission.

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 26 Education and Skills

Appropriation Account 2014

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
A	First, Second and Early Years Education			
	<i>Original</i>	5,981,140		
	<i>Supplementary</i>	91,000	6,072,140	6,055,463
B	Skills Development			5,998,821
	<i>Original</i>	351,296		
	<i>Supplementary</i>	(4,500)	346,796	342,192
C	Higher Education			362,116
	<i>Original</i>	1,455,943		
	<i>Supplementary</i>	20,500	1,476,443	1,478,397
D	Capital Services			1,542,677
	<i>Original</i>	614,498		
	<i>Supplementary</i>	(4,000)	610,498	624,030
	Gross expenditure			
	<i>Original</i>	8,402,877		
	<i>Supplementary</i>	103,000	8,505,877	8,500,082
	<i>Deduct</i>			
E	Appropriations-in-aid		554,333	558,928
	Net expenditure			
	<i>Original</i>	7,848,544		
	<i>Supplementary</i>	103,000		
		7,951,544	7,941,154	7,859,531

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	10,390,347	86,375,415

Analysis of administration expenditure^a

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	56,588	56,020	57,043
ii	Travel and subsistence	1,520	1,464	1,507
iii	Training and development and incidental expenses	955	966	917
iv	Postal and telecommunications services	1,820	1,757	1,734
v	Office equipment and external IT services	4,946	4,036	5,632
vi	Office premises expenses	1,539	1,509	1,578
vii	Consultancy and other services	99	154	62
viii	National Educational Psychological Service (NEPS)	18,124	17,037	17,437
ix	EU Presidency	—	—	531
		85,591	82,943	86,441

^a The Department's administrative expenditure was brought to account under the subheads X.1 to X.8 in 2014 (2013: X.1 to X.9).

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Expenditure on administration		82,943	86,441
Expenditure on services and programmes		8,417,139	8,337,075
Gross expenditure		8,500,082	8,423,516
<i>Deduct</i>			
Appropriations-in-aid		558,928	563,985
Net expenditure		7,941,154	7,859,531
Changes in capital assets			
Purchases cash	(14,602)		
Depreciation	686		
Loss on disposals	16	(13,900)	103,316
Changes in assets under development			
Cash payments		(65,390)	(46,346)
Changes in net current assets			
Increase in closing accruals	21,004		
Decrease in stock	1		
		21,005	(22,707)
Direct expenditure		7,882,869	7,893,794
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		23,330	24,165
Notional rents		3,662	2,505
Net programme cost		7,909,861	7,920,464

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 26 borne elsewhere.

	2014	2013
	€000	€000
Vote 7 Finance	398	396
Vote 9 Office of the Revenue Commissioners	406	278
Vote 12 Superannuation	17,071	17,922
Vote 13 Office of Public Works	5,174	5,231
Central Fund – ministerial pensions	281	338
	23,330	24,165

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	99,801	100,662
Capital assets under development	2.3	90,627	25,237
		190,428	125,899
Current assets			
Stocks	2.5	108	109
Prepayments ^a		2,822	1,584
Overpayments for recoupment		6,216	6,326
Recoupment of secondment costs		259	297
Accrued income		600	21,372
EU funds suspense	2.8	15	29
Other debit balances	2.6	81,047	80,978
Total current assets		91,067	110,695
Less current liabilities			
Bank and cash	2.4	75,468	(5,533)
Creditor (Revenue liability)		1,359	—
Accrued expenses		10,418	10,237
Deferred income		29	28
Salary recoupment to other departments and agencies		2	—
EU funds suspense	2.8	2,418	4,885
Other credit balances	2.7	912	3,873
Net liability to the Exchequer	2.8	2,264	77,782
Total current liabilities		92,870	91,272
Net current liabilities		(1,803)	19,423
Net assets		188,625	145,322
Represented by:			
State funding account	2.1	188,625	145,322

^a The Department's prepayment total for 2013 was €5 million. In error, the sum was understated by €3.5 million arising from prepayments totalling €3.5 million for rental premises being omitted from the Department's returns. The error arose due to a change in the Department's vote accounts structure which became effective from 2013.

2.1 State Funding Account	Note	2014		2013
		€000	€000	€000
Balance at 1 January			145,322	178,973
Disbursements from the Vote				
Estimate provision	Account	7,951,544		
Surplus to be surrendered	Account	(10,390)		
Net vote			7,941,154	7,859,531
Expenditure (cash) borne elsewhere	1		23,330	24,165
Non-cash expenditure – notional rent	1		3,662	2,505
Other non-cash items ^a	2.2 ^a		(14,982)	612
Net programme cost	1		(7,909,861)	(7,920,464)
Balance at 31 December			188,625	145,322

^a The 2014 non-cash item relates to the accounting treatment of the technical disposal of the Department's construction assets.

2.2 Capital Assets

	Land and buildings €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	98,362	7,498	18,042	123,902
Additions	14,555	18	250	14,823
Disposals ^a	(14,982)	(71)	(388)	(15,441)
Cost or valuation at 31 December 2014	97,935	7,445	17,904	123,284
Accumulated depreciation				
Opening balance at 1 January 2014	—	7,104	16,136	23,240
Depreciation for the year	—	94	592	686
Depreciation on disposals	—	(67)	(376)	(443)
Cumulative depreciation at 31 December 2014	—	7,131	16,352	23,483
Net assets at 31 December 2014	97,935	314	1,552	99,801
Net assets at 31 December 2013	98,362	394	1,906	100,662

^a In regard to the land and building fixed asset disposals figure of €14,982 million, the Department treats the transfer of the control of an asset, as distinct from the ownership, to a school authority as a disposal for accounting purposes in the annual appropriation account. The schools transferred during 2014 were as follows:

Name of School	Valuation €
Ballinamore Community School, Co. Leitrim	2,107,440
Lisgaugh Doon, Scoil na Tríonoide Naofa	640,000
Tramore Community School – Ardscoil na Mara	4,117,200
Wexford, Creagh Demense – Creagh College (Gorey Community College, Part A)	6,677,000
Wexford, Creagh Demense – Creagh College (Gorey Community College, Part B)	1,440,000
Blessington Educate Together National School, Wicklow	2
Total	14,981,642

General Information Note**1. First Level**

- 1.1 The total number of national schools in operation on 31 December 2014 was 3,278. 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 45 first-level sites are owned and controlled/managed by the Minister for Education and Skills.
- 1.3 (i) 70 Gaelscoileanna and 31 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. Two community national schools operating on sites owned by the Minister for Education and Skills in either permanent or temporary accommodation are controlled/managed by a single manager appointed by the Minister for Education and Skills.
- 1.3 (ii) Four multi-denominational sites and one Catholic school site and 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 remains 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 22 sites for second-level schools are owned and controlled/managed by the Minister for Education and Skills.
- 2.2 (i) 14 comprehensive schools, 81 community schools and four secondary schools owned by the Minister for Education and Skills are controlled/managed by boards of management.
- 2.2 (ii) 262 vocational schools are vested in Education and Training Boards under the Education and Training Boards Act 2013.
- 2.2 (iii) 371 secondary schools are privately owned.

2.3 Capital Assets under Development

	Construction contracts €000	In-house computer applications €000	Totals €000
Amounts brought forward at 1 January 2014	24,707	530	25,237
Cash payments for the year	64,870	520	65,390
Transferred to asset register	—	—	—
Balance at 31 December 2014	89,577	1,050	90,627

2.4 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG account	(76,243)	5,707
Commercial banks	771	—
Petty cash	4	—
Orders outstanding	—	(174)
	(75,468)	5,533

2.5 Stocks

at 31 December	2014 €000	2013 €000
Stationery	58	65
IT consumables	50	44
	108	109

2.6 Other Debit Balances

at 31 December	2014 €000	2013 €000
Agency payments to OPW	54	804
Marriage, retirement and death gratuities	2	143
Salaries recoupable	160	60
Schools Broadband Programme	2,160	2,160
Travel passes	197	204
Due from State – suspense	45	56
Offices shared services recoupment	131	264
Cycle to work scheme	54	49
Miscellaneous	19	10
Payroll suspense	77,961	77,228
Travel and subsistence advances	99	—
Redress Board	165	—
	81,047	80,978

2.7 Other Credit Balances

at 31 December	2014	2013
	€000	€000
Due to the State	2	26
Redress Board	—	3,292
Pension refund	55	60
Energy building programme	394	441
Exchequer extra receipts	50	—
Central Bank	11	7
2014/2015 remittances	370	—
Spouses and children's pension contributions	—	6
Cycle to work scheme	—	3
Other creditor	12	—
Miscellaneous	18	38
	<u>912</u>	<u>3,873</u>

2.8 Net Liability to the Exchequer

at 31 December	2014	2013
	€000	€000
Surplus to be surrendered	10,390	86,375
Exchequer grant undrawn	(8,126)	(8,593)
Net liability to the Exchequer	<u>2,264</u>	<u>77,782</u>

Represented by:**Debtors**

Debit balances – suspense	81,002	80,922
Due from the State – suspense	45	56
EU funds – suspense	15	29
	<u>81,062</u>	<u>81,007</u>

Creditors

Bank and cash	(75,468)	5,533
Due to the State – suspense	(2)	(26)
EU funds – suspense	(2,418)	(4,885)
Credit balances – suspense	(910)	(3,847)
	<u>(78,798)</u>	<u>(3,225)</u>
	<u>2,264</u>	<u>77,782</u>

2.9 Commitments

at 31 December	2014	2013
	€000	€000

(a) Global commitments

Commitments likely to materialise in subsequent years for:

Procurement subheads	42	94
Grant subheads	13,128	10,296

(b) Multi-annual capital commitments

Expenditure in 2014 ^a	548,822	437,831
Commitments to be met in subsequent years ^b	1,897,460	1,652,631

^a Expenditure in 2014 includes €28 million (2013: €13 million) in respect of capital payments made under public private partnership (PPP) projects.

^b Commitments to be met in subsequent years include €1.407 billion (2013: €1.396 billion) on PPP projects in respect of capital obligations and non-capital obligations such as, financing, operation and maintenance.

Note 2.9 (c) provides details of the capital expenditure and commitments on PPP projects.

Capital projects involving total expenditure of €12,697,380 or more

				2014	2013
	Expenditure to 31 December 2013	Expenditure	Legally enforceable commitments to be met in subsequent years	Project total	Project total
	€000	€000	€000	€000	€000
Subhead D.3					
1. Malahide Community School	13,860	—	7	13,867	13,866
2. Luttrellstown Community College	13,052	88	230	13,370	13,338
3. Hansfield Educate Together Secondary School ^a	—	891	14,528	15,419	—
4. Carrickphierish Campus Development ^a	—	7,044	5,306	12,350	—
5. Rathmullan National School ^a	—	73	12,520	12,593	—
6. Kishogue Community College ^a	—	4,154	9,752	13,906	—
7. National Development Finance Agency Schools Bundle 1 ^{a, b}	—	11,715	7,719	19,434	—
8. National Development Finance Agency Schools Bundle 2 ^{a, b}	—	10,825	8,543	19,368	—
9. National Development Finance Agency Schools Bundle 3 ^{a, b}	—	13,916	20,381	34,297	—
Subtotal	26,912	48,706	78,986	154,604	27,204
Subhead D.4					
10. National University of Ireland, Cork – Medicine	22,575	106	—	22,681	22,681
11. National University of Ireland, Dublin – Science Centre	59,692	1,082	—	60,774	60,774
12. St. Patricks Drumcondra – Campus Development	16,161	22,626	949	39,736	39,736
13. Grangegorman Campus	12,400	16,782	818	30,000	27,900
Subtotal	110,828	40,596	1,767	153,191	151,091
Total	137,740	89,302	80,753	307,795	178,295

^a The projects relating to the Hansfield Educate Together Secondary School, Carrickphierish Campus Development, Rathmullan National School, Kishogue Community College, and the three National Development Finance Agency Schools Bundles are new projects that came on stream in 2014.

^b The three NDFA School Bundles are construction projects overseen by that agency.

Significant Variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Project	Total cost increase in 2014 €000	Explanation
Grangegorman Campus	2,100	The 2014 increase in commitments from €27.9 million to €30 million on this co-funded project with DIT arose due to an agreement between the Department and DIT/Grangegorman Development Agency that the Department would increase its portion of funding for this project. DIT, in return, increased its commitment to other smaller Grangegorman-related projects.

(c). Capital costs of Public Private Partnership Projects

	Expenditure to 31 December 2013	Expenditure	Legally enforceable commitments to be met in subsequent years	2014 Project totals	2013 Project totals
	€000	€000	€000	€000	€000
1. National Maritime College of Ireland PPP	37,003	3,487	26,589	67,079	67,079
2. Five Pilot Schools Bundle	37,322	3,276	56,629	97,227	97,227
3. Cork School of Music	21,434	2,374	57,108	80,916	80,916
4. 1 st Bundle PPP Schools	14,181	1,921	68,618	84,720	84,720
5. 2 nd Bundle PPP Schools	16,229	2,607	91,682	110,518	110,518
6. 3 rd Bundle PPP Schools ^a	—	14,361	116,241	130,602	130,205
7. 4 th Bundle PPP Schools ^b	—	—	77,944	77,944	—
	126,169	28,026	494,811	649,006	570,665

^a The cost of this project has been updated since 2013.

^b The 4th schools bundle was excluded from the 2013 accounts as the contract was not in place until December 2014.

Note on PPPs

The Department has to date entered into seven separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model.

There are two third level PPP projects, the National Maritime College, Cork and the Cork School of Music and five schools PPP projects, (five pilot schools and School Bundles 1, 2, 3 and 4). All seven contracts are for twenty five years. The buildings will remain in State ownership for the duration of the contract, with the PPP company granted a licence to build the facilities and maintain them for a period of twenty five years.

National Maritime College

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004 with Focus Education Ireland as the private sector partner. 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 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 Developments UK Ltd. 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

A contract for the design, build, financing and operation of seven post-primary schools and one primary school, located in Gorey, Co. Wexford, Tramore, Co. Waterford, Doughiska, Co. Galway (a primary and post-primary school sharing the same campus), Athlone, Co. Westmeath, Doon, Co. Limerick, Letterkenny, Co. Donegal and Ballinamore, Co. Leitrim, was signed with BAM PPP PGGM Infrastructure Cooperatie U.A. in November 2012. All eight schools became operational between November 2013 and May 2014.

4th Bundle PPP Schools

A contract for the build, financing and operation of four post-primary schools in Tulla, Co. Clare, Skibereen, Co. Cork, Dundalk, Co. Louth and Carrick-on-Suir, Co. Tipperary was signed with BAM PPP PGGM Infrastructure Cooperatie U.A. in December 2014.

2.10 Matured Liabilities

Due to internal payment processing deadlines to enable the Department meet commercial bank deadlines for electronic fund transfers, it was not able to finalise processing of certain invoices on hand at year end. Arising from these processing limitations, the Department of Education and Skills had matured liabilities totalling €75,783 at 31 December 2014. The equivalent sum at 31 December 2013 was €54,824.

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 2014, 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. Please refer to the Public Financial Procedures Sections B.1.1.11 and C.2 (6-13). 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 2014 than originally anticipated.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	First, Second and Early Years Education			
A.1	Administration – pay	58,583	54,687	54,995
A.2	Administration – non-pay	10,395	8,892	10,150
A.3	Salaries, wages and allowances (including incidental payments) of primary school teachers			
	<i>Original</i>	2,018,420		
	<i>Supplementary</i>	23,000	2,041,420	2,036,340
A.4	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers			2,075,701
	<i>Original</i>	1,118,053		
	<i>Supplementary</i>	(11,000)	1,107,053	1,099,355
A.5	Grants to Education and Training Boards (ETBs) in respect of vocational teachers' salaries			1,122,476
	<i>Original</i>	537,113		
	<i>Supplementary</i>	28,000	565,113	569,479
A.6	Salaries and wages (including incidental payments) of special needs assistants in primary and post-primary schools			575,466
	<i>Original</i>	362,256		
	<i>Supplementary</i>	11,000	373,256	374,922
A.7	Salaries and wages (including incidental payments) of non-teaching staff in primary and post-primary schools (excluding special needs assistants)			361,947
			100,637	100,149
A.8	Superannuation etc. in respect of teaching and non-teaching staff			102,025
	<i>Original</i>	1,026,669		
	<i>Supplementary</i>	40,000	1,066,669	1,059,361
A.9	School transport services		170,000	172,081
A.10	Grants (including capitation) payable to primary and post-primary schools, Education Training Boards and other educational organisations and institutions		408,931	409,103
A.11	Grants to education bodies working in the primary and post-primary sectors		66,837	68,819
A.12	Teacher education		23,900	23,404
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission		52,415	55,142
A.14	Miscellaneous grants and services		26,931	23,729
		<u>6,072,140</u>	<u>6,055,463</u>	<u>5,998,821</u>

Significant variations

Overall, the gross expenditure in relation to Programme A was €16.7 million lower than provided. 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% – subheads A.13 and A.14 fall into this category.

Furthermore an explanation has been provided in respect of subheads – A.3, A.4, A.5, A.6 and A.8 that each received either an increasing or decreasing supplementary estimate allocation during 2014. The explanations provided in regard to each of these subheads refer solely to the reasons for taking a supplementary estimate.

Description	Less/(more) than provided €000	Explanation
Salaries, wages and allowances (including incidental payments) of primary school teachers	5,080	The original estimate of €2,018,420,000 was increased by a supplementary estimate of €23 million to €2,041,420,000. The increasing supplementary estimate of €23 million was due mainly to the requirement to meet the cost of the first payroll of 2014 by charging it to the 2014 accounts, while it had originally been charged to the 2013 accounts. Some offsetting savings, including on substitution payments and costs of additional teachers, reduced the net amount of the supplementary estimate required. The final outturn of €2.036 billion is 0.25% less than the final estimate.
Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers	7,698	The original estimate of €1,118,053,000 was decreased by a supplementary estimate of €11 million to €1,107,053,000. The reducing supplementary estimate arose from net savings on the subheads which included savings on substitution costs. The final outturn of €1.099 billion is 0.7% less than the final estimate.
Grants to Education and Training Boards (ETBs) in respect of vocational teachers' salaries	(4,366)	The original estimate of €537,113,000 was increased by a supplementary estimate of €28 million to €565,113,000. The increasing supplementary estimate was necessary due to several factors including more teaching posts in the Education and Training Boards than had originally been provided for and an underestimate of overall pay costs in this subhead. The final outturn of €569 million is 0.8% more than the final estimate.

Description	Less/(more) than provided €000	Explanation
Salaries and wages (including incidental payments) of special needs assistants in primary and post primary schools	(1,666)	The original estimate of €362,256,000 was increased by a supplementary estimate of €11 million to €373,256,000. The additional allocation of €11 million required on this subhead was due mainly to the requirement to meet the net cost of the first payroll by charging the 2014 accounts. The payroll cost had originally been placed as a charge on the 2013 accounts. The final outturn of €375 million is 0.4% more than the final estimate.
Superannuation etc. in respect of teaching and non-teaching staff	7,308	The original estimate of €1,026,669,000 was increased by a supplementary estimate of €40 million to €1,066,669,000. Circa €24 million of the excess expenditure arose due to the need to meet the net cost of the first payroll for 2014 which had originally been budgeted for in the 2013 accounts. The remainder of the supplementary was required due to higher than estimated numbers of retirement gratuities (2,244 versus 1,856 estimated). The final outturn of €1.059 billion is 0.7% less than the final estimate.
Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission	(2,727)	The overall net excess of €2.7 million includes €2 million due to the Redress Board finalising a greater number of awards, as well as higher than anticipated numbers of third party legal costs being settled in 2014 and €1.13 million due to the Commission for Child Abuse settling higher numbers of legal bills than had been expected in 2014. €0.5 million of the offsetting savings arose due to capital funding allocated for the memorial to victims of abuse remaining unspent due to planning permission not being granted.
Miscellaneous grants and services	3,202	€0.9 million of the net savings on this miscellaneous subhead arose due to lower than estimated connectivity costs incurred by the Department on the primary and post-primary schools' broadband programmes, as well as savings on staff costs. A further €1 million of savings arose from the deferral to 2015 of certain ICT activities. Savings of €0.6 million arose due to the action plan associated with the Dormant Accounts disbursement plan not becoming operational in 2014. Smaller scale net savings arose on a number of other projects and initiatives.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Skills Development			
B.1	Administration – pay		3,017	3,571
B.2	Administration – non-pay		580	630
B.3	Grants to SOLAS in respect of administration, general expenses and training grants and supports		82,263	79,916
B.4	European Social Fund (ESF) and European Globalisation Adjustment Fund (EGF) supports		780	521
B.5	Grants to SOLAS in respect of further education and training activities			
	<i>Original</i>	226,380		
	<i>Supplementary</i>	(6,500)		
B.6	Grant to Quality and Qualifications Ireland (QQI)		219,880	218,659
B.7	Superannuation etc. payable to former members of FÁS, SOLAS and an Comhairle Oiliuna (AnCO)		7,225	5,500
	<i>Original</i>	31,026		
	<i>Supplementary</i>	2,000		
B.8	Miscellaneous grants and services		25	22
			<u>346,796</u>	<u>342,192</u>
				<u>362,116</u>

Significant variations

Overall, the expenditure in relation to the Programme B was €4.6 million lower than provided. An explanation is provided below in the case of subheads B.4 and B.6 where the outturn varied from the amount estimated by more than €100,000 and by more than 5%.

In regard to subheads B.5 and B.7, an explanation has also been provided in regard to both these subheads as subhead B.5 received a decreasing supplementary allocation and subhead B.7 received an increasing supplementary estimate allocation in 2014.

Description	Less/(more) than provided €000	Explanation
European Social Fund (ESF) and European Globalisation Adjustment Fund (EGF) supports	259	Savings on ESF supports arose due to delays in final approval of the new Operational Programme and to timing issues relating to the expenditure on transnational activity which did not commence until 2015. Savings on expenditure on EGF enterprise supports were also due to timing issues.
Grants to SOLAS in respect of further education and training activities	1,221	The original estimate of €226,380,000 was decreased by a supplementary estimate of €6.5 million to €219,880,000. The Department, with the prior approval of the Department of Public Expenditure and Reform, suspended the final tranche of Vote 26 funding for VTOS, charging it instead to the National Training Fund. Subsequently, the Department reduced the further education allocation via the supplementary estimate process by €6.5 million. This was a net reduction which allowed the Department scope to meet demands arising elsewhere on the Vote. The final outturn of €219 million is 0.6% more than the final estimate.

Description	Less/(more) than provided €000	Explanation
Grant to Quality and Qualifications Ireland (QQI)	1,725	The principal cause of the overall saving of €1.725 million was the receipt by Quality and Qualifications Ireland (QQI) of increased fee income. Circa €1.1 million was received from relationship fees relating to the provision of quality assurance services by the QQI and circa €0.1 million was received from validation fees. The remaining savings arose mainly from lower than anticipated operational costs principally in the areas of accountancy and IT expenditure.
Superannuation etc. payable to former members of FÁS, SOLAS and an Comhairle Oiliuna (AnCO)	(347)	The original estimate of €31,026,000 was increased by a supplementary estimate of €2 million to €33,026,000. A budgetary increase was necessary due to the underestimation of the number of members retiring in 2014 (11 estimated retirements versus 21 actual retirements), as well as underestimation of the ongoing pension payroll costs. The final outturn of €33.4 million is 1% more than the final estimate.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Higher Education			
C.1	Administration – pay	3,287	3,850	4,469
C.2	Administration – non-pay	631	679	924
C.3	Grant-in-aid for general expenses of the Higher Education Authority	5,424	5,424	5,076
C.4	General current grants to universities, institutes of technology and other designated institutions of higher education (grant-in-aid)	938,943	938,943	1,011,987
C.5	Training colleges for primary teachers – excluding those funded through the Higher Education Authority	7,784	7,165	7,836
C.6	Dublin Dental Hospital (grant-in-aid)	10,582	10,582	11,051
C.7	Dublin Institute for Advanced Studies (grant-in-aid)	6,201	6,201	6,442
C.8	Royal Irish Academy of Music (grant-in-aid)	2,988	2,988	3,118
C.9	Grants to certain third level institutions	11,300	10,402	11,384
C.10	Superannuation etc. payable to former staff of universities and institutes of technology			
	<i>Original</i>	67,039		
	<i>Supplementary</i>	<u>7,000</u>	74,039	74,890
C.11	Student support and related expenses			
	<i>Original</i>	356,252		
	<i>Supplementary</i>	<u>13,500</u>	369,752	372,211
C.12	Research activities	37,600	37,600	37,591
C.13	EU, international and north south activities	5,109	4,667	4,082
C.14	Grangegorman Development Agency	2,470	2,481	1,900
C.15	Miscellaneous grants and services	333	314	302
		<u>1,476,443</u>	<u>1,478,397</u>	<u>1,542,677</u>

Significant variations

Overall, the expenditure in relation to Programme C was €2 million more than provided. An explanation is provided below in the case of subheads C.5, C.9 and C.13 where the outturn varied from the amount estimated by more than €100,000 and by more than 5%.

Additionally explanations are provided for subheads C.10 and C.11 as both those subheads received a net increasing supplementary estimate allocation in 2014.

Description	Less/(more) than provided €000	Explanation
Training colleges for primary teachers – excluding those funded through the Higher Education Authority	619	The saving on this subhead arose due to slower than projected progress on certain initiatives and, to a lesser extent, to lower than anticipated drawdown of free fee grants claimed by Colleges.
Grants to certain third level institutions	898	The 2014 savings on the grants to other third level colleges subhead arose due to a lower than expected drawdown of free fee funding in the non-HEA funded institutions.

Description	Less/(more) than provided €000	Explanation
Superannuation etc. payable to former staff of universities and institutes of technology	(851)	The original estimate of €67,039,000 was increased by a supplementary estimate of €7 million to €74 million. The Department took the net supplementary estimate in respect of pensions and gratuities payable to former Institute of Technology employees in 2014 which arose due to the number of pensions charged to this subhead being 251 more than originally estimated as a result of the reclassification of former IoT pensioners who had previously been classified on the pensions payrolls as former ETB employees, and also due to a higher than anticipated number of retirements in 2014. Consequently, the higher than anticipated number of retirements led to an increased cost in superannuation gratuities. The net supplementary taken was reduced by €5 million on the university element of the subhead, due to additional funding having been provided by the Department late in 2013, resulting in a lower drawdown requirement in 2014. The final outturn of €74.89 million is 1% more than the final estimate.
Student support and related expenses	(2,459)	The original estimate of €356,252,000 was increased by a supplementary estimate of €13.5 million to €369,752,000. The subhead required the supplementary allocation which arose mainly due to increases in the amount of the student contribution and the number qualifying to have this contribution paid on their behalf, more timely processing of student grants in 2014, as well as reduced savings from earlier Budget measures. The final out-turn of €372.211 million is 0.7% more than the final estimate.
EU, international and north south activities	442	The net savings arose principally due to lower drawdown of matched funding from the US-Ireland Alliance for the George Mitchell Scholarship fund in 2014, than had been envisaged when the estimate was set.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Capital Services			
D.1	Administration – pay	7,631	9,039	9,339
D.2	Administration – non-pay	1,467	1,595	1,931
D.3	Building equipment and furnishings of primary and post-primary schools			
	<i>Original</i>	490,350		
	<i>Supplementary</i>	<u>(39,500)</u>		
		450,850	454,835	387,396
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education			
	<i>Original</i>	34,800		
	<i>Supplementary</i>	<u>35,500</u>		
		70,300	79,094	68,903
D.5	Public private partnership costs			
		80,250	79,467	52,333
		<u>610,498</u>	<u>624,030</u>	<u>519,902</u>

Significant variations

Overall, the expenditure in relation to Programme D was €13.5 million more than provided

An explanation has been provided in regard to subhead D.3 which received a net reducing supplementary allocation and subhead D.4 which received an increasing supplementary estimate allocation in 2014. Additionally, as subhead D.4's end-year outturn varied from the amount estimated by more than €100,000 and by more than 5%, an explanation as to the end-year variation is also provided.

Description	Less/(more) than provided €000	Explanation
Building equipment and furnishings of primary and post primary schools	(3,985)	The original estimate of €490,350,000 was decreased by a supplementary estimate of €39.5 million to €450,850,000. During 2014 the large scale building projects programme encountered delays due to the introduction of the new building controls and to a lesser extent to third party planning appeals. The delays led to a smaller number of projects commencing on site than had been envisaged when the estimates were set. Additionally, under the Department's prefab replacement initiative, savings arose on the rental of temporary premises subhead in 2014. The Department lowered the allocation on the subhead by €39.5 million which allowed the funding to be transferred to the higher education capital subhead D.4 and utilised in 2014. The final outturn of €454.8 million is 0.9% more than the final estimate.

Description	Less/(more) than provided €000	Explanation
Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education	(8,794)	The original estimate of €34,800,000 was increased by a supplementary estimate of €35.5 million to €70,300,000. The allocation on this subhead was increased to enable the consolidation of Dublin Institute of Technology at the Grangegorman site and an increased spend on the works at St Patricks Teacher Training College in Drumcondra. The final outturn of €79.1 million is 12.5% more than the final estimate. With the prior approval of the Department of Public Expenditure and Reform, this subhead also utilised virement to allow it spend in excess of the subhead allocation by €8.8 million which supported additional expenditure to fund a scheme of minor works in the Institute of Technology sector.

4 Receipts

4.1 E Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
E.1	Superannuation contributions	183,799	183,209	188,183
E.2	Receipts in respect of the European Social Fund (ESF), European Globalisation Adjustment Fund (EGF) and other miscellaneous EU receipts	24,491	23,465	1
E.3	Receipts from pension-related deductions on public service remuneration	334,321	341,183	360,956
E.4	Secondments/overpayments	5,600	5,056	5,537
E.5	Miscellaneous	6,122	6,015	9,308
		<u>554,333</u>	<u>558,928</u>	<u>563,985</u>

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
Secondments/overpayments	544	Overpayment/secondment receipts are difficult to predict reliably.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	—	—
Recoupment of unspent funding disbursed in prior years to the HEA	615	855
Receipts from sale of assets by FÁS/SOLAS	115	724
Receipts from legal settlements	80	43
Receipts from conscience money	3	20
Transferred to Exchequer	(763)	(1,642)
Balance at 31 December ^{a, b}	<u>50</u>	<u>—</u>

^a The December 2013 transfer amount as presented in the 2013 accounts has been amended to reflect conscience money received in 2013 as well as a rounding variation of €2,000 which arose due to the change in reporting requirements for the 2014 accounts.

^b The balance at 31 December 2014 of €50,000 arises as receipts from payment of a settlement agreed by the former Department of Enterprise Trade and Employment in regard to the EU DAWN Equal project which were paid over in late December 2014, were not transferred to the Department of Finance until January 2015.

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2014	2013
Number of staff at year end (full time equivalents)	95,989	94,314

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	Description of subhead	ECF numbers as at 31 December 2014	Pay outturn as at 31 December 2014 €000
First and second level teachers	A.3	Primary teachers salaries	33,735	2,036,340
	A.4	Secondary and C and C teachers salaries	17,261	1,099,355
	A.5	ETB teachers salaries	11,080	569,479
Teaching sub-total			62,076	3,705,174
First and second level Special Needs Assistants	A.6.1	Primary	8,923	305,453
	A.6 (2–3)	Second level	2,198	69,470
First and second level – non-teaching	A.7.1	Primary	307	11,783
	A.7 (2–4)	Second level	2,358	88,366
Non-teaching sub-total			13,786	475,072
Third level education staff	C.3	HEA – administration	59	3,492
	C.4	University/IOE/RIA	17,024	664,484
	C.5	Teacher training colleges	28	2,219
	C.6	Dublin Dental Hospital	121	9,382
	C.7	Dublin Institute for Advanced Studies	53	3,670
	C.11	Student grant administration	101	2,983
	C.14	Grangegorman Development Agency	9	1,044
Third level sub-total			17,395	687,274

Category of staff remunerated	Subhead from which funds disbursed	Description of subhead	ECF numbers as at 31 December 2014	Pay outturn as at 31 December 2014 €000
Department staff	X.1	Administration	997	56,020
	X.8	National Educational Psychological Service	192	15,127
Department sub-total			1,189	71,147
Other staff	A.11.4	State Examinations Commission	146	44,405
	B.3.1	SOLAS	211	47,037
	A.11.1	National Council for Curriculum and Assessment	30	2,553
	A.11.5	National Council for Special Education	98	6,277
	A.13.1	Redress Board	19	1,164
	C.8	Royal Irish Academy of Music	56	2,860
	A.13.2	Commission on Child Abuse	2	323
	B.6	Quality and Qualifications Ireland	76	2,052
	A.10.1.3	Model schools	8	143
	B.5	Further education and ETB grants	820	62,375
Other sub-total			1,466	169,189
Total			95,912	5,107,856

The table above identifies pay costs for teaching and non-teaching staff for whom the Department is the paymaster. Additionally, the table identifies pay costs for bodies/institutions funded from Vote 26. In addition to the details provided above, 77 whole time equivalent staff comprehended by the Employment Control Framework are paid from subheads with no separate pay designation.

In respect of the subheads B.6 (QQI), C.8 (RIAM), C.3 (HEA administration) and C.7 (Dublin Institute for Advanced Studies), a small element of the pay also includes pension costs.

5.(b) Exchequer Pay

	2014	2013
	€000	€000
Pay	50,625	51,738
Higher, special or additional duties allowance	290	256
Other allowances	44	49
Overtime	509	479
Employer's PRSI	4,552	4,521
Total pay	56,020	57,043

The financial details in this table relate solely to departmental staff paid from the administrative subhead X.1 – Salaries, wages and allowances.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	78	6	19,585	20,614
Other allowances	38	—	6,108	6,108
Overtime	236	6	18,765	17,868

Certain individuals received extra remuneration in more than one category.

The details of allowances and overtime payments in this table relate solely to staff paid from the administrative budget subheads X.1 and X.8 in 2014 (2013: X.1, X.8 and X.9).

5.2 Performance and Merit Pay

Eight staff in receipt of special service payments under the AHCPs 1% PCW restructuring agreement received in total €18,358 in 2014. No merit pay was paid during 2014.

5.3 Re-Engaged Civil Servants

During 2014, 21 retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €115,395 which included travel and subsistence costs of €10,234.

5.4 Severance/Redundancy

1. During 2014, 335 teaching and non-teaching staff (comprising 327 non-teaching staff, 7 primary teachers and 1 post-primary teacher) were paid redundancy sums totalling €2,896,248 – which included payment for both statutory and non-statutory redundancy sums. 103 payments of redundancy exceeded €10,000. The highest value sum paid in 2014 was €46,544. Staff receiving redundancy were paid via the Department's payrolls, in the Department's capacity as paymaster, for certain schools.
2. Under the terms of the Guidelines for Ministerial Appointments for the 31st Dáil, there is provision for the payment of severance to ministerial appointments on the termination of their appointment.

The appointment to the positions of Special Advisor, Personal Assistant, Personal Secretary and Civilian Driver are co-terminus with the Minister or Minister of State's term of Office.

In 2014, payments arose in regard to six ministerial appointees. A sum of €94,500 was spent on severance, redundancy and minimum notice payments and a sum of €28,200 was paid in lieu of untaken leave.

5.5 Overpayments

(a) Administrative staff salary overpayments

Salary overpayments on the administrative staff's salary subhead X.1 were €113,176 (84 cases) at 31 December 2014 compared to overpayments of €86,610 (42 cases) at the end of January 2014. The increase in salary overpayments via this subhead mainly arises from operational difficulties associated with the commencement of services provided by our shared service provider – PeoplePoint – in February 2014.

(b) Supplementary pension overpayments

The Department's Superannuation Section 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 at both December 2013 and 2014. 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 4 year time limit.

(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 €3.32 million at 31 December 2014 compared to overpayments of €3.54 million at 31 December 2013. 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, as has been the case in recent years.

6 Miscellaneous

6.1 National Lottery Funding

	2014 €000	2013 €000
Book rental scheme (subhead A.10) ^a	4,996	—
Cultural activities (subhead C.15)	132	133
	<u>5,128</u>	<u>133</u>

A list of recipients of the funding is available on the Department's website (www.education.ie).

^a In 2014, the Department provided funding of €4.996 million to DEIS schools participating in the book rental scheme. The funding was made available to the Department as part of the estimates process and is included in the capital estimate for subhead A.10.1 – Capitation and ancillary grants to primary schools. In 2014, this funding originated from the sale of the National Lottery licence and did not form part of the normal National Lottery funding stream.

6.2 EU Funding

The €22,940,858 received in 2014 and shown as appropriations-in-aid was included in the recorded expenditure from the Education and Skills Vote from the following subheads;

Subheads B.3, B.4, B.5, C.4. and C.11. During 2013, the Department did not receive any ESF receipts to subhead E.2.

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2014 was as shown below:

Subhead	Description	2014 Funding €000	2013 Funding €000
A.11.4	National Council for Guidance in Education	171	178
B.3	SOLAS	—	586
		<u>171</u>	<u>764</u>

The European Globalisation Adjustment Fund

Background

The Department of Education and Skills acts as the Irish Managing Authority for the European Globalisation Adjustment Fund (EGF) in Ireland.

The EGF is a European Union funding programme which assists EU member states to provide a personalised package of upskilling, retraining and enterprise supports to workers made redundant as a result of major structural changes in world trade patterns due to globalisation or global financial and economic crisis.

Applications for EU co-funding under the EGF are first submitted by a member state to the European Commission for approval. Upon initial approval the application must subsequently be approved by both the European Parliament and the EU Council of Ministers.

For approved programmes of measures submitted by Member States, the following maximum EU co-funding rates apply

- Applications submitted between May 2009 and December 2011 – 65%
- Applications submitted between January 2012 and December 2013 – 50%
- Applications to be submitted between January 2014 and December 2020 – 60%.

The balance of programme costs are met through national co-funding.

EGF programmes are multi-annual in nature. Under Article 16(4) of Regulation (EU) No. 1309/2013, an EGF programme implementation period is of 24 months duration commencing from the date of submission of an application by a member state. In addition, measures which commenced before the application was submitted but after the general announcement of redundancies may be included. Under the Regulation, a member state must submit a final report and expenditure statement to the European Commission not later than six months after programme cessation. The Commission has a further six-month closure period to examine the programme before formally winding it up, elongating the EGF programme lifespan to at least 36 months.

The multi-annual structure of the Fund, the submission by national service providers of expenditure claims on interim, annual or multi-annual bases and the fact that apportionment of total EU and national expenditure is not finalised until the full closure of the programmes, makes it difficult to reconcile annual programme expenditure in line with prescribed national accounts reporting. However, full details of programme expenditure are made available after the winding up of each individual programme.

Irish EGF Programmes

There have been nine applications made by Ireland for EGF co-funding up to the end of 2014.

Seven programmes (Dell, Waterford Crystal, S.R. Technics, NACE 41 ('Construction of buildings'), NACE 43 ('Specialised construction activities') NACE 71 ('Architectural Services') and Talk Talk EGF programmes) have been formally wound up by the European Commission and reimbursements to date of unused EGF co-funding totalling €25 million have been made to the EU Commission. The DELL, Waterford Crystal, SR Technics and NACE 43 EGF Programmes have all been the subject of audit by either the European Commission or European Court of Auditors, with no substantial findings being made by either body against Ireland.

An eighth EGF programme application was submitted in May 2014 in support of 171 workers affected by redundancy at the Andersen Ireland jewellery manufacturing plant in Rathkeale, Co. Limerick in late 2013. The application also sought support for up to 138 local young persons under the age of 25 years who are not in employment, education or training (NEET persons) under a new optional provision of Regulation (EU) No 1309/2013, governing the 2014 – 2020 funding round. This is the first Irish application to be submitted under Article 4(2) of Regulation (EU) No 1309/2013 which provides for derogation from the normal minimum qualifying threshold of at least 500 redundancies in exceptional circumstances. To date, this is the smallest affected redundant cohort of any Irish EGF application. The programme received final approval from all of the relevant EU Institutions in November 2014, with the EU co-funding contribution being received in Ireland in late December 2014.

A ninth application was submitted to the European Commission in September 2014 seeking EGF co-funding support for 424 workers made redundant between December 2013 and June 2014 at the Lufthansa Technik Airmotive Ireland aircraft maintenance, repair and overhaul facility in Rathcoole, Co. Dublin. This application also sought support for up to 200 NEET persons. The programme received final approval from all the relevant EU Institutions in April 2015, with the EU co-funding contribution being received by Ireland in early May 2015.

Programme	Rate of EU co-funding	Programme allocation	Programme spend	Receipts from EU	Unused EU co-funding repaid to European Commission
	%	€000	€000	€000	€000
DELL	65%	22,817	13,620	14,831	5,978
Waterford Crystal	65%	3,955	3,090	2,571	563
SR Technics	65%	11,455	4,504	7,446	4,518
NACE 41	65%	19,523	12,619	12,690	4,488
NACE 43 ^a	65%	33,329	20,249	21,664	8,502
NACE 71	65%	2,135	1,811	1,388	211
Talk Talk	50%	5,393	3,794	2,696	799
Anderson Ireland	60%	2,502	n/a	1,501	n/a
Lufthansa Technik Airmotive Ireland	60%	4,151	n/a	n/a	n/a
Total		105,260	59,687	64,787	25,059

^a A total of €820,580 in unused or ineligible EGF co-funding was repaid to the European Commission in 2015.

National co-funding of the EGF programmes has been provided to date from:

- Department of Education and Skills, subheads B3 – training supports and allowances, technical assistance, B.4.1 – enterprise supports, B.5 – second level education supports and allowances, C.4 – third level education supports, C.11 – student maintenance grants
- National Training Fund (guidance, education, training supports allowances and technical assistance)
- Department of Social Protection – Vote 38 – Back to Education Allowance and employment service supports.

EGF Activity in 2014

Guidance, training, education and enterprise measures were delivered to beneficiaries under the Talk Talk EGF programme until its completion in February 2014. A final report and an expenditure statement justifying expenditure were submitted to the European Commission in August 2014. Of the total allocation available under the programme of €5.39 million, the sum of €3.79 million was deemed eligible for 50% EU co-funding. A sum of €799,499 in unused EU co-funding was duly returned to the European Commission in April 2015.

Delivery of supports under the EU approved Andersen Ireland EGF programme and in anticipation of full EU approval of the Lufthansa Technik Airmotive Ireland programme also commenced in 2014. All expenditure on these programmes to date has been provided by national funding sources and will be co-funded by 60% as appropriate from the EU, subject to the calculation of final EGF eligible expenditure and the submission of final reports and statements justifying expenditure to the EU in 2016 and 2017, respectively.

EU funded posts in the PDST Technology in Education (formerly NCTE)

There are two posts in the Professional Development Service for Teachers (PDST) Technology in Education which are part EU funded. There were three posts up until 1 July 2014. This funding was utilised on the Safer Internet Project and the Better Internet for Kids Network project.

Safer Internet Project

This project is funded by the EU for approximately 62% and 38% via Department funding. The PDST acted as an awareness centre for the Safer Internet Ireland Consortium coordinated by the Office for Internet Safety in the Department of Justice, Equality and Law Reform.

Better Internet for Kids Network Project

This project was 100% funded by the EU and was a pilot project with the objective to build a better internet for kids (BIK) core service platform to share resources, services and practices between national providers of safer internet services.

The Department of Education and Skill's role in this pilot project is to participate in the development and testing of core services that

- scale up awareness raising and teaching of online safety in all EU schools to develop children's digital and media literacy and self-responsibility online
- create a safe environment for children where parents and children are given the tools necessary for ensuring their protection online – such as easy-to-use mechanisms to report harmful content and conduct online, transparent default age-appropriate privacy settings or user-friendly parental controls.

Other consortium members contributed to the development of core services to support the operation of child pornography hotlines to combat online circulation of child sexual abuse material through reporting and takedown services.

Quality and Qualifications Ireland (QQI)

QQI received EU funding in respect of its Europass and European Qualifications Framework (EQF) activities in 2014, as well as for its provisions of the secretariat for European Quality Assurance Reference Framework. During 2014, this funding amounted to €641,135.

6.3 Commissions and Enquiries – Exchequer Expenditure

	Year of appointment	Cumulative Expenditure to 31 December 2014 €000	Expenditure in 2014 €000	Expenditure in 2013 €000
Ad-hoc Commissions				
Commission to Inquire into Child Abuse	1999	78,646	7,168	2,815
Residential Institutions Redress Scheme ^{a,b}	2002	1,191,360	47,844	50,079
Inquiry into Kilkenny City Vocational School ^c	2006	334	7	—
Total		1,270,340	55,019	52,894

^a In addition to the Residential Institutions Redress Scheme Exchequer expenditure, contributions from the religious congregations under the 2002 Indemnity Agreement of €42.3 million, which have been expended on the scheme, bring the total expenditure on the Redress Scheme and the associated litigation under the 2002 indemnity agreement to €1.234 billion. €1.224 billion of this was expended on the Residential Institutions Redress Scheme and €10 million expended pursuant to the 2002 Indemnity Agreement.

^b The cumulative Residential Institutions Redress Scheme cost of €1.2 billion at the end of 2014 includes expenditure by the Residential Institutions Review Committee of €8.5 million.

^c The Department had noted in the 2012 Vote 26 accounts that the work on the Inquiry into Kilkenny City Vocational School had been concluded. However, residual legal expenses of €7,000 arose in 2014 in regard to legal fees associated with the Inquiry. The work on this Inquiry is now concluded.

6.4 Legal Costs and Compensation

Legal costs paid during the year are categorised as follows:

	2014 €000	2013 €000
Legal fees	8,142	2,873
Compensation	16	—
Awards	223	224
	8,381	3,097

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.

6.5 Contingent Liability

Redress

There will be further payments associated with the Commission to Inquire into Child Abuse and the Residential Institutions Redress Board.

Expenditure for the Commission to Inquire into Child Abuse from inception to the end of 2014, was €78.65 million. It is estimated that additional costs of €3.55 million could arise in meeting the Commission's remaining costs and catering for any unexpected delays in the dissolution of the Commission.

Expenditure associated with the Residential Institutions Redress Scheme to the end of 2014 was €1.234 billion. It is estimated that additional costs of some €13 million may arise. This estimate includes provision for litigation and caters for any unexpected delays in the dissolution of the bodies.

6.6 Write Offs

The following sums were written off in the year:

	2014 €000	2013 €000
Payable orders cashed in irregular circumstances	3	—

There were no write offs on foot of irregularities in 2013.

6.7 Suspected Frauds/Irregularities

	2014 €000	2013 €000
Fraud	24	30
Suspected irregularity	—	1

In regard to 2014, the Department was made aware of 13 new cases of suspected fraud/irregularities, which remain under investigation as of July 2015. The sum of €24,000 relates to one case of fraud which came to attention in 2014. In the remaining twelve cases, due to the time sensitivities of the annual return, there was not sufficient information available to categorise the incidents as fraud because investigations are ongoing in order to establish whether the cases involve fraud/irregularity or relate to human error.

The cases under investigation largely arise in regard to the issue of grants, school enrolment numbers or in respect of inappropriate expenditure of Exchequer funding. The figures quoted for 2014 are based on the returns made to the Comptroller and Auditor General in the context of the 2014 appropriation account and may be superseded as new information comes to the Department's attention.

As the cases are ongoing, the Department will continue to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred. In circumstances where recovery is warranted, this will occur either by direct repayment or via the withholding of agreed sums from ancillary grants.

6.8 Late Payment Interest

	2014	2013
Total of interest payments due	€27,000	€2,000
Number of recipients of €10,000 or more	1	—

The Department's net prompt payment interest and compensation paid in 2014 arose in respect of payments to 61 suppliers. €25,000 of the total paid related to the late payment of one invoice for rental accommodation.

6.9 Residential Institutions Redress***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 investment account by the National Treasury Management Agency (NTMA), the balance of €41,314,845 was transferred to the NTMA account in March 2013, plus a further amount of accrued interest totalling €12,376 received in April 2013, in accordance with section 29(1) of the 2012 Act. The designated Central Bank account was subsequently closed in 2013.

In 2013 and 2014, further cash contributions of €33,441,828 and €5,543,039, respectively, were received from congregations and lodged to the RISF investment account. At 31 December 2014 total lodgements into the NTMA account amounted to €80,312,088.

The 2012 Act provides that the NTMA may advance to the Residential Institutions Statutory Fund (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 accounts of the Residential Institutions Statutory Fund are subject to audit by the Comptroller and Auditor General.

6.10 Expenditure on Temporary School Accommodation

During 2014, expenditure under subhead D.3.3 included amounts totalling €16.4 million in respect of temporary premises (2013: €26 million).

6.11 Budget Carryover

Vote 26 did not avail of a carryover from 2013 to 2014.

6.12 Settlement with the Revenue Commissioners in 2015

In finalisation of an audit conducted by the Revenue Commissioners, the Department in March 2015 has made a settlement payment to the Commissioners of €1,359,358. The settlement, which covers the period 2010 to 2013, arises from liabilities applying for PAYE/PRSI and USC in regard to certain payments made by the Department to Home Tutors, to payments to members of education-related Boards and Committees and to a small number of payments to individuals. New arrangements have now been put in place by the Department to ensure tax compliance in relation to these payments.

7. Miscellaneous accounts

7.1 Non Voted Accounts

	2014			2013
	Securities	Cash	Total	Total
	€000	€000	€000	€000
Securities balance on 1 January	—	—	—	548
Securities redeemed	—	—	—	53
Transfer of securities to Commissioners for Charitable Donations and Bequests ^a	—	—	—	(1)
Transfer of redemption money to receipts and payments account	—	—	—	(600)
Balance on 31 December	—	—	—	—

Receipts and Payments Account for the year ended 31 December

	Total	Total
	2014	2013
	€000	€000
Balance on 1 January	—	20
Receipts from dividends	—	24
Receipts from capital account	—	600
Transfer to Commissioners for Charitable Donations and Bequests ^a	—	(625)
Payments	—	(19)
Balance on 31 December	—	—

^a In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests (CCDB), the Department finalised the transfer of endowment funds and residual stockholdings to the CCDB on a staggered basis over the years 2010 to 2013, with all moneys paid over by end-2013. The Commissioners and its successors, the Charities Regulatory Authority, have been carrying out all day-to-day administration of the holdings since 31 December 2013.

7.2 Endowed Schools

Account of the receipts and payments of the endowed schools (constituted under the Educational Endowments (Ireland) Act 1885) during the year ended 31 December 2014, in respect of capital and income.

	2014		2013
	Securities	Cash	Total
	€000	€000	€000
Balance on 1 January	—	—	416
Securities redeemed	—	—	(117)
Securities transferred to Commissioners for Charitable Donations and Bequests ^a	—	—	(2)
Transfer of funds	—	—	(297)
Balance on 31 December	—	—	—

Receipts and Payments Account for the year ended 31 December

	2014	2013
	€000	€000
Balance on 1 January	—	—
Receipts	—	308
Transfer to Office of the Commissioners for Charitable Donations and Bequests ^a	—	(308)
Payments	—	—
Balance on 31 December	—	—

^a In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests and commencing from 2010, both endowment funds and stockholdings have been transferred to the CCDB on a staggered basis over the years 2010 to 2013, with all moneys paid over by end-2013. The CCDB, and its successors the Charities Regulatory Authority, have been carrying out all day-to-day administration of the holdings since 31 December 2013.

Consolidated Statement of Endowment/Bequest Funding transferred to CCDB 2011 – 2013

	2011	2012	2013	2014	Total
	€000	€000	€000	€000	€000
Non-voted funds	558	135	625	—	1,318
Endowed schools funds	211	19	308	—	538
Total funding transferred to the Commissioners for Charitable Donations and Bequests	769	154	933	—	1,856

As noted in notes 7.1 and 7.2 above, the Department has transferred all non voted bequests and endowed schools funds to the Office of the Commissioners for Charitable Donations and Bequests (CCDB) over the years 2011 – 2013. Following an initial agreement with the CCDB, which has been dissolved in 2014 and succeeded by the Charities Regulatory Authority (CRA), the Board of the CRA are managing the bequest/endowment investments on behalf of the Minister and applying income in line with the stipulations of the bequests/endowments. Additionally the Board may, in certain circumstances, make disbursements on foot of instructions from the Minister

7.3 Grant-in-Aid Fund 2014

	2014	2013
	€000	€000
Subhead C.15.2 – fund for general expenses of cultural, scientific and educational organisations (National Lottery funded)	132	133
	<u>132</u>	<u>133</u>



Appropriation Account 2014

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 2014 for certain Official Development Assistance, including certain grants-in-aid, 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.45 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 ruling 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 week.

Grant refunds

Refunds of grants which were funded out of the bilateral and other co-operation fund (grant-in-aid) 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 three contracts to the value of €254,000 which were listed in my annual return in respect of Circular 40/2002. The contracts were not tendered due to the contract being awarded to the sole qualified supplier, or the €25,000 threshold being inadvertently exceeded. These contracts will be reviewed by my Procurement Unit in 2015.

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 and approved by an independent Programme Appraisal and Evaluation Group (PAEG), 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 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.

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.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

17 July 2015

Vote 27 International Co-operation

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Work on poverty and hunger reduction	479,163	475,745	493,300
Gross expenditure		479,163	475,745	493,300
<i>Deduct</i>				
B	Appropriations-in-aid	1,150	1,183	1,156
Net expenditure		478,013	474,562	492,144

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	3,450,606	3,784,641

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,898	13,741	15,370
ii	Travel and subsistence	2,300	1,946	2,171
iii	Training and development and incidental expenses	1,800	1,742	1,432
iv	Postal and telecommunications services	1,870	1,163	1,324
v	Office equipment and external IT services	1,605	1,164	1,139
vi	Office premises expenses	3,475	3,233	2,838
vii	Consultancy services and value for money and policy reviews	750	720	423
viii	Foreign representation and accommodation expenses	1,450	1,164	1,174
		28,148	24,873	25,871

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	450,872	467,429
Pay	13,741	15,370
Non pay	11,132	10,501
Gross expenditure	475,745	493,300
<i>Deduct</i>		
Appropriations-in-aid	1,183	1,156
Net expenditure	474,562	492,144
Changes in capital assets		
Purchases cash	(310)	
Disposals cash	170	
Profit on disposals	(142)	
Depreciation	246	
	(36)	60
Changes in net current assets		
Increase in closing accruals	5,175	
Increase in stock	(8)	
	5,167	3,571
Net programme cost	479,693	495,775

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 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	8,219	8,183
Current assets			
Bank and cash	2.3	6,994	7,888
Stocks of stationery		27	19
Prepayments	2.7	1,523	6,819
Other debit balances		75	99
Net Exchequer funding due	2.5	2,989	(1,253)
Total current assets		11,608	13,572
Less current liabilities			
Accrued expenses		209	330
Other credit balances	2.4	91	114
Bilateral and other co-operation fund (grant-in-aid)	7	9,967	6,620
Total current liabilities		10,267	7,064
Net current assets		1,341	6,508
Net assets		9,560	14,691
Represented by:			
State funding account	2.1	9,560	14,691

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		14,691	19,090
Disbursements from the Vote			
Estimate provision	Account	478,013	
Surplus to be surrendered	Account	(3,451)	
Net vote		474,562	492,144
Fixed asset adjustment		—	(768)
Net programme cost	1	(479,693)	(495,775)
Balance at 31 December		9,560	14,691

2.2 Capital Assets

	Land and buildings	Equipment	Office equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2014	7,639	979	528	1,120	2,321	12,587
Additions	—	15	19	4	272	310
Disposals	—	(79)	(46)	(58)	(110)	(293)
Cost or valuation at 31 December 2014	7,639	915	501	1,066	2,483	12,604
Accumulated depreciation						
Opening balance at 1 January 2014	—	963	480	872	2,089	4,404
Depreciation for the year	—	13	25	66	142	246
Depreciation on disposals	—	(78)	(47)	(30)	(110)	(265)
Cumulative depreciation at 31 December 2014	—	898	458	908	2,121	4,385
Net assets at 31 December 2014	7,639	17	43	158	362	8,219
Net assets at 31 December 2013	7,639	16	48	248	232	8,183

2.3 Bank and Cash

at 31 December

2014**2013****€000****€000**

PMG balance

6,457

7,807

Commercial bank account balance

537

81

6,994

7,888

2.4 Other Credit Balances

at 31 December

2014**2013****€000****€000**

Amounts due to the State

Professional Services Withholding Tax

73

106

Value Added Tax

18

8

91

114

2.5 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	3,451	3,785
Exchequer grant undrawn	(6,440)	(2,532)
Net liability to the Exchequer	<u>(2,989)</u>	<u>1,253</u>

Represented by:**Debtors**

Bank and cash	6,994	7,888
Debit balances: suspense	75	99
	<u>7,069</u>	<u>7,987</u>

Creditors

Due to State	(91)	(114)
Bilateral and other co-operation fund (grant-in-aid)	(9,967)	(6,620)
	<u>(10,058)</u>	<u>(6,734)</u>
	<u>(2,989)</u>	<u>1,253</u>

2.6 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2015 and relate to property rental payments abroad and other administrative commitments.

Commitments are analysed by date of expiry of contract

	2014	2013
	€000	€000
Due within 12 months	496	584
Due between 1 and 5 years	1,063	1,269
	<u>1,559</u>	<u>1,853</u>

2.7 Prepayments

In 2013, prepayments included €5.49 million paid to the European Development Fund as part of Ireland's assessed contribution for 2014.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Work on poverty and hunger reduction			
A.1	Administration - pay	14,898	13,741	15,370
A.2	Administration - non pay	13,250	11,132	10,501
A.3	Payment to grant-in-aid fund for bilateral and other co-operation (grant-in-aid)	326,015	326,015	337,903
A.4	Emergency humanitarian assistance	57,500	57,500	59,979
A.5	Payments to international funds for the benefit of developing countries	28,610	28,473	30,000
A.6	Contributions to United Nations and other development agencies	38,890	38,884	39,547
		<u>479,163</u>	<u>475,745</u>	<u>493,300</u>

Significant variations

The outturn for the year was €3.42 million less than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	1,157	Savings were delivered on the administration pay subhead mainly due to savings achieved in HQ salaries
Administration – non pay	2,118	Savings were delivered across all non pay administration subheads but in particular costs were less than anticipated under the post and telecommunications, office equipment and office premises subhead headings

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	300	453	390
2. Receipts from pension-related deductions on public service remuneration	850	730	766
Total	1,150	1,183	1,156

Explanation of significant variations

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

Description	Less/(more) than provided €000	Explanation
Miscellaneous	(153)	Appropriations-in-aid were higher than anticipated and arose due to VAT refunds and proceeds on sale of motor vehicles

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	181	189
	2014	2013
	€000	€000
Pay	12,499	13,745
Higher, special or additional duties allowance	33	35
Other allowances	22	24
Overtime	50	90
Employer's PRSI	795	782
Total Pay	13,399	14,676

The total pay figures above exclude non-pay expenditure charged to salaries, wages and allowances. This expenditure is primarily composed of salaries and associated costs for security staff in missions.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	6	1	10,790	16,585
Other allowances	8	—	6,928	6,904
Overtime	32	1	10,313	10,490

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration

Two retired civil servants in receipt of civil service pensions were re-engaged, on a fee basis, at a total cost of €5,127.

5.3 Contingent Liabilities

There is a potential contingent liability at 31 December 2014 for employee-related costs in two missions. The cost of these potential obligations is subject to ongoing negotiations.

6 Miscellaneous Items

6.1 Contributions to United Nations and other development agencies (A.6)

	2014	2013
	€000	€000
United Nations Development Programme (UNDP)	8,550	8,980
United Nations Children's Fund (UNICEF)	7,900	8,200
United Nations High Commissioner for Refugees (UNHCR)	6,100	6,100
World Health Organisation (WHO) Programmes	1,150	1,200
United Nations Population Fund	3,195	3,200
Office of the United Nations High Commissioner for Human Rights	2,000	2,000
UNAIDS	2,950	3,000
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN Industrial Development Organisation	368	541
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
UNEP Trust Fund	252	57
United Nations Volunteers	475	460
Others - various	444	309
	<u>38,884</u>	<u>39,547</u>

7 Bilateral and other co-operation fund (grant-in-aid) account

Account of receipts and payments during the year ended 31 December 2014

	2014 €000	2013 €000
Balance on 1 January 2014	6,620	4,569
Grant-in-aid 2014	326,015	337,903
	332,635	342,472
Expenditure for the year	(324,449)	(336,103)
Amounts returned during the year	1,781	251
Balance on 31 December 2014	9,967	6,620

In addition, at 31 December 2014, unspent balances totalling €2.5 million (2013: €4.1 million) were held in bank accounts controlled by Irish Embassies and Irish Aid offices in eleven countries.

During 2014, grant refunds amounting to €474,000 were returned to Irish Embassies and Irish Aid offices in respect of projects where the allocated funds were not utilised in full. These refunds are held in bank accounts controlled by Irish Embassies and are available for disbursement in 2015.



Appropriation Account 2014

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 2014 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-in-aid and contributions to International Organisations.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €14.6 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.

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 only those amounts for which the Department may be liable in the subsequent twelve months.

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 guidelines. The Department complied with the guidelines with the exception of nine contracts to the value of €3.23million which were listed in my annual return in respect of Circular 40/2002. The contracts were not tendered due to either the contract being awarded to a proprietary supplier or the €25,000 threshold being inadvertently exceeded. These contracts will be reviewed by my Department's procurement team in 2015.

Fixed asset register

The Department had planned to progress the development of the fixed asset register (FAR) during 2014. However, the project has been delayed due to the volume of other work commitments and the Department's contribution to the Department of Expenditure and Reform's Financial Management Shared Service (FMSS) Project. The FAR project will now be considered in conjunction with the proposed fixed asset register module of the FMSS system. It is intended to progress the FAR project in 2015.

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.

Niall Burgess

Accounting Officer

Department of Foreign Affairs and Trade

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

4 September 2015

Vote 28 Foreign Affairs and Trade

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Promote Ireland's economic and trade interests in Europe and internationally		48,159	45,890
B	Consular, passport and Irish abroad services		0	
	<i>Current year provision</i>	71,795	0	
	<i>Deferred surrender</i>	570	72,365	69,749
C	Reconciliation and cooperation on this island		17,532	22,055
D	International peace, security and human rights		74,798	63,627
Gross expenditure				
	<i>Current year provision</i>	212,284		
	<i>Deferred surrender</i>	570		
			212,854	201,321
	<i>Deduct</i>			
E	Appropriations-in-aid		45,048	48,120
Net expenditure				
	<i>Current year provision</i>	167,236		
	<i>Deferred surrender</i>	570		
			167,806	153,201
				152,283

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.

	2014	2013
	€	€
Surplus	14,604,579	21,959,819
Deferred surrender	—	(570,000)
Surplus to be surrendered	14,604,579	21,389,819

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	71,787	75,239	76,064
ii	Travel and subsistence	6,630	5,146	4,993
iii	Training and development and incidental expenses	5,412	3,637	4,028
iv	Postal and telecommunications services	7,594	5,508	6,273
v	Office equipment and external IT services	19,093	18,566	17,856
vi	Office premises expenses	25,133	22,410	21,225
vii	Consultancy services and value for money and policy reviews	100	—	6
viii	Foreign representation and accommodation expenses	11,231	10,495	10,028
ix	<i>EU Presidency</i>	—	—	5,247
x	Chairmanship of the Organisation for Security and Co-operation in Europe	—	—	326
		146,980	141,001	146,046

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost		60,320	54,235
Pay		75,239	76,064
Non pay		65,762	69,982
Gross expenditure		201,321	200,281
<i>Deduct</i>			
Appropriations-in-aid		48,120	47,998
Net expenditure		153,201	152,283
Changes in capital assets			
Purchases cash	(4,507)		
Disposals cash	829		
(Profit)/loss on disposal	(149)		
Depreciation	3,904		
		77	1,666
Changes in net current assets			
Net increase in closing accruals and prepayments	3,091		
Decrease in stock	(1,097)		
		1,994	3,059
Direct expenditure		155,272	157,008
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		16,877	15,275
Notional rents		1,716	759
Net programme cost		173,865	173,042

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.

		2014	2013
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	60	60
Vote 12 Superannuation and Retired Allowances	e	10,716	8,821
Vote 13 Office of Public Works	e	5,578	5,749
Vote 20 Garda Síochána	e	91	179
Central Fund – Ministerial pensions	e	432	466
		16,877	15,275

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	165,998	166,075
Current assets			
Stocks	2.3	3,751	2,654
Prepayments		11,904	14,940
Other debit balances	2.4	6,076	5,424
Total current assets		21,731	23,018
Less current liabilities			
Bank and cash	2.5	4,300	3,756
Accrued expenses		1,425	1,370
Other credit balances	2.6	115	672
Net liability to the Exchequer	2.7	1,556	825
Cultural relations with other countries (grant-in-aid)	7.1	105	171
Total current liabilities		7,501	6,794
Net current assets		14,230	16,224
Net assets		180,228	182,299
Represented by:			
State funding account	2.1	180,228	182,299

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		182,299	187,024
Disbursements from the Vote			
Estimate provision	Account	167,806	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(14,605)	
Net vote		153,201	152,283
Expenditure (cash) borne elsewhere	1	16,877	15,275
Non cash expenditure – notional rent	1	1,716	759
Net programme cost	1	(173,865)	(173,042)
Balance at 31 December		180,228	182,299

2.2 Capital Assets

	Land and buildings €000	Motor vehicles €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets					
Cost or valuation at 1 January 2014	157,218	3,004	48,611	78,232	287,065
Additions	—	403	107	3,997	4,507
Disposals	(674)	(380)	(3)	—	(1,057)
Cost or valuation at 31 December 2014	156,544	3,027	48,715	82,229	290,515
Accumulated depreciation					
Opening balance at 1 January 2014	—	2,623	43,788	74,579	120,990
Depreciation for the year	—	209	1,756	1,939	3,904
Depreciation on disposals	—	(375)	(2)	—	(377)
Cumulative depreciation at 31 December 2014	—	2,457	45,542	76,518	124,517
Net assets at 31 December 2014	156,544	570	3,173	5,711	165,998
Net assets at 31 December 2013	157,218	381	4,823	3,653	166,075

2.3 Stocks

	2014 €000	2013 €000
at 31 December		
Passport booklets	2,429	2,397
Passport cards	1,097	—
Protocol stocks	94	108
Stationery	45	48
Prepaid postage	2	7
IT consumables	84	94
	<u>3,751</u>	<u>2,654</u>

2.4 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Departmental and agency accounts	3,860	2,641
Imprest and personal suspense accounts	966	1,005
Foreign salary advance accounts	269	128
Miscellaneous	981	1,650
	<u>6,076</u>	<u>5,424</u>

2.5 Bank and Cash	2014	2013
at 31 December	€000	€000
Mission and headquarter accounts	9,743	10,740
PMG balances and cash	(14,043)	(14,491)
Orders outstanding	—	(5)
	<u>(4,300)</u>	<u>(3,756)</u>

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	—	—
Pay Related Social Insurance	(1)	—
Pension contributions	24	13
Value Added Tax	22	337
Professional Services Withholding Tax	32	34
	<u>77</u>	<u>384</u>
Miscellaneous	38	288
	<u>115</u>	<u>672</u>

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	14,605	21,390
Deferred surrender	—	570
Exchequer grant undrawn	(13,049)	(21,135)
Net liability to the Exchequer	<u>1,556</u>	<u>825</u>

Represented by:**Debtors**

Debit balances: suspense	6,076	5,424

Creditors

Bank and cash	(4,300)	(3,756)
Due to State	(77)	(384)
Credit balances: suspense	(38)	(288)
Credit balances: grant-in-aid accounts	(105)	(171)
	<u>(4,520)</u>	<u>(4,599)</u>
	<u>1,556</u>	<u>825</u>

2.8 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2015 and relate to property rental payments abroad and other administrative commitments.

at 31 December	2014	2013
	€000	€000

The amount is analysed as follows

(i) Passport Office and other administrative costs	8,723	1,345

(ii) Property rental payment abroad

The amount for rental property payments is analysed by expiry of lease as follows:

Within one year	2,561	2,195
Between two and five years	5,940	6,138
Five years and over	3,007	3,881
	11,508	12,214

Total commitments	20,231	13,559

Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €1.86 million (2013: €2.15 million).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Promote Ireland's economic and trade interests in Europe and internationally			
A.1	Administration - pay	20,938	21,945	22,381
A.2	Administration - non pay	22,973	20,091	26,913
A.3	Information services	502	286	296
A.4	Cultural relations with other countries (grant-in-aid)	846	846	846
A.5	Atlantic Corridor project	175	175	175
A.6	Trade promotion funds	400	307	276
A.7	Contributions to international organisations	2,325	2,240	2,023
		48,159	45,890	52,910

Explanation of significant variations

Overall, the gross expenditure in relation to Programme A was €2.27 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	(1,007)	The estimate for pay expenditure was reduced in 2014 resulting in an overspend of €1 million in the proportion allocated to this programme. Funds were required to be vired from other sub-heads where savings were made to cover this short fall.
Administration – non pay	2,882	Cost savings were achieved over a range of areas including office premises costs and lease rental agreements.
Information services	216	Programme related expenditure was broadly in line with expected costs with some minor savings

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Consular, passport and Irish abroad services			
B.1	Administration – pay		28,969	30,362
B.2	Administration – non pay			30,788
	<i>Current year provision</i>	31,124		
	<i>Deferred surrender</i>	570		
B.3	Repatriation and maintenance of distressed Irish persons abroad		79	14
B.4	Support for Irish emigrant services		11,623	12,153
			72,365	69,749
				67,053

Explanation of significant variations

Overall, the gross expenditure in relation to Programme B was € 2.62 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	(1,393)	The estimate for pay expenditure was reduced in 2014 resulting in an overspend of €1.4 million in the proportion allocated to this programme. Funds were required to be vired from other sub-heads where savings were made to cover this short fall.
Administration – non pay	4,474	Cost savings were achieved over a range of areas including office premises costs and lease rental agreements.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Reconciliation and cooperation on this island			
C.1	Administration – pay	7,161	7,505	7,508
C.2	Administration – non pay	7,476	6,539	6,064
C.3	North-South and Anglo-Irish co-operation	2,745	2,861	2,698
C.4	International Fund for Ireland	150	5,150	150
		17,532	22,055	16,420

Explanation of significant variations

Overall, the gross expenditure in relation to Programme C was €4.52 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	(344)	The estimate for pay expenditure was reduced in 2014 resulting in an overspend of €0.3 million in the proportion allocated to this programme. Funds were required to be vired from other sub-heads where savings were made to cover this short fall.
Administration – non pay	937	Cost savings were achieved over a range of areas including office premises costs and lease rental agreements.
International Fund for Ireland	(5,000)	Resulting from the positive outcome of the Stormont agreement in 2014 and in the context of the negotiation of the Agreement, a contribution of €5 million was made to the International Fund for Ireland for the community development work undertaken in Northern Ireland and the border counties.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	International peace, security and human rights			
D.1	Administration – pay	14,719	15,427	15,386
D.2	Administration – non pay	13,620	11,912	11,614
D.3	Contributions to international organisations	46,041	35,889	36,482
D.4	Actions consequent on Title V of the Treaty on European Union	418	399	416
		<u>74,798</u>	<u>63,627</u>	<u>63,898</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme D was €11.17 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	(708)	The estimate for pay expenditure was reduced in 2014 resulting in an overspend of €0.7 million in the proportion allocated to this programme. Funds were required to be vired from other sub-heads where savings were made to cover this short fall.
Administration – non pay	1,708	Cost savings were achieved over a range of areas including capital, office premises costs and lease rental agreements.
Contributions to international organisations	10,152	In 2014, spending on UN peacekeeping was under budget as a number of invoices, expected in 2014, were not received until 2015. This was due to procedural reasons within the United Nations relating to the agreement of peacekeeping mandates and other matters.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Passport, visa and other consular services	40,020	44,001	43,278
2. Repayment of repatriation and maintenance advances	30	3	1
3. VAT refunds to diplomatic missions	750	723	936
4. Miscellaneous	500	286	374
5. Receipts from pension-related deduction on public service remuneration	3,748	3,107	3,409
Total	45,048	48,120	47,998

Explanation of significant variations

Overall, the appropriation-in-aid income was €3.07 million more than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Passport, visa and other consular services	(3,981)	Passport application income was ahead by €3.3 million. As passport processing 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. Visa fees were ahead of forecast by €0.6 million due to increased demand.
Receipts from pension-related deduction on public service remuneration	641	Pension related deductions are behind due to lower levels of salary arising from the Haddington Road Agreement.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Receipts from sale of State property	758	—
Transferred to the Exchequer	(758)	—
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	1,187	1,218
	2014	2013
	€000	€000
Pay	69,034	69,076
Higher, special or additional duties allowance	144	229
Other allowances	179	214
Overtime	761	853
Employer's PRSI	3,073	3,097
Foreign social security/health insurance (missions)	2,048	2,595
Total Pay	75,239	76,064

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	40	4	16,502	16,585
Other allowances	75	—	8,052	8,053
Overtime	325	15	31,614	36,200

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments totalling €41,007 (2013: €24,539) were paid to 4 (2013: 3) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €127,685 (2013: €114,101) were paid to 16 (2013: 17) locally employed staff at embassies abroad.

Severance payments amounting to €417,787 (2013: €20,426) were paid to 7 (2013: 2) former Ministerial staff.

5.3 Duty Officer 'Loss of Earnings' Claim

Following the end of the Duty Officer service in the Passport Offices in Dublin and Cork, a claim for 'loss of earnings' was awarded to 28 staff. This claim was approved by the Department of Public Expenditure and Reform and the total amount paid in 2014 was €119,593.

5.4 Special Payment

Following a review in October 2014, the Department made an unprompted disclosure and payment of €33,570 including interest to the Revenue Commissioners. The payment is in respect of an underpayment of PAYE PRSI and USC for the years 2012 and 2013 and related to the taxation of certain pay and benefits paid to staff during the period.

6 Miscellaneous Items

6.1 Legal and Compensation Costs

Payments were made in relation to legal costs and fees incurred on a wide range of matters arising at headquarters and at missions abroad. The total number of cases and payments are as follows :

	2014	2013
	€000	€000
Legal fees	107	132
Compensation costs	80	5
	187	137

Compensation cases

	2014	2013
Number of cases	4	1

7 Miscellaneous Accounts

7.1 Cultural Relations with Other Countries (Grant-in-Aid)

Account of receipts and payments during year ended 31 December

	2014 €000	2013 €000
Balance on 1 January	171	231
Grant-in-aid (subhead A.4)	846	846
	1,017	1,077
Expenditure	(912)	(906)
Balance at 31 December	105	171

7.2 Contributions to Bodies in Ireland for the Furtherance of International Relations (Grants-in-Aid)

	2014 €000	2013 €000
Balance on 1 January	—	90
Grant-in-aid	—	—
	—	90
Repaid to the Exchequer ^a	—	(90)
Balance at 31 December	—	—

^a In 2009, the programme 'Contributions to bodies in Ireland for the furtherance of international relations' came to an end and there was a surplus balance in the programme which could not be utilised within the Department. This was because responsibility for the remainder of the programme transferred to the Department of the Taoiseach. In 2013, following consultation with the Department of Public Expenditure and Reform, these monies were repaid to the Exchequer.



Appropriation Account 2014

Vote 29

Communications, Energy and Natural Resources

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 2014 for the salaries and expenses of the Office of the Minister for Communications, Energy and Natural Resources, including certain services administered by that Office, and for payment of certain grants and sundry grants-in-aid 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €4.46 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

Motor vehicles are depreciated over 5 years at 20% per year. Certain bespoke IT systems and specialist seabed survey equipment assets are depreciated over 10 years at 10% per year, while all other office/IT equipment is depreciated over 5 years at 20% per year.

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 Agreements 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.

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 Committee, 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. Two contracts to the value of €146,000 were listed in my annual return required under Circular 40/2002. One contract (€35,000) was to reengage a consultant to ensure business continuity in respect of an urgent business case and the other (€111,000) to utilise the unique technical expertise of a supplier.

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, 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 procedures are in place to ensure that the reports of the internal audit function are followed up.

Mark Griffin

Accounting Officer

Department of Communications, Energy and Natural Resources

31 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 29 Communications, Energy and Natural Resources

I have audited the appropriation account for Vote 29 Communications, Energy and Natural Resources for the year ended 31 December 2014 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, Energy and Natural Resources for the year ended 31 December 2014.

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

Reporting on matters arising from audit

Chapter 13 of my report on the accounts of the public services for 2014 deals with the development of Eircode, the National Postcode Project.

Seamus McCarthy
Comptroller and Auditor General

3 September 2015

Vote 29 Communications, Energy and Natural Resources

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Communications		51,673	45,902
B	Broadcasting		243,492	239,533
C	Energy			
	<i>Current year provision</i>	81,076		
	<i>Deferred surrender</i>	8,500	89,576	86,477
D	Natural Resources		27,142	24,621
E	Inland Fisheries		28,123	28,210
Gross expenditure				
	<i>Current year provision</i>	431,506		
	<i>Deferred surrender</i>	8,500	440,006	424,743
<i>Deduct</i>				
F	Appropriations-in-aid		237,000	230,796
Net expenditure				
	<i>Current year provision</i>	194,506		
	<i>Deferred surrender</i>	8,500		
			203,006	193,947
				156,433

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.

	2014	2013
	€	€
Surplus	9,058,571	27,361,725
Deferred surrender	(4,600,000)	(8,500,000)
Surplus to be surrendered	4,458,571	18,861,725

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,351	14,822	14,825
ii	Travel and subsistence	583	445	415
iii	Training and development and incidental expenses	757	559	606
iv	Postal and telecommunications services	529	379	386
v	Office equipment and external IT services	3,400	2,459	2,840
vi	Office premises expenses	732	672	678
vii	Consultancy services and value for money and policy reviews	1,895	1,829	1,273
viii	Equipment, stores and maintenance	591	106	102
ix	<i>EU Presidency</i>	—	—	504
		23,838	21,271	21,629

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost	403,473		372,035
Pay	14,822		15,002
Non pay	6,448		6,627
Gross expenditure	424,743		393,664
<i>Deduct</i>			
Appropriations-in-aid	230,796		237,231
Net expenditure	193,947		156,433
Changes in capital assets			
Purchases cash	(260)		
Depreciation	1,439		
Loss on disposal	1	1,180	805
Changes in assets under development			
Cash payments		—	(1)
Changes in net current assets			
Decrease in closing accruals	(907)		
Decrease in stock	20		
		(887)	(96)
Direct expenditure	194,240		157,141
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	12,635		13,144
Notional rents	1,286		3,253
Net programme cost	208,161		173,538

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 29 borne elsewhere.

	2014	2013
	€000	€000
Vote 7 Finance	53	73
Vote 12 Superannuation and Retired Allowances	8,588	8,700
Vote 13 Office of Public Works	3,931	4,329
Payroll Shared Services Centre	12	—
Central Fund - Ministerial pensions	51	42
	12,635	13,144

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	3,380	4,560
Capital assets under development	2.3	—	27
		3,380	4,587
Current assets			
Bank and cash	2.4	11,042	13,255
Stocks	2.5	209	229
Prepayments		727	112
Accrued income	2.6	1,704	800
Other debit balances	2.7	421	138
Total current assets		14,103	14,534
Less current liabilities			
Accrued expenses		1,100	387
Other credit balances	2.8	5,010	1,857
Net liability to the Exchequer	2.9	6,453	11,536
Deferred income		—	101
Total current liabilities		12,563	13,881
Net current assets		1,540	653
Net assets		4,920	5,240
Represented by:			
State funding account	2.1	4,920	5,240

2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January		5,240	5,948
Disbursements from the Vote			
Estimate provision	Account	203,006	
Deferred surrender	Account	(4,600)	
Surplus to be surrendered	Account	(4,459)	
Net vote		193,947	156,433
Expenditure (cash) borne elsewhere	1	12,635	13,144
Non cash expenditure – notional rent	1	1,286	3,253
Adjustments		(27)	—
Net programme cost	1	(208,161)	(173,538)
Balance at 31 December		4,920	5,240

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 2014	859	1,203	20,412	3,956	26,430
Additions	—	26	221	18	265
Disposals	—	—	(84)	(9)	(93)
Adjustments	—	(3)	(2)	—	(5)
Cost or valuation at 31 December 2014	859	1,226	20,547	3,965	26,597
Accumulated depreciation					
Opening balance at 1 January 2014	—	1,140	17,459	3,271	21,870
Depreciation for the year	—	24	1,260	155	1,439
Depreciation on disposals	—	—	(83)	(9)	(92)
Cumulative depreciation at 31 December 2014	—	1,164	18,636	3,417	23,217
Net assets at 31 December 2014	859	62	1,911	548	3,380
Net assets at 31 December 2013	859	63	2,953	685	4,560

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 relates to the GPO Henry Street Arcade.

The Minister for Communications, Energy and Natural Resources 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 Capital Assets under Development

at 31 December

	Computer applications and research €000
Amounts brought forward at 1 January 2014	27
Adjustment ^a	(22)
Transferred to the asset register	(5)
Amounts carried forward at 31 December 2014	—

^a This adjustment relates to maintenance of IT systems developed by the Department.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000

PMG balances and cash	11,042	13,255
	<u>11,042</u>	<u>13,255</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000

IT equipment and stationery	8	25
Geological Survey of Ireland	192	197
Stationery	9	7
	<u>209</u>	<u>229</u>

2.6 Accrued Income

A large part of the accrued income of €1.7 million relates to invoices issued in Q4 from the Geological Survey of Ireland, Exploration and Mining and Petroleum Affairs Divisions which were not paid until 2015.

2.7 Other Debit Balances	2014	2013
at 31 December	€000	€000

Refund of PRSI due from State	1	1
Salary suspense	299	—
Other	121	137
	<u>421</u>	<u>138</u>

2.8 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Withholding Tax	2,077	162
Relevant Contract Tax	—	—
Value Added Tax	1,464	264
Extra Exchequer Receipts	8	132
PAYE/PRSI	335	—
	<u>3,884</u>	<u>558</u>
Suspense	1,126	1,299
	<u>5,010</u>	<u>1,857</u>

2.9 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	4,459	18,862
Deferred surrender	4,600	8,500
Exchequer grant undrawn	(2,606)	(15,826)
Net liability to the Exchequer	<u>6,453</u>	<u>11,536</u>

Represented by:**Debtors**

Bank and cash	11,042	13,255
Debit balances: suspense	420	137
Due from the State	1	1
	<u>11,463</u>	<u>13,393</u>

Creditors

Due to State	(3,884)	(558)
Credit balances: suspense	(1,126)	(1,299)
	<u>(5,010)</u>	<u>(1,857)</u>
	<u>6,453</u>	<u>11,536</u>

2.10 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	28,834	50,876
(ii) Grant subheads	161,533	108,524
	<u>190,367</u>	<u>159,400</u>

(b) Multi-annual capital commitments

				2014	2013
	Expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Project	€000	€000	€000	€000	€000
ICT programmes	261,108	29,379	22,725	313,212	303,370
Multimedia developments	33,682	5,003	18,080	56,765	47,732
Sustainable energy programmes	212,858	57,466	12,044	282,368	223,355
Energy research programmes	21,785	8,899	6,237	36,921	22,463
Mining services	11,263	865	3,735	15,863	14,593
Geoscience initiatives	14,615	2,264	5,850	22,729	21,349
National Seabed Survey	29,606	3,047	9,000	41,653	38,606
Tellus	—	2,073	2,000	4,073	—
Teilifis na Gaelige (TG4)	7,065	1,533	167	8,765	11,358
	591,982	110,529	79,838	782,349	682,826

Expenditure figures for 2014 and prior years relate only to projects with future legally binding commitments.

Significant variations

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Project	Amount of increase €000	Explanation
ICT programmes	9,842	The continuation of the programmes for another year resulted in additional commitments.
Multimedia developments	9,033	Increased commitments due to additional investment in the Digital Hub and the Information Society/eInclusion Online Trading Voucher Scheme.
Sustainable energy programmes	59,013	An additional €12 million commitments under the Better Energy Grant Schemes for 2015.
Energy research programmes	14,458	An additional €6.2 million was provided in 2015/2016 under the on-going energy research programmes.
Mining services	1,270	Increased contractual commitments associated with the Avoca Mine Site and Silvermines remediation programme.
Geoscience initiatives	1,380	Additional commitments of €1.3 million in 2018 as part of the ongoing Geoscience programme.
National Seabed Survey	3,047	Additional commitments for offshore mapping as part of €15 million funding for the INFOMAR (National Marine Mapping) Programme for the period 2014 to 2018.
Tellus	4,073	Additional commitment arising from the decision to extend the Tellus regional geological survey to include counties Galway, Roscommon, Longford and Westmeath.

2.11 Land Remediation

Avoca Mine Site

The Government has allocated €3 million to address essential health and safety issues at the Avoca mine site over a three year period 2014 to 2016. A contractor 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. The first phase of design and planning works was undertaken in 2014 as well as reinstatement of the railway embankment which crosses the former mine site, at a total cost of €0.865 million. A provision of €1.085 million is provided for 2015 to complete phase two of works in accordance with the contracted programme. The balance of the €3.0 million allocation will be expended in 2016, bringing the works funded by this allocation to an end.

Silvermines

Remediation of six mine sites at Silvermines was undertaken from 2007 to 2011 and the project is effectively completed, until resources are available for the final phase. A provision of €400,000 has been made for 2015 in respect of land acquisition and contingencies that may arise from ongoing environmental monitoring designed to detect any changes at the site. It is estimated that this contingency will continue to be required in subsequent years.

Environmental Monitoring at Avoca and Silvermines

Essential specialist monitoring cost €171,000 in 2013: €143,000 in 2014 and is estimated to cost €150,000 in 2015. It is estimated that an additional amount of €160,000 will also be required for each year from 2016 to 2018 in respect of continued monitoring of the Avoca and Silvermines sites or until full remediation is achieved.

2.12 Contingent Liabilities

There is potential for financial liabilities to arise in 2015 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

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Communications			
A.1	Administration - pay	3,891	3,758	3,847
A.2	Administration - non pay	2,627	2,107	2,232
A.3	Information and communications technology programme	32,001	31,770	8,404
A.4	Multimedia developments	5,800	6,123	5,868
A.5	Information society	6,852	2,144	2,202
A.6	Change Management Fund for non-commercial bodies funded by the Department	1	—	—
A.7	Other services	501	—	—
		<u>51,673</u>	<u>45,902</u>	<u>22,553</u>

Significant variations

Overall, the expenditure in relation to Programme A was €5.77 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Multimedia developments	(323)	Additional expenditure incurred to ensure the Digital Hub Development Agency complied with an Endangerment Notice issued by Dublin County Council.
Information society	4,708	The Trading Online Voucher Scheme did not commence nationally until July 2014 and the lower than anticipated expenditure reflects the time required for companies to establish a meaningful online presence before payments arise as well as a decision to promote the scheme locally rather than through a national awareness campaign. €3.6 million of the unspent capital allocation was carried forward to 2015.
Other services	501	The saving arose as capital contingency funds were not required

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Broadcasting			
B.1	Administration - pay	860	830	830
B.2	Administration - non pay	464	373	365
B.3	Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	181,074	178,828	181,538
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	11,063	11,244
B.5	Deontas i leith Theilifís na Gaeilge (deontas-i-gcabhair)	34,283	34,283	33,670
B.6	Broadcasting Fund	14,354	14,156	14,399
B.7	Grants for digital terrestrial television	—	—	—
		243,492	239,533	242,046

Significant variations

Overall, the expenditure in relation to Programme B was €3.96 million lower than provided.
This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	2,246	Grant payments to RTE are vote neutral and are dependent on TV licence sales income which was lower than anticipated.
Payment to An Post for collection of broadcasting licence fees	1,394	These payments are vote neutral and are based on TV licence sales income which was lower than anticipated

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Energy			
C.1	Administration - pay		4,165	4,021
C.2	Administration - non pay		1,807	1,456
C.3	Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)		7,555	6,996
C.4	Sustainable energy programmes (cash limited)			
	<i>Current year provision</i>	56,237		
	<i>Deferred surrender</i>	8,500	64,737	63,802
C.5	Energy research programmes (cash limited)		11,040	10,021
C.6	Strategic energy infrastructure		—	—
C.7	Gas services		32	31
C.8	Subscriptions to international organisations		240	150
			89,576	86,477
				74,774

Significant variations

Overall, the expenditure in relation to Programme C was €3.10 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)	559	Saving on payroll cost.
Sustainable energy programmes (cash limited)	935	The schemes funded under this subhead are demand led and relate primarily to lower than anticipated spend on the Retrofit/Better Energy Programme.
Energy research programmes (cash limited)	1,019	Fewer suitable applications for funding received which resulted in lower overall expenditure.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Natural Resources			
D.1	Administration - pay	5,552	5,361	5,362
D.2	Administration - non pay	3,190	2,193	2,143
D.3	Petroleum services	641	374	280
D.4	Mining services	3,685	1,302	1,088
D.5	GSI services	540	572	632
D.6	Geoscience initiatives	2,984	4,336	2,337
D.7	National seabed survey	3,000	3,048	3,036
D.8	Ordnance Survey Ireland (grant-in-aid)	7,415	7,315	7,515
D.9	Subscriptions to international organisations	135	120	143
		27,142	24,621	22,536

Significant variations

Overall, the expenditure in relation to Programme D was €2.52 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	997	Savings due to the Department's continuing efforts to reduce administrative expenditure and better value from increased use of OGP framework agreements.
Petroleum services	267	Savings due to less expenditure than anticipated by the Petroleum Infrastructure Support Group which is vote neutral.
Mining services	2,383	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 property acquisition in the Silvermines rehabilitation project.
Geoscience initiatives	(1,352)	Additional expenditure sanctioned to carry out the next phase of the Tellus Project, Tellus North Midlands.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Inland Fisheries			
E.1	Administration - pay	883	852	852
E.2	Administration - non pay	399	320	314
E.3	Inland fisheries	26,841	27,038	30,589
		28,123	28,210	31,755

Significant variations

An explanation is provided in the case of each heading where the outturn varied from the amount estimated by more than €100,000 and by more than 5% (25% in the case of administration subheads). However, no outturn in this programme met these criteria in 2014.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Proceeds of fines in respect of fishery offences	50	19	34
2. Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	11,550	9,400	11,359
3. Petroleum Infrastructure Support Group	437	297	227
4. Broadcasting licence fees	217,130	213,293	216,426
5. Geological Survey Ireland income	415	1,081	1,809
6. Rent on properties in GPO	223	78	258
7. Emergency call answering service	250	—	—
8. Miscellaneous	2,888	2,831	3,093
9. Receipts from pension-related deduction on public service remuneration	4,057	3,797	4,025
Total	237,000	230,796	237,231

Miscellaneous	2014	2013
	€000	€000
Pension contributions from agencies	961	1,010
Costs recovered from other bodies	519	238
Corrib verification process	260	432
Recoupment of EU Presidency expenditure	—	203
Royalties in respect of Metropolitan Area Networks	1,055	760
Digital switchover refund	—	177
National Seabed Survey refund	—	150
Other	36	123
Total	2,831	3,093

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
Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	2,150	Lower receipts than anticipated due to a reduced level of extraction of privately owned minerals during the year and fewer licence applications.
Petroleum Infrastructure Support Group	140	Receipts lower than anticipated due to less contributions to the Petroleum Infrastructure Support Group.
Geological Survey Ireland income	(666)	Receipts higher than anticipated primarily due to the Tellus Border Geological Project being ahead of schedule.

Description	Less/(more) than provided €000	Explanation
Rent on properties in GPO	145	Lower than anticipated income as rent due in the last quarter of 2014 was not received until 2015.
Emergency call answering service	250	This is a Vote neutral project. No expenditure was incurred in 2014 and accordingly no income was recognised.
Receipts from pension-related deduction on public service remuneration	260	Receipts lower than anticipated mainly due to an anticipated extra pay day being charged to 2015 rather than 2014.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	131	—
Refunds from the Sustainable Energy Authority of Ireland	135	143
Transferred to Exchequer	(258)	(12)
Balance at 31 December	8	131

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	245	246
Agencies	849	891
	1,094	1,137
	2014	2013
	€000	€000
Pay	33,938	35,112
Higher, special or additional duties allowance	343	307
Other allowances	1,285	1,286
Overtime	142	156
Employer's PRSI	2,853	2,861
Total pay	38,561	39,722

The remuneration arrangements refer to the pay element of Subheads A1, A4, B1, C1, C3, D1, E1 and E3.

5.1 Department

	2014	2013
	€000	€000
Pay	13,822	13,966
Higher, special or additional duties allowance	128	108
Other allowances	48	78
Overtime	24	62
Employer's PRSI	800	788
Total pay	14,822	15,002

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	12	6	22,498	16,587
Other allowances	28	—	5,574	13,198
Overtime	7	—	8,049	9,931

Certain individuals received extra remuneration in more than one category.

5.2 Agencies

	2014	2013
	€000	€000
Pay	20,116	21,146
Higher, special or additional duties allowance	215	199
Other allowances	1,237	1,208
Overtime	118	94
Employer's PRSI	2,053	2,073
Total pay	23,739	24,720

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	34	2	17,089	12,062
Other allowances	342	—	6,535	9,291
Overtime	49	2	17,637	10,588

Certain individuals received extra remuneration in more than one category.

The main agencies included above are Inland Fisheries Ireland, Sustainable Energy Authority of Ireland, the Digital Hub Development Agency and the Loughs Agency.

The figures in Note 5 and Note 5.2 include non Voted monies to ensure compliance with Department of Public Expenditure and Reform guidelines (Circular 17/2013).

5.3 Other Remuneration Arrangements

An ex-gratia payment of €5,336 was made to a former employee in respect of agreed retirement benefits.

Seven retired public sector workers in receipt of public sector pensions were re-engaged on a contract basis at a total cost of €252,304.

Severance payments totalling €69,694 were paid to former Ministerial staff on termination of their employment.

Salary overpayments totalling €14,055 were made during the year. Recoupment arrangements are in place.

6 Miscellaneous

6.1 EU Funding

The outturn shown in Subheads C.4, C.5 and D.6 includes payments in respect of activities which are co-financed from the ERDF. Estimates of expenditure and actual outturns were as follows:

	2014 Estimate €000	2014 Outturn €000	2013 Outturn €000
C.4 Sustainable energy programmes	64,737	63,802	56,937
C.5 Energy research programmes	11,040	10,021	5,048
D.6 Geoscience initiatives	2,984	4,336	2,337
	<u>78,761</u>	<u>78,159</u>	<u>64,322</u>

6.2 Committees and Commissions

€24,736 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 €2.047 million.

6.3 Legal costs

Legal costs paid during the year are categorised as follows:

	2014 €000	2013 €000
Legal fees	9	—
Compensation costs	—	154
Settlements	69	—
	<u>78</u>	<u>154</u>

6.4 Carryover to 2015

Under the provisions of Section 91 of the Finance Act 2004, €4.6 million of unspent allocation in respect of the capital elements of Subhead A.5, C.4 and D.4 was carried forward to 2015.

6.5 Write-Offs

The following sum was written off in the year:

	2014 €000	2013 €000
Suspense account balances re: historic debt	16	—

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 2014.

	2014 €000	2013 €000
Balance at 1 January	8,138	8,116
Receipts	279	295
Payments	(3,212)	(273)
Balance at 31 December	5,205	8,138

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 explorationists and researchers. Receipts in relation to the PIPF 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 2014.

	2014 €000	2013 €000
Balance at 1 January	—	—
Receipts	35,000	—
Investments	(1,097)	—
Balance at 31 December	33,903	—

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 (a) to support the delivery of energy efficiency improvement programmes and other energy efficiency measures, and (b) 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.



Appropriation Account 2014

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 2014 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-in-aid 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €13.66 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 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) and Integrated Fisheries Information System (IFIS) 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 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 sixteen contracts to the value of €1.257 million which were listed in my annual return in respect of Circular 40/2002. Competitive processes have been undertaken for fourteen of these contracts in 2015. In 2014, the value of those contracts amounted to €1.05 million. The remaining contracts relate to services where only a single suitable supplier could be used.

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 2014 the Department was subject to approximately 2,490 audit person days by these bodies. I provided 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 information and communication technology systems, which are also independently reviewed. 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 Unit and is proactive in the development and promotion of IT security policies. 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, which includes a computer risk management review. As part of the accreditation process, the Department has chosen to adopt the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT security.

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 shared service.

Aidan O'Driscoll

Accounting Officer

Department of Agriculture, Food and the Marine

31 March 2015

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 2014 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 2014.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2014.

Reporting on matters arising from audit

Chapter 14 of my report on the accounts of the public services for 2014 refers to certain other matters relating to Vote 30 Agriculture, Food and the Marine.

Seamus McCarthy
Comptroller and Auditor General

31 August 2015

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2014

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Agri-food policy, development and trade			
	<i>Original</i>	358,191		
	<i>Supplementary</i>	(1,000)	357,191	343,028
B	Food safety, animal health and welfare and plant health		205,444	199,698
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	396,658		
	<i>Deferred surrender</i>	16,800	413,458	415,839
D	Direct payments		242,607	232,895
Gross expenditure				
	<i>Current year provision</i>	1,201,900		
	<i>Deferred surrender</i>	16,800		
			1,218,700	1,191,460
				1,206,643
<i>Deduct</i>				
E	Appropriations-in-aid			
	<i>Original</i>	244,797		
	<i>Supplementary</i>	(178,000)		
			66,797	71,220
				241,748
Net expenditure				
	<i>Original</i>	958,103		
	<i>Deferred surrender</i>	16,800		
	<i>Supplementary</i>	177,000		
			1,151,903	1,120,240
				964,895

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.

	2014	2013
	€	€
Surplus	31,663,091	36,173,258
Deferred surrender	(18,000,000)	(16,800,000)
Surplus to be surrendered	<u>13,663,091</u>	<u>19,373,258</u>

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	163,966	164,179	171,952
ii	Travel and subsistence	7,050	6,995	6,713
iii	Training and development and incidental expenses	3,500	2,952	2,673
iv	Postal and telecommunications services	4,716	4,076	4,030
v	Office equipment and external IT services	23,861	23,493	18,539
vi	Office premises expenses	5,799	5,942	6,384
vii	Consultancy services and value for money and policy reviews	41	179	121
viii	Supplementary measures to protect the financial interests of the EU	1,554	536	578
ix	Laboratory services	5,800	4,777	5,647
x	EU Presidency	—	16	809
		216,287	213,145	217,446

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	978,315	989,197
Pay	164,179	172,103
Non pay	48,966	45,343
Gross expenditure	1,191,460	1,206,643
<i>Deduct</i>		
Appropriations-in-aid	71,220	241,748
Net expenditure	1,120,240	964,895
Changes in capital assets		
Purchases cash	(4,923)	
Depreciation	4,158	
Disposals cash	51	
Gain on disposals	(51)	
	(765)	1,785
Changes in net current assets		
Decrease in closing accruals	(175,647)	
Increase in stock	(273)	
	(175,920)	121,155
Direct expenditure	943,555	1,087,835
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	64,171	58,465
Notional rents	6,676	6,693
Net programme cost	1,014,402	1,152,993

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	59,967	53,522
Vote 13 Office of Public Works	3,896	4,492
Central Fund - ministerial pensions	308	451
	64,171	58,465

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	12,984	12,219
Current assets			
Bank and cash	2.3	23,529	75,671
Stocks	2.4	3,830	3,557
Prepayments		2,392	1,485
Accrued income:			
EAFRD funding due from the EU		181,000	—
Other amounts due from the EU		550	1,300
Scheme overpayments	6.2	3,022	4,257
Due from services		7,030	7,180
Other debit balances	2.5	9,911	1,569
Total current assets		231,264	95,019
Less current liabilities			
Accrued expenses		7,839	3,714
Other credit balances	2.6	9,579	59,489
Net liability to the Exchequer	2.7	23,861	17,751
Total current liabilities		41,279	80,954
Net current assets		189,985	14,065
Net assets		202,969	26,284
Represented by:			
State funding account	2.1	202,969	26,284

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		26,284	149,224
Disbursements from the Vote			
Estimate provision	Account	974,903	
Net supplementary	Account	177,000	
Deferred surrender	Account	(18,000)	
Surplus to be surrendered	Account	(13,663)	
Net vote		1,120,240	964,895
Expenditure (cash) borne elsewhere	1	64,171	58,465
Non cash expenditure – notional rent	1	6,676	6,693
Net programme cost	1	(1,014,402)	(1,152,993)
Balance at 31 December		202,969	26,284

2.2 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	223,783	14,070	237,853
Additions	4,909	14	4,923
Disposals	(1,572)	—	(1,572)
Cost or valuation at 31 December 2014	227,120	14,084	241,204
Accumulated depreciation			
Opening balance at 1 January 2014	212,781	12,853	225,634
Depreciation for the year	3,848	310	4,158
Depreciation on disposals	(1,572)	—	(1,572)
Cumulative depreciation at 31 December 2014	215,057	13,163	228,220
Net assets at 31 December 2014	12,063	921	12,984
Net assets at 31 December 2013	11,002	1,217	12,219

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 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balances	19,438	71,143
Commercial bank balances	4,172	5,974
Orders outstanding	(81)	(1,446)
	23,529	75,671

2.4 Stocks

at 31 December	2014 €000	2013 €000
Laboratory supplies and chemicals	539	559
Stationery supplies	152	146
Computer supplies	25	49
Veterinary supplies	2,704	2,437
Livestock	306	252
Agricultural stock	73	70
Cleaning supplies	14	11
Oil stocks	17	33
	3,830	3,557

2.5 Other Debit Balances	2014	2013
at 31 December	€000	€000
Imprests and recoupable travel costs	175	195
Department of Finance recoupable gratuities and retirement lump sums	2	31
Advance payments to OPW	998	1,168
Due from local authorities in respect of harbour development	66	66
Amount recoupable from EU	5,642	—
Salary advances from Exchequer	2,873	—
Other	155	109
	<u>9,911</u>	<u>1,569</u>

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Withholding Tax	747	604
Value Added Tax	527	766
Relevant Contracts Tax	3	10
Superannuation	5	376
VAT on Sales	88	—
Local Property Tax	11	4
Extra Exchequer Receipts	54	—
Pay Related Social Insurance	—	1
	<u>1,435</u>	<u>1,761</u>
Securities	208	399
Milk quota sales and levies	550	565
Pesticides licensing fees	1,122	1,956
EU advances	—	48,149
Miscellaneous	6,264	6,659
	<u>9,579</u>	<u>59,489</u>

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	13,663	19,373
Deferred surrender	18,000	16,800
Exchequer grant undrawn	(7,802)	(18,422)
Net liability to the Exchequer	<u>23,861</u>	<u>17,751</u>

Represented by:**Debtors**

Bank and cash	23,529	75,671
Debit balances: suspense	<u>9,911</u>	<u>1,569</u>
	33,440	77,240

Creditors

Due to State	(1,435)	(1,761)
Credit balances: suspense	<u>(8,144)</u>	<u>(57,728)</u>
	(9,579)	(59,489)

	<u>23,861</u>	<u>17,751</u>

2.8 Commitments

at 31 December

			2014	2013
	Due 2015	Subsequent years	Total	Total
	€000	€000	€000	€000
(a) Procurement	12,419	12,766	25,185	30,840
(b) Grants				
Capital investment grants	13,320	2,100	15,420	23,700
Food research	14,628	49,690	64,318	59,422
Afforestation	113,590	616,278	729,868	767,443
Bioenergy	192	—	192	215
Grants to the organic sector	8,839	7,500	16,339	28,261
Farm Improvement Scheme	22,728	8,391	31,119	36,158
Early Retirement Scheme	8,143	11,336	19,479	29,400
Rural Environment Protection Scheme	32,227	6	32,233	167,097
Agri Environment Options Scheme	73,000	112,500	185,500	246,500
Horticulture Scheme	335	—	335	343
Imported Fodder Transport	—	—	—	574
Animal Health Ireland	500	1,000	1,500	530
On Farm Market Valuation	115	—	115	47
Total of legally enforceable commitments	300,036	821,567	1,121,603	1,390,530

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2013 to 2014.

Grants	Amount of increase/ (decrease) €000	Explanation
Capital investment grants	(8,280)	No new awards are being made under these schemes. The level of commitments falls each year as projects are completed or do not proceed.
Food research	4,896	A new research call was launched in early 2014 which resulted in the funding of new awards totalling €20.7 million approx. in the final quarter of 2014 and this has led to increased ongoing commitments. The majority of these research projects are funded over a 3 to 5 year period with an initial payment when the award is made.
Afforestation	(37,575)	In 2014, 6,156 ha of new forestry was grant aided. Annual premiums will be paid on these contracts up to 2034 so there is a new commitment in the region of €70 million.
Grants to the organic sector	(11,922)	Movement on the commitment is as a result of re-profiling the commitment on actual applicants rather than budget. The scheme is closed and these commitments will be paid down by 2018. A new 5 year scheme is being launched in 2015.
Farm Improvement Scheme	(5,039)	The scheme is closed and commitments are winding down as profiled.

Grants	Amount of increase/ (decrease) €000	Explanation
Early Retirement Scheme	(9,921)	The expenditure for ERS is decreasing each year as the scheme has been closed to new applicants since 2008. There has been no increase in payments to ERS participants and people are leaving the scheme each month, usually as their 10 year participation period ends.
Rural Environment Protection Scheme	(134,864)	The commitment movement in the REPS budget reflects the fact that the scheme is ending on 31 December 2015, with the remaining 850 approx. participants exiting the scheme.
Agri Environment Options Scheme	(61,000)	The movement in the commitment figure reflects the expenditure in 2014. The total commitment declared is for the duration of the AEOS schemes, which are closed to new entrants.
Imported Fodder Transport	(574)	Scheme was a once off and is now finished.
Animal Health Ireland	970	The movement in the commitment reflects a new round of funding for the years 2015 to 2018.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Agri-Food Policy, Development and Trade			
A.1	Administration - pay	16,133	16,154	16,724
A.2	Administration - non pay	4,486	4,119	4,406
A.3	Research and training	28,318	25,908	29,568
A.4	Development of agriculture and food	15,120	9,718	11,807
A.5	Teagasc - grant-in-aid for general expenses	108,710	108,710	110,838
A.6	An Bord Bia - grant-in-aid for general expenses	28,690	27,282	27,734
A.7	Marine Institute (grant-in-aid)	23,480	23,479	21,945
A.8	Bord Iascaigh Mhara (grant-in-aid)	18,484	18,234	15,929
A.9	Food aid donations - World Food Programme	9,960	9,960	10,960
A.10	Other services	27,590	23,493	22,469
A.11	Horse and Greyhound Racing Fund	54,220	54,220	55,020
A.12	Beef genomics scheme			
	<i>Original</i>	23,000		
	<i>Supplementary</i>	(1,000)	22,000	21,751
				—
			357,191	343,028
				327,400

Significant variations

Overall, the gross expenditure in relation to Programme A was €14.16 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Research and training	2,410	It is difficult to anticipate expenditure accurately as research projects are normally of 3 to 5 years duration and payment is dependent on progress. Also, progress on a large number of projects was delayed due to research staff changes/recruitment in one of the main research bodies, contributing to the under spend.
Development of agriculture and food	5,402	€4,226,000 has been deferred because there was a lower rate of investment than estimated under the demand led Marketing and Processing Grant schemes due to some projects not being progressed as quickly as anticipated.
Other services	4,097	€2,500,000 has been deferred because there were savings under this heading as the Johnstown Castle remediation project was not sufficiently progressed to draw down funding. There were also savings because fewer legal cases than expected were settled during the year.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Food Safety, Animal Health and Welfare and Plant Health			
B.1	Administration - pay	92,078	92,197	96,837
B.2	Administration - non pay	29,600	28,082	25,758
B.3	Food safety (and public health), animal health and welfare and plant health	83,766	79,419	90,303
		205,444	199,698	212,898

Significant variations

Overall, the gross expenditure in relation to Programme B was €5.75 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Food safety (and public health), animal health and welfare and plant health	4,347	Favourable weather conditions resulted in a reduction in animal mortality rates in 2014. Savings also arose where less testing was required under the BSE and scrapie contingency budget. Lower eligible applications under the suckler cow welfare scheme also contributed towards savings.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Rural Economy, Environment and Structural Changes			
C.1	Administration - pay	33,722	33,765	34,248
C.2	Administration - non pay	9,786	9,003	6,794
C.3	Rural environment	184,000	200,324	206,231
C.4	Land mobility (early retirement/ installation aid schemes)	10,010	10,523	14,719
C.5	Development of agriculture and food	24,605	21,963	16,469
C.6	Forestry and bioenergy			
	Current year provision	97,970		
	Deferred surrender	16,800	114,770	112,018
C.7	Fisheries	18,350	15,881	11,220
C.8	Sea Fisheries Protection Authority	10,635	10,123	9,997
C.9	Other services	1,880	434	1,504
C.10	Haulbowline remediation project	5,700	1,805	—
		413,458	415,839	412,335

Significant variations

Overall, the gross expenditure in relation to Programme C was €2.38 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Rural environment	(16,324)	The number of applications approved for payment under the REPS 4 scheme by year end (23,800) exceeded that originally provided for in the estimate (20,850).
Land mobility (early retirement/ installation aid schemes)	(513)	The excess occurred as less participants under the Early Retirement Schemes than anticipated qualified for the national old age pension at 65 or 66 years, the point at which the early retirement scheme pension is reduced by the amount of state pension paid.
Development of agriculture and food	2,642	€2,000,000 has been deferred because expenditure under the targeted agricultural modernisation schemes and aid to the development of the organic sector was less than estimated as farmers have two years to complete works approved and it is difficult to determine the year payment will occur. The savings were partly offset by the higher than expected payments under the Sow Welfare Scheme where the deadline for completion of works was extended to 28 February 2014.

Description	Less/(more) than provided €000	Explanation
Fisheries	2,469	€2,350,000 has been deferred because the savings arose due to some applicants not completing all of the capital fish processing projects approved and to other applicants who carried out the projects at a lower cost. There was also low uptake on eligible aquaculture development investment projects due to restrictions on eligible applicants as sites await licence renewal and access to credit from financial institutions for aquaculture operators was also a factor.
Other services	1,446	There was less expenditure under technical assistance than estimated as the expected transitional costs relating to the 2014-2020 Rural Development Programme did not arise.
Haulbowline remediation project	3,895	€3,895,000 has been deferred because expenditure under the Haulbowline Island remediation project was less than estimated as commencement of elements of the remediation was impacted by planning and waste water permissions issues and also by further testing prior to commencement.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Direct Payments			
D.1	Administration - pay	22,033	22,063	24,294
D.2	Administration - non pay	8,449	7,762	8,385
D.3	Income and market supports	17,025	8,758	19,326
D.4	Income support in disadvantaged areas	195,000	194,239	201,830
D.5	Other services	100	73	175
		242,607	232,895	254,010

Significant variations

Overall, the gross expenditure in relation to Programme D was €9.71 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Income and market supports	8,267	The savings arose under this heading as likely EU disallowances did not materialise during the year and there were less short term FEOGA related borrowings, resulting in lower interest payments.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
	Subhead	Estimated	Realised	Realised
		€000	€000	€000
1.	Recoupment of salaries, etc. of officers on loan to outside bodies	510	538	729
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	990	197
3.	Refunds from veterinary fees for inspection services at poultry and other meat plants	B.3		
	<i>Original</i>	14,506		
	<i>Supplementary</i>	<u>1,000</u>	15,506	16,845
4.	Receipts from veterinary inspection fees for live exports	B.3	1,292	1,005
5.	Receipts from fees for dairy premises inspection services	B.3	5,000	5,688
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	805	840
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston farm	A.3	1,847	3,748
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3		
	<i>Original</i>	5,000		
	<i>Supplementary</i>	<u>1,000</u>	6,000	6,671
9.	Land Commission receipts		355	497
10.	Other receipts		1,169	1,628
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	1	—
12.	Intervention stock losses, etc	D.3, D.5	1	1,366
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3, C.4 C.5, D.4		—
	<i>Original</i>	180,000		
	<i>Supplementary</i>	<u>(180,000)</u>	—	—
14.	Veterinary Fund	B.3	12,000	11,622
15.	Other Guarantee receipts from EU (Agriculture)	D.3, D.5	964	1,029
16.	Other Guarantee receipts from EU (EAGGF Fisheries)	D.3	12	12
17.	Proceeds of fines and forfeitures in respect of sea fisheries	C.7	100	216
18.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	C.7	100	85
19.	EU recoupment in respect of expenditure on the conservation and management of fisheries	C.7	1	2,070
20.	Aquaculture licence fees	C.7	412	379
21.	EU FIFG receipts (aquaculture and development)	C.7	1	—
22.	EFF (Fisheries) 2007-2013	C.7	4,000	—
23.	Receipts from pension-related deduction on public service remuneration		16,720	15,991
Total			<u>66,797</u>	<u>71,220</u>
				<u>241,748</u>

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
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(989)	More income than estimated was received due to the unpredictable nature of forfeitures on licence securities.
Refunds from veterinary fees for inspection services at poultry and other meat plants	(1,339)	The higher than forecast level of receipts was due to increased number of animals slaughtered in all sectors and also more timely payment of outstanding fees.
Receipts from veterinary inspection fees for live exports	287	The reduced level of fees received reflected the decrease in live animals exported during the year.
Receipts from fees for dairy premises inspection services	(688)	There was a higher volume of milk processed than anticipated due to favourable weather conditions and also due to an increase in the dairy herd, resulting in more fees collected than estimated.
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(1,901)	The higher level of receipts than forecast was due to greater activity in pesticide certification and the transfer of fees held in a suspense account.
Receipts from farmer contributions towards the cost of eradicating bovine disease	(671)	The increased receipts from estimate were due mainly to increased levels of animals slaughtered at meat plants during the year.
Land Commission receipts	(142)	The higher level of receipts than estimated was due to a more aggressive follow up of amounts owed to the Land Commission and earlier payment of annuity redemptions than anticipated.
Other receipts	(459)	The excess mainly comprised of a repayment of a service charge on sugar levies over deducted from growers in 2001-2006; staff superannuation deductions from some of the state agencies were higher than estimated; and a higher level of fees for pet passports following a review of procedures.
Intervention stock losses, etc.	(1,365)	The receipts received on the closure of the annual FEOGA account are difficult to forecast as the final figure is dependent on the amounts of penalties imposed and collected.

Description	Less/(more) than estimated €000	Explanation
EAFRD (European Agricultural Fund for Rural Development)	(180,000)	The €180 million receipt forecast in 2014 related to expenditure incurred under the EAFRD 2014-2020 in the period 1 January 2014 to 15 October 2014. While expenditure may be made, claims for reimbursement can only be made following the formal adoption of the EAFRD Programme by the EU. It is expected that the new Programme will be formally approved by the EU in May 2015 and a claim for the reimbursement of the 2014 expenditure will now be made in July 2015. The supplementary was required to cover the timing difference between the expenditure being incurred and the reimbursement being made.
Proceeds of fines and forfeitures in respect of sea fisheries	(116)	Receipts from fines are variable, depending on the level of detections, the number of court cases completed and the level of fines and forfeitures imposed.
EU recoupment in respect of expenditure on the conservation and management of fisheries	(2,069)	Reimbursement under this heading was not provided for in the original estimate as receipts are dependent on funding available and on the suitability of projects.
EFF (Fisheries) 2007-2013	4,000	Funds in respect of a recoupment claim were not received by year end.

4.2 Extra Receipts Payable to the Exchequer

	2014 €000
Balance at 1 January	—
Surrender of suspense account balances	198
Legal expenses	16
Bord Bia pension contributions	3
Surrender of food processing industry assistance	37
Final distribution from liquidated company	163
Interest received for overpaid sugar production levies	716
Conscience money	4
Transferred to the Exchequer	(1,083)
Balance at 31 December	<u>54</u>

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2014	2013
Number of staff at year end (full time equivalents)	4,421	4,700
	2014	2013
	€000	€000
Pay	204,076	213,743
Higher, special or additional duties allowance	2,561	2,446
Other allowances	1,252	1,067
Overtime	3,451	3,600
Employer's PRSI	10,644	10,807
Total Pay	221,984	231,663

The allowance, overtime and other remuneration details in note 5.1, 5.2 and note 5.3 below relate only to 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.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	482	7	25,827	18,706
Other allowances	403	20	20,686	20,599
Overtime	708	82	31,970	35,519

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

€812,534 in total was paid to 53 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.

This account includes €25,974 in respect of the non-recoupable portion of the remuneration of an officer seconded to a staff representative body.

5.3 Overpayments Arising due to Delays in Salary Instructions

	2014 €	2013 €
Overpayments arising due to delays in salary instructions	258,566	71,750

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) with effect from the 2007 EU budget year (16 October 2006 - 15 October 2007). The EAGF finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes. The EAGF and the EAFRD replaced the EAGGF Guarantee and Guidance Funds respectively.

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 Financial Instrument for Fisheries Guidance, 2000-2006 (FIFG) and the European Fisheries Fund, 2007-2013 (EFF). Programme D includes a charge to the Vote of €97,164 for EU funding which has been disallowed.

The Account includes interest of €488,082 paid on short-term borrowings of €715 million borrowed in 2013 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2014 along with interest.

A total of €677 million in short-term funds were borrowed in 2014 to fund EAGF Guarantee expenditure pending EU recoupment in 2015. These loans are not reflected in Note 2.

EU-funded expenditure managed by the Department of Agriculture, Food and the Marine

EAGF Guarantee (measures fully funded by the EU)	2014	2013
	€m	€m
Single payment scheme (including modulation refund)	1,178	1,202
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	24	19
Export refunds	—	—
Intervention	—	3
Milk superlevy	(10)	—
Other	2	(15)
Co-funded receipts (measures co-funded by EU)^a	2014	2013
	€m	€m
Agriculture		
EAFRD Rural Development Programme 2007-2013 ^b	—	173
Veterinary Fund	12	14
Other co-financing receipts	2	2
Fisheries		
FIFG - aquaculture development/fisheries development	2	2
EFF - European Fisheries Fund 2007-2013	—	—
	1,210	1,400

^a Only the EU co-funding on these programmes is shown in this table.

EAFRD

^b Under the 2007-2013 EAFRD Programme, 5% of receipts are retained until Programme closure per EU Regulation 1290/2005 Article 24.4, resulting in nil receipts in 2014. The EAFRD 2014-2020 has not yet been formally approved as at 31 December 2014, but as soon as the MFF and EAFRD 2014-2020 RDP is adopted, it is anticipated that €181 million of EAFRD funds will be reimbursed in respect of expenditure incurred in 2014.

6.2 Overpayments	2014	2013
	€000	€000
Scheme overpayments at 1 January	4,257	3,307
Adjustment for Early Retirement Scheme	9	429
Overpayments raised in the year	6,479	8,090
Corrections	(1,221)	(1,345)
Recoveries	(6,424)	(6,008)
Write-offs (note 6.3)	(78)	(216)
Scheme overpayments at 31 December	<u>3,022</u>	<u>4,257</u>

6.3 Write-offs

The following sums were written off in the year:

	2014	2013
	€	€
Schemes:		
Early retirement from farming	14,260	26,694
Afforestation schemes	43,910	—
Miscellaneous EU premia and areas based schemes	—	109,557
Rural Environment Protection Scheme	—	79,746
Miscellaneous Vote premia (National Temporary Leasing Scheme)	19,732	—
	<u>77,902</u>	<u>215,997</u>
Other:		
Veterinary inspection fees unpaid by companies no longer in business	11,356	680
Company paid in error	—	12,007
Late interest written-off	2,232	—
Other reasons	2,465	—
	<u>16,053</u>	<u>12,687</u>

6.4 Legal Costs and Compensation

Legal cost paid during the year are categorised as follows:

	2014	2013
	€	€
Legal fees	300,346	386,778
Compensation costs	1,239,843	715,275
	<u>1,540,189</u>	<u>1,102,053</u>

6.5 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, the Department took charge of the remediation work on the site of Haulbowline from 2012. The future cost of land remediation at this site is not yet known, pending planning permission for a specific scheme for remediation.

The Department is aware of a potential disallowance in relation to overclaims on area based schemes. As the Department is engaged in a formal appeals process, the actual amount or timing of the potential liabilities is uncertain.

6.6 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 2014 was €8.436 million (2013: €9.436 million).

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 2014 was €1.524 million (2013: €1.524 million).

6.7 Ex-Gratia Payments

Ex-gratia payments totalling €1,892,200 were made to 147 animal welfare organisations (2013: €1,809,100).

An ex-gratia payment of €4,000 was made to the Chairperson of the Farm Animal Welfare Advisory Council.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2014
	€
Irish Shows Association Ltd	75,000
Gorey Sheep Ltd	50,000
Macra na Feirme	25,000
Irish Country Womens Association	9,000
Country Markets Ltd	6,000

Ex-gratia payments totalling €12,836 were made to farm waste management grantees.

6.8 Suspected Irregularity

An investigation into suspected inappropriate expenditure is currently underway in respect of certain payments made under an European Agricultural Fund for Rural Development co-funded agri-environmental scheme. It is estimated that the national element of the expenditure in question is in the region of €77,500.

6.9 Deferred Surrender

Deferred surrender comprises savings of €18 million in capital expenditures in the following subheads.

- A.4 Development of agriculture and food
- A.8 Bord Iascaigh Mhara (grant-in-aid)
- A.10 Other services
- C.5 Development of agriculture and food
- C.6 Forestry and bioenergy
- C.7 Fisheries
- C.8 Sea Fisheries Protection Authority
- C.10 Haulbowline remediation project

7. Horse and Greyhound Racing Fund Account

Amounts of receipts and payments for the year ended 31 December 2014

	2014 €000	2013 €000
Balance at 1 January	—	—
Receipts (subhead A.11)	54,220	55,020
Payments		
Horse Racing Ireland	(43,376)	(44,016)
Bord na gCon	(10,844)	(11,004)
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	
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	4.0
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, Glengarriff	5.0
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plot, Rathluirc	1.5
Forest plots, Banteer	7.0
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Potato testing laboratory, Raphoe	—
Forest plot, Ardara	6.5
Forest plot, Gweebarra	1.8
Forest plots, Killygordon	0.6
Forest plots, Letterkenny	0.3
Forest plots, Meenirroy	1.5
Dublin	
Forest plot, Killakee	0.7
Galway	
Lands, Teagasc College, Athenry	59.0
Forest plot, Ballygar	0.5
Forest plot, Oughterard	7.0
Kerry	
Forest plot, Kenmare	0.2
Forest plot, Killarney	1.0
Forest plots, Killorglin	41.6

Property	Area (Hectares)
Kildare	
Testing centre, Backweston	—
Stacumny Cottage, Backweston	—
Lands, Backweston	113.0
Forest plots, Athy	3.5
Forest plots, Donadea	0.2
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Forest plots, Knocktopher	1.3
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plots, Dowra	107.3
Forest plot, Glenfarne	11.0
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	
Forest plot, Foxford	3.0
Offaly	
Forest plot, Tullamore	2.5
Roscommon	
Forest plots, Lough Key	32.0
Sligo	
Forest plots, Lough Gill	12.1
Forest plot, Beltra	141.0
Forest plot, Manorhamilton	2.0
Forest plots, Benbulbin	4.4
Forest plots, Collooney	1.3
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, Killane	0.4
Forest plots, Forth	4.8
Forest plots, Gorey	11.1

Property	Area (Hectares)
Wicklow	
Forest plot, Ballinaininch	60.7
Forest plot, Glen of Imaal	2.7
Forest plot, Waterville	59.0
Forest plots, Aughavannagh	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plots, Shelton	0.4

As successor to the Irish Land Commission, the Minister had a further 11 hectares of agricultural land and 480 hectares of non-agricultural land on hand at 31 December 2014.

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.

Haulbowline Island

Under a deed of warrant exercised by the Minister for Public Expenditure and Reform, the property known as Haulbowline Island (including bridge and access road) was vested in the Minister for Finance on 14 October 2013. Subsequently on that same day, ownership was transferred to the Minister for Agriculture, Food and the Marine for the duration of the remediation project approved by Government in respect of the former ISPAT/Irish Steel site on Haulbowline Island.



Appropriation Account 2014

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 2014 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, grants-in-aid and certain other services.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €4.77 million is liable for surrender to the Exchequer.

In 2014, the Department assumed responsibility for the management and approval of grant payments to local authorities for regional and local roads in respect of construction, improvement, maintenance and management. This role had previously been carried out by the National Roads Authority. For administrative efficiency, the Department continued to issue grant funding to the Authority (Subhead B3). The Authority continued to have responsibility for the issuing of payments to the local authorities.

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 up to and including the date of disposal at the following annual 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.

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 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 Payroll 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.

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 are all rated 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.

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.

Tom O'Mahony

Accounting Officer

Department of Transport, Tourism and Sport

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 31 Transport, Tourism and Sport

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Civil aviation		27,697	25,539
B	Land transport			26,865
	<i>Original</i>	1,315,404		
	<i>Supplementary</i>	158,594	1,473,998	1,471,950
C	Maritime transport and safety			1,362,245
	<i>Current year provision</i>	94,382		
	<i>Deferred surrender</i>	4,800	99,182	93,831
D	Sports and Recreation Services			97,702
	<i>Original</i>	95,468		
	<i>Supplementary</i>	1,892	97,360	73,016
E	Tourism services			74,481
	<i>Original</i>	137,069		
	<i>Supplementary</i>	1,594	138,663	134,538
Gross expenditure				
	<i>Original</i>	1,670,020		
	<i>Deferred surrender</i>	4,800		
	<i>Supplementary</i>	162,080	1,836,900	1,798,874
	<i>Deduct</i>			
F	Appropriations-in-aid		394,431	390,277
Net expenditure				
	<i>Original</i>	1,275,589		
	<i>Deferred surrender</i>	4,800		
	<i>Supplementary</i>	162,080	1,442,469	1,408,597
				1,260,864

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.

	2014	2013
	€	€
Surplus	33,872,830	9,718,005
Deferred surrender	(29,105,000)	(4,800,000)
Surplus to be surrendered	<u>4,767,830</u>	<u>4,918,005</u>

Analysis of administration expenditure

		2014	2013
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	26,669	26,611
ii	Travel and subsistence	1,753	1,017
iii	Training and development and incidental expenses	1,698	2,321
iv	Postal and telecommunications services	550	364
v	Office equipment and external IT services	1,633	1,583
vi	Office premises expenses	592	551
vii	Consultancy services and value for money and policy reviews	599	429
viii	<i>EU Presidency</i>	—	—
		<u>33,494</u>	<u>32,876</u>
			<u>34,037</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	1,765,998	1,666,464
Pay	26,611	27,707
Non pay	6,265	6,330
Gross expenditure	1,798,874	1,700,501
Deduct		
Appropriations-in-aid	390,277	439,637
Net expenditure	1,408,597	1,260,864
Changes in capital assets		
Purchases cash	(3,047)	
Depreciation	3,115	
	68	1,501
Changes in assets under development		
Cash payments	—	(35)
Changes in net current assets		
Decrease in closing accruals	(2,537)	
Increase in stock	(22)	
	(2,559)	162
Direct expenditure	1,406,106	1,262,492
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	19,803	20,426
Notional rents	714	1,212
Net programme cost	1,426,623	1,284,130

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.

	2014	2013
	€000	€000
Vote 7 Finance	e 93	143
Vote 9 Office of the Revenue Commissioners	e 75	—
Vote 12 Superannuation and Retired Allowances	e 14,845	15,416
Vote 13 Office of Public Works	e 4,369	4,464
Vote 18 Shared Services	e 21	—
Central Fund - Ministerial pensions	e 400	403
	19,803	20,426

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	10,005	9,999
Capital assets under development	2.3	—	38
		10,005	10,037
Current assets			
Bank and cash	2.4	33,274	4,505
Stocks	2.5	591	569
Prepayments		2,551	1,123
Accrued income		2,000	43
Other debit balances	2.6	1,598	1,143
Total current assets		40,014	7,383
Less current liabilities			
Accrued expenses		2,304	1,456
Other credit balances	2.7	401	379
Net liability to the Exchequer	2.8	34,471	5,269
Total current liabilities		37,176	7,104
Net current assets		2,838	279
Net assets		12,843	10,316
Represented by:			
State funding account	2.1	12,843	10,316
2.1 State Funding Account	Note	2014	2013
		€000	€000
Balance at 1 January		10,316	14,964
Disbursements from the Vote			
Estimate provision	Account	1,442,469	
Deferred surrender	Account	(29,105)	
Surplus to be surrendered	Account	(4,767)	
Net vote		1,408,597	1,260,864
Expenditure (cash) borne elsewhere	1	19,803	20,426
Non cash expenditure – notional rent	1	714	1,212
Net programme cost	1	(1,426,623)	(1,284,130)
Capital asset adjustment	2.2	36	464
Capital asset transfer	2.3	—	(3,484)
Balance at 31 December		12,843	10,316

2.2 Capital Assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Specialist equipment €000	Total €000
Gross assets						
Cost or valuation at 1 January 2014	2,396	17,492	2,314	9,940	17,701	49,843
Adjustment ^a	—	—	—	—	36	36
Additions	—	1,459	3	842	781	3,085
Disposals	—	—	—	(19)	—	(19)
Cost or valuation at 31 December 2014	2,396	18,951	2,317	10,763	18,518	52,945
Accumulated depreciation						
Opening balance at 1 January 2014	—	14,960	1,162	7,594	16,128	39,844
Depreciation for the year	—	1,028	292	909	886	3,115
Disposals	—	—	—	(19)	—	(19)
Cumulative depreciation at 31 December 2014	—	15,988	1,454	8,484	17,014	42,940
Net assets at 31 December 2014	2,396	2,963	863	2,279	1,504	10,005
Net assets at 31 December 2013	2,396	2,532	1,152	2,346	1,573	9,999

^a The adjustment is to bring this schedule in line with the Department's Capital Asset Register.

2.3 Capital Assets under Development

	2014 €000	2013 €000
at 31 December		
Amounts brought forward at 1 January	38	3,487
Cash payments for the year	—	35
Transferred to capital assets	(38)	—
Transfer to OPW ^a	—	(3,484)
Balance at 31 December	—	38

^a The transfer to OPW reflects the amounts previously recognised as assets under development by the Department in respect of the value of capital improvements on coastguard stations. The Department funds capital works on coastguard buildings which are owned by the OPW.

2.4 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	33,162	4,408
Commercial bank accounts	112	97
	33,274	4,505

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery and office supplies	26	40
IT consumables	18	22
Specialised consumables (Irish Coast Guard)	547	507
	<u>591</u>	<u>569</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Retirement lump sums	68	978
OPW agency services	934	—
Other	596	165
	<u>1,598</u>	<u>1,143</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Pay Related Social Insurance	3	—
Professional Services Withholding Tax	42	32
Value Added Tax	191	207
	<u>236</u>	<u>239</u>
Pension charges	165	136
Other	—	4
	<u>401</u>	<u>379</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	4,768	4,918
Deferred surrender	29,105	4,800
Exchequer grant undrawn/(overdrawn)	598	(4,449)
Net liability to the Exchequer	<u>34,471</u>	<u>5,269</u>

Represented by:**Debtors**

Bank	33,274	4,505
Debit balances: suspense	1,598	1,143
	<u>34,872</u>	<u>5,648</u>

Creditors

Due to State	(236)	(239)
Credit balances: suspense	(165)	(140)
	<u>(401)</u>	<u>(379)</u>
	<u>34,471</u>	<u>5,269</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	474,015	534,836
(ii) Grant subheads ^a	127,806	42,923
Total of legally enforceable commitments	<u>601,821</u>	<u>577,759</u>

^a The 2013 grant commitment figure did not include commitments entered into prior to 2013 in relation to the Department's Sports Capital Funding programme. This has been corrected in 2014 and all commitments are included.

	2014	2013
Commitments under procurement subheads	€000	€000
Search and rescue helicopter services ^b	449,324	511,434
Airports	15,780	6,546
Vehicle/driving licencing	3,981	10,750
Sustainable Travel	1,080	1,700
Air Accident Investigation Unit	279	345
Information Technology	529	347
Coast Guard services	3,042	3,714
	<u>474,015</u>	<u>534,836</u>

(b) Multi-annual capital commitments

				2014	2013
	Expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
	€000	€000	€000	€000	€000
Search and rescue helicopter services ^b	29,022	5,504	—	34,526	34,526
Smarter Travel Areas	5,880	5,206	11,914	23,000	23,000

^b Commitments in relation to the search and rescue helicopter services contract which commenced on 1 July 2012 includes commitments of both an operational and capital nature. The estimated commitment of €449.3 million relates to future payments which include monthly standing charges, hourly flying and fuel charges based on estimated flying hours and airport and ancillary charges. The cost in 2014 was €62 million. Up front capital payments due under this contract were fully discharged in 2014.

2.10 Matured Liabilities	2014	2013
	€000	€000

Estimate of matured liabilities not discharged at year end	46	82

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil aviation			
A.1	Administration - pay	2,934	2,763	2,980
A.2	Administration - non pay	822	605	665
A.3	Regional airports	12,000	12,881	13,288
A.4	Miscellaneous aviation services	11,941	9,290	9,932
		27,697	25,539	26,865

Significant variations

Overall, the expenditure in relation to Programme A was €2.16 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	217	The underspend represents a proportionate distribution by programme heading of the savings achieved in the Department's administrative budget. These arose primarily in travel and subsistence expenditure, followed by telephony costs and a lower than anticipated spend on consultancies.
Regional airports	(881)	The overspend relates primarily to additional funding required to extend the Public Service Obligations (PSO) contracts for Donegal/Dublin and Kerry/Dublin air services routes beyond the original November cut-off point.
Miscellaneous aviation services	2,651	This subhead includes subscriptions to international organisations, payments to the Irish Aviation Authority and provision for certain consultancy work. Subscriptions to international organisations were over €1.8 million less than anticipated. Subscriptions are determined by the organisations to which payments are due including Eurocontrol, International Civil Aviation Authority, European Civil Aviation Authority and Austria, Belgium, Ireland and Switzerland (ABIS). Payments to the Irish Aviation Authority were €500,000 less than anticipated. These payments cover the costs of aeronautical communication services provided to certain specified classes of airspace users (e.g. military aircraft, State aircraft) and are a function of the number of flights passing through Irish controlled airspace each year. In addition, a planned consultancy did not proceed yielding savings of €300,000. Consultants were to commence a review of the airport economic regulatory regime in 2014. However, due to other work priorities, the procurement of consultants was postponed until 2015 in line with the Department's Statement of Strategy commitments and the new National Aviation Policy.

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
B	Land transport			
B.1	Administration - pay		9,601	9,269
B.2	Administration - non pay		2,429	2,690
B.3	Road improvement/ maintenance			
	<i>Original</i>	751,155		
	<i>Supplementary</i>	47,100	798,255	793,914
B.4	Road safety agencies and expenses			
	<i>Original</i>	7,825		
	<i>Supplementary</i>	(1,056)	6,769	4,455
B.5	Vehicle and driver licencing expenses		14,500	15,323
B.6	Smarter travel and carbon reduction			
	<i>Original</i>	13,100		
	<i>Supplementary</i>	1,600	14,700	14,145
B.7	Public service provision payments		221,363	224,188
B.8	Public transport investment programme			
	<i>Original</i>	283,220		
	<i>Supplementary</i>	110,950	394,170	395,053
B.9	Public transport agencies and expenses		12,133	12,887
B.10	Miscellaneous services		78	26
			1,473,998	1,471,950
				1,362,245

Significant variations

Overall, the expenditure in relation to Programme B was €2.05 million lower than provided.
This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	(261)	The overspend is the net impact on this programme heading of additional costs associated with a court case relevant to this particular programme, offset to a degree by administrative savings elsewhere across the Department in areas such as travel and subsistence.

Description	Less/(more) than provided €000	Explanation
Road improvement/ maintenance	4,341	Expenditure in relation to road improvement/ maintenance was some €42.8 million higher than the original estimate provision. Additional expenditure (€33 million) was incurred on foot of stimulus funding committed in May 2014 towards road improvements at national, regional and local level. Additional expenditure (€14.1 million) was also incurred on foot a severe weather initiative in February 2014 to enable repair works to be undertaken. Both sums were included in the supplementary estimate approved by the Oireachtas. Overall expenditure in 2014 was €4.3 million less than anticipated as a result of savings of €2.26 million in relation to an Interreg roads project which did not proceed as planned and a lower than anticipated appropriations-in-aid contribution to the Regional and Local Roads Programme from the Local Government Fund.
Road safety agencies and expenses	2,314	The Department's objective is that the Road Safety Authority move towards a self financing position and fund its operations from statutory charges and levies. The Department had budgeted to pay €3.37 million to the Road Safety Authority in 2014 in relation to current expenditure. The Road Safety Authority did not draw down any funds in relation to its current allocation in 2014 owing to increased operational efficiencies and higher than expected income from NCT car testing and commercial vehicle roadworthiness testing.
Vehicle and driver licencing expenses	(823)	Expenditure was higher than estimated in the Department's Driver and Vehicle Computer Services Division which processes online motor tax applications as online motor tax applications were 20% higher than estimated.
Smarter travel and carbon reduction	555	Expenditure in 2014 was €1.05 million higher than originally estimated. A supplementary allocation of €1.6 million was made to meet a stimulus funding round agreed by Government in May 2014 towards the Greenways Programme. The underspend of €550,000 in this subhead relates to savings in the "bikeweek" programme and delays in the roll out of certain cycling infrastructures planned under the National Cycling Network (NCN) and Active Travel Towns (ATT) programmes.

Description	Less/(more) than provided €000	Explanation
Public service provision payments	(2,825)	Expenditure was €2.8 million more than estimated due to - the provision of €2.5 million additional current funding to the National Transport Authority for its PSO subvention funding The additional amount of €2.5 million is required to offset deficits arising under the contracts with the CIÉ companies for the provision of PSO services - additional funding of €650,000 to maintain 2013 level of services under the Rural Transport Programme - savings of €300,000 under the Green Schools Programme due to efficiencies arising from a new Service Level agreement between the Department, the NTA and An Taisce.
Public transport investment programme	(883)	A supplementary allocation of €110.95 million was made under the stimulus funding round agreed by Government in May 2014 (€5 million), severe weather repairs funding agreed by Government in February 2014 (€6.8 million) and additional commitments arising in 2014 within the public transport programme, including bus fleet renewals, LUAS Cross City and the heavy rail safety and development programme (€99.15 million). The additional requirement over and above the supplementary estimate relates to a funding requirement to progress an Interreg project.
Public transport agencies and expenses	(754)	Additional amounts over and above those estimated were provided to the National Transport Authority (€730,000) and the Railway Safety Commission (€24,000) to cover increased operating and pension costs and to meet a pay shortfall.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Maritime transport and safety			
C.1	Administration - pay		11,467	12,223
C.2	Administration - non pay		2,790	2,554
C.3	Maritime administration and Irish Coast Guard			
	Current year provision	80,039		
	Deferred surrender	4,800	84,839	78,971
C.4	Miscellaneous services		86	83
			99,182	93,831
				97,702

Significant variations

Overall, the expenditure in relation to Programme C was €5.35 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	(756)	The Department's overall pay expenditure is allocated to individual programmes on the basis of headcount. The overspend in relation to Maritime Division was higher than estimated due primarily to increased overtime costs.
Administration - non pay	236	The underspend represents a proportionate distribution by programme heading of the savings achieved in the Department's administrative budget. These arose primarily in travel and subsistence expenditure; followed by telephone costs and a lower than anticipated spend on consultancies.
Maritime administration and Irish Coast Guard	5,868	The underspend relates primarily to reductions in costs in respect of the Commissioner for Irish lights due to - Changes in its pension scheme arrangements which resulted in expenditure being €2.67 million lower than estimated. In April 2014, the CIL pension scheme transferred to the UK's Principal Service Pension Scheme. As a result, expenditure incurred by CIL reduced as the costs are now limited to payments in respect of employer contributions. - Programme efficiencies in CIL resulting in expenditure being €330,000 less than budgeted.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Sports and recreation services			
D.1	Administration - pay		1,600	1,505
D.2	Administration - non pay		432	274
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)			
	<i>Original</i>	23,000		
	<i>Supplementary</i>	1,000	24,000	20,944
D.4	Grants for provision and renovation of swimming pools		10,300	849
D.5	Irish Sports Council/ National Sports Campus (grant-in-aid) (part funded by National Lottery)			
	<i>Original</i>	60,136		
	<i>Supplementary</i>	892	61,028	49,444
			97,360	73,016
				74,481

Significant variations

Overall, the expenditure in relation to Programme D was €24.34 million less than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	158	This underspend represents a proportionate distribution by programme heading of the savings achieved in the Department's administrative budget. These arose primarily in travel and subsistence costs, followed by telephony costs and a lower than anticipated spend on consultancies.
Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)	3,056	The supplementary allocation of €1 million was to meet an additional allocation for special equipment grants for national governing bodies of sport. The underspend of €3 million under the sports capital programme relates to delays in the drawdown of grant commitments made under the July 2014 round of allocations (most of which have been carried over to 2015).
Grants for provision and renovation of swimming pools	9,451	The underspend relates to slower than anticipated drawdown of grant commitments under this programme resulting in a carryover of the bulk of the underspend into 2015. The slow drawdown can be attributed to a number of factors including building delays, tendering issues and match funding constraints at local authority level.

Description	Less/(more) than provided €000	Explanation
Irish Sports Council/ National Sports Campus (grant-in-aid) (part funded by National Lottery)	11,584	The underspend relates to delayed progress on the National Indoor Arena project (which has been carried forward to 2015).

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Tourism services			
E.1	Administration - pay		1,067	851
E.2	Administration - non pay		352	143
E.3	Fáilte Ireland (grant -in-aid)			
	<i>Original</i>	60,714		
	<i>Supplementary</i>	294	61,008	61,008
E.4	Tourism Ireland Limited - grant for administration and general expenses		15,260	15,560
E.5	Tourism marketing fund (grant-in-aid)			
	<i>Original</i>	35,476		
	<i>Supplementary</i>	800	36,276	36,276
E.6	Tourism product development (grant -in-aid)			
	<i>Original</i>	24,200		
	<i>Supplementary</i>	500	24,700	20,700
			138,663	134,538
				139,208

Significant variations

Overall, the expenditure in relation to Programme E was €4.13 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - non pay	209	This underspend represents a proportionate distribution by programme heading of the savings achieved in the Department's administrative budget. These arose primarily in travel and subsistence expenditure, followed by telephone costs and a lower than anticipated spend on consultancies.
Tourism Ireland Limited - grant for administration and general expenses	(300)	The overspend relates to an additional requirement for pension/ lump sum payments.
Tourism product development (grant - in-aid)	4,000	The underspend of €4 million related to delayed progress on the Wild Atlantic Way initiative (carried over to 2015). A supplementary allocation of €500,000 was provided to meet commitments arising from the stimulus funding round agreed by Government in May 2014, specifically the development of Lough Derg (Counties Clare and Tipperary) as a tourism destination.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated €000	Realised €000	Realised €000
Administration				
1.	Receipts from pension-related deduction on public service remuneration	4,631	4,429	5,256
Civil Aviation				
2.	Irish Aviation Authority refund of subscriptions to international organisations	7,095	6,463	7,006
3.	Irish Aviation Authority recoupment of rents, etc.	394	394	394
4.	Irish Aviation Authority payment for associated costs	2,391	2,168	2,237
Land Transport				
5.	Road transport licence fees	479	828	667
6.	Receipts from Local Government Fund	376,443	372,443	421,841
7.	Miscellaneous land transport receipts	2,000	2,363	831
Maritime Transport and Safety				
8.	Receipts under the Merchant Shipping and Wireless Telegraphy Act, 1919	400	550	550
Tourism Services				
9.	Tourism Ireland pension receipts	168	214	188
Sports Services				
10.	Irish Sports Council pension receipts	90	175	277
Miscellaneous Receipts				
11.	Miscellaneous receipts	340	250	390
Total		394,431	390,277	439,637

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
Irish Aviation Authority refund of subscriptions to international organisations	632	The Department recoup certain costs from IAA for insurance, salaries, travel and subsistence costs etc. where these relate to policy areas such as air navigation policy and air safety policy. In 2014 these costs were less than originally estimated.
Irish Aviation Authority payment for associated costs	223	The Department recoup certain costs from IAA for insurance, salaries, travel and subsistence costs etc. where these relate to policy areas such as air navigation policy and air safety policy. In 2014 these costs were less than originally estimated.
Road transport licence fees	(349)	Due to the upturn in the economy, applications for licences and renewals were greater than anticipated.

Description	Less/(more) than provided €000	Explanation
Receipts from Local Government Fund	4,000	The estimate for receipts from the Local Government Fund is agreed at the start of the year based on projections of income from motor tax receipts. By year end, the expected out-turn for motor tax receipts was less than originally anticipated resulting in a lower than anticipated contribution from the Fund.
Miscellaneous land transport receipts	(363)	Receipts were higher than estimated due to additional National Transport Agency pension related deductions.
Receipts under the Merchant Shipping and Wireless Telegraphy Acts, 1919	(150)	Receipts were higher than anticipated due to increased income generated from a higher volume of seafarer examinations/certifications, ship radio licence applications and ship surveys.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Pobal, refund of unspent grants arising from programme savings and efficiencies	9	—
Proceeds for completion of sale of premises	—	12
Shannon Development rents ^a	15	—
Sports capital grant refunds ^b	25	—
EU refund from Northern Periphery Programme Roadex IV ^c	60	—
Medical Bureau of Road Safety refund of unspent grant ^d	200	220
Receipt from Bus Éireann for school transport	—	292
EU receipt for pre-financing of Dublin interconnector tunnel project ^e	365	359
EU receipt for Dart underground project ^e	—	3,855
Pension service payment	2	—
Shipping company receipts	3	—
Refund from shipping company	—	—
Valuation fee-Valentia Island	1	—
Refund of RTTP current funding	3	—
Capital sale	103	—
Road Safety Authority pension contributions and notional service	485	—
Transferred to Exchequer	<u>(1,271)</u>	<u>(4,738)</u>
Balance at 31 December	<u>—</u>	<u>—</u>

^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 refund is in relation to EU road project funded via the NPPROADex IV programme

^d The Medical Bureau of Road Safety repaid €200,000 in respect of unspent grant moneys.

^e The final pre-financing payment for the Ten - T project was received by the Department from the European Commission's Trans-European Transport Network Agency for onward transmission to the Department of Finance.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	426	448
Agencies		
Commission for Aviation Regulation	14	16
Fáilte Ireland	320	376
Irish Sports Council	35	37
Medical Bureau of Road Safety	34	33
National Roads Authority	101	105
National Sports Campus Development Authority	3	4
National Transport Authority	74	75
Railway Safety Commission	10	10
Roads Safety Authority	282	289
Tourism Ireland	148	152
	<u>1,021</u>	<u>1,097</u>

	2014	2013
	€000	€000
Department		
Pay	23,460	24,461
Higher, special or additional duties allowance	499	657
Other allowances	530	489
Overtime	694	647
Employer's PRSI	1,428	1,453
Total pay	<u><u>26,611</u></u>	<u><u>27,707</u></u>

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	86	41	20,703	20,793
Other allowances	105	—	7,041	10,511
Overtime	85	16	40,149	41,274

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Five retired civil servants, in receipt of civil service pensions, were re-engaged on a fee basis at a total cost of €112,534. Pension abatement rules were applied where appropriate.

5.3 Payroll overpayments

The amount of overpayments arising due to delays in salary instructions in 2014 was €49,948 in relation to 34 individual cases. Of this, €34,357 has been recouped. People-Point is following up on residual overpayments.

	2014	2013
	€000	€000
Payroll overpayments	50	7
	<u>50</u>	<u>7</u>

6 Miscellaneous

6.1 National Lottery Funding

Total expenditure of €70.39 million (€57 million in 2013) 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

Compensation and associated legal costs totalling €1.06 million and ranging from €1,261 to €900,000 were paid in three cases taken against the Minister.

	2014	2013
	€000	€000
Legal costs	60	45
Compensation costs	1,000	38
	<u>1,060</u>	<u>83</u>

6.3 Contingent Liabilities

The Department is involved in a number of legal cases the outcome of which is difficult to determine.

6.4 Write offs

The following sums were written off in the year:

	2014	2013
	€000	€000
Suspense account balance re term time	17	—
	<u>17</u>	<u>—</u>

6.5 Carryover to 2015

Under the provision of section 91 of the Finance Act 2004, €29.11 million in unspent allocation in respect of capital elements for subheads C.3, D.3, D.4, D.5 and E.6 was carried forward to 2015.



Appropriation Account 2014

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 2014 for the salaries and expenses of the Office of the Minister for Jobs, Enterprise and Innovation, including certain services administered by that Office, for payment of certain subsidies, grants and a grant-in-aid, 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred arrangements established by Section 91 of the Finance Act 2004.

A surplus of €38.76 million is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, €20 million will be carried over for spending in 2015 and €18.76 million will be surrendered to the Exchequer.

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

Transfer of functions

Under the Industrial Development (Forfás Dissolution) Act 2014, Forfás was dissolved on 1 August 2014. Under the provisions of the Act, all of the functions, operations, assets and liabilities of Forfás transferred to the Minister for Jobs, Enterprise and Innovation or to various other State bodies.

In October 2014, the Government approved the transfer of responsibility for implementation of the Construction Contracts Act 2013 from the Minister for Public Expenditure and Reform to the Minister for Jobs, Enterprise and Innovation.

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.

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 is compliant with the exception of five contracts to a total value of €174,795 which were awarded without a competitive tender, details were provided to the Comptroller and Auditor General in the Circular 40/2002 return. The Department has put in place or is in the process of putting in place contracts where applicable for these services into the future.

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 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.

John Murphy

Accounting Officer

Department of Jobs, Enterprise and Innovation

27 March 2015

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 2014 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 32 Jobs, Enterprise and Innovation for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 32 Jobs, Enterprise and Innovation

Appropriation Account 2014

				2014	2013
				Estimate provision	Outturn
				Outturn	Outturn
				€000	€000
Programme expenditure					
A	Jobs and Enterprise Development				
	<i>Original</i>	360,555			
	<i>Deferred surrender</i>	6,000			
	<i>Supplementary</i>	(1,019)	365,536	337,824	359,143
B	Innovation				
	<i>Original</i>	340,367			
	<i>Deferred surrender</i>	17,000			
	<i>Supplementary</i>	1,338	358,705	357,370	359,714
C	Regulation				
	<i>Original</i>	80,100			
	<i>Supplementary</i>	(318)	79,782	70,366	73,092
Gross expenditure					
	<i>Original</i>	781,022			
	<i>Deferred surrender</i>	23,000			
	<i>Supplementary</i>	1			
			804,023	765,560	791,949
	<i>Deduct</i>				
D	Appropriations-in-aid		48,948	49,248	51,295
Net expenditure					
	<i>Original</i>	732,074			
	<i>Deferred surrender</i>	23,000			
	<i>Supplementary</i>	1			
			755,075	716,312	740,654

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.

	2014	2013
	€	€
Surplus	38,763,031	44,935,290
Deferred surrender	(20,000,000)	(23,000,000)
Surplus to be surrendered	18,763,031	21,935,290

Analysis of administration expenditure

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	19,901		
	<i>Supplementary</i>	2,058	21,959	21,145
ii	Travel and subsistence		632	555
iii	Training and development and incidental expenses		855	475
iv	Postal and telecommunications services		587	458
v	Office equipment and external IT services		3,763	3,035
vi	Office premises expenses			
	<i>Original</i>	2,033		
	<i>Supplementary</i>	648	2,681	629
vii	Consultancy services and value for money and policy reviews		1,210	29
viii	Advertising and information resources		211	84
	<i>EU Presidency</i>		—	1,338
		31,898	30,682	27,744

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	734,878	764,206
Pay	22,032	21,693
Non pay	8,650	6,050
Gross expenditure	765,560	791,949
<i>Deduct</i>		
Appropriations-in-aid	49,248	51,295
Net expenditure	716,312	740,654
Changes in capital assets		
Purchases cash	(902)	
Depreciation	1,811	
Loss on disposals	6	
	915	1,301
Changes in assets under development		
Cash payments	(1,239)	(862)
Changes in net current assets		
Decrease in closing accruals	(934)	
Decrease in stock	30	
	(904)	(247)
Direct expenditure	715,084	740,846
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	22,601	21,400
Notional rents (non cash) (note 1.2)	1,452	1,667
Net programme cost	739,137	763,913

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.

		2014	2013
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	67	60
Vote 12 Superannuation and Retired Allowances	e	15,982	14,205
Vote 13 Office of Public Works	e	6,229	6,882
Central Fund - Ministerial pensions	e	323	253
		<u>22,601</u>	<u>21,400</u>

'e' indicates an estimated value or an apportioned cost.

1.2 Notional Rent

The notional rent figure has been compiled by the Office of Public Works based on current market rental prices. The notional rent figure is in respect of two properties occupied by the Department of Jobs, Enterprise and Innovation.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	6,762	6,665
Capital assets under development	2.3	354	122
		7,116	6,787
Current assets			
Bank and cash	2.4	22,212	23,782
Stocks	2.5	209	239
Prepayments		1,063	826
Accrued income		1,381	1,248
Other debit balances	2.6	2,136	1,420
Total current assets		27,001	27,515
Less current liabilities			
Accrued expenses		285	677
Deferred income		1,172	1,344
Other credit balances	2.7	4,522	2,245
Net liability to the Exchequer	2.8	19,826	22,958
Total current liabilities		25,805	27,224
Net current assets		1,196	291
Net assets		8,312	7,078
Represented by:			
State funding account	2.1	8,312	7,078

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		7,078	7,266
Disbursements from the Vote			
Estimate provision	Account	755,075	
Deferred surrender	Account	(20,000)	
Surplus to be surrendered	Account	(18,763)	
Net vote		716,312	740,654
Net assets transferred from Forfás/ Department of Justice and Equality	2.2	5	5
Adj./(Loss) on disposal of assets		1	(1)
Expenditure (cash) borne elsewhere	1	22,601	21,400
Non cash expenditure – notional rent	1	1,452	1,667
Net programme cost	1	(739,137)	(763,913)
Balance at 31 December		8,312	7,078

2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	35,702	6,679	42,381
Transfers from Forfás ^a	578	31	609
Additions	1,872	37	1,909
Disposals	(3,712)	(46)	(3,758)
Cost or valuation at 31 December 2014	34,440	6,701	41,141
Accumulated depreciation			
Opening balance at 1 January 2014	29,218	6,498	35,716
Transfers from Forfás ^a	573	31	604
Depreciation for the year	1,765	46	1,811
Depreciation on disposals	(3,706)	(46)	(3,752)
Cumulative depreciation at 31 December 2014	27,850	6,529	34,379
Net assets at 31 December 2014	6,590	172	6,762
Net assets at 31 December 2013	6,484	181	6,665

^a ICT equipment and furniture and fittings were transferred to this Department following the dissolution of Forfás with effect from 1 August 2014.

2.3 Capital Assets under Development

	In-house computer applications €000
Amounts brought forward at 1 January 2014	122
Cash payments in year ^a	1,411
Brought into use in year	(1,179)
Balance at 31 December 2014	354

^a EU funding in the amount of €172,420 was used to acquire ICT assets under the Patent Cooperation Fund projects.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balance	22,212	22,833
Commercial bank account balance	—	952
Orders outstanding	—	(3)
	<u>22,212</u>	<u>23,782</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000
Stationery	144	164
IT supplies	49	60
Cleaning materials	16	15
	<u>209</u>	<u>239</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Advances to OPW	184	209
Miscellaneous debit balances	1,385	427
Recoupable expenditure in respect of:		
Travel	346	
Shared services	216	
Pension lump sums	5	
	<u>567</u>	<u>784</u>
	<u>2,136</u>	<u>1,420</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	966	53
Pay Related Social Insurance	373	60
Income Levy	8	—
Professional Services Withholding Tax	154	68
Value Added Tax on intra EU acquisitions	53	8
	<u>1,554</u>	<u>189</u>
Miscellaneous credit balances	<u>2,968</u>	<u>2,056</u>
	<u>4,522</u>	<u>2,245</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	18,763	21,935
Deferred surrender	20,000	23,000
Exchequer grant undrawn	(18,937)	(21,977)
Net liability to the Exchequer	<u>19,826</u>	<u>22,958</u>

Represented by:**Debtors**

Bank and cash	22,212	23,782
Other debit balances	<u>2,136</u>	<u>1,420</u>
	24,348	25,202

Creditors

Due to State	(1,554)	(189)
Other credit balances	<u>(2,968)</u>	<u>(2,055)</u>
	(4,522)	(2,244)
	<u>19,826</u>	<u>22,958</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

Procurement subheads	1,586	2,147
Grant subheads ^a	1,453,199	1,309,880

^a Includes expenditure from own resource income.

(b) Multi-annual capital commitments over €6.35 million

	Cumulative Expenditure to 31 December 2013^a	Expenditure	Subsequent years	2014 Projects total	2013 Projects total
	€000	€000	€000	€000	€000
IDA Ireland	156,810	20,390	89,000	266,200	308,600 ^b
Enterprise Ireland	149,300	50,493	208,126	407,919	322,659
Science Technology and Development Programme	205,447	68,522	327,797	601,766	503,616
Programme for Research in Third Level Institutions (PRLTI)	79,572	16,266	77,236	173,074	194,398
	<u>591,129</u>	<u>155,671</u>	<u>702,159</u>	<u>1,448,959</u>	<u>1,329,273</u>

^a Excludes projects completed by end of 2013.

^b Following a review carried out by the IDA in relation to the recording of commitments, it was identified that the 2013 project total was overstated by €65,400,000 because projects that were completed in 2012 and previous years had not been excluded from the total.

Significant variations

An explanation is provided below where multi-annual commitments increased or decreased by more than €500,000 from 2013 to 2014.

Agency/programme	Amount of increase/(decrease) €000	Explanation
IDA Ireland	(42,400)	Following a review carried out by the IDA in relation to the recording of commitments, it was identified that the 2013 project total was overstated by €65,400,000 because projects that were completed in 2012 and previous years had not been excluded from the total. Three large approvals (to the combined value of €22.5 million) were granted in 2014. Two of the grants approvals were for capital projects (€7.5 million each). The third approval was for a research and training capital project (€7.5 million).

Agency/programme	Amount of increase/(decrease) €000	Explanation
Enterprise Ireland	85,260	Increase due to three new seed and venture (€50 million) and three other new approvals (€21.7 million) in 2014. Also increases to three seed and venture commitments (€13.5 million) listed in 2013.
Science Technology and Development Programme	98,150	Increase due to five new large scale world class SFI research centres and EI approval for one new technology centre in 2014.
Programme for Research in Third Level Institutions (PRTLl)	(21,324)	The decrease in the multi annual capital commitment for PRTLl was due to Cycles 3 and 4 of the PRTLl being financially closed out in 2014 with savings declared. Cycle 5 remains the only outstanding multi annual commitment as at 31 December 2014.

2.10 Matured Liabilities.

Estimated matured liabilities un-discharged at the year-end were €99,421 (2013: €255,568).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay			
	<i>Original</i>	6,568		
	<i>Supplementary</i>	1,014	7,582	7,476
A.2	Administration – non pay			7,428
	<i>Original</i>	2,319		
	<i>Supplementary</i>	324	2,643	2,954
A.3	Forfás			1,551
	<i>Original</i>	45,486		
	<i>Supplementary</i>	(22,920)	22,566	22,565
A.4	InterTrade Ireland		7,762	7,762
A.5	IDA Ireland			8,106
	<i>Original</i>	127,607		
	<i>Deferred surrender</i>	3,000		
	<i>Supplementary</i>	941	131,548	131,150
A.6	Shannon Free Airport Development Company Limited			126,360
	<i>Original</i>	4,030		
	<i>Supplementary</i>	(2,075)	1,955	1,955
A.7	Enterprise Ireland			8,117
	<i>Original</i>	125,218		
	<i>Deferred surrender</i>	3,000		
	<i>Supplementary</i>	612	128,830	108,962
A.8	County enterprise development		29,388	29,499
A.9	Monitoring and evaluation of EU programmes		89	—
A.10	INTERREG enterprise development		3,000	2,800
A.11	National Standards Authority of Ireland - grant for administration and general expenses		5,304	4,804
A.12	Temporary Loan Guarantee Scheme		1,500	196
A.13	Subscriptions to international organisations, etc.		1,949	1,827
A.14	Commissions, committees and special inquiries		1	1
A.15	Legal costs and other services		317	7
A.16	Export Credit Insurance - refund to the Exchequer		17	4
A.17	Agency legacy pensions			17
	<i>Original</i>	—		
	<i>Supplementary</i>	21,085	21,085	15,862
			365,536	337,824
				359,143

Significant variations

Overall, the expenditure in relation to Programme A was €27.71 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	(311)	Overall the non-pay expenditure across the three programmes (A.2, B.2 and C.2) was €640,877 less than the original estimate, however, expenditure on Programme A was 27% more than estimated. This was in most part due to the need to meet the full year costs of the rent and service costs associated with Wilton Park House for Forfás and the associated costs relating to the move of Forfás into the Department. A supplementary estimate of €324,000 was provided to defray part of the costs associated with the transfer of functions of Forfás. This funding was transferred from Forfás subhead (A.3).
Forfás	1	Provision was made in the original estimate for the full years pay and pensions and certain non-pay expenditure. Expenditure was €22.9 million less than the original estimate due to dissolution of Forfás on 1 August 2014 and the transfer of functions to the Minister for Jobs, Enterprise and Innovation, Enterprise Ireland, IDA and the Health and Safety Authority. A supplementary estimate was taken to redistribute the unspent allocation to A.1, A.2, A.5, A.7, B.2 and B.17 where costs associated with the transferred functions were incurred.
Shannon Free Airport Development Company Limited	—	Expenditure in relation to Shannon was €2.1 million less than estimated due to the enactment of the State Airports (Shannon Group) Act 2014 and the formal integration of Shannon Development into the new Shannon Group with effect from 4 September 2014. In accordance with the terms of the Act, responsibility for all liabilities, duties, obligations and funding (including pension increases and supplementary pension payments) arising by virtue of the operation of the SFADCo pension scheme, transferred to the Minister for Jobs, Enterprise and Innovation with effect from 4 September 2014. Following a supplementary estimate, provision for these costs (€2.075 million) has transferred to the new Subhead A.17 Agency Legacy Pensions.
Enterprise Ireland	19,868	The original estimate of €125.2 million was increased by €3 million deferred surrender from 2013, to allow Enterprise Ireland (EI) to meet its capital expenditure commitments to client companies arising from approvals in previous years that were estimated to be claimed in 2014. A supplementary estimate of €612k was required to defray the cost of the Forfás staff that transferred to EI and to provide additional funding for the new EI pension scheme. The funding for these costs was included in the Forfás subhead (A.3) at the start of the year. The variance between the revised estimate and the outturn arises due to the receipt of additional unanticipated own resource income (ORI) arising mainly from unplanned trade sales by client companies where EI had a shareholding. This additional ORI (€20 million) was used to fund grant expenditure formally funded by Exchequer funds under this subhead, resulting in a lower drawdown and a saving to the Exchequer.

Description	Less/(more) than provided €000	Explanation
INTERREG enterprise development	200	There are over 20 projects involved in the Interreg Programme and it is very difficult to ensure that anticipated time lines can be adhered to, due to various delays such as planning, logistical and administrative issues, which impact on the Managing Authority in Belfast. Some projects are running slightly late, however all projects will be completed by 2015.
National Standards Authority of Ireland	500	NSAI did not require its full allocation in 2014 as amounts received in relation to commercial fees and charges were €129k higher than budgeted. The remaining savings were due to cost control measures.
Temporary Loan Guarantee Scheme	1,304	The estimate was based on the cost of operating the scheme being €200,000 and provided for claims by participating lenders of €1.3 million. This was estimated on the basis that the maximum amount of €150 million would be lent and consequently guaranteed by the Department. Up to the end of 2014, only €10.9 million of the €150 million has been lent under the scheme. As a result, the cost of operating the scheme was €196,000 and as no claims were made against the guarantee in 2014, none of the estimate of €1.3 million was spent.
Subscriptions to international organisations, etc.	122	The World Trade Organisation (WTO) Finance Regulations provides that the amount to be contributed by each member to the operating budget of the WTO is based on an individual country's international trade as a proportion of international trade of all WTO members. The statistics are derived from the balance of payments statistics on trade in goods and services, published by the International Monetary Fund (IMF). Ireland was charged 1.129% for 2013 and 1.089% for 2014. This allows for the difference between the estimate and Ireland's contribution.
Legal costs and other services	310	As the estimate is provided to cover contingency payments, it is not possible to accurately predict what payments may arise during the year. In the event across the three programmes, only 23% of the estimate was required.
Agency legacy pensions	5,223	Following the dissolution of Forfas on 1 August and the integration of Shannon Development into the new Shannon Group on the 4 September 2014, responsibility for the payment of legacy pensions transferred to the Minister for Jobs, Enterprise and Innovation. A supplementary estimate was taken to transfer part of the unspent balance of the former Forfás (A.3) and Shannon Development (A.6) subheads to this new subhead. The superannuation benefits of the staff transferring employment to other agencies (IDA, EI, etc.) became the responsibility of the agency concerned. Forfás's original estimate would have provided for a higher level of retirements and associated gratuity payments in the context of the provision of the Haddington Road Agreement. However, arising from the extension of the deadline to avail of the preferential protected salary rates for retirement purposes, fewer retirements actually occurred than had been anticipated when the original 2014 pension allocation was first made.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Innovation			
B.1	Administration – pay			
	<i>Original</i>	4,378		
	<i>Supplementary</i>	1,014	5,392	4,950
B.2	Administration – non pay			
	<i>Original</i>	2,635		
	<i>Supplementary</i>	324	2,959	1,738
B.3	Patents Office		2,834	2,400
B.4	Science and Technology Development Programme			
	Current year provision	272,103		
	<i>Deferred surrender</i>	17,000	289,103	286,243
B.5	Programme for Research in Third Level Institutions (PRTLl)		39,054	45,203
B.6	Subscriptions to international organisations, etc.		19,054	19,178
B.7	Commissions, committees and special inquiries		1	1
B.8	Legal costs and other services		308	1
			358,705	357,370
				359,714

Significant variations

Overall, the expenditure in relation to Programme B was €1.34 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Patents Office	460	The variance of €460,042 can be split into pay savings of €289,000 and non-pay savings of €172,000. The pay savings can be attributed to (i) The non-filling of one AP post. (ii) Staff availing of short-term working year. (iii) Staff on career breaks, carers leave and special leave without pay. The non-pay underspend is for the most part attributable to savings in ICT expenditure.
Science and Technology Development Programme	400	Expenditure was €16.6 million higher than the original estimate and was funded by way of a deferred surrender of €17 million. This was due to enhanced commercialisation activities, in line with the extended remit of Science Foundation Ireland (SFI) and also to fund the Health Innovation Hub. It was also due to expenditure incurred by Enterprise Ireland to fund new technology centres (Connected Health, Dairy Technology and Medical Devices), 100 additional Innovation Voucher projects and ten additional Innovation Partnership projects.
Legal costs and other services	176	The estimate covers the cost of miscellaneous payments which may arise across the Department, including potential legal costs, for which provision has not been made elsewhere in the Vote. The Department is obliged to make a contingency provision for such costs that may be once off in nature and where the timing of expenditure is not certain.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Regulation			
C.1	Administration – pay			
	<i>Original</i>	8,955		
	<i>Supplementary</i>	30	8,985	9,315
C.2	Administration – non pay		4,337	2,761
C.3	Workplace Relations Programme		19,663	18,159
C.4	Grants for trade union education and advisory services – cash-limited		944	944
C.5	Health and Safety Authority - grant for administration and general expenses			
	<i>Original</i>	17,738		
	<i>Supplementary</i>	(350)	17,388	18,730
C.6	Trade union amalgamations		50	30
C.7	Office of the Director of Corporate Enforcement		4,672	3,124
C.8	Competition Authority			
	<i>Original</i>	4,955		
	<i>Supplementary</i>	(992)	3,963	4,478
C.9	National Consumer Agency			
	<i>Original</i>	7,332		
	<i>Supplementary</i>	(3,478)	3,854	5,501
C.10	Consumer support		45	45
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses		7,065	6,689
C.12	Irish Auditing and Accounting Supervisory Authority (grant-in-aid)		1,562	1,445
C.13	Personal Injuries Assessment Board		153	55
C.14	Subscriptions to international organisations, etc.		1,411	1,534
C.15	Commissions, committees and special inquiries		220	165
C.16	Legal costs and other services		998	88
C.17	Competition and Consumer Protection Commission			
	<i>Original</i>	—		
	<i>Supplementary</i>	4,470	4,470	1,725
C.18	Low Pay Commission			
	<i>Original</i>	—		
	<i>Supplementary</i>	2	2	—
—	Workplace Innovation Fund promotion of partnership		—	28
—	Research including manpower surveys		—	1
			79,782	70,366
				73,092

Significant variations

Overall, the expenditure in relation to Programme C was €9.42 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	1,684	Overall the non-pay expenditure across the three programmes was €1,288,878 less than estimated with expenditure on Programme C being 39% less than the estimate provision. The main savings were made in (i) ICT area - a number of projects were postponed or delayed arising from resource constraints (ii) postal and telecommunication services - the continued rate limiting savings on mobile telephony which effectively capped charges resulted in lower than expected mobile telephony spend (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 2014 fall to be completed in 2015 and (iv) advertising and information resources – expenditure under this heading is mainly demand led with such demand driven by the business needs of sections/units, the estimated level of demand did not materialise.
Workplace Relations Programme	2,162	The total underspend in C.3 is made up as follows (i) €201,000 of pay savings in Labour court due to staff vacancies that arose during the year and savings of €466,000 were made following a provision being made for Labour Court Members who were eligible to retire but did not retire. (ii) Labour Relations Commission had savings of €341,000 mainly in pay due to transfers and retirement and also, savings in Rights Commissioner Fees as the number of days worked was less than projected. (iii) €380,000 in respect of the Workplace Relations Project Office, as a number of specific projects were not completed in 2014 with consequential savings. These included the Customer Relations Management System (CRMS), design and implementation of a corporate identity for the WRC, selection of adjudication officers, and additional adjudication and appeals rooms. (iv) €561,000 by the Equality Tribunal due to reductions in staff numbers and savings on the non-pay side related to estimates for costs relating to judicial reviews which were not held in 2014. (v) €347,000 by the Employment Appeals Tribunal (EAT) due to a net loss of six staff, and additionally the number of Tribunal sittings was reduced. The EAT Non-Pay was closely monitored with particular attention focused on the cost of venues and interpreters at hearings. (vi) The aforementioned savings identified under this subhead offset the overspend of €134,000 by the National Employment Rights Authority.
Office of the Director of Corporate Enforcement	1,660	Expenditure in relation to non-pay was €1.4 million less than estimated. The estimate included provision for several ongoing court cases. The timing and outcome of cases is difficult to predict. Expenditure in relation to pay was €249,000 lower than estimated due to non-filling of one vacancy carried from 2013 and another two that arose during the year.

Description	Less/(more) than provided €000	Explanation
Competition Authority	(6)	Expenditure was almost €1 million less than the original estimate. This arose as the Competition Authority amalgamated with the National Consumer Agency on the 31 October 2014 to become the Competition and Consumer Protection Commission. The estimate for this subhead was based on a full year's expenditure. The unspent allocation was transferred by supplementary estimate to the new subhead C.17 (see also explanations for C.9 and C.17).
National Consumer Agency	(47)	Expenditure was €3.4 million less than the original estimate. This arose as the National Consumer Agency amalgamated with the Competition Authority on 31 October 2014 to become the Competition and Consumer Protection Commission. The estimate for this subhead is based on a full year's expenditure. The unspent allocation was transferred by supplementary estimate to new subhead C.17 (see also explanations for C.8. and C.17).
Irish Auditing and Accounting Supervisory Authority (grant-in-aid)	207	IAASA is part funded by the Department and the prescribed accountancy bodies. The mechanism by which IAASA's funding is delivered is that its entire salary costs are paid through this subhead. If the aggregate of these payments exceeds the Exchequer's liability, a refund is made to the Department at year end. In relation to the variance, the 2014 estimate was premised upon the Authority having a full staff complement. However, there was a difficulty in filling certain vacancies in 2014 which resulted in the underspend.
Commissions, committees and special inquiries	163	The variation arose due to (i) €80,000 saving arising from a reduced level of Joint Labour Committee activity in 2014, only three JLCs (out of a possible eight) were re-established (ii) €20,000 savings on company law inquiries as the estimate was in the nature of a contingency to defray cost of any unexpected investigations (iii) €46,000 relating to savings for services of legal researchers for the Companies Act 2014 and (iv) other miscellaneous savings.
Legal costs and other services	891	Expenditure from this subhead is difficult to predict as the estimate is in the nature of a contingency provision for legal costs which may arise across a number of areas in the Department. During 2014, such legal costs were not significant.

Description	Less/(more) than provided €000	Explanation
Competition and Consumer Protection Commission	2,745	The Competition and Consumer Protection Commission (CCPC) was established on 31 October 2014 through the amalgamation of the Competition Authority (CA) and the National Consumer Agency (NCA) as provided for in the Competition and Consumer Protection Act 2014. The supplementary estimate was approved for the transfer of monies from the C.8 (CA) and C.9 (NCA) subheads to C.17 (CCPC). The CCPC's allocation is divided between general administration and financial information and education functions expenditure. General administration savings were €1.168million (pay €1.029million, non-pay €0.139million). The pay underspend was due to a significant number of vacancies remaining unfilled during the year and the approved staffing complement was not reached. The fees paid to the NCA Board Members, which were partly funded through exchequer funding, discontinued with the dissolution of the NCA. The non- pay underspend is due to (i) a reduction in costs as result of new contracts entered into during the year (ii) some work programmes were delayed due to staffing constraints and (iii) progress on the planned relocation of the CCPC was delayed, therefore, costs relating to the amalgamation of the NCA and the CA did not materialise in the year. Financial information and education function savings of €1.524million (pay €0.58million and non-pay of €0.944million). The pay savings were due to a provision for ten posts which took longer than expected to fill. The non-pay savings related to a number of projects scaled back due to staff shortages and reductions in costs on new contracts.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1.	Receipts from the Social Insurance Fund	600	782	987
2.	Work permit fees	2,800	4,041	3,242
3.	Employment agency licences	215	267	205
Insurance and Company Law				
4.	Companies Registration Office	18,325	18,535	19,337
5.	Registry of Friendly Societies	75	63	57
Trade, Competition and Market Rights				
6.	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,500	8,140	8,434
7.	Occasional trading licences	2	1	3
8.	National Consumer Agency	371	416	408
9.	Merger notifications	280	344	288
Other				
10.	ODCE legal	50	177	178
11.	County Enterprise Development	—	83	66
12.	Miscellaneous	110	2,269	2,037
13.	Enterprise policy (InterTrade Ireland)	18	44	28
14.	NCA - grant for financial information and educational functions	2,127	603	925
15.	IAASA pay refund	376	513	507
16.	PIAB pay and superannuation	1,204	1,377	1,241
17.	HSA superannuation	610	589	599
18.	IDA Ireland - Pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	1,719	1,174	1,722
19.	SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	204	389	703
20.	Temporary Loan Guarantee Scheme	1,500	153	76
21.	Receipts from pension - related deduction on public service remuneration	9,862	9,288	10,252
Total		48,948	49,248	51,295

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 from the Social Insurance Fund	(182)	Section 56 of the Redundancy Payments Act 1967 sets out that the cost of administering redundancy appeals, which are administered by this Department, should be borne by the Social Insurance Fund of the Department of Social Protection (DSP). These costs were negotiated with DSP on the basis of 23.2% of overall Employment Appeals Tribunal costs for quarter 4 2013 and for quarters 1, 2 and 3 of 2014, which amounted to €782,003.

Description	Less/(more) than estimated €000	Explanation
Work permit fees	(1,241)	The excess can be attributed to three factors (i) There has been a 40% increase in the total number of permits issued in 2014 (5,496) compared to 2013 (3,937). 25% of this increase generated additional fee income as all non-EEA doctors coming to work in Ireland were brought back within the scope of the permits system during 2014, but the HSE having charity status, is exempt from fees. (ii) In line with the predicted shortages in the digital and IT sectors, and in order to meet these sector's skills needs, economic migration policy underpinning the permits system is proactively encouraging these highly skilled employees to Ireland and in 2014 there was a 25% increase in the number of ICT professionals coming to Ireland (1,503 in 2013 compared to 1,875 in 2014) and (iii) In line with the fall in unemployment rate to 10.6% in December 2014 there is a corresponding increase in the number of jobs available in respect of which different categories of employment permits may be eligible.
ODCE legal	(127)	The figure of €50,000 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. Such receipts are in respect of costs awarded in criminal cases and are collected by the Courts Service on behalf of ODCE. Further 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.
Miscellaneous	(2,159)	By its nature it is difficult to predict what level of income will be received under this category. The significant amounts included are (i) €1,424,000 in respect of IDA, EI and SFI pension schemes which relate to the pensions contributions under the new schemes set up for these agencies following the dissolution of Forfás (ii) €375,000 received in respect of costs recouped from the Department of Education and Skills in respect of the Expert Group on Future Skills Needs (iii) €324,000 in respect of the transfer of a pension fund for a Labour Court member (iv) Employers PRSI refunds of €53,000 (v) receipts in respect of Haddington Road salary deductions in the amount of €59,000; and (vi) various other miscellaneous amounts.
NCA - grant for financial information and educational functions	1,524	The Competition and Consumer Protection Commission's (CCPC) financial services function is funded by a levy imposed by the CCPC on regulated financial services providers. The levy is collected mid-year and the Department prefunds the CCPC on the proviso that the Department is reimbursed by way of appropriations-in-aid before year end. €1.5 million of the estimate provision was not required (see C.17). As a result there was no requirement for the CCPC to reimburse the Department in respect of this amount.

Description	Less/(more) than estimated €000	Explanation
IAASA pay refund	(137)	The Irish Accounting and Auditing Standards Authority is part funded by the Department and prescribed accountancy bodies. The mechanism by which IAASA's funding is delivered is that its entire salary and related payments are processed by the Department on its behalf. As the aggregate of these payments usually exceeds the Exchequer's overall liability, a refund is made to the Department at year end. The Exchequer liability to IAASA in 2014 amounted to €913,000, therefore a refund of €513,000 was made to the Department. In relation to the variance, the 2014 estimate was premised upon the Authority having a full staff compliment. However there was a difficulty in filling certain vacancies in 2014 with the consequent impact on overall salary costs giving rise to this refund to the Department.
PIAB pay and superannuation	(173)	The outturn in 2014 included a "one-off" retrospective payment of pension contributions by PIAB in respect of prior years, arising from a change in the level of contributions
IDA Ireland - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	545	The purpose of this subhead was to receive and account for pension contributions in respect of former funded agency pension schemes managed by Forfás, with funds transferred to the National Pensions Reserve Fund under the provisions of the Financial Measures (Miscellaneous) Act 2010. The 2014 estimate was based on expectation of a full year's contributions being received from Forfás. However, Forfás was dissolved with effect from 1 August 2014 and the agencies (Science Foundation Ireland, Enterprise Ireland and IDA Ireland) are now responsible for remitting this money directly to the Department (see also miscellaneous above).
SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	(185)	The increase in receipts over the estimate arose because a number of staff of Shannon Development who were redeployed to other bodies during 2013 remained as members of the SFADCo pension scheme longer than anticipated due to issues with the transfer arrangements.
Temporary Loan Guarantee Scheme	1,347	In return for guaranteeing loans, the Department receives a 2% annual premium from the borrower. The 2014 estimate included a provision for receipt of interest of €1.5 million under the scheme. This was based on €75 million of the €1,500 million provided for under the Loan Guarantee Scheme being lent. The receipts under this demand led scheme were a lot less than expected as take-up has been lower than anticipated.
Receipts from pension - related deduction on public service remuneration	574	The estimate was based on the previous year's receipts with allowance for a decrease in numbers serving, however, the decrease in numbers was higher than anticipated.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Export credit - recoveries from Iraq/Nigeria	650	2,370
Enterprise Ireland - current (A.7, A.8, B.4)	596	249
Enterprise Ireland - capital (A.7, A.8, B.4)	126	3,006
Forfás – current	566	341
Forfás – surplus own resource income	615	147
Shannon Development – grant refund	477	249
IDA Ireland - interconnectivity project receipts	2,450	—
IDA Ireland – current	386	—
IDA Ireland – capital	2,356	—
PRLTI – current	78	—
PRLTI – capital	602	—
Health and Safety Authority – current	121	—
InterTrade Ireland - current	4	—
Intertrade Ireland - capital	17	—
CEBs grant refund – current	57	10
CEBs grant refund - capital	34	—
Miscellaneous	19	18
Science Foundation Ireland - capital (B.4)	—	630
Transferred to Exchequer	(8,642)	(7,020)
Balance at 31 December	<u>512</u>	<u>—</u>

IDA Ireland - interconnectivity project receipts The amount received was in respect of a final settlement of a debt in connection with a company that was involved with the IDA in an interconnectivity project.

IDA Ireland - capital An amount of €2,356,000 was returned by client companies of the IDA. IDA had anticipated that the grant refund income would be required for a number of grant payments in December but was subsequently not required.

Enterprise Ireland - current This represents refund of cash in excess of the sanctioned cash book balance.

Forfás – own resource income This relates to income generated through the Irish National Accreditation Board's activities in Forfás and the amount returned represents the excess over sanctioned own resource income.

PRLTI – capital This money was returned by the Higher Education Authority, following completion of Cycle 4 projects and receipt of final expenditure declarations.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	759	803
Agencies ^a	1,618	1,723
	2,377	2,526

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

	2014	2013
	€000	€000
Pay	148,734	159,354
Higher, special or additional duties allowance	796	983
Other allowances	2,099	1,853
Overtime	526	575
Employer's PRSI	9,588	10,158
Total pay	161,743	172,923

The remuneration arrangements refer to the pay element of Subheads A.1, A.3, A.4, A.5, A.7, A.8, A.11, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.9, C.11, C.12 and C.17.

5.1 Department

	2014	2013
	€000	€000
Pay ^a	37,360	37,565
Higher, special or additional duties allowance	592	597
Other allowances	476	529
Overtime	266	341
Employer's PRSI	2,123	2,129
Total pay^b	40,817	41,161

^a Includes pension payments to 28 former members of Labour Court and the Competition Authority (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 and C.11). 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 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	92	4	26,929	28,164
Other allowances	116	6	76,941	48,394
Overtime	113	4	14,862	13,968

Certain individuals received extra remuneration in more than one category.

5.2 Agencies

	2014 €000	2013 €000
Pay	111,375	121,789
Higher, special or additional duties allowance	204	386
Other allowances	1,622	1,324
Overtime	261	234
Employer's PRSI	7,464	8,029
Total pay	120,926	131,762

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	43	2	11,161	16,703
Other allowances	374	36	42,728	42,728
Overtime	88	6	42,702	26,851

Certain individuals received extra remuneration in more than one category.

The agencies included above are County and City Enterprise Boards, Competition and Consumer Protection Commission (formally known as the National Consumer Agency and the Competition Authority), Enterprise Ireland, Forfás, Health and Safety Authority, Industrial Development Authority, Labour Relations Commission, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority, and Science Foundation Ireland.

5.3 Other remuneration arrangements

A total of €4,330 was paid to two retired civil servants who were re-engaged in various duties during 2014.

Company cars were provided to the CEO's of three agencies of the Department.

An annual leave value payment of €9,434 was paid to one agency employee.

5.4 Salary overpayments

	2014	2013
	€	€
Overpayments relate to increments, salary instructions and temporary rehabilitation remunerations payments due at year end.	99,687	97,785

5.5 Severance payments

A total of €58,114 was paid in severance payments to three individuals.

6 Miscellaneous

6.1 EU Funding

In addition to grants from the Vote, the following bodies under the aegis of the Department received EU aid directly in 2014 as shown below:

Subhead	Description	2014 Outturn €	2013 Outturn €
A.7	Enterprise Ireland	207,335	-
B.3	Patents Office	297,661	183,416
B.4	Science Foundation Ireland	120,000	115,000
B.4	Enterprise Ireland	87,859	—
A.6	SFADCo	—	87,470
C.5	Health and Safety Authority	—	222,344
		<u>712,855</u>	<u>608,230</u>

The outturn shown in Subheads A.6, A.8, B.4 and B.5 includes payments in respect of activities which are co-financed from the ERDF. Estimates of expenditure and actual outturn were as follows:

Subhead	Description	2014 Estimate €000	2014 Outturn €000	2013 Outturn €000
A.6	Shannon Free Airport Development Company Limited	1,955	1,955	8,117
A.8	County enterprise development	29,388	29,499	29,643
B.4	Science and Technology Development Programme	289,103	288,703	286,243
B.5	Programme for Research in Third Level Institutions (PRTLII)	39,054	39,054	45,203
		<u>359,500</u>	<u>359,211</u>	<u>369,206</u>

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	Cumulative expenditure to end 2014	2014 Outturn	2013 Outturn
		€	€	€
Fixed term/fixed purpose				
Company Law Review Group	2000	1,000,571	43,480	68,069
Company Law Inquiries	1994	2,193,034	—	16,614
Sales Law Review Group	2009	20,952	832	391
Workplace Safety	2002	2,722,590	—	50,000
Permanent/open-ended				
Joint Labour Committees ^a	1946	1,268,143	2,374	23,237
Business Regulation Group	2006	184,527	9,034	5,332
Departmental Audit Committee	2004	27,864	2,250	3,600
		7,417,681	57,970	167,243

^a Base year 1994. Payments in respect of the period 1946-1993 were made from subhead A.2 in the year in question.

6.3 Legal Costs

	2014	2013
	€	€
Legal costs paid during the year are categorised as follows:		
Legal fees	383,639	330,906
Compensation	178,693	45,594
	562,332	376,500

Of the total of €562,332 in legal costs in 2014, €208,370 (37%) relates to the Office of the Director of Corporate Enforcement and €136,996 (24%) relates to the Workplace Relations Programme.

6.4 Miscellaneous Payments

Employment and Training Levy - Statement of payments made in accordance with Section 25(1) of the Labour Services Act 1987

	Total for the year ended 31 December 2014 €	Total for the year ended 31 December 2013 €
Received by Minister for Jobs, Enterprise and Innovation	604,411	191,880
Paid by Minister for Jobs, Enterprise and Innovation into the Exchequer	604,411	191,880

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 monies are directly paid over to the Exchequer.

6.5 Contingent Liabilities

A Temporary Loan 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 €10,930,840 of loans has been provided to date, with €820,000 being the maximum potential exposure to the Department arising from these guaranteed loans.

The Department has a possible liability under the Export Credit Insurance Scheme. A company suffered a default on goods supplied many years ago where a shipment was covered by a policy. No claim has been made to date and there is no indication that there will be a claim. The maximum potential claim is in the order of less than €400,000.

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

Sanction was obtained from the Department of Public Expenditure and Reform to write off an amount of €16,063,758 relating to unrecovered Export Credit Insurance debt. The 1953 Insurance Act (as amended) provided for the provision of export credit insurance by the State, thereby providing cover against the risk of non-payment by buyers abroad, to encourage the export of Irish goods and services. During the operation of the Scheme (which ended in 1998), when a buyer defaulted on payment for goods and the consignment was covered by an insurance policy under the Scheme, the Department (through the Insurance Corporation of Ireland) paid out on the policy and the debt then became the property of the Department (subject to certain conditions and exclusions). This Department has pursued the recovery of such debt, which, for a considerable period, had been considered worthless in many instances, given the negligible prospects of defaulters making payment and the difficulty in pursuing them effectively.

Sanction was obtained from the Department of Public Expenditure and Reform to charge the Vote in respect of a historic suspense account balance in the amount of €9,420.

6.7 Fraud, Suspected Fraud or Suspected Irregularity

The Department has incurred no losses due to reported cases of fraud, suspected fraud or suspected irregularity in 2014.

6.8 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €20,000,000 of unspent allocation in respect of subheads A.5, A.7 and B.4 was carried forward to 2015.



Appropriation Account 2014

Vote 33

Arts, Heritage and the Gaeltacht

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 2014 for the salaries and expenses of the Office of the Minister for Arts, Heritage and the Gaeltacht, including certain services administered by that Office, and for payment of certain subsidies, grants and grant-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, 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

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.

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 is compliant with the exception of six contracts to a value of €1,549,593. These contracts were included on the Circular 40/2002 return. Four contracts to a value of €1,248,879 related to contracts where normal tendering procedures were not appropriate as the providers in question were sole suppliers. Two contracts to a value of €300,714 were extended beyond the original contract date and the Department is taking steps to ensure that tenders are put in place in 2015 for these services.

Significant financial risks

I am not aware of any significant financial risks particularly relevant to the Vote.

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 of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to the Department.

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.

Seosamh Ó hÁghmaill

Accounting Officer

Department of Arts, Heritage and the Gaeltacht

31 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 33 Arts, Heritage and the Gaeltacht

I have audited the appropriation account for Vote 33 Arts, Heritage and the Gaeltacht for the year ended 31 December 2014 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 33 Arts, Heritage and the Gaeltacht for the year ended 31 December 2014.

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

Reporting on matters arising from audit

Chapter 8 of my report on the accounts of the public services for 2014 refers to certain matters relating to Vote 33 Arts, Heritage and the Gaeltacht.

Seamus McCarthy
Comptroller and Auditor General

31 August 2015

Vote 33 Arts, Heritage and the Gaeltacht

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Arts, Culture and Film			
	<i>Original</i>	137,949		
	<i>Supplementary</i>	(2,499)	135,450	129,288
B	Heritage			
	<i>Original</i>	45,290		
	<i>Supplementary</i>	2,500	47,790	48,344
C	Irish Language, Gaeltacht and Islands		41,409	40,389
D	North-South Co-Operation		39,248	39,145
Gross expenditure				
	<i>Original</i>	263,896		
	<i>Supplementary</i>	1	263,897	257,166
Deduct				
E	Appropriations-in-aid		4,439	5,904
Net expenditure				
	<i>Original</i>	259,457		
	<i>Supplementary</i>	1	259,458	251,262
			259,458	251,262
				249,834

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.

	2014	2013
	€	€
Surplus	8,195,950	1,601,288
Deferred surrender	(6,216,000)	—
Surplus to be surrendered	1,979,950	1,601,288

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	28,440	29,865	30,183
ii	Travel and subsistence	1,463	1,032	1,104
iii	Training and development and incidental expenses	1,007	496	462
iv	Postal and telecommunications services	626	494	535
v	Office equipment and external IT services	2,006	1,248	2,020
vi	Office premises expenses	795	649	809
vii	Consultancy services and value for money and policy reviews	100	7	61
viii	<i>EU Presidency</i>	—	—	387
		34,437	33,791	35,561

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	223,375	220,050
Pay	29,865	30,486
Non pay	3,926	5,076
Gross expenditure	257,166	255,612
<i>Deduct</i>		
Appropriations-in-aid	5,904	5,778
Net expenditure	251,262	249,834
Changes in capital assets		
Purchases cash	(1,522)	
Depreciation	1,504	
Loss on disposals	65	
	47	(1,453)
Changes in capital assets under development		
Cash payments	—	(19)
Changes in net current assets		
Decrease in closing accruals	(253)	
Decrease in stock	14	
	(239)	(539)
Direct expenditure	251,070	247,823
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,073	9,862
Notional rents	648	4,179
Net programme cost	260,791	261,864

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.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 30	30
Vote 12 Superannuation and Retired Allowances	e 2,500	3,602
Vote 13 Office of Public Works	e 5,604	5,438
Vote 24 Justice and Equality - Financial Shared Services Centre	e 810	605
Central Fund – Ministerial pensions	e 129	187
	9,073	9,862

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	50,031	50,077
Current assets			
Bank and cash	2.3	8,098	1,361
Stocks	2.4	324	338
Prepayments		1,676	2,417
Accrued income		199	242
Other debit balances	2.5	3,043	1,366
Total current assets		13,340	5,724
Less current liabilities			
Accrued expenses		390	1,426
Other credit balances	2.6	3,895	2,543
Net liability to the Exchequer	2.7	7,246	184
Total current liabilities		11,531	4,153
Net current assets		1,809	1,571
Net assets		51,840	51,648
Represented by:			
State funding account	2.1	51,840	51,648

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		51,648	49,811
Disbursements from the Vote			
Estimate provision	Account	259,458	
Deferred surrender	Account	(6,216)	
Surplus to be surrendered	Account	(1,980)	
Net vote		251,262	249,834
Other non cash items			
Adjustment for assets less than €1,000		—	(397)
Net adjustment for assets not previously recorded		—	223
Expenditure (cash) borne elsewhere	1	9,073	9,862
Non cash expenditure – notional rent	1	648	4,179
Net programme cost	1	(260,791)	(261,864)
Balance at 31 December		51,840	51,648

2.2 Capital Assets

	Land and buildings	Plant and machinery	Office and IT equipment^a	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2014	45,717	7,612	8,120	4,057	65,506
Additions	707	15	778	22	1,522
Disposals	—	(621)	(151)	(75)	(847)
Cost or valuation at 31 December 2014	46,424	7,006	8,747	4,004	66,181
Accumulated depreciation					
Opening balance at 1 January 2014	273	6,772	6,108	2,276	15,429
Depreciation for the year	236	285	842	141	1,504
Depreciation on disposals	—	(604)	(138)	(41)	(783)
Cumulative depreciation at 31 December 2014	509	6,453	6,812	2,376	16,150
Net assets at 31 December 2014	45,915	553	1,935	1,628	50,031
Net assets at 31 December 2013	45,444	840	2,012	1,781	50,077

^a The Department of the Environment, Community and Local Government provide an ICT managed service for Heritage Division IT assets on behalf of the Department of Arts, Heritage and the Gaeltacht and these are recorded on its asset register. The Department of the Environment, Community and Local Government has commenced a process in 2014 to compile an agreed schedule of all ICT heritage assets managed on behalf of the Department of Arts, Heritage and the Gaeltacht 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.

2.3 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	8,043	723
Commercial bank accounts ^{a,b}	55	641
Orders outstanding	—	(3)
	8,098	1,361

^a The commercial bank account balance is separately presented and the comparative has been reclassified.

^b The commercial bank account balance includes €46,000 in 2014 (2013: €529,000) in respect of a commercial bank account operated by the Department of Justice and Equality – Financial Shared Services.

2.4 Stocks	2014	2013
at 31 December	€000	€000
Building material and small plant	58	64
Fuels and fertilizers	32	33
Stationery	17	25
Equipment consumables	10	10
Janitorial supplies and first aid	8	11
IT consumables	51	35
Miscellaneous	87	113
Livestock	61	47
	324	338

2.5 Other Debit Balances	2014	2013
at 31 December	€000	€000
Environment Fund	1,589	1,059
Office of Public Works	527	19
Native Woodland Scheme	—	42
Payroll suspense account (Paypath)	554	—
Other debit suspense items	373	246
	3,043	1,366

2.6 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	426	429
Pay Related Social Insurance	214	208
Professional Services Withholding Tax	178	156
Relevant Contracts Tax	2	2
Value Added Tax	181	129
Pension deductions	146	10
	1,147	934
Crowley Bequest Fund (Note 7.2)	409	411
Aran LIFE	792	865
Kerry LIFE	1,210	—
Other	337	333
	3,895	2,543

2.7 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,980	1,601
Deferred surrender	6,216	—
Exchequer grant undrawn	(950)	(1,417)
Net liability to the Exchequer	<u>7,246</u>	<u>184</u>

Represented by:**Debtors**

Bank and cash	8,098	1,361
Debit balances: suspense	<u>3,043</u>	<u>1,366</u>
	11,141	2,727

Creditors

Due to State	(1,147)	(934)
Credit balances: suspense	<u>(2,748)</u>	<u>(1,609)</u>
	(3,895)	(2,543)
	<u>7,246</u>	<u>184</u>

2.8 Commitments	2014	2013
at 31 December	€000	€000

Global commitments

Turf Compensation Scheme	22,182	17,661
Islands	14,177	15,885
Gaeltacht support schemes	6,334	7,804
ACCESS (cultural development grants)	5,378	6,649
Irish language support schemes	4,520	3,599
Other capital arts projects	3,643	3,690
Natural Heritage (national parks and wildlife service)	1,660	—
Other grants and procured services and goods	2,139	1,560
Total of legally enforceable commitments	<u>60,033</u>	<u>56,848</u>

2.9 Matured Liabilities

The estimate of matured liabilities not discharged at year-end amounted to €15,938 (2013: €98,546).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
A	Arts, Culture and Film			
A.1	Administration – pay		5,624	5,771
A.2	Administration – non pay		1,406	897
A.3	Payments to match resources generated by the National Archives		40	40
A.4	General expenses of the National Archives and National Archives Advisory Council		1,266	1,190
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery		10,437	10,437
A.6	Regional museums, galleries, cultural centres and projects		3,200	3,180
A.7	Cultural infrastructure and development		5,600	5,909
A.8	Culture Ireland			
	<i>Original</i>	2,500		
	<i>Supplementary</i>	650	3,150	3,158
A.9	An Chomhairle Ealaíon (part funded by National Lottery)		56,893	56,668
A.10	General expenses of the National Museum of Ireland		11,458	11,864
A.11	General expenses of the National Library of Ireland		6,340	6,340
A.12	Irish Film Board		13,962	13,962
A.13	EU Presidency – Cultural Programme		—	—
A.14	National City of Culture		6,000	7,117
A.15	Decade of Centenaries 1912 – 1922		3,223	1,999
A.16	Cork Event Centre			
	<i>Original</i>	10,000		
	<i>Supplementary</i>	(5,149)	4,851	—
A.17	EXPO Milano			
	<i>Original</i>	—		
	<i>Supplementary</i>	2,000	2,000	756
			135,450	129,288
				125,445

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
Administration – non pay	509	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.
Cultural infrastructure and development	(309)	The additional expenditure arose from certain projects progressing more quickly than originally anticipated.
National City of Culture	(1,117)	Increased funding was provided for Limerick City of Culture on foot of an application from Limerick City and County Council. Sanction was received from the Department of Public Expenditure and Reform for virement of up to €1.5 million to subhead A.14 <i>National City of Culture</i> from possible savings on the Vote. The additional funding was sought in respect of a range of activities, including international events, commissioning, legacy events, Made in Limerick projects and the Special Olympics. In the event, savings of just over €1.1 million materialised and this amount was applied to the project.
Decade of Centenaries 1912 – 1922	1,224	Savings arose due to slower than anticipated progress in relation to a number of commemorative projects, primarily the GPO Interpretive Exhibition Centre.
Cork Event Centre	4,851	The approved provision was not taken up due to the complex nature of the project and the fact that the tendering process took longer than anticipated.
EXPO Milano	1,244	Management of the project was assigned to the Department in mid-2014 and additional resources of €2 million were allocated by way of supplementary estimate. Savings arose due to slower than anticipated progress in relation to capital works in Milan for the project.

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
B	Heritage			
B.1	Administration – pay		18,591	19,734
B.2	Administration – non pay		2,733	2,174
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)		4,493	4,493
B.4	Built heritage		2,346	2,323
B.5	Natural heritage (National Parks and Wildlife Service)			2,535
	<i>Original</i>	11,803		
	<i>Supplementary</i>	<u>2,500</u>	14,303	14,296
B.6	Irish Heritage Trust		324	324
B.7	Built Heritage Jobs Leverage Scheme		5,000	5,000
			<u>47,790</u>	<u>48,344</u>
				<u>48,146</u>

Significant variations

Overall, the gross expenditure in relation to the programme was €554,000 higher than provided.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Irish Language, Gaeltacht and Islands			
C.1	Administration – pay	3,453	3,255	2,938
C.2	Administration – non pay	1,143	467	734
C.3	Gaeltacht support schemes	7,522	7,555	8,266
C.4	Irish language support schemes (part funded by National Lottery)	3,695	3,768	4,327
C.5	An Coimisinéir Teanga	567	566	596
C.6	Údarás na Gaeltachta - administration	8,798	8,798	9,009
C.7	Údarás na Gaeltachta - current programme expenditure	3,000	3,000	3,400
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises	5,687	5,687	6,000
C.9	Islands	6,544	6,543	6,579
C.10	20 Year Strategy for the Irish Language 2010 – 2030	500	500	—
C.11	Decade of Centenaries – Teach an Phiarsaigh	500	250	—
		41,409	40,389	41,849

Significant variations

Overall, the gross expenditure in relation to the programme was €1.02 million lower than provided. The significant variations were as follows:

Description	Less/(more) than estimated €000	Explanation
Administration – non pay	676	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.
Decade of Centenaries – Teach an Phiarsaigh	250	Savings arose as the project did not progress as quickly as expected, mainly due to planning permission and land acquisition issues.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	North-South Co-Operation			
D.1	Administration – pay	772	1,105	226
D.2	Administration – non pay	715	388	40
D.3	An Foras Teanga	13,578	13,469	14,443
D.4	Waterways Ireland	24,183	24,183	25,463
		39,248	39,145	40,172

Significant variations

Overall, the gross expenditure in relation to the programme was €103,000 lower than provided.

Description	Less/(more) than estimated €000	Explanation
Administration – pay	(333)	The variance arose due to an adjustment in the performance budgeting allocation of the estimate to the programmes to better reflect the use of corporate resources.
Administration – non pay	327	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.

4 Receipts

4.1 Appropriations in aid

	2014		2013
	Estimated €000	Realised €000	Realised €000
1. National Archives	40	45	48
2. Miscellaneous receipts	470	970	742
3. Rents (including receipts from letting of fishing rights, etc.)	100	128	191
4. Sales of property	—	5	4
5. Services and charges at national parks and wildlife sites	365	871	971
6. Receipts from pension-related deduction on public service remuneration	3,454	3,871	3,822
7. HRA salary sacrifice	10	14	—
Total	4,439	5,904	5,778

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	(500)	The variance relates to higher than anticipated pension receipts from Agencies.
Services and charges at national parks and wildlife sites	(506)	The variance relates to a higher than anticipated level of receipts in the national parks, mainly from Killarney National Park and Muckross House, reflecting good visitor numbers at these amenities.
Receipts from pension-related deduction on public service remuneration	(417)	The variance relates to higher than anticipated pension levy receipts from Agencies.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	9	13
Receipts from Gaeltacht loans	12	9
Transferred to Exchequer	(9)	(13)
Balance at 31 December	12	9

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full-time equivalents)		
Department	561	566
Agencies	917	928
	1,478	1,494
	2014	2013
	€000	€000
Pay	61,921	64,021
Higher, special or additional duties allowance	130	158
Other allowances	934	939
Overtime	1,693	1,842
Employer's PRSI	5,234	5,407
Total Pay	69,912	72,367

The total pay figure includes elements of pay from the following subheads: A.1, A.5, A.9, A.10, A.11, A.12, B.1, B.3, C.1, C.5, C.6, D.1, D.3, D.4.

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 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	50	3	17,742	12,090
Other allowances	575	3	18,307	24,803
Overtime	564	50	23,435	20,110

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.

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Five retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €17,323. Pension abatement was not applied as it was not deemed applicable in these instances.

5.3 Payroll Overpayments

The balance of payroll overpayments outstanding at 31 December 2014 was €20,345 (2013: €10,981).

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	56,893	56,668	60,602
B.3	Grant for An Chomhairle Oidhreacht (Heritage Council) (part funded by National Lottery)	4,493	4,493	4,446
C.4	Irish language support schemes (part funded by National Lottery)	3,695	3,768	4,327
		65,081	64,929	69,375

A full list of grantees under subhead C.4 is available on the Department of Arts, Heritage and the Gaeltacht website (www.ahg.gov.ie).

6.2 Legal Costs

Legal costs paid during the year are categorised as follows

	2014	2013
	€000	€000
Legal fees	22	23
Compensation costs	34	128
	56	151

6.3 Late Payment Interest

	2014	2013
	€000	€000
Total of Interest payments due	23	5

6.4 Loss of 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 and the Gaeltacht 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 2015

Under the provision of section 91 of the Finance Act 2004, €6.22 million in unspent allocation in respect of capital elements for subheads A.15 (€1,216,000), A.16 (€4,750,000) and C.11 (€250,000) was carried forward to 2015.

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).

	2014	2013
	€000	€000
Payments		
Irish Museum of Modern Art	4,707	4,948
Chester Beatty Library	2,300	2,411
National Concert Hall	2,300	2,514
Crawford Gallery, Cork	1,130	1,197
	<u>10,437</u>	<u>11,070</u>

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 2014

	2014	2013
	€000	€000
Balance on 1 January	411	411
Receipts	35	67
Payments	(37)	(67)
Balance at 31 December	<u>409</u>	<u>411</u>

7.3 Statement of Loans for Gaeltacht Housing

Loans issued towards Gaeltacht housing under the Housing (Gaeltacht) Acts 1929 to 2001 and repayments thereof:

	2014	2013
	€000	€000
Opening balance on 1 January	201	207
Annual penal interest accrued	4	5
Write-off of loans	—	—
Interest written off	(4)	(2)
Repayments		
Principal	(9)	
Interest	<u>(3)</u>	<u>(9)</u>
Closing balance on 31 December	<u>189</u>	<u>201</u>

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 2014.



Appropriation Account 2014

Vote 34

National Gallery

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 2014 for the salaries and expenses of the National Gallery, including grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9,663 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.

The unique characteristics of the Gallery collection renders it incapable of meaningful valuation. Therefore no values have been included in this account in respect of the collection.

This is the final Appropriation Account of the National Gallery. The funding of the National Gallery, which had until 2014 been allocated by way of a dedicated National Gallery Vote, will be provided from 2015 onward, by way of a grant through the Department of Arts, Heritage and the Gaeltacht Vote.

The Gallery will continue to prepare financial statements that are designed to give a comprehensive account of all of its income and expenditure and its state of affairs in accordance with Section 35 of the National Cultural Institutions Act 1997. The funding provided from 2015 through the Department of Arts, Heritage and the Gaeltacht Vote will be accounted for in those financial statements. A service level agreement between the National Gallery and the Department of Arts, Heritage and the Gaeltacht is now in place.

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 Gallery.

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.

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 Gallery.
- 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 Gallery 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 the year, five contracts with a total value of €188,909 were listed in my annual return in respect of Department of Finance Circular 40/2002. These contracts were awarded on the basis of the experience, knowledge and expertise of the individual contractors. Tenders commenced for two of these services in 2014 and it is planned that tenders will be put in place in 2015 for the remainder.
- Security procedures for safeguarding the collection are reviewed regularly.

Significant financial risks

The Gallery holds the national art collection on behalf of the state and its citizens. This collection is inalienable, irreplaceable, fragile and invaluable. Therefore, the financial risks to the collection, from accidental or willful damage or theft are substantial. The Gallery has implemented a range of specific systems and procedures to mitigate these risks which are continually reviewed and updated.

Internal Audit and Audit Committee

I confirm that the Gallery 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 Gallery 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.

Séan Rainbird
Accounting Officer
National Gallery

6 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 National Gallery

I have audited the appropriation account for Vote 34 National Gallery for the year ended 31 December 2014 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 the National Gallery 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 National Gallery for the year ended 31 December 2014.

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

Cessation of the Vote

I draw attention to the statement of accounting policies and principles which sets out that 2014 is the final appropriation account for the National Gallery due to the change in the funding mechanism. The Gallery will continue to prepare accrual financial statements in accordance with Section 15 of the National Cultural Institutions Act 1997 which are audited by me.

Seamus McCarthy
Comptroller and Auditor General

9 July 2015

Vote 34 National Gallery

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	National Gallery	10,530	10,495	7,843
	Gross expenditure	10,530	10,495	7,843
<i>Deduct</i>				
B	Appropriations-in-aid	3,256	3,231	256
	Net expenditure	7,274	7,264	7,587

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	9,663	90,358

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,678	4,564	4,836
ii	Travel and subsistence	30	37	38
iii	Security and incidental expenses	666	748	597
iv	Postal and telecommunications services	116	109	100
v	Office equipment and external IT services	214	231	230
vi	Office premises expenses	756	671	803
vii	Consultancy services and value for money and policy reviews	208	273	333
		6,668	6,633	6,937

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	3,862	906
Pay	4,564	4,836
Non pay	2,069	2,101
Gross expenditure	10,495	7,843
<i>Deduct</i>		
Appropriations-in-aid	3,231	256
Net expenditure	7,264	7,587
Changes in capital assets		
Purchases cash	(58)	
Depreciation	166	
	108	164
Changes in net current assets		
Decrease in closing accruals	(31)	
Increase in stock	(3)	
	(34)	(106)
Direct expenditure	7,338	7,645
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	875	952
Net programme cost	8,213	8,597

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 34 borne elsewhere.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	277	283
Vote 13 Office of Public Works	598	669
	875	952

Notional rent is not recorded in respect of Gallery buildings which are in State ownership and maintained by OPW.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	411	518
Current assets			
Bank and cash		107	4,183
Stocks	2.3	9	6
Prepayments		110	90
Other debit balances	2.4	103	30
Total current assets		329	4,309
Less current liabilities			
Accrued expenses		116	126
Other credit balances	2.5	205	5,036
Net liability to the Exchequer	2.6	5	(823)
Total current liabilities		326	4,339
Net current assets		3	(30)
Net assets		414	488
Represented by:			
State funding account	2.1	414	488

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		488	546
Disbursements from the Vote			
Estimate provision	Account	7,274	
Surplus to be surrendered	Account	(10)	
Net vote		7,264	7,587
Expenditure (cash) borne elsewhere	1	875	952
Net programme cost	1	(8,213)	(8,597)
Balance at 31 December		414	488

2.2 Capital Assets

	Office equipment and motor vehicles €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,574	1,792	4,366
Adjustments ^a	(715)	—	(715)
Additions	31	28	59
Cost or valuation at 31 December 2014	1,890	1,820	3,710
Accumulated depreciation			
Opening balance at 1 January 2014	2,505	1,343	3,848
Adjustments ^a	(715)	—	(715)
Depreciation for the year	68	98	166
Cumulative depreciation at 31 December 2014	1,858	1,441	3,299
Net assets at 31 December 2014	32	379	411
Net assets at 31 December 2013	69	449	518

^a In order to reflect the most accurate valuation of assets, adjustments were required to the cost or valuation of gross assets at 1 January 2014, and to the accumulated depreciation at 1 January 2014 for the removal of older office and IT equipment to reflect their historical physical disposal, which had not been processed on the asset register.

2.3 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	3	5
Cleaning materials	6	1
	9	6

2.4 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Miscellaneous	103	30
	103	30

2.5 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Grant-in-aid fund for acquisitions, refurbishment and conservation	42	4,841
National Gallery Jesuit Fellowship grant-in-aid fund	150	187
Value Added Tax	5	8
Professional Services Withholding Tax	8	—
	<u>205</u>	<u>5,036</u>

2.6 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	10	90
Exchequer grant undrawn	(5)	(913)
Net liability to the Exchequer	<u>5</u>	<u>(823)</u>

Represented by:**Debtors**

Bank and cash	107	4,183
Debit balances: suspense	103	30
	<u>210</u>	<u>4,213</u>

Creditors

Credit balances: suspense	(205)	(5,036)
	<u>5</u>	<u>(823)</u>

The net liability to the exchequer at 31 December 2014 will be settled by end of 2015 and the PMG account will be closed.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	National Gallery			
A.1	Administration - pay	4,678	4,564	4,836
A.2	Administration - non pay	1,990	2,069	2,101
A.3	Grant-in-aid fund for acquisitions, refurbishment and conservation	3,861	3,861	905
A.4	National Gallery Jesuit Fellowship (grant-in-aid)	1	1	1
		10,530	10,495	7,843

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	3,004	3,004	2
2.	Receipts from pension-related deductions on public service remuneration	252	227	254
		3,256	3,231	256

Miscellaneous appropriations-in-aid includes €3.003 million which was originally allocated as a grant in aid for the acquisition of paintings. This funding has been re-allocated to part-fund the Master Development Plan. See Note 7.

In addition to the funds voted by the Oireachtas, the National Gallery of Ireland generated funds from a variety of activities including exhibitions, donations, royalties, and retail sales and commission. These additional funds are accounted for in the National Gallery annual financial statements.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	95	95
	2014	2013
	€000	€000
Pay	4,130	4,378
Higher, special or additional duties allowances	9	10
Other allowances	2	2
Overtime	31	37
Employer's PRSI	392	409
Total Pay	4,564	4,836

Certain individuals received extra remuneration in more than one category.

In addition to the employee numbers and pay figures reported above, the National Gallery of Ireland also employed a further 5 staff (5 in 2013) at the year end from its own resources, at a cost of €163,387 in the year (€143,094 in 2013).

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	3	—	3,422	3,489
Other allowances	24	—	195	220
Overtime	33	—	8,782	10,451

6 Miscellaneous

6.1 Contingent Liabilities

The Gallery is involved in a number of legal challenges which may give rise to financial liabilities depending on their outcome.

6.2 Legal Costs

	2014	2013
	€000	€000
Legal costs paid during the year	78	125
Compensation paid during the year	79	15
	<u>157</u>	<u>140</u>

Legal costs in the year mainly comprised general employment legal advice and representations at hearings in respect of a staff member.

6.3 Other Expenditure

Due to Government budget cutbacks the Board of Governors and Guardians approved expenditure on operating costs totaling €373,982 in 2014 (€298,090 in 2013) from Gallery own resources.

7 Miscellaneous Accounts

7.1 Grant-in-Aid Fund for Acquisitions, Refurbishment and Conservation

	2014				2013
	Purchase and repair of pictures €000	Refurbish-ment €000	Conserva-tion of works of art €000	Purchase of books and journals €000	Total €000
Balance at 1 January	3,003	1,798	20	20	4,841
Grant-in-aid (subhead A.3)	—	818	25	15	858
Transfer from purchase and repair of pictures to refurbishment (a-in-a)	(3,003)	3,003	—	—	—
Expenditure	—	(5,618)	(14)	(25)	(5,657)
Balance at 31 December	—	1	31	10	42

This grant-in-aid fund has been expanded to provide for expenditure on the refurbishment of the Gallery's historic wings under the Master Development Plan (MDP). The MDP is a major refurbishment project which commenced in January 2014, comprising the complete renovation of the Gallery's two oldest wings, at an estimated total cost of €31 million. This project is expected to complete in Spring 2016. The Board of Governors and Guardians committed a total of €11.3 million as a contribution towards the cost of the MDP, the balance of which is being funded by the Department of Arts, Heritage and the Gaeltacht and the Office of Public Works. The National Gallery has provided €5.618 million of its contribution in 2014 as outlined in expenditure above. A further €5.7 million will be provided through the National Gallery's unrestricted funds during 2015 and 2016. These unrestricted funds are accounted for in the National Gallery annual financial statements

7.2 Grant-in-Aid Fund for the National Gallery Jesuit Fellowship

	2014 €000	2013 €000
Balance at 1 January	187	207
Grant-in-aid (subhead A.4)	1	1
Expenditure	(38)	(21)
Balance at 31 December	150	187



Appropriation Account 2014

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 2014 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 2014 including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €19,326 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.

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

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

26 February 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

6 August 2015

Vote 35 Army Pensions

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision for Defence Forces' pension benefits			
	<i>Original</i>	220,990		
	<i>Supplementary</i>	4,700		
			225,690	223,667
			225,674	
				223,667
Gross expenditure				
	<i>Original</i>	220,990		
	<i>Supplementary</i>	4,700		
			225,690	223,667
			225,674	
				223,667
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	5,600		
	<i>Supplementary</i>	(100)		
			5,500	5,657
			5,503	
				5,657
Net expenditure				
	<i>Original</i>	215,390		
	<i>Supplementary</i>	4,800		
			220,190	218,010
			220,171	
				218,010

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	19,326	201,545

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	70	70	80
		70	70	80

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	225,604	223,587
Pay	56	69
Non pay	14	11
Gross expenditure	225,674	223,667
<i>Deduct</i>		
Appropriations-in-aid	5,503	5,657
Direct expenditure	220,171	218,010
Net allied services expenditure (note 1.1)	1,672	1,851
Net programme cost	221,843	219,861

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	e —	151
Vote 36 Defence	e 1,672	1,700
	1,672	1,851

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Current assets			
Bank and cash	2.2	61	237
Other debit balances	2.3	1	2
Total current assets		62	239
Less current liabilities			
Other credit balances	2.4	45	38
Net liability to the Exchequer	2.5	17	201
Total current liabilities		62	239
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	220,190	
Surplus to be surrendered	Account	(19)	
Net vote		220,171	218,010
Expenditure (cash) borne elsewhere	1.1	1,672	1,851
Net programme cost	1	(221,843)	(219,861)
Balance at 31 December		—	—

2.2 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	61	239
Orders outstanding	—	(2)
	<u>61</u>	<u>237</u>

2.3 Other Debit Balances	2014	2013
at 31 December	€000	€000
Other debit suspense items	1	2
	<u>1</u>	<u>2</u>

2.4 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	3	6
	<u>3</u>	<u>6</u>
Payroll deductions held in suspense	42	32
	<u>45</u>	<u>38</u>

2.5 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	19	202
Exchequer grant undrawn	(2)	(1)
Net liability to the Exchequer	<u>17</u>	<u>201</u>

Represented by:**Debtors**

Bank and cash	61	237
Debit balances: suspense	1	2
	<u>62</u>	<u>239</u>

Creditors

Due to State	(3)	(6)
Credit balances: suspense	(42)	(32)
	<u>(45)</u>	<u>(38)</u>
	<u>17</u>	<u>201</u>

3 Programme Expenditure by Subhead

		2014		2013
		Estimate	Provision	Outturn
		€000	€000	€000
A	Provision for Defence Forces' pension benefits			
A.1	Administration - pay		70	70
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service			80
	<i>Original</i>	210,620		
	<i>Supplementary</i>	<u>6,120</u>	216,740	216,717
				214,184
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces			
	<i>Original</i>	9,400		
	<i>Supplementary</i>	<u>(1,130)</u>	8,270	8,281
				8,635
A.4	Payments to dependents of veterans of the War of Independence			
	<i>Original</i>	600		
	<i>Supplementary</i>	<u>(38)</u>	562	563
				724
A.5	Compensation payments			
	<i>Original</i>	200		
	<i>Supplementary</i>	<u>(192)</u>	8	4
				6
A.6	Medical appliances and travelling and incidental expenses			
	<i>Original</i>	100		
	<i>Supplementary</i>	<u>(60)</u>	40	39
				38
			<u>225,690</u>	<u>225,674</u>
				<u>223,667</u>

Significant variations

A Supplementary Estimate of €6.12 million was required on Subhead A2 to meet the costs of increased numbers of Army Pensioners. This was partly offset by savings of €1.42 million arising mainly on Subheads A3 and A5, which are demand driven. In any given year, it is very difficult to accurately predict the exact numbers of voluntary retirements from the Defence Forces with entitlement to immediate retirement benefits, the level of which will vary depending on service, retiring rank and pensionable pay. This can contribute to greater than expected expenditure. The original allocation was not sufficient to meet all requirements in 2014.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Contributions to Defence Forces Spouses' and Children's Pension Schemes	3,947	3,952	4,122
2.	Contributions to Defence Forces Contributory (Main) Pensions Schemes	1,500	1,514	1,476
3.	Recoveries of overpayments			
	<i>Original</i>	40		
	<i>Supplementary</i>	(10)	30	22
4.	Payments received in respect of transferred service			
	<i>Original</i>	40		
	<i>Supplementary</i>	(25)	15	12
5.	Miscellaneous			
	<i>Original</i>	70		
	<i>Supplementary</i>	(65)	5	—
6.	Receipts from pension-related deduction on public service remuneration		3	3
Total		5,500	5,503	5,657

Explanation of significant variations

A negative supplementary estimate reduced the original appropriations-in-aid estimate by €100,000.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (whole time equivalents)	1	2
	2014 €000	2013 €000
Pay	55	67
Employer's PRSI	1	2
Total Pay	56	69

One staff member provides administrative support to the Army Pensions Board.

25.2 employees (WTEs) of the Department of Defence are engaged in the administration of pensions and other related payments. Their remuneration, which amounts to some €1.1 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)	
	2014	2013	2014 €	2013 €
Retired officers	1,696	1,645	€30,600	€31,200
Retired NCOs and privates	8,309	8,264	€16,500	€16,400
Dependants and other ^b	2,033	2,085		
Totals	12,038	11,994		

^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, while related 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 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 2014 was €9,000, broadly the same as in 2013.

5.2 Retirement gratuity (lump sum) – Average payments where retiring on pension^a

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2014	2013	2014	2013
			€	€
Officers – new retirees on pension during the year	71	55	€85,500	€80,600
NCOs and privates – new retirees on pension during the year	188	209	€42,500	€38,600

^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 Overpayments

There are currently 81 overpayment cases on hand amounting to €50,303, of which €33,693 relates to previous years. Overpayments of €58,921 came to light in 2014 of which €39,957 was recovered and €2,354 written off. Efforts are ongoing to recover the outstanding amounts.

	€	€
Opening balance		46,015
Identified overpayment 2014		58,921
		104,936
Recouped		
2014	39,957	
Pre-2014	11,438	
		51,395
		53,541
Written off		
2014	2,354	
Pre-2014	884	
		3,238
Closing balance		50,303



Appropriation Account 2014

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 2014 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-in-aid.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €13.58 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 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 all military equipment and IT assets but exclude items of furniture and fittings that cost less than €600.

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).

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 the guidelines with the exception of 40 contracts to the value of €8 million which were listed in my annual return in respect of Circular 40/2002. These contracts primarily relate to expenditure on specialised defensive equipment, naval vessels and military aircraft.

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.

Military stock and inventory

Given the variety and volume of military stock required to be held by the Defence Forces, the valuation of inventory is a significant task. The value of military stock has been significantly reduced in recent years following the re-organisation of the Defence Forces and initiatives to identify and remove slow moving and obsolete stock items. Considerable work has also been undertaken on the on-going project to re-classify certain categories of inventory as fixed assets (including the re-classification of low value high volume items from inventory to assets). An external review of military inventory has been carried out and the recommendations are being progressed with a view to implementation as soon as possible. These processes are on-going and will result in enhanced validity and accuracy of inventory valuation and reporting.

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 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

28 August 2015

Vote 36 Defence

Appropriation Account 2014

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs			
	<i>Original</i>	676,929		
	<i>Supplementary</i>	1		
	<i>Deferred surrender</i>	900		
			677,830	672,960
				666,963
Gross expenditure				
	<i>Original</i>	676,929		
	<i>Supplementary</i>	1		
	<i>Deferred surrender</i>	900		
			677,830	672,960
				666,963
<i>Deduct</i>				
B	Appropriations-in-aid		36,638	45,345
				48,436
Net expenditure				
	<i>Original</i>	640,291		
	<i>Supplementary</i>	1		
	<i>Deferred surrender</i>	900		
			641,192	627,615
				618,527

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.

	2014	2013
	€	€
Surplus	13,577,097	21,130,320
Deferred surrender	—	(900,000)
Surplus to be surrendered	13,577,097	20,230,320

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,951	17,046	17,246
ii	Travel and subsistence	500	504	484
iii	Training and development and incidental expenses	210	175	171
iv	Postal and telecommunications services	700	576	624
v	Office equipment and external IT services	2,395	2,361	1,865
vi	Office premises expenses	1,272	957	972
vii	Consultancy services and value for money and policy reviews	25	—	13
viii	EU Presidency	—	7	154
		23,053	21,626	21,529

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost		651,334	645,434
Pay		17,046	17,318
Non pay		4,580	4,211
Gross expenditure		672,960	666,963
<i>Deduct</i>			
Appropriations-in-aid		45,345	48,436
Net expenditure		627,615	618,527
Changes in capital assets			
Purchases cash	(84,078)		
Depreciation	37,305		
Loss on disposals	3,384		
Disposals cash	10		
		(43,379)	31,817
Changes in assets under development			
Cash payments		(6,412)	(5,940)
Changes in net current assets			
Decrease in closing accruals	(1,843)		
Decrease in stock	21,498		
		19,655	(34,282)
Direct expenditure		597,479	610,122
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		8,226	7,393
Notional rents		1,071	1,949
Net programme cost		606,776	619,464

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 36 borne elsewhere and amounts borne on Vote 36 in respect of other services.

		2014	2013
		€000	€000
Vote 1 President's Establishment	e	(409)	(389)
Vote 2 Department of the Taoiseach	e	(58)	(50)
Vote 7 Revenue Commissioners	e	2	1
Vote 12 Superannuation and Retired Allowances	e	9,504	8,501
Vote 13 Office of Public Works	e	742	844
Vote 35 Army Pensions	e	(1,672)	(1,700)
Central Fund – Ministerial pensions	e	117	186
		8,226	7,393

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	363,934	316,959
Capital assets under development	2.3	365	3,068
		364,299	320,027
Current assets			
Bank and cash	2.4	5,665	8,075
Stocks	2.5	243,570	265,068
Prepayments	2.6	110,394	108,431
Accrued income		1,695	1,855
Other debit balances	2.7	618	892
Total current assets		361,942	384,321
Less current liabilities			
Accrued expenses		2,156	2,029
Deferred income		45	22
Other credit balances	2.8	5,432	4,066
Net liability to the Exchequer	2.9	851	4,901
Total current liabilities		8,484	11,018
Net current assets		353,458	373,303
Net assets		717,757	693,330
Represented by:			
State funding account	2.1	717,757	693,330

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		693,330	682,714
Disbursements from the Vote			
Estimate provision	Account	641,192	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(13,577)	
Net vote		627,615	618,527
Expenditure (cash) borne elsewhere	1	8,226	7,393
Non cash expenditure – notional rent	1	1,071	1,949
Transfers – capital assets under development	2.3	(9,115)	(4,540)
Asset adjustment		3,406	4,820
Transfers from Civil Defence Board	2.2	—	1,931
Net programme cost	1	(606,776)	(619,464)
Balance at 31 December		717,757	693,330

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 2014	835,800	2,249	41,955	3,644	883,648
Reclassification from stock ^a	9,607	—	—	—	9,607
Adjustment ^b	(42)	—	—	—	(42)
Additions	81,231	417	2,590	30	84,268
Disposals	(23,434)	(19)	(3,576)	(46)	(27,075)
Cost or valuation at 31 December 2014	903,162	2,647	40,969	3,628	950,406
Accumulated depreciation					
Opening balance at 1 January 2014	526,810	437	37,216	2,226	566,689
Depreciation on reclassified items ^a	6,159	—	—	—	6,159
Depreciation for the year	34,894	324	1,877	210	37,305
Depreciation on disposals	(20,196)	(7)	(3,438)	(40)	(23,681)
Cumulative depreciation at 31 December 2014	547,667	754	35,655	2,396	586,472
Net assets at 31 December 2014	355,495	1,893	5,314	1,232	363,934
Net assets at 31 December 2013	308,990	1,812	4,739	1,418	316,959

^a Arising from a review of the inventory system, certain items which were previously recorded as stock have been reclassified as capital assets.

^b The adjustment arose due to inventory items being recorded on the inventory system at average costs and then being transferred to the asset register at actual purchase price.

The Department of Defence administers land (approx. 8,400 hectares) and buildings at 78 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 Construction projects in progress

at 31 December

	€000
Amounts brought forward at 1 January 2014	3,068
Cash payments in year	6,412
Transferred to asset register ^a	(9,115)
Balance at 31 December 2014	365

^a Notional transfer to asset register.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000

PMG balance	4,662	7,150
Other bank and cash balances	1,003	925
	<u>5,665</u>	<u>8,075</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000

Military stocks

Opening balance 1 January	264,448	265,777
Purchases during the year	41,029	44,538
Issues during the year	(50,710)	(43,888)
Write-offs, obsolete stock, etc. ^a	(4,900)	(3,928)
Adjustment ^b	2,726	6,029
Reclassification to fixed assets ^c	(9,607)	(4,080)
	<u>242,986</u>	<u>264,448</u>
Civil Defence	529	566
Stationery	29	28
IT consumables	26	26
	<u>243,570</u>	<u>265,068</u>

^a Work is ongoing to identify and remove slow moving and obsolete military stock items.

^b The adjustment arose following a review of the categorisation of stock items.

^c Some military stock items were reclassified as assets in 2014 (see note 2.2).

2.6 Prepayments	2014	2013
at 31 December	€000	€000

Naval vessels construction (note 2.10 (c))	81,295	84,230
Other	29,099	24,201
	<u>110,394</u>	<u>108,431</u>

€81 million represents the advance payments made on the Naval Vessels Replacement Project from 2011-2014.

2.7 Other Debit Balances	2014	2013
at 31 December	€000	€000

Suspense	618	892
	<u>618</u>	<u>892</u>

2.8 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State

Professional Services Withholding Tax	115	103
Pay Related Social Insurance	(25)	(39)
Income Tax	46	33
Relevant Contracts Tax	16	29
Pension contributions	25	21
Universal Social Charge	(12)	(15)
Value Added Tax	5,185	3,833
	5,350	3,965
Payroll deductions	5	15
Suspense	77	86
	5,432	4,066

2.9 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	13,577	20,230
Deferred surrender	—	900
Exchequer grant undrawn	(12,726)	(16,229)
Net liability to the Exchequer	851	4,901

Represented by:**Debtors**

Bank and cash	5,665	8,075
Debit balances: suspense	618	892
	6,283	8,967

Creditors

Due to State	(5,350)	(3,965)
Credit balances: suspense	(82)	(101)
	(5,432)	(4,066)
	851	4,901

2.10 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	76,286	72,695

(a) Global commitments

The figure of €76.3 million includes €57 million for the naval vessel replacement programme and €11 million for the purchase of defensive equipment.

(b) Multi-annual capital commitments

Expenditure in 2014 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:

	2014	2013
	€000	€000
Expenditure	6,412	5,940
Commitments to be met in subsequent years	4,812	3,260

(c) Major projects

Expenditure on projects where the total estimated cost will exceed €6.35 million.

				2014	2013
	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent expenditure	Project total	Project total
	€000	€000	€000	€000	€000
Project					
Naval vessels replacement project	84,230	58,425	56,703	199,358	132,200

The Department entered into a contract in 2014 to procure a third vessel at a contract price of €67.2 million inclusive of VAT.

2.11 Matured Liabilities

Matured liabilities outstanding at year end amounted to €478,501.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Defence policy and support, military capabilities and operational outputs			
A.1	Administration - pay		17,951	17,053
A.2	Administration - non pay		5,102	4,573
A.3	Permanent Defence Force: pay			
	<i>Original</i>	422,466		
	<i>Supplementary</i>	(25,800)	396,666	395,573
A.4	Permanent Defence Force: allowances			413,394
	<i>Original</i>	35,279		
	<i>Supplementary</i>	(1,000)	34,279	34,337
A.5	Reserve Defence Force: pay, etc.			40,074
	<i>Original</i>	3,150		
	<i>Supplementary</i>	(1,000)	2,150	1,858
A.6	Chaplains and officiating clergymen: pay and allowances		1,225	1,187
A.7	Civilians attached to units: pay, etc.			1,108
	<i>Original</i>	32,370		
	<i>Supplementary</i>	(4,999)	27,371	25,472
A.8	Defensive equipment		26,500	26,931
A.9	Air Corps: equipment and expenses		14,100	16,936
A.10	Military transport		10,950	10,856
A.11	Naval Service: equipment and expenses			10,437
	<i>Original</i>	36,600		
	<i>Supplementary</i>	32,800	69,400	70,553
A.12	Barrack expenses and engineering equipment		13,800	13,200
A.13	Buildings			15,505
	<i>Current year provision</i>	12,977		
	<i>Deferred surrender</i>	900	13,877	13,743
A.14	Ordnance, clothing and catering		14,970	11,633
A.15	Communications and information technology		6,340	7,623
A.16	Military training		1,950	1,912
A.17	Travel and freight services		2,568	2,707
A.18	Medical expenses		2,600	2,599
A.19	Lands		1,000	1,215
A.20	Equitation		860	943
A.21	Compensation and associated costs		5,000	4,244
A.22	Miscellaneous expenditure		3,066	2,401
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy		996	1,191
A.24	Civil Defence		4,240	4,405
A.25	Irish Red Cross Society (grant-in-aid)		869	869
			677,830	672,960
				666,963

Significant variations

Overall, the expenditure in relation to Programme A was €4.87 million lower than provided. This was mainly due to the following variations at subhead level.

Description	Less/(more) than provided €000	Explanation
Reserve Defence Force: pay, etc.	292	The saving is mainly due to lower than anticipated uptake of paid training by reservists.
Civilians attached to units: pay, etc.	1,899	The saving is mainly due to a reduction in the number of civilian employees.
Air Corps: equipment and expenses	(2,836)	The excess relates mainly to additional aircraft maintenance requirements and training costs, and additional demand for fuel for increased operational requirements.
Ordnance, clothing and catering	3,337	The savings arose due to the rationalisation of stores which reduced short term procurement of ordnance equipment and also longer than anticipated lead times for clothing.
Communications and information technology	(1,283)	The excess is mainly due to required enhancements to information management architecture, communications equipment and security systems.
Travel and freight services	(139)	The excess is due mainly to increased requirements for military foreign travel and is partly offset by a reduction in home travel costs.
Lands	(215)	The excess is due to additional expenditure incurred on maintenance and security on a number of premises due to delays in disposals.
Compensation and associated costs	756	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.
Miscellaneous expenditure	665	The saving is due to a number of variables including slower than anticipated progress on projects, savings on Defence Forces canteen facilities and reduced administrative costs.
Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	(195)	The excess is due to an increase in common costs for European Union missions.

A technical supplementary estimate increased subhead A.11 by €32.8 million to facilitate payments under the Naval Vessel Replacement Programme.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from United Nations in respect of overseas allowances, etc.	3,445	6,133	8,529
2.	Receipts from EU in respect of fishery protection costs	50	—	63
3.	Receipts from banks and other organisations	8,100	8,924	8,439
4.	Receipts from occupation of official quarters	227	224	240
5.	Receipts from rations on repayment	745	997	1,030
6.	Receipts from other issues on repayment	60	41	48
7.	Receipts for aviation fuel	70	40	191
8.	Receipts on discharge by purchase	50	75	40
9.	Lands and premises			
	(a) rents, etc.	400	525	600
	(b) sales	500	3,258	1,422
10.	Sale of surplus stores	200	109	899
11.	Refunds in respect of services of seconded personnel	41	79	232
12.	Miscellaneous	350	2,363	1,400
13.	Receipts from pension-related deduction on public service remuneration	22,400	22,551	25,303
14.	HRA Salary Sacrifice	—	26	—
Total		36,638	45,345	48,436

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
Receipts from United Nations in respect of overseas allowances, etc.	(2,688)	Receipts from the United Nations were higher than anticipated in respect of equipment costs.
Receipts from banks and other organisations	(824)	Receipts under this subhead are subject to a number of unpredictable variables, including the number and duration of escorts provided by the Defence Forces.
Receipts from rations on repayment	(252)	The surplus is due to higher than anticipated numbers of personnel availing of rations.
Lands and premises (a) rents, etc.	(125)	The surplus is due to higher than anticipated use of properties and facilities.
Lands and premises (b) sales	(2,758)	Property sales in 2014 raised significantly more than expected.
Miscellaneous	(2,013)	The surplus is due mainly to higher than anticipated receipts in respect of the Emergency Aeromedical Support Service.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Receipt of conscience money	1	—
Transferred to Exchequer	(1)	—
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	10,147	10,134
	2014	2013
	€000	€000
Pay	397,583	417,166
Higher, special or additional duties allowance	230	256
Overtime	414	472
Shift and roster allowance	207	215
Military and other allowances	28,001	34,184
Employer's PRSI	36,407	38,089
Total Pay	462,842	490,382

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for three personnel and total pay of €198,174. This office produces a separate account.

The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.1 Civil Servants

	2014	2013
Number of staff at year end (full time equivalents)	339	339
	2014	2013
	€000	€000
Pay	16,208	16,494
Higher, special or additional duties allowances	100	81
Overtime	103	100
Other allowances	7	5
Employer's PRSI	635	638
Total Pay	17,053	17,318

The pay figure includes severance and redundancy payments totalling €14,882 paid in 2014.

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	27	4	15,574	17,690
Overtime	62	—	9,777	7,430
Other allowances	14	—	2,123	1,737

Certain individuals received extra remuneration in more than one category.

5.2 Civilian Employees

	2014	2013
Number of staff at year end (full time equivalents)	508	534
	2014	2013
	€000	€000
Pay	18,462	21,480
Higher, special or additional duties allowances	130	175
Overtime	311	372
Shift and roster allowance	207	215
Travel time allowance	533	590
Tool and other allowances	276	325
Employer's PRSI	1,949	2,163
Total Pay	21,868	25,320

The pay figure includes severance and redundancy payments totalling €346,563 which was paid to six civilian employees in 2014.

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014	Maximum individual payment 2013
			€	€
Higher, special or additional duties	76	—	8,026	7,220
Overtime	139	5	15,833	27,014
Shift and roster allowance	32	4	15,039	17,446
Travel time allowance	87	9	12,030	12,030
Tool and other allowances	321	—	3,235	3,235

Certain individuals received extra remuneration in more than one category.

5.3 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2014	2013
Number of staff at year end (full time equivalents)	9,299	9,261
	2014	2013
	€000	€000
Pay and military service allowance	362,913	379,192
Overseas allowances	12,127	15,023
Security duty allowances	8,066	9,786
Border duty allowance	3,009	3,499
Patrol duty allowance	2,519	3,165
Miscellaneous allowances	1,464	1,791
Employer's PRSI	33,823	35,288
Total pay	423,921	447,744

Allowances	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014	Maximum individual payment 2013
			€	€
Overseas allowances	1,249	534	37,139	40,811
Security duty allowances	7,586	14	15,070	13,527
Border duty allowance	751	—	9,748	24,468
Patrol duty allowance	695	6	10,819	10,455
Miscellaneous allowances	863	—	7,294	11,823

Certain individuals received allowances in more than one category.

5.4 Special Payments

The sum of €318,302 was paid to serving military personnel and certain discharged personnel in respect of arrears of their entitlement to holiday pay and covers the period October to December 2013.

The sum of €457,023 was paid to 75 military personnel for loss of earnings due to the cessation of border duty and specialised instructors' allowances and covers the period July 2012 to June 2013.

The sum of €355,083 was paid to 164 enlisted personnel for loss of earnings due to barrack closures and covers the period March 2011 to February 2013.

The sum of €59,515 was paid to 23 enlisted personnel as arrears of technical pay on foot of the re-organisation of the Defence Forces and covers the period March 2013 to October 2014.

The sum of €31,352 was paid to four enlisted personnel for loss of earnings due to the cessation of the fire service duty allowance and covers the period May 2012 to April 2014.

5.5 Seconded Staff

This account includes a total of €88,049 in respect of the remuneration of military personnel on secondment.

5.6 Revenue Settlement

Following an internal review of all medical services provided to members of the Defence Forces and their families, and an unprompted voluntary disclosure, a payment of €281,255 on account, including interest, was made to the Office of the Revenue Commissioners in 2014. This was in respect of an underpayment of PAYE, PRSI and USC in respect of certain medical services covering the period 2011 to 2013.

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:

	2014	2013
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	15,956	27,029
UNDOF (Golan Heights)	9,667	2,381
KFOR (Kosovo)	1,221	1,209
EUFOR (Bosnia Herzegovina)	817	747
Other UN and EU Missions	3,974	4,293
	31,635	35,659
Other:		
Military representatives and advisors	1,819	1,999
Nordic Battle Group	1,234	47
Organisation for Security and Co-operation in Europe	397	462
Total	35,085	38,167

Of the sum of €32 million for UN and EU missions, €6 million relates to missions the full costs of which are borne by the State. The remaining €26 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The amount actually received from the UN by way of appropriations-in-aid in 2014 was €6.1 million (Note 4.1), of which €3.6 million related to personnel costs and €2.5 million to equipment costs. The amount outstanding at year end was €1.2 million (€0.65 million personnel costs for UNIFIL and UNDOF and €0.55 million equipment costs for UNIFIL only. Equipment costs for UNDOF are under negotiation with the UN).

A claim that was submitted to the UN relating to costs associated with the withdrawal from MINURCAT (Chad) is still under negotiation.

6.2 Support for Defence Forces' Representative Associations

This account includes a total of €458,860 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-offs

103 cases of damage to military vehicles resulted in the sum of €87,533 being written off.

6.4 Personal Injury and Employment Case Claims

at 31 December	2014	2013
Numbers of settled claims:		
State Claims Agency	95	137
Other	42	22
Numbers of claims on hand:	338	330
Of which referred to State Claims Agency	289	273

6.5 Legal Costs

Expenditure for the year ended 31 December	2014	2013
	€000	€000
Legal fees	1,373	1,549
Compensation	2,849	2,260
	<u>4,222</u>	<u>3,809</u>

The above figures in respect of legal fees and compensation refer primarily to the claims disclosed in note 6.4.

6.6 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.

Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Acres) ^a
Clare	
Knockalisheen Camp	160.25
Cork	
Murphy Barracks, Ballincollig	2.2
Collins Barracks, Cork	59.8
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	11
RDF Premises, Kilcrohane	1
Michael Collins Memorial Plot, Beál na Bláth	0.01
RDF Premises, Skibbereen	0.5
RDF Premises, Mallow	0.07
RDF Premises, Youghal	0.11
Part of old Military Barracks, Buttevant	—
Donegal	
Military Post, Lifford	2.6
Dublin	
Casement Aerodrome, Baldonnell including sewage farm & land adjacent	685
Esplanade, Collins Barracks	0.5
Site at Islandbridge, Dublin 8	1
Galway	
Oranmore Rifle Range	534
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	74
RDF Premises, Ballinasloe	0.5
Kerry	
Ballymullen Barracks, Tralee	15
Fort Shannon, Tarbert	2
RDF Premises, Listowel	0.22
RDF Premises, Killorglin	0.25

^a Acreages stated are approximate. Most of the properties contain buildings thereon.

Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Acres) ^a
Kildare	
Curragh Camp and Lands	4,870
Curragh Lands – Kildare By-Pass	—
Houses at Orchard Park (2,23,78,85,96), Curragh	—
Magee Barracks, Kildare	56.33
Lands at Blackrath, Curragh	35.5
Kilkenny	
Stephens' Barracks, Kilkenny	14
Louth	
Red Barns Rifle Range, Dundalk	13.50
Mayo	
RDF Premises, Westport - Leased	0.50
Meath	
Gormanston Camp and Aerodrome	261
RDF Premises, Navan	0.50
Offaly	
Former Military Barracks, Birr	4.90
Roscommon	
Rifle Range, Carna	283
Tipperary	
Rifle Range, Kilcoran	13.50
Barnane Rifle Range, Templemore	—
Waterford	
Military Barracks, Waterford	0.80
Westmeath	
Columb Barracks, Mullingar	23.75
Custume Barracks, Athlone	13
Garrynafela Lands, Athlone	14.75
Wicklow	
Glen of Imaal Artillery Range	6,669
Coolmooney Camp and Lands	241
Kilpeddar Rifle Range, Bray	98
Rockbrae House and Lands, Bray	4.83
Range Warden's Post, Seskin	1
RDF Premises, Wicklow - leased	0.23

^a Acreages stated are approximate. Most of the properties contain buildings thereon.

Schedule of Land and Buildings

2. Vested in the Minister for Finance

Property	Area (Acres) ^a
Clare	
RDF Premises, Ennis	0.25
Cork	
Kilworth Camp and Range	3,404
Portion at Kilworth Camp for provision of road services to NRA	26.42
Bere Island	225
Naval Base, Haulbowline ^b	84
Fort Davis, Whitegate	74
Fort Templebreedy, Crosshaven	37
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	840
Dublin	
Cathal Brugha Barracks, Rathmines	46
Cathal Brugha Barracks No 17 – 28 Quarters	—
McKee Barracks, Blackhorse Avenue	45
McKee Park, No 64	—
St. Bricin's Hospital, D7	8
Old School House, Arbour Hill	—
2 Tomar Court, Arbour Hill	—
Laois	
RDF Premises, Portlaoise	0.077
Limerick	
Sarsfield Barracks, Limerick	14.80
Longford	
Connolly Barracks, Longford	14
Portion of Connolly Barracks Longford	0.37
RDF Premises Longford	—
Louth	
Aiken Barracks, Dundalk	18

^a Acreages stated are approximate. Most of the properties contain buildings thereon.

^b Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Schedule of Land and Buildings

2. Vested in the Minister for Finance

Property	Area (Acres) ^a
Mayo	
Military Barracks, Castlebar	6
Roscommon	
Rifle Range, Cushla	139
Military Barracks, Boyle	0.50
Tipperary	
Kickham Barracks, Clonmel	11
Military Barracks, Nenagh	2.70
Part of McCann Bks., Templemore	0.39
Wexford	
Military Barracks, Wexford	1
Wicklow	
Kilbride Camp and Rifle Range	1,574

^a Acreages stated are approximate. Most of the properties contain buildings thereon.



Appropriation Account 2014

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.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2014 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 grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €38.19 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:

Recognition of payments

Payments consist of those sums which come in the course of payment during the year. Sums are deemed to have come in the course of payment where the 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 early encashment by customers in Post Offices, which refer to the subsequent year, are recognised as prepayments.

Treatment of recovered overpayments

Recovery of debts in respect of general scheme overpayments are brought to account as follows

- debts recovered by way of monetary receipt are brought to account on a cash receipts basis
- debts recovered by way of deduction from scheme entitlements are off-set against scheme expenditure at the date of deduction.

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 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, see note 5.4.

Following the identification, during the 2012 and 2013 audits, of deficiencies in regard to the reconciliation of the Department's asset registers and capital assets under development with the amounts recorded in the appropriation account, a fixed asset working group was established in 2013 to address the issues raised and continued its work during 2014. The work of the Group is focused on updating the fixed asset registers to account for physical inventory, asset tracking and the formal retirement of obsolete assets no longer in use. It is envisaged that this group will continue with its work throughout 2015 and 2016. During 2014, physical inventories were conducted in three of the Department's 363 locations together with asset existence test in one other location. An electronic inventory of computers and periphery equipment began in late 2014 with a view to completion by end of 2015. The total value of the inventories including the existence test and excluding the electronic inventory was €1.8 million.

A new Debt and Receipts Accounting System (DRAS) was introduced in the Department in November 2014. The system allows for the automatic recording of debt recovered in local Department of Social Protection (DSP) offices.

Amounts received in local offices and not yet lodged to the DSP bank account represent cash on hand. At 31 December 2014, the recorded balance of cash on hand was €364,619. This balance was produced by way of automatic postings from the DRAS system to the Department general ledger. It was not centrally verified against local office records.

Arrangements are now in place that local offices make monthly returns of cash in hand for central reconciliation to the Department's general ledger.

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 is compliant with the exception of ten contracts to the value of €1 million which were not subject to a competitive procurement process. These exceptions occurred for business continuity reasons.

The Department is taking remedial action in respect of all these contracts. In seven out of the 10 cases procurements have completed, two are now in train and in the final case the work is now being supported in-house. Details of all these contracts are included in the Department's annual 40/2002 return to the Department of Public Expenditure and Reform, and to the Comptroller and Auditor General.

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 2014. There are no significant financial risks in respect of contingent assets or liabilities not disclosed in the account.

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.

Niamh O'Donoghue

Accounting Officer

Department of Social Protection

21 September 2015

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 2014 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 37 Social Protection for the year ended 31 December 2014.

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

Regularity of expenditure

Chapter 16 of my report on the accounts of the public services for 2014 relates to welfare payments in excess of entitlement included in the 2014 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 2014.

Reporting on matters arising from audit

My report on the accounts of the public services for 2014 refers to certain other matters relating to Vote 37. Chapter 15 refers to the funding of the Social Insurance Fund. Chapter 17 refers to irregularities in school meal scheme payments.

Seamus McCarthy
Comptroller and Auditor General

22 September 2015

Vote 37 Social Protection

Appropriation Account 2014

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund			
Administration	479,140	470,372	472,373
Pensions	940,000	954,411	952,457
Working age – income supports	3,970,170	4,053,150	4,395,017
Working age – employment supports	1,065,380	1,025,378	985,053
Illness, disability and carers	1,961,760	2,041,232	1,934,757
Children	2,283,860	2,264,756	2,251,807
Supplementary payments, agencies and miscellaneous services	713,140	720,155	802,139
Subvention to the Social Insurance Fund	685,470	541,798	1,314,130
Gross expenditure	12,098,920	12,071,252	13,107,733
<i>Deduct</i>			
Appropriations-in-aid	242,020	252,543	250,003
Net expenditure	11,856,900	11,818,709	12,857,730

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	38,190,523	228,556,326

Analysis of administration expenditure

	2014		2013
	Estimate	Outturn	Outturn
	provision		
	€000	€000	€000
i. Salaries, wages and allowances	290,611	297,315	301,091
ii. Travel and subsistence	5,150	4,453	4,897
iii. Training and development and incidental expenses	11,815	4,745	4,456
iv. Postal and telecommunications services	20,500	19,195	20,137
v. Office equipment and external IT services	32,628	32,813	25,585
vi. Office premises expenses	35,965	32,839	31,462
vii. Consultancy services	1,508	1,327	1,145
viii. Payments for agency services	74,814	70,941	76,901
ix. eGovernment related projects	6,149	6,744	6,371
x. <i>EU Presidency</i>	—	—	328
	479,140	470,372	472,373

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Programme cost	11,600,880		12,635,360
Pay	297,315		301,091
Non pay	173,057		171,282
Gross expenditure	12,071,252		13,107,733
<i>Deduct</i>			
Appropriations-in-aid	252,543		250,003
Net expenditure	11,818,709		12,857,730
Changes in capital assets			
Purchases cash	(12,878)		
Depreciation	11,758		
Loss on disposals	4	(1,116)	(2,339)
Changes in assets under development			
Cash payments		(5,179)	(3,744)
Changes in net current assets			
Decrease in closing accruals	(11,633)		
Decrease in stock	24		
		(11,609)	(423)
Direct expenditure	11,800,805		12,851,224
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	43,369		35,670
Notional rents	10,377		10,770
Net programme cost	11,854,551		12,897,664

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.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 30	—
Vote 12 Superannuation and Retired Allowances	e 31,959	24,922
Vote 13 Office of Public Works	e 11,262	10,743
Vote 20 Garda Síochána	e 91	—
Central Fund - Ministerial pensions	e 27	5
	<u>43,369</u>	<u>35,670</u>

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	56,749	54,336
Capital assets under development	2.3	<u>20,163</u>	<u>15,705</u>
		76,912	70,041
Current assets			
Stocks	2.5	447	471
Prepayments		67,300	53,080
Social Insurance Fund suspense account ^a		228,862	205,660
Other debit balances	2.6	67,795	32,376
Net Exchequer funding due	2.8	<u>23,563</u>	<u>(6,531)</u>
Total current assets		387,967	285,056
Less current liabilities			
Bank and cash	2.4	300,828	219,350
Accrued expenses		71,874	69,287
Other credit balances	2.7	<u>19,392</u>	<u>12,155</u>
Total current liabilities		392,094	300,792
Net current liabilities		<u>(4,127)</u>	<u>(15,736)</u>
Net assets		<u>72,785</u>	<u>54,305</u>
Represented by:			
State funding account	2.1	<u>72,785</u>	<u>54,305</u>

^a 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	2014 €000	2013 €000
Balance at 1 January		54,305	47,712
Adjustment	2.3	576	87
Disbursements from the Vote			
Estimate provision	Account	11,856,900	
Surplus to be surrendered	Account	<u>(38,191)</u>	
Net Vote		11,818,709	12,857,730
Expenditure (cash) borne elsewhere	1	43,369	35,670
Non cash expenditure – notional rent	1	10,377	10,770
Net programme cost	1	<u>(11,854,551)</u>	<u>(12,897,664)</u>
Balance at 31 December		<u>72,785</u>	<u>54,305</u>

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	286,592	34,179	320,771
Additions	13,165	1,010	14,175
Disposals	(4,789)	(100)	(4,889)
Cost or valuation at 31 December 2014	294,968	35,089	330,057
Accumulated depreciation			
Opening balance at 1 January 2014	238,800	27,635	266,435
Depreciation for the year	10,254	1,504	11,758
Depreciation on disposals	(4,788)	(97)	(4,885)
Cumulative depreciation at 31 December 2014	244,266	29,042	273,308
Net assets at 31 December 2014	50,702	6,047	56,749
Net assets at 31 December 2013	47,792	6,544	54,336

2.3 Capital Assets under Development

at 31 December

	In-house computer applications €000
Amounts brought forward at 1 January 2014	15,705
Adjustment ^a	576
Cash payments for the year ^b	5,179
Transferred to asset register	(1,297)
Balance at 31 December 2014	20,163

^a Adjustment refers to accounting for cash payments in previous year not previously disclosed.

^b Cash payments do not include in-house developed software which is fully developed during the course of the year.

2.4 Bank and Cash

at 31 December	2014	2013
	€000	€000
An Post balances	161,919	134,043
PMG balances	(476,506)	(388,568)
Commercial bank and cash	13,759	35,170
Orders outstanding	—	5
	<u>(300,828)</u>	<u>(219,350)</u>

An Post accounts are pre-funded by Vote 37 and the SIF to meet the Department's expenditure liabilities as they fall due. At the end of 2014 the combined balance held by An Post in respect of Vote 37 and the SIF was €245,745,465. The combined corresponding balance at the end of 2013 was €243,576,310.

2.5 Stocks

at 31 December	2014	2013
	€000	€000
Stationery	402	453
IT consumables	45	18
	<u>447</u>	<u>471</u>

2.6 Other Debit Balances

at 31 December	2014	2013
	€000	€000
Advances to An Post for postage expenditure	1,209	933
Advances to OPW for office furniture, building and electrical work	1,218	4,315
Advances to Pobal	8,780	7,700
Scheme prepayments ^a	37,233	16,333
Other debit suspense	13,250	169
Due from Social Insurance Fund (SIF) in respect of SIF schemes	6,105	2,926
	<u>67,795</u>	<u>32,376</u>

^a At 31 December 2014 there were prepayments for Vote schemes of €37,232,786 of which €12,588,548 were made via An Post and €24,644,238 were made via bank electronic funds transfer. The increase in 2014 over 2013 is mainly due to prepayments made in respect of One-Parent Family Payment, Family Income Supplement and Carers Allowance.

2.7 Other Credit Balances

at 31 December	2014	2013
	€000	€000
Amounts due to the State		
Income Tax	2,731	2,739
Superannuation contributions	632	593
Pay Related Social Insurance	1,839	1,808
Interstat Value Added Tax	19	103
Professional Services Withholding Tax	439	377
Local Property Tax ^a	144	47
Extra Exchequer receipts	4	8
	<u>5,808</u>	<u>5,675</u>
Payroll deductions	2,875	2,776
Due to SIF in respect of Vote schemes	8,802	2,289
Other credit suspense items	1,907	1,415
	<u>19,392</u>	<u>12,155</u>

^a Under Section 84 of the Finance (Local Property Tax) Act 2012, the Revenue Commissioners may direct DSP to make deductions from certain scheme payments in respect of liable persons for Local Property Tax. DSP also make voluntary deductions from staff salaries. 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	2014	2013
	€000	€000
Surplus to be surrendered	38,191	228,556
Exchequer grant undrawn	(61,754)	(222,025)
Net Exchequer funding due	<u>(23,563)</u>	<u>6,531</u>

Represented by:**Debtors**

Debit balances: suspense	<u>296,657</u>	<u>238,036</u>

Creditors

Banks and cash	(300,828)	(219,350)
Due to State	(5,808)	(5,675)
Credit balances: suspense	(13,584)	(6,480)
	<u>(320,220)</u>	<u>(231,505)</u>
	<u>(23,563)</u>	<u>6,531</u>

2.9 Commitments

at 31 December	2014	2013
	€000	€000

Total of legally enforceable commitments	43,038	33,844

Multi-annual Capital Commitments

Project				2014	2013
	Expenditure	Expenditure	Subsequent	Total	Total
	to end 2013		years		
	€000	€000	€000	€000	€000
Public Services Card	10,055	6,303	11,439	27,797	27,797

Expenditure figures for 2014 and prior years relate only to future legally binding commitments for the Public Services Card. Expenditure to end of 2013 has been adjusted to reflect amounts not previously included that were identified during a review of expenditure.

2.10 Matured Liabilities

at 31 December	2014	2013
	€000	€000

Estimate of matured liabilities not discharged at year end	20	68

3 Programme Expenditure by Subhead

A. Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Administration – pay	290,611	297,315	301,091
A.2	Administration – non pay	188,529	173,057	171,282
Pensions				
A.3	State Pension (Non-Contributory)	940,000	954,411	952,457
Working Age – Income Supports				
A.4	Jobseeker's Allowance	2,820,000	2,923,291	3,108,974
A.5	One-Parent Family Payment	863,000	867,307	977,960
A.6	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension	16,350	16,464	16,735
A.7	Deserted Wife's Allowance	2,300	2,504	2,876
A.8	Basic Supplementary Welfare Allowance Payments	109,600	85,347	108,315
A.9	Farm Assist	91,600	93,632	99,178
A.10	Pre-retirement Allowance	24,000	24,319	34,555
A.11	Other Working Age – income supports	43,320	40,286	46,424
Working Age - Employment Supports				
A.12	Community Employment Programme	357,500	359,474	341,250
A.13	Rural Social Scheme	45,000	43,762	44,203
A.14	Tús – Community Work Placement Scheme	120,100	116,052	92,060
A.15	Jobs Initiative	21,500	23,364	24,924
A.16	Community Services Programme	45,110	43,028	44,853
A.17	Back to Work Allowance	112,600	118,825	119,505
A.18	National Internship Scheme – JobBridge	82,250	76,030	67,688
A.19	Back To Education Allowance	182,900	162,450	186,879
A.20	Other Working Age – Employment Supports	98,420	82,393	63,691

		2014	2013
		Estimate provision	Outturn
		€000	€000
Illness, Disability And Carers			
A.21	Disability Allowance	1,162,960	1,238,310
A.22	Blind Pension	14,500	14,428
A.23	Carer's Allowance	557,200	559,325
A.24	Domiciliary Care Allowance	105,100	110,669
A.25	Respite Care Grant	122,000	118,500
Children			
A.26	Child Benefit	1,913,300	1,902,353
A.27	Family Income Supplement	281,700	297,907
A.28	Back-To-School Clothing And Footwear Allowance	46,300	42,452
A.29	School Meals Schemes	37,000	16,572
A.30	Other Child Related Payments	5,560	5,472
Supplementary Payments, Agencies and Miscellaneous Services			
A.31	Rent Supplement	344,100	338,203
A.32	Mortgage Interest Supplement	17,920	20,878
A.33	Household Benefits Package	88,460	88,481
A.34	Free Travel	77,000	75,487
A.35	Fuel Allowance	136,900	147,869
A.36	Grant to the Citizens Information Board	46,000	45,000
A.37	Office of the Pensions Ombudsman	1,080	935
A.38	Miscellaneous services	1,680	3,302
Subvention To The Social Insurance Fund			
A.39	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005	685,470	541,798
Total		12,098,920	12,071,252
			13,107,733

Significant variations

Overall, the expenditure was €27.67 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Training and development and incidental expenses (A.2.iii)	7,070	There were savings on advertising and staff training. This subhead also included a contingency provision for 2014 that was not required.
Jobseeker's Allowance (A.4)	(103,291)	Overspend was due to higher average recipients (285,030) than provided for in the estimate (272,000). This was due to a higher percentage of jobseekers receiving a payment as a percentage of the Live Register. €10.3 million of the overspend arose from a decision to pay a Christmas bonus.
Deserted Wife's Allowance (A.7)	(204)	The estimate provided for an average of 240 recipients to be paid each week. The outturn was an average of 260 recipients which accounted for €200,000 of the variance. The balance was accounted for by higher than expected payment values and a Christmas bonus payment.
Basic Supplementary Welfare Allowance Payments (A.8)	24,253	There were five main reasons for the underspend (i) €13.4 million was due to lower number of recipients. The estimate provided for an average of 21,000 recipients to be paid each week. The outturn was 19,550 recipients. (ii) €5.7 million was due to lower average payment values. The estimate assumed that weekly payment values would be €177.93, the outturn was €171.82. (iii) €5.4 million due to lower inter-scheme adjustments. The estimate provided for inter-scheme adjustments with other schemes of -€84.4 million, the outturn was -€89.8 million. (iv) €145,000 was due to recovery of overpayments netted off against gross expenditure. (v) This was offset by €166,000 the cost of paying Christmas bonus to SWA Basic recipients. The 2014 Estimate made no provision for the Christmas bonus.
Other Working Age – income supports (A.11)	3,034	The estimate provided for an average of 404,380 for Exceptional Needs and Other Supplements payments to be paid on a once off basis. The outturn was 388,304. The average combined payment value was €4 less than anticipated. These combined reductions amounted to €1.2 million and €1.7 million respectively. The balance reflects minor savings.
Jobs Initiative (A.15)	(1,864)	The estimate provided for an average of 1,070 recipients to be paid each week. The outturn was 1,055. The average weekly cost for recipient was €36.24 more than anticipated. The combined decrease/increase amounted to €1.7 million of the variance. The balance is attributed to variances on inter-scheme adjustments and the payment of a Christmas bonus.

Description	Less/(more) than provided €000	Explanation
Back to Work Allowance (A.17)	(6,225)	The estimate provided for an average of 10,900 recipients to be paid each week and the outturn was 11,022. The average weekly payments value was also €6.09 more than anticipated. The combined increases accounted for €1.26 million and €3.5 million respectively. The balance of the variance is attributed to the payment of a Christmas bonus of €600,000 and inter-scheme adjustments of €800,000.
National Internship Scheme – JobBridge (A.18)	6,220	The reason for the lower expenditure was lower recipient numbers. The estimate provided for an average of 6,740 recipients to be paid each week. The outturn was 6,165 recipients which accounted for an underspend of €7 million. This was offset by higher expenditure of €800,000 arising from higher average payment values and also €400,000 arising from the payment of a Christmas bonus.
Back To Education Allowance (A.19)	20,450	Underspend was due to the average number of recipients, 20,670, being lower than the estimate provision of 23,700.
Other Working Age – Employment Supports (A.20)	16,027	This subhead provides for a range of 16 mainly small Employment Support schemes. €12.9 million of the underspend was due to slower rollout of Gateway than provided for in the estimate. Gateway is a County and City Council work placement scheme designed to provide short-term working opportunities for unemployed people.
Disability Allowance (A.21)	(75,350)	There were five reasons for the overspend (i) €29 million due to higher recipient numbers. The estimate provided for 106,100 recipients while the outturn was 108,800. (ii) €12 million was due to higher average payment values. The estimate assumed that weekly payment values would be €202.37, the outturn was €204.46. (iii) €28.8 million was due to higher inter-scheme adjustments from other schemes. (iv) €5.7 million was due to payment of a Christmas bonus. The original 2014 REV estimate did not provide for a Christmas bonus. (v) Less €160,000 due to recovery of overpayments netted off against gross expenditure.
Domiciliary Care Allowance (A.24)	(5,569)	Overspend was mainly due to higher average recipients outturn of 26,220 compared to an estimate provision of 25,300.
Family Income Supplement (A.27)	(16,207)	Overspend was due to a combination of higher average payment values (€11.5 million) and higher recipient numbers (€4.5 million).
Back-To-School Clothing And Footwear Allowance (A.28)	3,848	Lower recipient numbers - €2.5 million. The estimate provided for 175,000 payments. The outturn was 165,600 payments. Lower average payment values - €1.4 million.

Description	Less/(more) than provided €000	Explanation
School Meals Schemes (A.29)	20,428	Prior to 2014, payments in respect of this scheme were made in advance of the calendar year in which the expenditure was incurred. Expenditure in 2014 was lower than provided for in the estimate because a provision for advance funding for 2015 was not made in 2014. The overall impact had no implications for the provision of the School Meals scheme in 2014 or 2015.
Mortgage Interest Supplement (A.32)	(2,958)	Overspend was mainly due to recipients outturn at an average of 6,150 compared to 5,500 provision in the estimate.
Fuel Allowance (A.35)	(10,969)	Higher recipients on Fuel Allowance of 284,200 compared to 258,900 provision in the estimate.
Office of the Pensions Ombudsman (A.37)	145	Underspend was due to a staff vacancy not being filled.
Miscellaneous services (A.38)	(1,622)	A token estimate was provided for ex-gratia payments to women from Magdalen Laundries and other Institutions.
Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005 (A.39)	143,672	Lower Exchequer Subvention to the Social Insurance Fund due to higher SIF income (€209.5 million) arising from higher PRSI receipts. This was offset by higher expenditure on SIF schemes (€65.8 million) due partly from the decision to pay a Christmas bonus (not provided for in the estimates) and higher recipients than provided for in the estimates on a range of schemes.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		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	23,500	36,336	31,377
3.	Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance	9,500	7,309	10,515
4.	Receipts under "Liability to Maintain Family" provisions in Part 12 of the Social Welfare Act 2005	400	409	393
5.	Receipts from the General Register Office	500	487	558
6.	Receipts from European Social Fund for activation and participation of people with disabilities	1,200	—	14
7.	Receipts from pension-related deduction on public service remuneration	16,480	15,503	16,672
8.	Receipts from EURES European Job Mobility Fund	260	425	—
9.	Receipts from National Training Fund (Community Employment)	7,400	7,400	7,400
10.	Receipts from Pensions Board – staff superannuation	790	779	801
11.	Receipts from Department of Health – Drugs Task Force supports (Employment Programme)	1,080	1,028	1,095
12.	Homeless Unit operational costs – contributions from external agencies	200	366	163
13.	Miscellaneous	3,280	5,071	3,415
14.	Receipts from the European Commission for the Youth Guarantee Scheme	150	150	—
Total		242,020	252,543	250,003

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
Recoveries of Social Assistance overpaid	(12,836)	The amount of overpayments related to Vote 37 schemes recovered by way of cash receipts has increased from €12.3 million in 2010 to €33 million in 2014. The 2014 revised estimate was prepared before the 2013 outturn was known, making it difficult to predict the significant increase in the level of recoveries in 2014.
Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance	2,191	Receipts under this heading tend to be variable and are difficult to predict.

Description	Less/(more) than provided €000	Explanation
Receipts from European Social Fund for activation and participation of people with disabilities	1,200	Expected ESF drawdown did not materialise in 2014. Claim for €3.6 million now expected in second half of 2015.
Receipts from pension-related deduction on public service remuneration	977	Lower pension-related deductions due to pay reductions under Haddington Road agreement that were not provided for in the estimate.
Receipts from EURES European Job Mobility Fund	(165)	This is a small item with receipts higher than estimate. It is difficult to accurately predict timing of these receipts.
Homeless Unit operational costs – contributions from external agencies	(166)	This is a small item with receipts higher than estimate. It is difficult to accurately predict timing of these receipts.
Miscellaneous	(1,791)	Mainly due to cancelled and out of date cheques. Receipts under this heading tend to be variable and are difficult to predict.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	8	1
Conscience money	7	20
Witness expenses recovered	2	4
Pensions Authority fines	2	34
Transferred to Exchequer	(15)	(51)
Balance at 31 December	4	8

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	6,551	6,660
Agencies	120	129
	6,671	6,789

	2014	2013
Remuneration of All Staff (Department and agencies)	€000	€000
Pay	300,155	304,848
Higher, special or additional duties allowance	796	765
Other allowances	422	491
Overtime	3,018	3,881
Employer's PRSI	17,294	17,238
Total pay	321,685	327,223

5.1 Department staff only

The following remuneration arrangements refer to pay element Subheads A.1 (i), A.2 (viii), A.2 (ix), A.20 and A.37.

	2014	2013
	€000	€000
Pay	293,178	297,384
Higher, special or additional duties allowance	739	747
Other allowances	422	491
Overtime	3,016	3,880
Employer's PRSI	16,649	16,534
Total pay	314,004	319,036

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	441	18	18,589	19,585
Other allowances	61	17	13,806	13,806
Overtime	2,001	19	17,881	21,852

Certain individuals received extra remuneration in more than one category.

5.2 Agency

The remuneration referred to below relates to the Citizens Information Board, the Pensions Authority and the Pensions Ombudsman

	2014	2013
	€000	€000
Pay	6,977	7,464
Higher, special or additional duties allowance	57	18
Other allowances	—	—
Overtime	2	1
Employer's PRSI	645	704
Total pay	7,681	8,187

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	9	2	15,556	10,872
Other allowances	—	—	—	—
Overtime	5	—	971	235

5.3 Other Remuneration Arrangements

Redundancy payments of €28,512 were paid to eight staff under the Redundancy Payments Acts 1967 to 2007.

Two retired members of staff were re-employed in 2014; one by way of open competition and another in the public interest. They were paid salaries of €32,206 and €29,033 respectively. Pension abatement was applied.

5.4 Overpayments

Salary overpayments were €197,373 (73 cases) at 31 December 2013 and were €1,216,085 (756 cases) at 31 December 2014. The increase in salary overpayments arises from operational difficulties with our shared service provider PeoplePoint since the transfer of operational HR functions to PeoplePoint during February 2014.

6 Miscellaneous

6.1 Recovery of Overpayments

The summary position on assistance overpayments at 31 December 2014 was as follows:

	2014		2013	
		Outturn		Outturn
	€000	€000	€000	€000
Overpayments outstanding at 1 January		323,936		280,614
Net overpayments attributed to				
Fraud	45,045		53,927	
Claimant error	30,943		30,098	
Departmental error	3,146		3,488	
Estate cases	16,101		14,925	
		95,235		102,438
		419,171		383,052
Less:				
Amounts recovered ^a		(64,369)		(54,780)
Amounts written off as irrecoverable		(8,597)		(4,336)
Overpayments outstanding at 31 December		<u>346,205</u>		<u>323,936</u>

^a The amount recovered includes

- €36,335,988 in cash receipts which arise as a result of cash recoveries and amounts paid from the SIF to Vote 37 in respect of overpayments recovered by withholding benefit payments (2013: €31,377,120). These amounts are accounted for under appropriations-in-aid.
- €28,033,299 withheld from assistance entitlements, which is accounted for as a reduction in scheme expenditure (2013: €23,402,882).

6.2 Compensation and Legal Costs

Legal costs paid during the year are categorised as follows:

	2014	2013
	€000	€000
Legal fees	668	407
Compensation costs	168	236
Magdalen Laundries	1,915	—
	2,751	643

Compensation and associated legal and miscellaneous costs totalling €63,763 were paid in thirteen cases of personal injury claims in respect of employees. The payments ranged from €32 to €33,007.

Payments totalling €158,973 and ranging from €1,206 to €97,289 in respect of legal expenses, damages and costs in eight instances were made in relation to personal injuries sustained on Departmental property and other cases.

Total payments of €160,339 were paid in legal costs ranging from €332 to €50,000 in respect of six cases taken against the Department. The cases related to amendment of the birth register (two cases), pension entitlements, refusal to marry in the State, theft of a client's file from a Departmental office and a breach of personal data (this last case involved a departmental employee).

Ex-gratia payments, loss of purchasing power payments and legal costs totalling €2,367,494 and ranging from €0.30 to €40,115 were made in respect of Carer's allowance, Jobseeker's allowance, Supplementary Welfare allowance basic payment, Rent Supplement, State Pension (Non-Contributory), Domiciliary Care allowance, Disability allowance, Family income supplement, Magdalen Laundries and other institutions and the Office of Pensions Ombudsman.

6.3 EU Funds

Funding of €2,504,296 was received from the EU Commission in respect of the Fund for European Aid to the Most Deprived (FEAD). FEAD supports countries in actions to provide material assistance to the most deprived.

A total of €589,895 in respect of the European Globalisation Fund (EGF) was received from the EU (administered by the Department of Education and Skills) for former TalkTalk employees. 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.

An amount of €424,892 was received from the EU in respect of EURES (European Employment Services) 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.

A total of €150,000 was received from the EU in respect of the Ballymun Youth Guarantee (BYG) Project. BYG is a project funded under an EU flagship initiative launched in September 2010, "Youth on the Move", that supports access to employment for unemployed persons between the ages of 18 and 24 years through access to career guidance, education, training programmes and work experience. This project is one of sixteen projects being run concurrently in various EU Member States.

Funding of €3,961 was received from the EU in respect of the EU Presidency. This amount was to cover costs for a Mutual Information System on Social Protection (MISSOC) meeting dealing with old age benefits.

6.4 Possible Misappropriation

There were two cases of possible misappropriation of public monies by employees with a current estimated value of €3,387. These possible misappropriations occurred in 2004 in one case, and 2012 in the other.

6.5 Late Payment Interest

	2014	2013
Total of interest payments due	€9,841	€21,117
Recipients of €10,000 or more	—	—

6.6 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.

Addendum
Department of Social Protection
Summary of Programme Expenditure

	2014 €m	2013 €m
Vote 37 Gross Expenditure	12,071	13,108
<i>Less non scheme expenditure</i>		
Administration	(470)	(472)
SIF subvention	(542)	(1,314)
Grant to Citizens Information Board	(45)	(46)
Grant to Pensions Ombudsman	(1)	(1)
Miscellaneous services	(3)	(3)
Vote 37 scheme expenditure	11,010	11,272
SIF gross expenditure	8,771	8,949
<i>Less non scheme expenditure</i>		
Administration	(271)	(273)
National Training Levy	(338)	(317)
SIF scheme expenditure	8,162	8,359
Total Department scheme expenditure	19,172	19,631

Scheme Expenditure Breakdown		
	2014	2013
	€m	€m
Payments by Scheme and Category		
Pensions		
State Pensions	5,214	5,074
Widows'/Widowers'/Surviving Civil Partners' Pension	1,378	1,358
Bereavement Grant	4	20
Total	6,596	6,452
Working Age Income Supports		
Jobseeker's Allowance	2,923	3,109
One Parent Family Payment	867	978
Jobseeker's Benefit	420	560
Redundancy and Insolvency Benefit	88	148
Maternity Benefit	270	293
Basic Supplementary Welfare Allowance	85	108
Farm Assist	94	99
Deserted Wife's Benefit	79	80
Other Working Age - Income Supports	40	46
Pre-Retirement Allowance	24	35
Treatment Benefits	29	33
Widows'/Widowers'/Surviving Civil Partners' Pension (Non Contributory)	16	17
Deserted Wife's Allowance	3	3
Adoptive Benefit	1	1
Health and Safety Benefit	1	1
Total	4,940	5,511
Supplementary Payments		
Rent Supplement	338	373
Household Benefits Package	232	290
Fuel Allowance	218	229
Free Travel	75	75
Mortgage Interest Supplement	21	35
Total	884	1,002
Working Age Employment Supports		
Employment Programmes	359	341
Back to Education Allowance	163	187
Back to Work Allowance	119	119
TÚS Community Work Placement Scheme	116	92
National Internship Scheme - JobBridge	76	68
Other Working Age - Employment Supports	82	64
Community Services Programme	43	45
Rural Social Scheme	44	44
Jobs Initiative	23	25
Partial Capacity Benefit	10	7
Total	1,035	992

	2014 €m	2013 €m
Illness, Disability and Carers		
Disability Allowance	1,238	1,141
Illness Benefit	626	649
Invalidity Pension	652	708
Carer's Payment	583	577
Respite Care Grant	118	120
Domiciliary Care Allowance	111	104
Disablement Benefit	77	76
Blind Pension	14	15
Injury Benefit	17	15
Total	3,436	3,405
Children		
Child Benefit	1,902	1,900
Family Income Supplement	298	262
Back to School Clothing and Footwear Allowance	42	48
School Meals	17	37
Child Related Payments	22	22
Total	2,281	2,269
Net Expenditure on all Schemes	19,172	19,631



Appropriation Account 2014

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 2014 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €11.91 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.

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.
- 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 pensions shared services. I rely on the assurances set out in that agreement that the National Shared Service Office has robust procedures and controls in place to provide the service and in that regard to manage risk and resolve issues.

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 €62,501 which is listed in my annual return in respect of Circular 40/2002. In response to urgent patient safety implications emerging from the HIQA patient safety investigation report into services at University Hospital Galway, an urgent and exceptional requirement to support the development of recommended and required national clinical guidelines was identified. The requirement was for specialist clinical and economic research skills. The urgent nature of the required service, the patient safety considerations applying and the very specific and unique expertise required, led to the identification and contracting of a supplier on agreed terms without a competitive 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 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 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

21 September 2015

Vote 38 Health

Appropriation Account 2014

Service	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Administration			
A.1 Salaries, wages and allowances	24,692	22,078	22,176
A.2 Travel and subsistence	654	356	499
A.3 Training and development and incidental expenses	1,003	663	634
A.4 Postal and telecommunication services	628	400	458
A.5 Office equipment and external IT services	1,824	1,352	1,539
A.6 Office premises expenses	725	496	620
A.7 Consultancy services and value for money and policy reviews	1,391	1,554	1,221
<i>EU Presidency</i>	—	—	568
Grants			
B.1 Grants to research bodies and other research grants	36,183	34,852	35,746
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	7,381	7,267	29,568
Other services			
C. Expenses in connection with the World Health Organisation and other international bodies	2,600	2,347	2,676
D. Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	10,093	17,047	8,623
E.1 Developmental, consultative, supervisory, regulatory and advisory bodies	56,643	47,808	50,291
E.2 The Food Safety Promotion Board	5,771	5,712	5,950
E.3 The National Treatment Purchase Fund Board and Special Delivery Unit	5,100	5,100	17,387
E.4 Ireland/Northern Ireland INTERREG	2,190	1,474	1,524

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Other services (continued)				
F.1	Payments in respect of disablement caused by thalidomide	745	384	420
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	24,000	21,200
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,849	3,200	3,000
G.	Dissemination of information, conferences and publications in respect of health and health services	813	1,003	537
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department	15,527	14,383	11,127
Gross expenditure		205,885	194,762	219,050
<i>Deduct</i>				
I	Appropriations-in-aid	3,916	4,702	4,836
Net expenditure		201,969	190,060	214,214

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	11,908,634	29,527,212

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Expenditure on administration	26,899	27,715
Expenditure on services and programmes	167,863	191,335
Gross expenditure	194,762	219,050
<i>Deduct</i>		
Appropriations-in-aid	4,702	4,836
Net expenditure	190,060	214,214
Changes in capital assets		
Purchases cash	(77)	
Depreciation	155	
Loss on disposals	—	
	78	65
Changes in net current assets		
Decrease in closing accruals	(1,371)	
Decrease in stock	17	
	(1,354)	(2,266)
Direct expenditure	188,784	212,013
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,329	9,228
Notional rents	2,004	2,349
Net programme cost	200,117	223,590

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.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 258	81
Vote 12 Superannuation and Retired Allowances	e 7,288	7,231
Vote13 Office of Public Works	e 1,536	1,640
Central Fund - Ministerial pensions	e 247	276
	9,329	9,228

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	593	671
Current assets			
Stocks	2.4	65	82
Prepayments		173	355
Accrued income	2.5	10,595	8,960
Other debit balances	2.6	42,247	4,123
Total current assets		53,080	13,520
Less current liabilities			
Accrued expenses		293	211
Other credit balances	2.7	203	173
Bank and cash	2.3	42,030	3,333
Net liability to the Exchequer	2.8	14	617
Total current liabilities		42,540	4,334
Net current assets		10,540	9,186
Net assets		11,133	9,857
Represented by:			
State funding account	2.1	11,133	9,857

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		9,857	7,667
Disbursements from the Vote			
Estimate provision	Account	201,969	
Surplus to be surrendered	Account	(11,909)	
Net vote		190,060	214,214
Expenditure (cash) borne elsewhere	1	9,329	9,228
Non cash expenditure – notional rent	1	2,004	2,349
Other non-cash item – capital accrual		—	(11)
Net programme cost	1	(200,117)	(223,590)
Balance at 31 December		11,133	9,857

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,531	1,962	4,493
Additions	66	11	77
Disposals	(34)	(13)	(47)
Cost or valuation at 31 December 2014	2,563	1,960	4,523
Accumulated depreciation			
Opening balance at 1 January 2014	1,971	1,851	3,822
Depreciation for the year	101	54	155
Depreciation on disposals	(34)	(13)	(47)
Cumulative depreciation at 31 December 2014	2,038	1,892	3,930
Net assets at 31 December 2014	525	68	593
Net assets at 31 December 2013	560	111	671

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balance	(42,075)	(3,603)
Commercial bank account balance	45	406
Orders outstanding	—	(136)
	(42,030)	(3,333)

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	17	26
IT consumables	48	56
	65	82

2.5 Accrued Income

	2014 €000	2013 €000
at 31 December		
Pay related deductions due from IBTS	10,280	8,701
Other	315	259
	10,595	8,960

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable salaries	81	89
Recoupable travel expenditure	6	31
Recoupable travel pass scheme expenditure	132	134
Hepatitis C Compensation Tribunal	1,200	3,861
Other debit suspense items	40,828	8
	<u>42,247</u>	<u>4,123</u>

Under Section 3 of the Appropriation Act 2014, the Department advanced €40.41 million to the HSE in December 2014 to fund the cost of salaries due on 1 January 2015 but paid on 31 December 2014. The advance is included as a debit suspense balance in the Department's 2014 account and forms part of the grant payments to the HSE for 2015.

2.7 Other Credit Balances	2014	2013
At 31 December	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	2	—
Pay Related Social Insurance	(4)	(3)
Professional Services Withholding Tax	24	71
Value Added Tax	5	13
Pensions	7	—
	<u>34</u>	<u>81</u>
Other credit suspense items	169	92
	<u>203</u>	<u>173</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	11,909	29,528
Exchequer grant undrawn	(11,895)	(28,911)
Net liability to the Exchequer	<u>14</u>	<u>617</u>

Represented by:

Debtors

Debit balances: suspense	42,247	4,123
	<u>42,247</u>	<u>4,123</u>

Creditors

Due to State	(34)	(81)
Bank and cash	(42,030)	(3,333)
Credit balances: suspense	(169)	(92)
	<u>(42,233)</u>	<u>(3,506)</u>
	<u>14</u>	<u>617</u>

2.9 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

Non capital commitments likely to arise in subsequent years :

Procurement subheads	1,223	706
Grant subheads	6,946	9,669
	<u>8,169</u>	<u>10,375</u>

(b) Multi-annual capital commitments**Capital projects over €6.3 million**

	2014				2013
	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
	€000	€000	€000	€000	€000
Health Research Board Clinical Research Facilities:					
Clinical Research Facilities:					
St James's Hospital and Dublin Clinical Research Network	7,349	1,960	3,081	12,390	12,000
Total	<u>7,349</u>	<u>1,960</u>	<u>3,081</u>	<u>12,390</u>	<u>12,000</u>

3 Programme Expenditure by Subhead

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the amount provided, after any supplementary estimate adjustments, by more than €100,000, and by more than 5% (25% in the case of administration subheads).

Description	Sub-head	Less/(more) than provided €000	Explanation
Travel and Subsistence	A.2	298	The spending on travel abroad was less than anticipated and less than the previous year.
Training and development and incidental expenses	A.3	340	The savings arose mainly due to the reduced costs of cleaning services and a reduced spend on training courses. With regard to the cleaning service, a tendering process resulted in significant savings with a lower cost provider. On training, expenditure was less than anticipated due to a reduction in the overall staffing level. It was not possible to deliver the full extent of the planned training before year end.
Postal and telecommunication services	A.4	228	The savings arose due to the reducing cost of telephone charges.
Office equipment and external IT services	A.5	472	The spending on ICT was less than anticipated due to programmes to replace ICT hardware not proceeding as originally planned.
Office premises expenses	A.6	229	The spending on building maintenance was less than anticipated.
Expenses in connection with the World Health Organisation and other international bodies	C	253	The savings arose due to currency exchange fluctuations in relation to the payment of the annual subscription to the World Health Organisation.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	D	(6,954)	The excess on miscellaneous legal settlements and fees arises largely from the payments made under the Lourdes Hospital Payment Scheme, the Symphysiotomy Payment Scheme and medical negligence claims.

Description	Sub-head	Less/(more) than provided €000	Explanation
Development, consultative, supervisory, regulatory and advisory bodies	E.1	8,835	The Department advances funds to Health agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount. In 2014, amounts advanced to health agencies was less than budgeted, including Health Information and Quality Authority - €2.725 million, Mental Health Commission €1.769 million, Food Safety Authority of Ireland - €0.121 million, CORU - €0.250 million, Pre Hospital Emergency Care Council - €0.107million. The savings in the Health Information and Quality Authority arose largely as a result of unfilled sanctioned posts. The pay and consequential saving in areas such as information technology and travel and subsistence contributed to savings of €2.7 million against the revised 2014 allocation of €12.125 million. The Authority continued to have almost 99% compliances with fee collection from registered centres and €7.4 million was generated from this source in the year. The savings accrued by the Mental Health Commission in 2014 are as a result of a reduction in expenditure on legal fees. In addition, some work which the Commission had anticipated would commence in 2014 was not undertaken due to a number of staff vacancies. The introduction of the secure messaging centre (which replaced the use of couriers in delivering confidential documentation) also resulted in a saving during 2014. The saving in 2014 on the provision for Health and Social Care Professionals Council (CORU) was primarily due to delays in recruiting staff. The Food Safety Authority of Ireland operated with a number of staff vacancies during the course of 2014 leading to an underspend on pay. The savings incurred by Pre Hospital Emergency Care Council relate to superannuation payments and income generated from registration fees.
Ireland/Northern Ireland INTERREG	E.4	716	Payments under this subhead are requested by the Special EU Programmes Body and based on actual payments made to projects under the Scheme. The amounts requested were less than anticipated. The estimate is set for the INTERREG programme for 2014 was at a higher level than originally sought from the SEUPB in 2012. This was to take account of the fact that in 2013 there was a saving because of delays in approving expenditure under the programme and therefore it was considered there could be a need for catch up funding during 2014. 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.

Description	Sub-head	Less/(more) than provided €000	Explanation
Payments in respect of disablement caused by thalidomide	F.1	361	During 2014 the Department continued to make monthly payments to Irish survivors of thalidomide. 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 in 2014 under subhead F1 are as a result of the mediation process not being completed in 2014.
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	F.4	649	The Department is not in a position to accurately forecast the number or value of amounts which will be awarded by the Hepatitis C and HIV Compensation Tribunal to claimants in any given year. The actual payments are dependent on the decisions of the Tribunal and these were less than were originally estimated. A Reparation Fund payment is fixed at 20% of the Tribunal award.
Dissemination of information, conferences and publications in respect of health and health service	G	(190)	A number of projects associated with Healthy Ireland were advanced in early 2014, allowing the Healthy Ireland Survey to commence ahead of previously envisaged schedules.
Grants in respect of building and equipping (including ICT) of agencies funded by the Department	H	1,144	The Department had budgeted for expenditure of €15.5 million. A number of planned projects did not proceed as anticipated, resulting in expenditure being €1.1 million less than expected.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	1	148	217
2.	Receipts from pension-related deductions on public service remuneration	3,915	4,554	4,619
Total		3,916	4,702	4,836

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	(147)	As receipts under this heading fluctuate, a nominal amount of €1,000 is included in the estimate. The variance is due to receipts for licence fees under the Misuse of Drugs Act, refunds of unspent Drugs Initiative funding and pension scheme remittances.
Receipts from pension-related deductions on public service remuneration	(639)	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 rates applying in the agencies, both of which can vary (see note 2.5).

5 Employee Numbers and Pay

The number of staff at year end in the Department's agencies includes a number of non-commercial state agencies that are not in direct receipt of Exchequer funding.

The pay, allowances and other remuneration details in this note relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies under the aegis of the Department is available from the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

	2014	2013
Number of staff at year end (full time equivalents)		
Department	339	351
Agencies	1,640	1,349
	<u>1,979</u>	<u>1,700</u>
	2014	2013
	€000	€000
Pay	20,708	21,061
Higher, special or additional duties allowance	217	144
Other allowances	5	3
Overtime	145	221
Employer's PRSI	1,003	1,027
Total pay	<u>22,078</u>	<u>22,456</u>

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	39	7	19,065	19,071
Other Allowances	24	—	2,508	337
Overtime	42	6	18,003	27,384

Certain individuals received extra remuneration in more than one category.

The allowances paid in 2014 reflect costs relating to Ireland's presidency of the EU.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,268	3,286

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

	2014	2013
Legal costs paid during the year are categorised as follows:	€000	€000
Legal fees	—	—
Compensation	16,897	8,589
	<u>16,897</u>	<u>8,589</u>

6.3 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 and Mount Carmel Hospitals in respect of specified obstetric claims. A Fund was established with contributions from the two hospitals covered, 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 draw down monies from the Fund to cover the cost of claims. At 31 December 2014 the balance on the fund totalled €5.5 million. The Fund is managed by the National Treasury Management Agency and the related income and expenditure is not reflected in the Department's appropriation account.

6.4 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.



Appropriation Account 2014

Vote 39

Health Service Executive

Introduction

As Accounting Officer for Vote 39, 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 2014 for the salaries and expenses of the Health Service Executive and certain other services administered by the Executive, including miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €26.8 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.

The Health Service Executive (Financial Matters) Act 2014 was enacted by the Oireachtas in July 2014. The main provisions of the Act are as follows

- The HSE ceased to have a separate appropriation vote from 1 January 2015 and became part of the vote of the Office of the Minister for Health.
- The Act sets out a new statutory financial and service plan governance framework which will align with the new vote arrangements.
- The Director General of the HSE is no longer an Accounting Officer from 1 January 2015 and becomes an Accountable Person as set out in the legislation from 1 January 2015. The Director General remains Accounting Officer for the HSE for the years 2005 to 2014.
- The Act provides for the amendment of the Valuation Act 2001 to exempt the HSE from the payment of local authority rates on land/buildings occupied by the HSE.

The 2014 appropriation account for the HSE is the final appropriation account of the HSE. This account has been prepared on the basis that certain suspense account balances have been charged/credited to the account in 2014 as in the normal course of events these balances could take a number of years to wind down. In 2014, debit balances totalling €36.8 million and credit balances of €41.2 million were surrendered. The net effect was an increase of €4.4 million in the surplus to be surrendered. Other suspense account balances which fell for payment/receipt early in 2015 remain in the statement of asset and liabilities at 31 December 2014 and have been discharged in 2015. I confirm that the final surplus to be surrendered of €26.8 million will be surrendered to the Exchequer in 2015.

Tony O'Brien

Accounting Officer
Health Service Executive

18 September 2015

Statement on Internal Financial Control

This Statement on Internal Financial Control represents the position for the year ended 31 December 2014.

Responsibility for the system of internal financial control

The Health Service Executive (HSE) was established by Ministerial order on 1 January 2005 in accordance with the provisions of the Health Act 2004, as amended by the Health Service Executive (Governance) Act 2013. The HSE must comply with directives issued by the Minister for Health under the Acts.

The HSE Directorate is accountable to the Minister for Health for the performance of the HSE. The Health Service Executive (Governance) Act 2013 allows the Minister for Health to issue directions to the HSE on the implementation of Ministerial and government policies and objectives and to determine priorities to which the HSE must have regard in preparing its service plan.

The Directorate is the governing body of the Executive with authority, in the name of the Executive, to perform the functions of the Executive. The Directorate may delegate some of the functions of the Executive to the Director General. The Directorate may establish committees to provide assistance and advice in relation to the performance of its functions. The Directorate has established a number of Committees including an Audit Committee and a Risk Committee, each of which comprises one appointed Director and external nominees.

The Directorate has responsibility for major strategic development and expenditure decisions. Responsibility for operational issues is devolved, subject to limits of authority, to executive management.

In addition to his functions as a member of the Directorate and as the chairperson of the Directorate, the Director General's functions include carrying on, managing and controlling generally the administration and business of the Executive. The Director General is the Accounting Officer for the HSE for the period ending 31 December 2014. The Vote of the HSE was disestablished on 1 January 2015, in accordance with the provisions of the Health Service Executive (Financial Matters) Act 2014. The Director General is accountable to the Minister on behalf of the Directorate for the performance by the Directorate of its functions and those of the Executive.

The Directorate has overall responsibility for the HSE's system of internal financial control and for reviewing its effectiveness. The system of internal financial control is intended to provide reasonable assurance that organisational objectives, including propriety, regularity and the safeguarding of assets will be achieved. Management at all levels of the HSE is responsible to the Director General for the implementation and maintenance of internal financial controls over their respective functions. This embedding of the system of internal financial control is designed to ensure that the HSE is capable of responding to business risks and that significant control issues, should they arise, are escalated promptly to appropriate levels of management. A system of internal financial control is designed to reduce rather than eliminate risk. Such a system 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 detected in a timely manner.

Basis for statement

I as Accounting Officer and Chairman of the Directorate make this statement in accordance with the requirement set out in the Department of Public Expenditure and Reform's *Code of Practice for the Governance of State Bodies* and in the *Public Financial Procedures* of the Department of Public Expenditure and Reform.

Financial control environment

The HSE spends public funds on the provision of health and personal social services to the population of Ireland. The duties relating to total expenditure of €13.6 billion incurred by the HSE in 2014 are stringent in terms of accountability and transparency in order to fulfil our responsibility for funding received from the Exchequer and other sources in this respect. These duties are set out in the Health Act 2004 as amended by the Health Service Executive (Governance) Act 2013 and in the Public Financial Procedures of the Department of Public Expenditure and Reform.

The system of internal financial control is by its nature dynamic. It is continually developed, maintained and monitored in response to the emerging requirements of the organisation. The current systems environment in the HSE presents additional challenges to the effective operation of the system of internal financial control. Devolved financial systems are multiple and fragmented and numerous external reviews have reiterated the consensus amongst the finance community in the HSE that the current financial systems are not fit for purpose. The financial systems are not capable of providing the level of detailed analysis of Vote expenditure which is required by Government Accounting rules. The HSE relies on an interim reporting solution to support all national level financial reporting, including monthly management reports, the Annual Financial Statements and the Appropriation Account. This system imports data from 12,000 cost centres per month from HSE legacy systems and is manually reanalysed to support national reporting. The absence of a single national system requires that significant work is undertaken manually to ensure that the local ledgers and the national system are synchronised and reconciled. This reporting approach is becoming increasingly challenging in the light of changes to organisation structure and the ageing of the systems.

The HSE's Finance Reform Programme initiated in 2013 is addressing these challenges. Implementing a new finance operating model provides an opportunity to completely transform the financial management of the health system and will support the delivery of key elements of the reform agenda of *Future Health – A Strategic Framework for Reform of the Health Service 2012-2015*, including introducing Hospital Groups, Community Healthcare Organisations, and activity-based funding 'Money Follows the Patient'. The fundamental changes in healthcare heralded by *Future Health* have amplified the need to address these challenges. Phase 1 of the programme is complete and this included the development of a new finance operating model. The new operating model will require far reaching and fundamental change in financial management practice and will be an important enabler of wider systems reform. Underpinned by a single integrated financial management system and a mandated financial management framework, these changes will support financial stability within a reformed health system and will drive a culture of collective responsibility and cost consciousness. Phase 2 began in December 2013 and a key element of this phase is to secure the necessary approval to procure a new integrated financial management system for the health service to underpin the new finance operating model. A formal process commenced in September 2014 to present the high level requirements of the integrated financial management system and to begin market testing. While the proposals for a new system progress through the approval process, existing systems improvement initiatives continued in 2014, including the development of a standardised common chart of accounts and enterprise structure. This systems development will build on existing efforts to overcome systems and reporting challenges faced by the new National Divisions and emerging Hospital Groups and Community Healthcare Organisations.

Key internal financial control procedures

Key processes and procedures, designed to provide effective internal financial control are set out below under the following headings

- governance and financial procedures
- directorate oversight
- planning, performance monitoring and reporting
- risk management
- controls over medical card eligibility
- governance of grants to outside agencies.

Governance and financial procedures

- The HSE's **Framework for Corporate and Financial Governance** is set out on www.hse.ie, and includes all supporting policies, procedures and guidelines which underpin the Framework. The Framework was approved by the Minister for Health in accordance with Section 35 of the Health Act 2004 and reflects the requirements of the Code of Practice for the Governance of State Bodies. Staff are required to have full knowledge of their responsibilities which are clearly outlined in part II of the Framework and that it is against this that all compliance is benchmarked.
- There is a **framework of administrative procedures** and regular management reporting in place including segregation of duties, a system of delegation and accountability and a system for the authorisation of expenditure.
- The HSE's **National Financial Regulations** form an integral part of the system of internal financial control and have been prepared to reflect current best practice. Particular attention has been given to ensure that the Financial Regulations are consistent with statutory requirements, Department of Public Expenditure and Reform circulars and public sector guidelines. The National Financial Regulations set out the financial limits, by staff grade, for procurement contract approval, revenue and capital expenditure and property transactions. Compliance with National Financial Regulations is mandatory throughout the organisation. The development and maintenance of the HSE's suite of National Financial Regulations is an ongoing process, with new regulations and updates to existing regulations issued periodically in response to new or emerging requirements. While policies and regulations are nationally standardised, internal processes are largely systems-driven, and variations in process remain unavoidable until such time as the HSE has implemented a single organisation-wide financial system.
- A detailed **standardised appraisal process** is conducted for all capital projects (excluding property acquisitions and disposals) budgeted in excess of €0.5 million. The Health Service's National Capital Steering Committee appraises all projects to be included in the Capital Plan in accordance with the Department of Public Expenditure and Reform's *Public Spending Code* (2012). Project applications must be accompanied by detailed project briefs including a needs assessment, a detailed capital appraisal or a cost benefit analysis, life cycle costs, projected capital budget and revenue and staffing implications. The National Capital Steering Committee validates the submissions received, checks alignment with the Health Service's National Service Plan, examines revenue implications (if any), and may reject, request additional information or recommend for inclusion in the Capital Plan subject to availability of capital funding. All proposed major capital projects which are budgeted in excess of €20 million are subject to a detailed **cost benefit analysis** carried out in accordance with the *Public Spending Code*. Leadership Team/Directorate reviews of the capital programme take place on a regular basis. All Service Divisions are represented on the National Capital Steering Committee.

- **Procedures for property acquisitions and disposals** by the HSE comply with the legal obligations set out in Sections 78 and 79 of the Health Act 1947, as amended by the Health Act 2004. The Head of Estates has authority to approve proposed property transactions up to a limit of €2 million, once recommended for approval by the Property Review Group. Transactions in excess of this amount must be approved by the Director General, once recommended for approval by the Property Review Group and endorsed by the Leadership Team. Transactions in excess of €2 million once approved by the Director General must then be submitted to the Directorate for final approval. Any disposal of property below market value requires approval of the Directorate.
- The HSE has put in place procedures designed to ensure **compliance with all pay and travel circulars issued by the Department of Public Expenditure and Reform**. Any exceptions identified are addressed and are reported on an annual basis to the Minister for Health, in accordance with the Code of Practice for the Governance of State Bodies.
- A **devolved budgetary system** is in place with senior managers charged with responsibility to operate within defined accountability limits and to account for significant budgetary variances to the Director General within a formal performance monitoring framework (National Planning, Performance Assurance Group process), described in further detail below.

Directorate oversight

A new **Audit Committee** with an independent chair and comprising a member of the Directorate and four external members was appointed in January 2014, in accordance with the provisions of the Health Service Executive (Governance) Act 2013. The Audit Committee is appointed by the Directorate. It acts in an advisory capacity and has no Executive function.

A new **Charter of the HSE Audit Committee**, setting out in detail the role, advisory duties and authority of the Committee, along with certain administrative matters, was adopted by the Committee in early 2014. The focus of the Audit Committee, in providing advice to the Directorate and the Director General, is on the regularity and propriety of transactions recorded in the accounts, and on the effectiveness of the system of internal financial controls operated by the HSE. In order to discharge its responsibilities, the Committee agreed a work programme for the year reflecting the Committee's Charter. In accordance with this work programme, the Committee received regular reports and papers from the Chief Financial Officer and the National Director of Internal Audit, both of whom attended Committee meetings regularly along with senior members of their teams. The Committee provides its advice to the Directorate principally by means of the minutes of its meetings. These minutes are made available to, and tabled at, meetings of the Directorate following the relevant Audit Committee meetings. The Audit Committee maintains a log of its agreed actions and reviews the progress of management in addressing those actions. The Chairman attended one meeting of the Directorate to provide the Audit Committee's advice in relation to the HSE's 2013 financial statements prior to their approval by the Directorate.

The Audit Committee met on nine occasions in 2014 and a joint meeting of the Audit Committee and Risk Committee took place on one further occasion. The Chairman of the Audit Committee also had individual meetings periodically throughout the year with the Director General, the Chief Financial Officer, senior members of the Finance team, the National Director of Internal Audit and his senior managers, other senior managers and the Chairman of the Risk Committee. The Chairman met with representatives of the Office of the Comptroller and Auditor General, who attended meetings of the Audit Committee periodically and had direct access to the Committee Chairman at all times.

A new **Risk Committee** was established in 2014, in accordance with the provisions of the Health Service Executive (Governance) Act 2013. The Risk Committee, which reports to the Directorate, has an independent chair and comprises a member of the Directorate and four external members. The Committee operates under agreed Terms of Reference and focuses principally on assisting the Directorate in fulfilling its duties by providing an independent and objective review of non-financial risks. The Committee kept its terms of reference and work programme under review during the year.

The Committee considered the Corporate Risk Register, Divisional risk management plans, the HSE's Health and Safety function, internal audit reports concerning the effectiveness of non-financial internal controls and HIQA reports, including the implementation of HIQA recommendations. The National Director for Quality and Patient Safety attended the Committee meetings to provide assurance on the effectiveness of the systems established by management to identify, assess, manage, monitor and report on risks.

Liaison between the Risk Committee and Audit Committee is facilitated by periodic joint meetings of the two committees, one such meeting was arranged in 2014, and regular engagement between the two Committee chairs. Minutes of the meetings of each committee are shared reciprocally. The Risk Committee of the Directorate met on six occasions in 2014.

The HSE has an **Internal Audit** Division with appropriately trained personnel which operates in accordance with a written charter/terms of reference which the Directorate has approved. The National Director of Internal Audit reports to the Director General of the HSE through the Chairman of the Audit Committee and has a close working relationship with the Director General and is a member of the HSE leadership team. The Audit Committee is responsible, along with the Director General, for guiding, supporting and overseeing the work of the HSE's Internal Audit Division. Work of the National Director of Internal Audit and his team is informed by analysis of the financial risks to which the HSE is exposed. Annual Internal Audit plans, approved by the Audit Committee, are based on this analysis. These plans aim to cover the key risks and related controls on a rolling basis. IT audit services are engaged by the Division to assist in the conduct of specialist audits and Deloitte were appointed to conduct this work. The National Director of Internal Audit attends all Audit Committee meetings, and has regular meetings with the Chairman of the Audit Committee and the Director General.

During the year the Audit Committee reviewed reports from Internal Audit including the following

- Internal Audit work plan for 2014
- summary activity reports
- summary Internal Audit reports and findings for Q3 and Q4 2013 and for Q1, Q2 and Q3 2014
- Internal Audit recommendation implementation tracking reports
- KPIs and performance reports.

During 2014, the Audit Committee worked closely with the National Director of Internal Audit to develop further and improve the **Internal Audit Charter**, the division's KPIs and the format of the summary reports and recommendation implementation tracking reports issued by Internal Audit. Emphasis has been placed on having reports, summaries and trackers highlight potentially systemic financial control issues identified in audits, in order to allow the Directorate better focus senior management attention on any such issues. Procedures are in place to ensure that the recommendations of Internal Audit are followed up. Any instances of fraud or other irregularities identified through management review or audit are addressed by management and An Garda Síochána are notified. The HSE's Fraud Policy was reviewed and revised during the year. During the year, Internal Audit agreed a protocol with the Audit Committee and the Risk Committee so that any non-financial risk issues identified in audits would be reported to the Risk Committee.

Monitoring **and review of the effectiveness of the system of internal financial control** is informed by the work of the Internal Audit division, the Comptroller and Auditor General, the Audit Committee and the Directorate. Comments and recommendations made by the Comptroller and Auditor General in his management letters or other reports, such as reports of the Committee of Public Accounts are reviewed by the Directorate and Leadership Team and actions are taken to implement recommendations. Monitoring and review of their implementation is overseen by the Audit Committee.

Planning, performance monitoring and reporting

Planning takes place at several levels within the HSE and takes into account internal and external guidance provided through, for example, the Government's reform agenda, *Future Health*, the Department of Health's Statement of Strategy, national policy documents, specific strategies, economic forecasts and clinical and quality priorities. In line with Section 31, Health Act 2004 and Section 12, Health Service Executive (Governance) Act 2013 a HSE **National Service Plan** is published each year, and contains information on the type and volume of service activity that is needed in order to deliver health and personal social care services, within the annual funding allocation. It includes performance indicators and activity measures (PIs) which are tracked and reported through the National Planning, Performance Assurance Group (NPPAG) process. The PIs are reviewed each year as part of the service planning process to check that they are still relevant, collectable and useful. In developing the plan, service managers reflect the type and level of service that is estimated to be required and can be delivered within the resources that are available in the year. Progress and outcomes against this plan are reported fully in the HSE Annual Report and Financial Statements. The 2014 National Service Plan was submitted to the Minister for Health on 25 November 2013 and the plan was approved by the Minister on 16 December 2013. The 2015 National Service Plan was submitted to the Minister for Health on 18 November 2014 and approved by the Minister on 26 November 2014.

To underpin the National Service Plan, **Divisional Operational Plans** 2014 for Acute Hospital, Health and Wellbeing, Primary Care, Mental Health, and Social Care Divisions were published. These support overall implementation, setting out a national and regional/hospital group position for each Division.

During 2014, as part of the overall planning and performance framework, the **National Planning, Performance Assurance Group** (NPPAG) met monthly, chaired by the Deputy Director General. As the principal planning and performance assurance group, NPPAG is responsible for

- ensuring the systems, controls and processes are in place to provide appropriate levels of assurance to the DG, the Directorate and the Minister that the HSE is delivering on its National Service Plan commitments
- undertaking a monthly review of performance across the organisation, including a detailed financial performance review
- managing the performance escalation and intervention process
- participating in the service planning process
- considering the draft version of the HSE's monthly performance assurance report for submission to the DG and HSE Directorate after which it is submitted to the Department and published.

The core membership of the NPPAG includes the CFO and all those who are responsible and accountable for budgets and service delivery.

To support performance assurance, a robust management process takes place in preparation of the monthly NPPAG meeting, following which the Deputy DG meets with the DG to review the draft Performance Assurance Report (PAR), prior to the report being tabled for a meeting of the Leadership Team at which it is formally considered. The draft PAR is also shared with the Department of Health. The Directorate, as the governing body for the HSE, considers the report at its monthly meeting. Once approved, the appropriate reports are formally submitted to the Secretary General of the Department of Health, to comply with reporting requirements to the Minister for Health (Health Act 2004) and published on www.hse.ie.

In August 2014, the governance and performance at regional level was transitioned to align into the new organisational design as part of the overall health system reform programme. This has resulted in operational responsibility to Community Healthcare Organisation (CHO) Chief Officers and Hospital Group CEOs.

As part of the strengthened accountability arrangements for 2015, a new **National Performance Oversight Group** (NPOG) was established and replaced the NPPAG. The Group, chaired by the Deputy Director General, has formal delegated authority from the Director General to serve as a key accountability mechanism for the health service and to support him and the Directorate in fulfilling their accountability responsibilities. National Directors continue to be directly accountable to the Director General for their performance and that of their Divisions.

It is the responsibility of the NPOG as a part of the overall accountability process to hold each National Director as the head of their Division to account for performance against the National Service Plan, under the four Balanced Score Card quadrants of Quality and Safety, Finance, Access and Workforce.

The introduction of an **Accountability Framework** as part of the HSE's overall governance arrangements is an important development and one which will support the implementation of the new health service structures. Many of the accountability processes are already in place and have operated over a number of years. The main developments in 2015 are

- strengthening of the performance management arrangements between the Director General and the National Directors and between the National Directors and the newly appointed Hospital Group CEOs and the CHO Chief Officers
- the introduction of formal Performance Agreements between the Director General and the National Directors and between the National Directors and the Hospital group CEOs and the CHO Chief Officers
- the introduction of a formal escalation and intervention process for underperforming services which will include a range of sanctions for significant or persistent underperformance
- new national level management arrangements for the new CHO Chief Officers
- the establishment of the National Performance Oversight Group to replace the National Planning, Performance and Assurance Group (NPPAG).

Timely and comprehensive reports about how services are performing against various targets, including financial targets, enable HSE staff and managers to increase service efficiency and effectiveness. These include

- CompStat (monthly web – enabled reports at hospital, hospital group and community/local health office (LHO) level) – Performance information within CompStat underpins the monthly Regional CompStat/Performance Assurance Fora chaired by the RDPI. The Regional Forum is attended by senior clinical and management personnel from hospitals and LHOs. Operational performance across key operational metric areas is reviewed and performance improvement plans are agreed. A change in structure and governance mid 2014 resulted in the regional performance assurance role passing from the RDPIs to the Divisional Directors who exercised their oversight through the hospital managers and ISA managers. This dovetailed with the structures put in place under the accountability framework for 2015.
- Monthly regional Performance Exception Reports are aggregated to produce a report to inform the Deputy DG of regional issues in advance of the NPPAG.
- The monthly PAR, drawn from the corporate activity, HR and Finance data sets, and informed by the regional reports is the primary paper considered by the NPPAG for performance assurance. This is supplemented by detail in a Management Data Report (MDR).

In addition, as part of the performance assurance process, the following key reports are compiled and published

- **HSE Annual Report and Financial Statements** – produced and published each year to give an overview of performance for the preceding year. It is a comprehensive report on the organisation's activity, achievements, challenges and financial performance as set out in its National Service Plan. Through the audited financial statements, the HSE accounts for use of resources allocated from Government. The HSE Annual Report is a legal requirement under section 37 (Health Act 2004). Unlike other documents and reports required under the Health Act, the Minister is not required to approve the Annual Report. The report is published online at the end of June each year.
- The **HSE Appropriation Account** – prepared by the HSE and audited by the Comptroller and Auditor General is published in his Annual Report. The Appropriation Account is a comprehensive account of the HSE's financial performance in the year, prepared under Government accounting rules.

A **monthly dashboard** is provided to the CFO reporting on key performance and risk areas as follows

- I&E financial results: Performance against budget by hospital group, division and national services
- Vote results: A two month rolling view of Vote performance against subhead
- Key Income KPI's: This includes claims submitted, claimed, pending or awaiting consultant action in addition to total claims by insurer rolling over a three month period and metrics around the top ten poorest performing hospitals.

The **monthly management accounts** provide a detailed view of the organisations financial performance against budget. The accounts include but are not limited to the following

- acute performance by hospital group and region
- performance by national division and by region
- Primary Care Reimbursement Service – performance by scheme
- National Services – performance by function
- corporate – performance by function
- pay, non-pay and income performance against profile.

A **commentary and analysis** accompanies the management accounts which provide context and commentary around emerging or existing trends and divisional performance.

A detailed **financial performance and outlook document** is produced each month for consideration by the CFO. This document outlines the key risk areas for the organisation in addition to illustrating likely scenarios regarding the financial challenge for the year. The report covers acute and divisional financial outlook for the year and separately highlights key organisational risk areas as well as offering scenarios relating to budgetary overruns based on detailed engagement with services. This detailed financial performance and outlook document is also shared with Government and members of the Health Service Directorate and is a key part of the performance management process.

The HSE is required to submit a **monthly vote issues report** and return to the Department of Health for transmission to Department of Public Expenditure and Reform (DPER). The monthly issues report and return is due five days before each month end and is an estimate of monthly vote expenditure compared to the monthly vote profile (budget). The issues returns from all Votes are consolidated by DPER and the Department of Finance and published on the 2nd or 3rd working day of each month as part of the monthly Exchequer Returns.

The HSE is also required to submit **monthly vote expenditure report** and return by the 5th working day of each month. This return reports actual vote expenditure by Subhead compared to the monthly vote profile (budget). Both the monthly vote report and return are signed by the Accounting Officer.

A **monthly Cash Report** is generated by the Treasury Unit that includes metrics from a number of sources, including the Cash Forecast model, to give early indications of the year-end position. This report forms part of the agenda of monthly meetings with the Department of Health and DPER. The report outlines the cash trends from a number of angles, giving early indications of the success or otherwise of cost containments plans to date as well as full year possible out-turns based on best case scenario to the most likely scenario.

The **Business Information Unit** (BIU) is the central repository within the HSE of activity information for acute and community services. Extensive amounts of data are collected, collated, validated and analysed by this unit. This data is used in performance monitoring and measurement which influences the HSE in taking both operational and strategic decisions.

Data returns are primarily based on the activity and targets as set out in the current year's National Service Plan. This data is collated and quality assured by divisional analysts. In addition, the analysts prepare graphs which identify trends in the performance of each Division and track service delivery against target. Where there are inconsistencies in data returns, queries are referred to the Business Managers to validate accuracy of information received. Queries are followed up by the team and information is validated with the services to ensure that data received is accurate.

Risk management

The HSE recognises the importance of **risk management, including financial risk management**, as an essential process for the delivery of quality and safe services. Risk management at an operational level is a line management function. Each Division is required to describe accountability arrangements for managing risk at all levels within the Directorate. These arrangements are part of the normal reporting mechanism to ensure that risk management is embedded into the business process. Each service/function is obliged to identify, assess and manage risk relevant to their area; the risk register is the principal tool to enable communication of this risk information. Where risks are identified that have significant potential to impact on the overall objectives of the HSE they are recorded on the Corporate Risk Register. The register is a mechanism to provide assurance (evidence) to the Directorate that risk is being identified, assessed and managed and that a range of control measures and action plans are in place at any time to mitigate the risks identified. Regular reports on the status of the corporate risks are submitted to the Risk Committee. The full suite of HSE risk management policies, procedures and guidelines are published on www.hse.ie.

The financial impact of clinical and operational incidents is reflected in cases settled by the State Claims Agency (SCA) and by insurers, on behalf of the HSE. The responsibility for management of clinical negligence, personal injury and property damage claims against the HSE has been delegated to the SCA under statute. The SCA also provides advice and assistance to HSE risk management, clinical and administrative personnel with the aim of supporting patient safety and reducing future claims and litigation. Where claims do arise the objective is to manage these claims so as to ensure that the State's liability and associated expenses are contained at the lowest achievable level. The SCA hosts an **electronic national adverse events management reporting system** which facilitates the investigation of any subsequent claims and also the identification and analysis of developing trends and patterns. The intention is that the lessons learned from this analysis support the improvement of patient safety and contribute to the reduction of claims in the HSE. Annually, the SCA plans and implements risk management work programmes based on claims and incident data trend analysis, legal requirements and precedents and recent developments in litigation risk management, nationally or internationally. A comprehensive programme of training and seminars was delivered by the SCA's risk management units during 2014. The SCA provides insurance advice on HSE contracts, licences, schemes and tenders in circumstances where State indemnity applies or on insurances required where it does not apply. This ensures that the State's liabilities are minimised in the most cost effective manner.

Controls over medical card eligibility

The scale of costs within the Medical Card and Primary Care Schemes and the volume of transactions associated with them means that there are potential areas of risk that need to be managed.

Eligibility to receive a medical card, in general, depends on an assessment of an applicant's means. This assessment is completed upon initial application for a medical card and an assessment is also repeated periodically to confirm continuing eligibility. Most medical cards are awarded for three years following eligibility assessment. However, eligibility may cease upon a change in circumstance and therefore a review of eligibility may be initiated during the eligibility period to confirm continuing eligibility.

During 2013, new legislation was enacted to enable the sharing of information with the Revenue Commissioners and with the Department of Social Protection. As soon as the information became available from the Revenue Commissioners, it was incorporated into the risk analysis process and it assisted with the determination of the review approach to adopt. The extent and quality of information sharing for the purposes of control over medical card eligibility continues to develop.

Renewal notice reviews

At 1 January 2014, there were 1,849,380 full medical cards and 125,425 GP visit cards in issue. During 2014, 1,005,299 cards were due to expire in monthly tranches. The full cohort of each monthly tranche which was approaching expiry was subject to a risk analysis to determine the review approach to adopt in each case. Renewal notices issued in relation to 631,630 persons. Renewal notices were not issued to the remaining 373,669 persons as it was concluded on the basis of risk assessment (which included data from the Revenue Commissioners) that those persons were at low risk or at no risk of being ineligible, and eligibility in those cases was extended for a further one year. Renewal of a medical card can be done by way of a full review of eligibility by the HSE or by cardholder self-assessment depending on the relative risk identified during the risk assessment process. Of the 631,630 renewals issued in 2014, 152,297 involved a full review and 479,333 requested the cardholder to self-assess.

As at April 2015, the assessment of eligibility had been concluded in relation to 472,794 (74.85%) cardholders

- continuing eligibility was confirmed in relation to 465,268 cards (98.4%)
- 7,526 cards were not renewed (1.6%) because the eligibility criteria e.g. income thresholds were not met
- in 3,526 cases (0.56%) the cardholder was deceased
- almost 125,963 (19.94%) of the cards selected for review were not renewed because the cardholder did not respond to the renewal process
- the assessment of eligibility was on-going in relation to 29,347 cards (4.65%).

Targeted reviews

A review is 'targeted' when it is initiated during the eligibility period rather than when the card is due for renewal. During 2014, the HSE issued 58,422 targeted reviews. As at April 2015, the assessment of eligibility had been concluded in relation to 49,633 cardholders

- continuing eligibility was confirmed in relation to 49,144 cards (99% of the completed assessments)
- eligibility was removed in 489 cases (1% of the completed assessments) because the eligibility criteria e.g. income thresholds were not met.

In a further 5,631 (9.6%) of targeted reviews, medical cards were not renewed because the cardholder did not respond to the renewal process. The assessment of eligibility was on-going in relation to 600 cards and in 2,558 cases the cardholder was deceased.

The total number of persons reviewed during 2014 was 690,052

Residence confirmation

In addition to the review of eligibility outlined above, the HSE also uses risk assessment to determine when to seek confirmation of residence in the State in relation to inactive cards.

During 2014, 96,902 individuals whose medical cards had been inactive were contacted requesting residence confirmation. As at April 2015, 71,823 individuals (74.12%) had confirmed residence. Eligibility was removed in relation to 25,079 cards (25.88%).

Overall ineligibility rate

The non-renewal and ineligibility rates found as a result of the risk based targeted reviews are likely to be higher than those applying to the population of medical card holders as a whole. The HSE does not currently have a reliable estimate of the level of ineligibility across the population of card holders. Options for developing a methodology to produce reliable estimates are being examined.

Governance of grants to outside agencies

In 2014, over €3.4 billion of the HSE's total expenditure related to grants to voluntary agencies. The legal framework under which the HSE provides grant funding to agencies is set out in the Health Act 2004.

Audit findings in previous years indicated control weaknesses in the governance of grants, in particular relating to the monitoring and oversight of agencies in receipt of exchequer funding, including

- insufficient evidence of formal monitoring and oversight of the agencies by the HSE
- lack of review and reconciliation of grantee financial statements to HSE records
- weaknesses in the systems of internal financial control within those agencies receiving Exchequer funding from the HSE
- HSE procedures for processing grants in use by the local health offices were in draft format.

Policies and procedures in place for the governance of grants to agencies include the following

- The HSE has a formal **national governance framework** with national standardised documentation which governs grant funding provided to non-statutory organisations. This governance framework seeks to ensure the standard, consistent application of good governance principles which are robust and effective to ensure that both the HSE and the grant-funded agency meet their respective obligations.
- It is the policy of the HSE to have properly executed **governance documentation** in place with each grant-funded agency in a timely manner. This policy is outlined in the National Financial Regulation, *NFR-31 Grants to Outside Agencies* and detailed in a comprehensive operational manual. The national standard governance documentation, operating procedures, guides and process control forms are maintained on the HSE's intranet site. However, the extent of the financial challenge in 2014 and the additional focus on compliance adversely impacted the timeliness of the final sign-off of arrangements.
- Both the governance documentation and the operating procedures detail the requirements for performance review, including submission and review of financial statements and periodic performance review meetings with agencies on a proportionate basis.

Further development and improvement of pre-existing controls took place in 2014, including

- A **Compliance Unit** has been established to provide programmatic oversight of the arrangements in place with the voluntary providers funded by the HSE. The Compliance Unit will place particular emphasis on issues raised and recommendations made by both the C&AG and the HSE's Internal Audit unit. In terms of monitoring and oversight, the Compliance Unit has established two working groups – one at corporate level and one at operational level – that will intensify the overall focus on this area.
- The **national standard service arrangement** has been revised during 2014 to incorporate the changes necessary to include updates to the regulatory requirements of agencies in receipt of Exchequer funding, including the provision of more accessible and transparent financial information particularly in relation to senior staffing salaries. Agencies' requirement to comply with public procurement is and was a condition of the service arrangement. Each service arrangement reflects the complexity of the services provided and includes corporate and clinical governance requirements, quality standards and codes of practice for services, and financial controls.

- The HSE has expanded the management, governance and engagement with the Section 38 funded agencies by the introduction in 2014 of an **annual compliance assurance process**. The governing bodies of each Agency have been requested to perform an internal audit of their organisation's internal control frameworks and processes to ascertain their ability to comply with the conditions of the HSE service arrangement, and have provided the HSE with a signed declaration of their position in this regard. This process which included the submission of financial statements has been completed by all Section 38 agencies and the HSE is engaging with each agency to address identified areas of non-compliance. To support the agencies, the HSE has hosted a national forum for all Chairs of the agencies' governing bodies to provide information and guidance, partnering with appropriate regulatory bodies such as the Office of the Director of Corporate Enforcement to support them in their accountability responsibilities.
- All Section 38 agencies have signed the **annual compliance statement** in respect of 2013. These compliance assurance statements have been reviewed by the Compliance Unit and a template for 2014 has been issued to all agencies, informed by the review process. It includes an additional section on subsidiary companies.
- The HSE has also developed a **national standard service specification template** with the disability sector which allows a high level of visibility and management control of individual centres of service delivery and the resources expended to deliver those services. These developments will allow the HSE to advance the strategies outlined in *Future Health*, and enable the development of a "money follows the patient" funding model.
- A national IT system, **Service Provider Governance On-Line**, was rolled out to support the local managers in their accountability responsibilities relating to the governance of grants.

Significant breaches of the control system in 2014

Compliance with procurement rules

In procuring goods and services, all areas within the HSE must comply with the relevant procurement procedures which are set out in detail in the HSE's National Financial Regulations.

In 2014 and in previous years, audits have identified a significant level of non-compliance with procurement rules, in particular where requirements for market testing, tendering or competitive processes were not observed.

The HSE is required to submit an annual return (the 40/02 return) to the Comptroller and Auditor General and the Department of Public Expenditure and Reform by 31 March in relation to the prior financial year. This return must disclose details of any contracts in excess of €25,000 (exclusive of VAT) which have been awarded without a competitive process. The HSE does not have an automated centralised system capable of identifying contracts awarded without a competitive process. Rather, it relies on individual areas to manually self-assess and identify and report such non-compliance. The HSE's 40/02 return for 2014 indicates that 299 contracts in excess of €25,000, with an aggregate value of €56.5 million, were awarded without competitive process (2013: 116 contracts, with an aggregate value of €17.8 million). There is however evidence to suggest that, as in previous years, returns submitted for 2014 did not include all instances of non-competitive procurement that were appropriate for declaration in the return.

The following summarises the actions taken by the HSE in 2014 to improve compliance with procurement rules

- A number of framework agreements have been combined on the basis of similar requirements. There are currently 80 national framework agreements in place covering the majority of common expenditure categories and over 550 central contracts are in place covering an annual expenditure value of €426 million. To improve staff awareness of the existence of framework agreements and contracts, the HSE has developed a Procurement Assisted Sourcing System (PASS) to allow budget holders to access current contracts information.
- The HSE has commenced the implementation, on a phased basis, of a National Distribution Centre model which will consolidate stock holding across the HSE, improve contract compliance, increase stock management at the point of use and control and deliver cost efficiencies. Since the beginning of 2014, HSE Procurement has achieved cost reductions of over €50 million. Since the development of a centralised Procurement function in 2010, total savings of €250 million have been achieved.
- Work has commenced on a Data Warehouse and Business Intelligence system which will allow for information to be extracted for reporting, data analysis and comparisons across the multiple financial systems currently in use across the HSE.
- A procurement training programme has commenced and will be delivered to staff across the HSE by Q2 2015. Over 100 staff have received formal training to date under this programme.
- During 2014, the HSE sought to increase the level of communication and training to staff on the requirements of Circular 40/02 and on procurement rules generally. This has resulted in significantly increased levels of disclosure in the 40/02 return for 2014.

These systems and enhanced processes will assist budget holders and Procurement in identifying areas where greater efficiencies can be achieved and support compliance with procurement rules. A key objective of any new financial and procurement system will be the provision of user friendly front end technology to support HSE's large community of non-professional buyers to improve compliance and achieve value for money.

A detailed proposal to commence implementation of the approved staffing structure required to establish a Sourcing & Contracts unit within HBS in the context of the new Government Procurement model was approved by the Health Business Services Committee in April 2015. An initial ten posts (of a total of 17) have been prioritised for immediate filling.

Cash controls

Examinations undertaken by Internal Audit on canteen and car parking facilities have identified control risks in cash management and custody procedures, in particular relating to physical security of cash, adequacy of insurance for cash in transit, reconciliation of cash receipts to bank lodgements and segregation of duties. These control risks have been identified by Internal Audit as being potentially systemic.

Specific Internal Audit recommendations have been made in respect of each audit and the implementation of these are being progressed by management at the locations concerned. In addition, the overall approach to cash handling risk management is being considered by the National Financial Controls Assurance Group, with the objective of commencing the development of an overarching cash management strategy for the HSE during 2015. In the meantime, the HSE's National Financial Regulations have been updated to incorporate the recommendations of Internal Audit in relation to cash management procedures generally.

Tax compliance

A comprehensive self-review of tax compliance which was initiated in 2013 was completed in the year, with external specialist tax assistance. The self-review was conducted across all tax heads for which the HSE needs to account and focussed in particular on those risk areas identified by the formal tax risk assessment completed in 2012. Details of the underpayment of tax identified in the course of the self-review were set out in an unprompted voluntary disclosure submitted to Revenue (including interest and penalties) in December 2014. The disclosure was not material in financial terms in the context of the HSE's overall annual tax liability.

Steps have been taken by the HSE to address areas of non-compliance identified during the self-review exercise, to seek to maximise tax compliance, as follows

- A centralised permanent in-house tax department dealing with all tax matters for the HSE was established at the end of 2013.
- Where compliance risks have been identified, the tax team has made formal submissions to Revenue and in response has obtained written rulings from Revenue. This has formalised the position in a number of risk areas and has eliminated any ambiguity in the interpretation of Revenue guidance which could have otherwise exposed the HSE to a tax liability in future periods.
- Scheduled monthly meetings with Revenue as part of the co-operative compliance programme: the HSE met at least monthly during 2014 with Revenue officials to appraise them of progress with the preparation of the unprompted voluntary disclosure. The monthly meetings have promoted a constructive working relationship with Revenue and have also enabled the sharing of information on developments in tax generally.
- A formal tax policy has been developed for the HSE, which encompasses all tax policies, procedures and guidance notes. Financial regulations (NFRs) have been reviewed and, where appropriate, amended and updated for current tax law and practice and for written Revenue rulings and other issues identified as part of the self-review exercise. Guidance notes and explanatory memos on a broad range of common issues arising in the HSE across the tax heads have been prepared by the tax team and are available to all staff on the HSE intranet site. Training has been delivered by the tax team to financial processing staff in 2014.
- A rolling programme of tax health checks was designed by the HSE Tax team and will be rolled out during 2015. All processing sites will be required to perform detailed reviews on a rolling basis to provide continuous assurance of tax compliance. The use of e-audit techniques will also be investigated to seek to streamline the process.

The HSE remains committed to exemplary compliance with taxation laws.

Review of the effectiveness of the system of internal control

The annual review of the effectiveness of the system of internal control of the HSE is directed at enabling the Director General, as Accounting Officer, and the Directorate HSE to deliver upon their requirement to satisfy themselves and represent to the Minister for Health and to the Oireachtas that there is appropriate effective control within the HSE. During 2014 a formal Review of the System of Internal Control in the HSE was completed by the Finance Directorate, the results of which have informed this Statement on Internal Financial Control. The review was carried out by finance managers with specific expertise in the areas of finance, audit, control and risk. Annual reviews of the system of internal control use an established controls assurance process methodology which has been further developed in carrying out this review during 2014.

The review process was significantly revised and broadened for 2014 and the HSE engaged external specialist support to review, validate and quality assure the revised review process to ensure that it meets best practice standards.

The review is informed by the following various elements, all of which provide evidence of the effectiveness, or otherwise, of the system of internal control in the HSE:

Internal Control Questionnaire (ICQ)

The ICQ was required to be completed by all staff at Grade VIII (or equivalent) and above, who also sign the annual Controls Assurance Statement. The content and format of the ICQ was extensively redeveloped in 2014, and expanded to 169 questions across 13 key control areas. For the first time, in 2014, the ICQ was hosted online and completed by respondents in electronic format. The migration of the ICQ to electronic format has facilitated the detailed statistical analysis of responses received from over 1,100 senior managers. This analysis will assist with staff training needs assessment and risk management focus in 2015.

Controls Assurance Statement (CAS)

The CAS must also be completed by all by all senior managers, administrative and clinical, from National Director Level to Grade VIII (or equivalent relevant) level, and returned, along with an up-to-date risk register, to line management. There are a number of enhancements to this year's CAS, including a more detailed section on Circular 40/02 and space for staff to include any other information that they believe is relevant. The risk register documents material risks that could affect the HSE, the methods of managing those risks, the controls that are in place to contain them and the procedures to monitor them. These returns, which were previously paper-based, have also been submitted electronically for 2014, which has facilitated real-time monitoring of completion rates.

The 2014 review also involved reference to

- status of the recommendations of previous years' reports on the review of the effectiveness of the system of internal control
- Internal Audit reports, 2014 audit programme
- Audit Committee and Risk Committee minutes/reports
- reports and management letters of the Comptroller and Auditor General
- the 2014 audit programme of the Comptroller and Auditor General and in particular, the audit risks identified therein
- assessment of the progress of the implementation of recommendations contained in previous Internal Audit reports and reports of the Comptroller and Auditor General
- internal news/media releases
- HSE Directorate and Leadership team minutes
- Steering Group/Working Group/Implementation Groups etc minutes
- external reviews/reports
- reports of the Committee of Public Accounts
- Health Information and Quality Authority Reports
- Quality Patient Safety Audit Reports; and
- government policy, such as Future Health - A Strategic Framework for Reform of the Health Service 2012–2015 and the Programme for Government.

Compliance by staff with the extended controls assurance process in 2014 has significantly improved versus 2013. The individual National Director Registers identify the staff who have and have not completed a CAS and ICQ, and non-responders will be followed up. The absence of a signed CAS attesting to the operation of controls gives rise to a concern that corporate risks may not be appropriately identified and addressed.

Conclusion

The report of the Review of the System of Internal Control in the HSE was considered by the HSE Leadership Team in February 2015 and subsequently circulated to the Directorate and Audit Committee.

In summary, the review concluded that there is evidence that

- The HSE has adopted a suite of internal policies and procedures, which form the basis of the internal financial control framework.
- Where high level risks have been identified, mitigating/compensating controls are generally in place.
- A range of instances of non-compliance with these adopted policies and procedures have been identified which exposes the organisation to material risk when not promptly addressed.
- It is clear from the responses received to the online ICQ that most managers indicate high levels of compliance with internal controls in the daily undertaking of their role. However the lack of uniform consistency of responses indicates varying levels of compliance in specific control areas and these will be subject to particular focus for improvement which will be monitored by the National Financial Controls Assurance Group during 2015.
- Reasonable assurance can be placed on the sufficiency of internal controls to mitigate and/or manage key inherent risks to which financial activities are exposed. However the operation of a number of controls remains inconsistent and represents a significant focus area for improvement over the coming year.

As in previous years, the evaluation of the effectiveness of the system of internal control has had regard to the continuous development of the control systems of the HSE as an organisation undergoing significant change, comprising an amalgamation of health bodies and their legacy systems. The extension in scope and depth of the annual controls assurance process in 2014 has had the effect of further increasing awareness and understanding of the control system throughout the organisation. A concerted approach is being adopted to following up the review's recommendations in a consistent way. All recommendations will be grouped into thematic areas so that action plans for implementation will seek to address all recommendations relating to the theme.

The breaches of the control environment of the HSE which are referenced in this statement underline the imperative of specific and sustained focus on compliance at all levels of the organisation. In summary, notwithstanding control breaches which were identified and are being addressed by management as set out above, satisfactory levels of compliance with the control framework are generally observed by the majority of staff. However, persistent instances of non-compliance remain in certain areas such as compliance with procurement rules. Disregard of procurement requirements, and by extension NFRs, are matters for consideration under the HSE's disciplinary procedures. As with recommendations contained in any other report, such as Internal Audit and C&AG reports, structured plans for the implementation of the recommendations of the Review of the Effectiveness of the System of Internal Control in the Health Service Executive are prepared by management. The implementation of these recommendations by management will be co-ordinated by National Financial Controls Assurance Group and progress will be monitored during 2015 by the National Performance Oversight Group and the Audit Committee. The situation will be reassessed in the 2015 Review of the Effectiveness of the System of Internal Control.

Tony O'Brien
Accounting Officer
Health Service Executive

18 September 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Health Service Executive

I have audited the appropriation account for Vote 39 Health Service Executive for the year ended 31 December 2014 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 39 Health Service Executive for the year ended 31 December 2014.

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

Significant breaches of the control system

The statement on internal financial control discloses significant breaches of the control system in 2014 relating to compliance with procurement rules and tax compliance. Note 6.7 of the appropriation account also discloses that following an internal review of tax compliance, the HSE made an unprompted qualifying disclosure to the Revenue Commissioners in respect of unpaid tax for the periods 2011, 2012 and 2013 and paid tax including interest and penalties totaling €21.6 million in 2014 and €0.8 million in 2015.

Reporting on matters arising from audit

Chapters 19 to 21 of my report on the accounts of the public services for 2014 refer to certain other matters relating to Vote 39.

Seamus McCarthy
Comptroller and Auditor General

24 September 2015

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as determined by the Department of Public Expenditure and Reform (DPER) have been applied in the preparation of the account except for the following:

Preparation of the appropriation account from the annual financial statements (AFS)

Section 36 (2) of the Health Act 2004 requires the HSE to prepare annual financial statements (AFS) in such form as the Minister for Health may direct and Section 36 (3) requires that these accounts be prepared in accordance with accounting standards specified by the Minister. The AFS are prepared on an income and expenditure basis. All income relating to the period is recognised, whether actually received or not and all expenditure relating to the period, both actual and accrued, is charged. The balance of the account shows the excess of income over expenditure or vice versa.

The Appropriation Account is prepared on a receipts and payments basis and recognises cash received and paid during the period of account. It is a non-cumulative account and any amount underspent at year-end is surrendered to the Exchequer.

The charge to the HSE Vote comprises expenditure recorded on an area basis and expenditure relating to nationally administered programmes. The area-based expenditure is produced for areas that pre-dated the HSE and derived from legacy systems operated in those areas. The Executive's financial systems are designed to produce accrual-based accounts and the cash based figures required for Vote accounting relies on substantial reconciliations to the accrual figures. These are derived from the AFS by eliminating non cash items and analysing all asset and liability accounts to identify all suspense account balances. The key to the process is that both sets of accounts are ultimately prepared from the same source transactions. The summary reconciliation of the vote outturn to the AFS is included in Note 1.2 of the appropriation account.

Ultimately, while this process produces an overall outturn that equates to the Vote outlay of the Executive in the year, the charge to some individual subheads includes apportionments.

Expenditure on long term residential care

The Nursing Homes Support Scheme (NHSS) provides eligible people with financial support towards the cost of their long term residential care and involves a co-payment arrangement between the person and the State. The scheme applies to people accessing long term residential care and replaces the subvention scheme which had been in existence since 1993. Subhead C.2 is designed to account for all expenditure on long term residential care which comprises the following four elements

- subventions paid in respect of residents in private nursing homes, who were resident prior to the introduction of the NHSS and who have opted not to transfer to the NHSS scheme
- contract bed payments paid in respect of residents in private nursing homes, who were resident prior to the introduction of the NHSS and who have opted not to transfer to the NHSS scheme
- payments to private nursing homes in respect of residents who are in the NHSS
- a proportion of the gross expenditure of public residential care units.

The first three elements are charged directly to the subhead. The fourth element is based on a cost allocation model developed by the HSE which, in summary, apportions the costs of its long-stay units on the basis of beds allocated to the NHSS.

Other apportionments

In addition to Subhead C.2, certain expenditure currently administered centrally (e.g. HSE corporate expenditure, statutory pension costs excluding lump sums and national contracts) is apportioned to area-based subheads on an estimated basis in line with how the Revised Estimates Volume allocation was calculated.

Statement of capital assets

Tangible fixed assets comprise land, buildings, work in progress, equipment and motor vehicles. Tangible fixed asset additions since 1 January 2005 are stated at historic cost less accumulated depreciation. The carrying values of tangible fixed assets taken over from predecessor bodies by the HSE were included in the opening balance sheet on establishment day, 1 January 2005, at their original cost/valuation. Where lands had been revalued prior to transfer to the HSE, Department of Health valuation rates were used. The related aggregate depreciation account balance was also included in the opening balance sheet. The HSE has adopted a policy of not revaluing fixed assets.

Depreciation is calculated to write-off the original cost/valuation of each tangible fixed asset over its useful economic life on a straight line basis at the following rates

- land: land is not depreciated
- buildings: depreciated at 2.5% per annum.
- modular buildings (i.e. prefabricated buildings): depreciated at 10% per annum
- work in progress: no depreciation
- equipment - computers and ICT systems: depreciated at 33.33% per annum
- equipment - other: depreciated at 10% per annum
- motor vehicles: depreciated at 20% per annum.

Statement of capital assets under development

A separate statement has not been completed as capital assets under development are included as work in progress in the Statement of Capital Assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the estimated proceeds of sale less costs to be incurred in the sale of stock.

Matured liabilities

Matured liabilities are individual invoices in excess of €20,000 paid in January 2015 which fell due for payment before 31 December 2014.

Vote 39 Health Service Executive

Appropriation Account 2014

Service		2014			2013
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
HSE Administration					
A.1	Salaries, wages and allowances and other administration expenses of Corporate HSE		61,557	63,955	62,517
A.2	Value for money and policy reviews		386	377	389
A.3	Pension lump sum payments				
	Original	72,000			
	Supplementary	20,000	92,000	91,176	61,185
HSE Regions and Other Health Agencies					
B.1	HSE-Dublin Mid Leinster Region				
	Original	1,355,461			
	Supplementary	71,000	1,426,461	1,432,438	1,372,529
B.2	HSE-Dublin North East Region				
	Original	1,234,692			
	Supplementary	66,000	1,300,692	1,306,142	1,252,550
B.3	HSE-South Region				
	Original	1,928,812			
	Supplementary	61,000	1,989,812	1,998,150	1,944,463
B.4	HSE-West Region				
	Original	2,141,394			
	Supplementary	65,000	2,206,394	2,215,638	2,160,646
B.5	Grants in respect of certain other health bodies including voluntary and joint board hospitals				
	Original	2,206,786			
	Supplementary	127,000	2,333,786	2,305,337	2,256,030

Service		2014			2013
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Other services					
B.6	Health agencies and other similar organisations (part funded by National Lottery)		7,513	4,289	3,599
B.7	Hospital, in-patient, out-patient and counselling services for persons who have contracted Hepatitis C from the use of immunoglobulin anti-D and the provision of services under the Health (Amendment) Act 1996 ^a		14,244	14,210	14,921
B.8	Payment to a special account established under Section 13 of the Health (Repayment Scheme) Act 2006		8,000	1,000	—
B.9	Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme		1,500	1,650	900
B.10	Service developments and innovative service delivery projects		41,570	21,635	27,702
B.11	Payments to the State Claims Agency				
	Original	96,000			
	Supplementary	55,000	151,000	129,403	123,741
Care Programme					
C.1	Primary care reimbursement services and community demand led schemes				
	Original	2,374,972			
	Supplementary	165,000	2,539,972	2,540,112	2,637,071
C.2	Long term residential care		938,763	954,093	966,324
C.3	Children and Family Services		—	—	566,794
^a Excludes expenditure of €5.87 million in respect of voluntary hospitals as this expenditure is included under Subheads B1 to B4.					

Service		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
Capital Services				
D.1	Building, equipping and furnishing of health facilities and of higher education facilities in respect of the pre-registration nursing degree programme, including payments in respect of property rental, lease costs, etc.	323,620	320,888	289,302
D.2	Building, equipping and furnishing of health facilities (part funded by National Lottery)	2,539	2,539	2,539
D.3	Information systems and related services for health agencies	140,000	134,432	126,041
D.4	Building and equipping mental health and other health facilities (funded from the disposal of surplus assets)	8,000	5,453	3,587
Gross expenditure				
	Original	12,957,809		
	Supplementary	630,000		
		13,587,809	13,542,917	13,872,830
Deduct				
E	Appropriations in aid			
	Original	1,405,313		
	Supplementary	(50,000)		
		1,355,313	1,337,185	1,372,433
Net expenditure				
	Original	11,552,496		
	Supplementary	680,000		
		12,232,496	12,205,732	12,500,397

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	26,764,003	31,074,196

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Expenditure on HSE corporate administration		61,943	62,906
Expenditure on services and programmes		13,480,974	13,809,924
Gross expenditure		13,542,917	13,872,830
<i>Deduct</i>			
Appropriations-in-aid		1,337,185	1,372,433
Net expenditure		12,205,732	12,500,397
Changes in capital assets			
Purchases cash	(219,709)		
Depreciation	177,858		
Capital assets transferred to Tusla	76,151		
Asset transfers/disposals	6,071		
Disposals cash	3,623		
Loss on disposals	4,572	48,566	9,528
Changes in net current assets			
(Decrease) in closing accruals	(42,988)		
Net assets and liabilities transferred to Tusla	(39,119)		
(Increase) in stock	(14,281)	(96,388)	13,667
Net programme cost		12,157,910	12,523,592

1.1 Net Revenue and Capital Vote Outturn

Category	2014 REV estimate €000	Supplementary estimate €000	Final 2014 estimate €000	2014 Outturn €000	Surplus/ (Deficit) €000
Gross revenue	12,583,650	630,000	13,213,650	13,174,212	39,438
Gross capital	374,159	—	374,159	368,705	5,454
Total gross vote	12,957,809	630,000	13,587,809	13,542,917	44,892
Appropriations-in-aid					
Revenue receipts	(1,397,313)	50,000	(1,347,313)	(1,330,998)	(16,315)
Capital receipts	(8,000)	—	(8,000)	(6,187)	(1,813)
Total appropriations-in-aid	(1,405,313)	50,000	(1,355,313)	(1,337,185)	(18,128)
Net vote	11,552,496	680,000	12,232,496	12,205,732	26,764
Net revenue	11,186,337	680,000	11,866,337	11,843,214	23,123
Net capital	366,159	—	366,159	362,518	3,641
Net vote	11,552,496	680,000	12,232,496	12,205,732	26,764

1.2 Reconciliation of operating cost to expenditure recognised in the Annual Financial Statements (AFS)

	2014	2013^a
	€000	€000
Net programme cost	12,157,910	12,523,592
Expenditure met from other income	1,391,714	1,470,594
Purchases cash	219,709	181,073
Depreciation	(177,858)	(179,429)
Land transfers/disposals	(6,071)	(3,995)
Disposals cash	(3,623)	(2,465)
(Loss) on disposals	(4,572)	(4,712)
Expenditure per AFS income and expenditure accounts	13,577,209	13,984,658
Revenue expenditure per revenue income and expenditure account	13,220,321	13,642,431
Capital expenditure per capital income and expenditure account	356,888	342,227
Expenditure per AFS income and expenditure accounts	13,577,209	13,984,658
Analysed as follows		
	2014	2013^a
	€000	€000
Revenue pay and pensions		
Clinical	2,699,898	2,789,900
Non-clinical	863,119	901,068
Other client/patient services	632,557	614,208
Superannuation	599,853	566,203
Sub-total pay and pensions	4,795,427	4,871,379
Revenue non-pay		
Clinical	880,780	856,264
Patient transport and ambulance services	56,892	56,682
Primary care and medical card schemes	2,667,502	2,901,490
Other client/patient services	15,994	64,866
Grants to outside agencies	3,425,454	3,477,148
Housekeeping	229,193	232,970
Office and administrative expenses	403,096	408,579
Long stay charges repaid to patients	1,124	196
Hepatitis C insurance scheme	882	1,198
Payments to State Claims Agency	117,356	135,874
Nursing home support scheme (Fair Deal) – private nursing home only	585,511	591,386
Other operating expenses	41,110	44,399
Sub-total non pay	8,424,894	8,771,052
Capital expenditure		
Capital grants to outside agencies	53,292	68,875
Capital expenditure on HSE capital projects	303,596	273,352
Sub-total capital	356,888	342,227
Total expenditure per AFS income and expenditure accounts	13,577,209	13,984,658

^a 2013 pay, pensions and non pay costs include Children and Family Services

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	4,861,672	4,910,238
Financial assets		3	3
		4,861,675	4,910,241
Current assets			
Bank, cash and PMG	2.3	151,159	143,989
Stocks	2.4	137,133	122,852
Debtors and prepayments	2.5	333,924	217,526
Other debit balances	2.6	5,397	45,268
Total current assets		627,613	529,635
Less current liabilities			
Creditors		153,866	148,053
Accrued expenses		1,381,496	1,329,183
Deferred income		25,724	10,440
Other credit balances	2.7	150,792	172,032
Net liability to the Exchequer	2.8	5,764	17,225
Total current liabilities		1,717,642	1,676,933
Net current assets		(1,090,029)	(1,147,298)
Net assets		3,771,646	3,762,943
Represented by:			
State funding account	2.1	3,771,646	3,762,943

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		3,762,943	3,784,880
Disbursements from the Vote			
Estimate provision	Account	12,232,496	
Surplus to be surrendered	Account	(26,764)	
Net vote		12,205,732	12,500,397
Non cash expenditure – reserves ^a		(39,119)	1,258
Net programme cost		(12,157,910)	(12,523,592)
Balance at 31 December		3,771,646	3,762,943

^a 2014 reserves movement relates to net assets and liabilities transferred to Child and Family Agency in 2014.

2.2 Capital Assets

	Land	Buildings ^a	Work in progress	Equipment	Motor vehicles	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost/valuation at 1 January 2014	1,721,684	3,779,324	118,455	1,261,651	92,075	6,973,189
Additions	2,003	13,602	149,936	48,609	5,559	219,709
Transfers (from work in progress)	—	18,570	(35,366)	16,272	524	—
Disposals (CFA) ^b	(16,276)	(78,996)	—	—	(1,746)	(97,018)
Disposals (Non-CFA)	(9,687)	(2,402)	(1,619)	(14,933)	(9,146)	(37,787)
Cost/valuation at 31 December 2014	1,697,724	3,730,098	231,406	1,311,599	87,266	7,058,093
Accumulated depreciation						
Opening balance at 1 January 2014	—	952,119	—	1,031,397	79,435	2,062,951
Charge for the year	—	92,445	—	79,455	5,958	177,858
Depreciation on disposals (CFA) ^b	—	(19,372)	—	—	(1,495)	(20,867)
Depreciation on disposals (Non CFA)	—	(729)	—	(13,731)	(9,061)	(23,521)
Cumulative depreciation at 31 December 2014	—	1,024,463	—	1,097,121	74,837	2,196,421
Net assets at 31 December 2014	1,697,724	2,705,635	231,406	214,478	12,429	4,861,672
Net assets at 31 December 2013	1,721,684	2,827,205	118,455	230,254	12,640	4,910,238

^a The net book value of fixed assets above includes €29.8 million (2013: €31.6 million) in respect of buildings held under finance leases; the depreciation charged for the year above includes €1.8 million (2013: €1.8 million) on those buildings.

^b Land and buildings were transferred to the Child and Family Agency on 1 January 2014 in accordance with the asset schedule contained within the Deed of Agreement entered into between the Minister for Health and the Minister for Children and Youth Affairs, dated 23 December 2013. Motor Vehicles transferred were subject to a formal identification process and transferred to the Child and Family Agency on 1 January 2014 upon agreement between the HSE and the Child and Family Agency.

2.3 Bank, Cash and PMG

	2014	2013
at 31 December	€000	€000
Officers imprest/petty cash balances	594	673
Commercial bank account balances	52,785	48,370
PMG balance	97,780	94,946
	151,159	143,989

2.4 Stocks	2014	2013
at 31 December	€000	€000
Medical, dental and surgical supplies	31,745	31,719
Laboratory supplies	6,166	6,449
Pharmacy supplies	18,751	18,179
High tech pharmacy stocks	44,814	33,780
Pharmacy dispensing stocks	968	1,066
Blood and blood products	1,120	1,250
Vaccine stocks	23,319	19,638
Household services	7,684	8,074
Stationery and office supplies	2,021	2,016
Sundries	545	681
	137,133	122,852

The HSE, in accordance with the Department of Public Expenditure and Reform letter of sanction, wrote off stock amounting to €0.54 million in 2014.

2.5 Debtors and Prepayments	2014	2013
at 31 December	€000	€000
Patient debtors – private facilities in public hospitals ^a	158,068	110,783
Patient debtors – public inpatient charges	5,587	13,840
Patient debtors – long stay charges	8,998	8,200
Prepayments and accrued income	19,784	18,598
Pharmaceutical manufacturers	18,428	15,294
Pension levy deductions from staff/service providers	9,981	10,549
Statutory redundancy claim	3,720	6,021
Voluntary hospitals re: national medical device service contracts	16,313	11,145
Sundry debtors	31,233	23,096
Jan 15 payroll advance.	25,057	—
Payroll technical adjustment ^b	27,228	—
Local authorities ^b	1,007	—
Payroll overpayments and secondments ^b	5,190	—
Other debtors ^b	3,330	—
	333,924	217,526

^a Patient debtors – private facilities in public hospitals has increased significantly year on year and patient debtors – public inpatient charges has fallen. A revised charging structure was introduced for in-patient services provided under Section 55 of the Health Act 1970 (as amended by Health (Amendment) Act 2013). These include charging for private patients accommodated in a non-designated bed, which could not be billed for previously, and a reduction in statutory charges for private patients for the public inpatient charge.

^b In prior years, certain debtor balances were accounted for as vote debit balances and disclosed in Note 2.6. These balances represented cash advances from the HSE Vote, recoupable from that Vote. Arising from the disestablishment of the Vote from 1 January 2015, these balances are now accounted for as debtors. They will remain as debtors on the HSE's financial statements and any monies due will be collected in future years.

Debt Write-Offs and Provisions

During 2014, the HSE, in accordance with the Department of Public Expenditure and Reform letter of sanction, wrote off bad debts amounting to €13.5 million and increased the provision for bad debts by €2.1 million as follows:

	Debts written off		Movement in provision	
	2014	2013	2014	2013
	€m	€m	€m	€m
Private charges	4.6	4.9	5.6	4.7
In-patient charges	2.6	2.9	1.3	0.6
Emergency department charges	2.3	3.6	(0.2)	(1.4)
Road traffic accidents	2.5	2.0	(3.8)	(1.5)
Long-stay	2.3	0.2	(0.2)	1.8
Non-patient related debts	(0.8)	0.9	(0.6)	(0.5)
Total	13.5	14.5	2.1	3.7

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Payroll advances and overpayments ^a	—	4,275
Secondments	—	3,011
Payroll technical adjustment ^a	—	30,350
National Treatment Purchase Fund/Special Delivery Unit	—	94
Local authorities	—	2,292
Other debit balances	5,397	5,246
	5,397	45,268

^a In prior years, certain debtor balances were accounted for as vote debit balances and disclosed in note 2.6. These balances represented cash advances from the HSE Vote, recoupable from that Vote. Arising from the disestablishment of the Vote from 1 January 2015, these balances are now accounted for as debtors. They will remain as debtors on the HSE's financial statements and any moneys due will be collected in future years.

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	59,583	56,994
Pay Related Social Insurance	36,973	37,173
Professional Services Withholding Tax	19,638	18,924
Value Added Tax	9,460	9,035
Single Public Service Pension Scheme	771	—
Local Property Tax	339	—
Due to the State	126,764	122,126
Payroll deductions and other credit balances ^a	18,028	17,513
Deferred income/special I&E balances ^a	6,000	32,393
	150,792	172,032

^a Arising from the disestablishment of the Vote from 1 January 2015, certain credit balances totalling €41.2 million were surrendered during 2014. These balances will continue to be reflected in the financial statements of the HSE.

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	26,764	31,074
Exchequer grant undrawn	(21,000)	(13,849)
Net liability to the Exchequer	5,764	17,225
Represented by:		
Debtors		
Bank, cash and PMG	151,159	143,989
Other debit balances	5,397	45,268
	156,556	189,257
Creditors		
Due to State	(126,764)	(122,126)
Payroll deductions and other credit balances	(18,028)	(17,513)
Deferred income/special I&E balances	(6,000)	(32,393)
	(150,792)	(172,032)
	5,764	17,225

2.9 Commitments	2014	2013
at 31 December	€000	€000

Global Commitments

Commitments likely to arise in subsequent years for:

Procurement and grant subheads	267,043	268,090
Operating leases	42,634	41,039
Finance leases	34,952	36,035

Capital Commitments^{a,b}	Cumulative spend to 31 December 2013	Expenditure in 2014	Commitments 2015-2018	Total
	€m	€m	€m	€m
Hospital Services				
Development of National Paediatric Hospital.	37.55	7.26	322.20	367.01
Relocation of National Maternity Hospital Holles Street.	—	0.72	87.18	87.90
Provision of Phase 2 radiation oncology facilities in Cork University Hospital	—	0.43	63.10	63.53
Provision of Phase 2 radiation oncology facilities at University College Hospital Galway	—	0.37	52.08	52.45
St James Hospital - Centre of Excellence for Ageing.	1.01	11.12	20.58	32.71
Althnagelvin Hospital - Part funding of additional radiation oncology facilities.	—	3.00	16.00	19.00
University College Hospital Galway - New Clinical Block.	0.22	0.57	16.82	17.61
Our Lady of Lourdes Hospital—Phase 2.	0.38	0.67	14.88	15.93
University Hospital Limerick - Fit-out of the Emergency Department.	0.60	0.20	14.06	14.86
Mercy University Hospital - Development of a Regional Gastroenterology Centre.	0.10	0.12	10.84	11.06
Naas General Hospital - Day procedures unit, Oncology & Physical Therapy Unit, Provision of a replacement Endoscopy Suite.	—	0.99	7.70	8.69
Sub-total hospital services	39.86	25.45	625.44	690.75

Capital Commitments^{a,b}	Cumulative spend to 31 December 2013	Expenditure in 2014	Commitments 2015-2018	Total
	€m	€m	€m	€m
Community Services				
Central Mental Hospital – Phase 1 National Forensic Central Hospital.	1.42	1.75	109.55	112.72
National Rehabilitation Hospital – Phase 1 redevelopment/replacement of existing facility.	10.62	1.04	23.06	34.72
Tullamore Hospital - Refurbishment of original hospital buildings.	1.00	4.52	7.59	13.11
Primary Care Centre to be provided on the site of St Mary's Orthopaedic Hospital	—	0.07	16.82	16.89
University College Hospital Galway - Provision of a replacement acute mental health unit.	0.28	0.82	14.74	15.84
Killarney mental health residential unit.	0.46	3.27	9.46	13.19
Primary Care Centre to be developed on site in Grangegorman.	1.01	1.06	9.08	11.15
Portlaoise - Mental health residential unit	—	0.09	12.23	12.32
Castlebar -Refurbishment and extension to long stay wards and a rehabilitation ward.	0.10	0.13	10.76	10.99
Primary Care Centre – Finglas.	0.38	0.17	9.84	10.39
Primary Care Centre - Rowlagh/ North Clondalkin.	1.00	—	7.00	8.00
Primary Care Centre - Corduff	0.50	0.14	7.48	8.12
Sub-total community services	16.77	13.06	237.61	267.44
Total capital commitments	56.63	38.51	863.05	958.19

^a The HSE has a multi-annual capital investment plan which prioritises expenditure on capital projects in line with goals in the Corporate Plan and the Annual National Service Plan. The commitments identified above are in respect of the total cost of projects for 2015 to 2018 for which specific funding budgets have been approved at year end. These commitments may involve costs in years after 2014 for which budgets have yet to be approved.

^b Capital commitments above relate to the period 2015 to 2018. Some projects have commitments beyond 2018.

2.10 Matured Liabilities

Estimate of the amount of matured liabilities not discharged at 31 December 2014 was €15.4 million (2013: €14.2 million).

3 Programme Expenditure by Subhead

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

Description	Less/(more) than provided €000	Explanation
A.3 Pension Lump Sums	824	The REV provided for €72 million which was anticipated to pay for 1,241 leavers with an average lump sum amount of €58,000. A supplementary estimate of €20 million was required as the actual number of pension lump sums exceeded the funding provided. 2,797 cases were processed in 2014 at an average cost of €31,525. These included retirement benefits, gratuities and refunds of superannuation.
B.1 – B.5 HSE Regions and Grants in respect of certain other health bodies including voluntary and joint board hospitals	(560)	The outturn in 2014 for Subheads B.1 to B.5 inclusive was €391 million higher than provided for in the estimate. This was due to an incoming deficit of €80 million in relation to acute hospitals which had not been included in the estimate. In addition, the estimate had provided for reductions in costs in acute hospitals of €89 million. These reductions mainly related to agency costs which did not materialise reflecting the diminishing capacity to recruit doctors and price increases for agency provision. Expenditure in the acute sector in 2014 was €115 million higher than 2013 reflecting growth in expenditure on drugs and medicines, blood and blood products, and medical and surgical supplies and equipment. In addition the estimate included a projected €107 million of unspecified pay savings which were outside of the control of the HSE to deliver. The higher than expected costs in the acute sector were also due to increased activity including a 2% increase in emergency admissions, 3% increase in bed days used, 3% increase in day case treatments. There was also a reduction in elective admissions of 4.6%. A supplementary estimate of €390 million was provided.
B.6 Health Agencies and other similar organisations (part funded by National Lottery)	3,224	National Lottery grants are not paid until the conditions of the grant are fulfilled. Delays occur due to outstanding information requirements such as tax clearance certificate and quotations.
B.8 Payment to a Special Account established under Section 13 of the Health (Repayment Scheme) Act 2006	7,000	Following the withdrawal of a High Court appeal brought by the HSE and the Department of Health in respect of determinations made by the Appeals Officer which grants repayments to clients of certain disability services, the HSE commenced work during 2013 with the service providers to process repayments as determined by the Appeals Officer. No payments were made in 2013 as the service providers were not in a position to submit the relevant information in time for payments to be made. The HSE National Co-ordinating Unit can only make repayments on claims which have been fully validated through the various stages of the repayment process which includes receiving the required information and data from service providers, checking details and amounts provided, audit of the repayable amounts, issuing offers and checking appropriate acceptance of the offers. As some of the data received from the service providers did not meet the required standard, it was not possible to process all of the claims by the end of 2014. Consequently, only €1 million was drawn down from the 2014 allocation.

Description	Less/(more) than provided €000	Explanation
B.9 Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme.	(150)	The estimate provided was less than the actuarial projections of insurance policy holders claims. The outturn was less than the actuarial projection but exceeded the estimate provision. The actuarial projection for annual payments under the scheme are €7 million and €7.6 million respectively.
B.10 Service developments and innovative service delivery projects	19,935	Expenditure was €19.9 million lower than budgeted. The 2014 Programme for Government funding of €20 million allocated to Mental Health allowed the Mental Health Division to commit to the recruitment of 251 new development posts. The HSE recognises that there are difficulties with hiring people for certain posts within the mental health services and are working to identify and recruit mental health professionals. Challenges arise in relation to certain specialist posts, certain disciplines and certain geographic locations. At the end of December 2014, 1.2% of the posts had been filled with the balance at various stages in the recruitment process. As at the 30th June 2015, of the 251 posts that were granted as part of the 2014 allocation, 78 have been hired with 71 of those already commenced. A further 89.5 are at various stages in the recruitment process e.g. post accepted and processing clearance. The development funding has also provided for a number of new initiatives which have supported recovery oriented, innovative developments in mental health services in Ireland.
B.11 State Claims Agency	21,597	Expenditure was €33.4 million higher than the original Estimate provided. The supplementary estimate was required due to a significant risk that became apparent in early 2014, that all catastrophic injury cases which were to come before the courts in 2014 would settle on a lump sum basis and not on deferred periodic payments basis. Actual Expenditure was €21.6 million less than the post supplementary estimate, due to the timing and nature of settlements and reimbursement of claims from the State Claims Agency.

Description	Less/(more) than provided €000	Explanation
C.1 Primary care reimbursement services and community demand led schemes	(140)	Expenditure was €165 million more than provided for in the estimate. The main reasons for this were as follows €53 million was required for PCRS schemes of which €24 million related to the Long Term Illness Scheme (LTI) and €24 million related to expenditure on the High tech drugs/medicines scheme. The increase in LTI is mainly as a result of increased demand in the scheme. In 2014 4.4 million items were claimed on the scheme compared to 2.99 million items in 2013. High tech drugs/medicines continued to increase with new drug molecules coming on stream and increased number of claimants in 2014 (69,118) from 63,665 in 2013. The average monthly number of active claimants in 2014 was 36,881 (2013:- 34,732). €46 million related to local schemes e.g. Hardship medicines which represent demand driven services and costs. Expenditure in 2014 amounted to €216 million compared to the estimate allocation of €170 million. The 2014 estimate provision included a deduction of €41million under FEMPI. This pay cut resulted in reductions in expenditure in 2013 and was already reflected in the 2014 base budget (before adjustment). €11 million related to projected savings arising the introduction of an initiative whereby the retention of a full medical card on return to work would be replaced with a GP visit card. This initiative was not implemented in 2014. €10 million related to projected savings arising from the delisting of drugs from the GMS reimbursable drugs list. This initiative was not implemented in 2014.
D.4 Building and equipping mental health and other health facilities (funded from the disposal of surplus assets)	2,547	The savings arose as major projects were at an early stage in their lifecycle and the procurement of design teams and contractors took longer than anticipated due to the level of challenges being experienced by contractors. Projects progressed included St Loman's mental health residential unit, Cherry Orchard child and adolescent residential unit, additional beds Clonskeagh, extension and refurbishment at Inchicore, St Annes child and adolescent facility Galway and Ballinasloe community mental health unit.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Recovery of cost of health services provided under regulations of the European Community	181,000	171,980	220,000
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	3,003	5,042
4.	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	3,000	5,805	9,706
5.	Statutory charges in public hospitals, long-stay charges and charges for maintenance in private and semi-private accommodation in public hospitals			
	<i>Original</i>	385,946		
	<i>Supplementary</i>	(40,000)		
6.	Superannuation	172,586	169,373	181,655
7.	Miscellaneous receipts			
	<i>Original</i>	116,159		
	<i>Supplementary</i>	(10,000)		
8.	Receipts from the disposal of mental health and other health facilities.	8,000	6,187	6,027
9.	PCRS rebate receipts	35,000	38,053	40,168
10.	Receipts from pension-related deduction on public service remuneration	333,017	319,170	344,452
Total				
	<i>Original</i>	1,405,313		
	<i>Supplementary</i>	(50,000)		
		1,355,313	1,337,185	1,372,433

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
Recovery of cost of health services provided under regulations of the European Community	9,020	The appropriations-in-aid received by Ireland (HSE) from the United Kingdom in respect of health services provided under EU Regulations is based on an estimate of the number of persons falling within categories eligible for reimbursement and for whom each country is liable and an estimate of the average cost of providing healthcare treatment. The amount payable is agreed bilaterally following compilation of relevant data and discussions between the two administrations. The projected receipts of €181 million represented an initial estimate of what might be received in 2014 in advance of such discussions. A total of €171.98 million was received.

Description	Less/(more) than provided €000	Explanation
Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	(2,805)	The dental benefit reimbursement increased due to an increase in the number of recipients. The pay over in 2014 relates to 2013 recipients and the number of recipients increased by 10% over 2012.
Statutory charges in public hospitals, long stay charges and charges for maintenance in private and semi-private accommodation in public hospitals	(7,083)	The estimated receipts included provision for accelerated payment of €50 million from health insurers, as well as growth in income. In this event, the accelerated payment did not occur in 2014. This was offset by higher than projected growth in income (€17 million).
Miscellaneous receipts	3,179	The estimate includes a provision for once off and variable receipts which did not materialise resulting in a reduction of €10 million in the supplementary estimate.
Receipts from the disposal of mental health and other health facilities.	1,813	Sales of surplus assets were lower than the estimate provision due to property market conditions. Only land and buildings which were surplus to requirements and achieved market value were sold.
PCRS rebate receipts	(3,053)	The surplus is primarily due to the timely collection of monies due from current invoices and also the collection of overdue monies following the resolution of account queries. In addition, there were a number of new special rebate charges for specific drugs in 2014 which also increased the rebate collected.

4.2 Extra Receipts Payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	5,281	—
Receipts from Statutory Redundancy Fund	2,303	5,281
Balance due from Social Insurance Fund	3,720	—
Transferred to the Exchequer	(7,584)	—
Balance at 31 December	<u>3,720</u>	<u>5,281</u>

4.3 Reconciliation of Income per the Annual Financial Statements to Appropriations-in-aid

	2014		2013
	Revenue	Capital	Total
	€000	€000	€000
Total per annual financial statements	13,228,741	368,705	13,597,446
Less Exchequer grants	11,843,214	362,518	12,205,732
Total other income per annual financial statements	1,385,527	6,187	1,391,714
Less income credited to suspense			
Department of Health ^a			(21,770)
Department of Children and Youth Affairs			(1,074)
Department of Social Protection		(877)	(1,022)
Agency services		(7,279)	(7,282)
NTPF receipts/non cash receipts			(943)
Capital receipts from other State sources			(974)
Less movements in working capital			
Difference between patient cash receipts and patient income		(56,893)	(76,357)
Movement in other non-Vote debtors and other cash receipts.		10,520	11,261
Appropriations-in-aid		1,337,185	1,372,433

^a Funding for Drugs Program Unit, previously received from the DoH, was included in HSE Vote from 1 January 2014.

5 Employee Numbers and Pay

Whole Time Equivalents	2014	2013^a
at 31 December		
HSE employees	61,974	64,923
Voluntary sector employees	35,817	35,036
Other directly employed/non-employment control framework personnel	5,239	4,123
Total employees	103,030	104,082

^a 2013 HSE whole time equivalents include Children & Family Services (3,465).

Summary analysis of pay and pension costs	2014	2013^a
	€000	€000
Basic pay	3,086,540	3,226,840
Allowances	101,638	115,546
Overtime	128,043	134,519
Night duty	69,614	67,547
Weekends	156,741	166,819
On-call	50,608	48,248
Arrears	17,010	17,229
Employer PRSI	307,874	315,486
Superannuation	599,853	566,203
HSE pay	4,517,921	4,658,437
Agency pay	277,506	212,942
Total pay	4,795,427	4,871,379

^a 2013 pay and pensions costs include Children & Family Services.

5.1 Allowances and Overtime Payments^a

	Number of recipients ^b	Recipients of €10,000 or more	Maximum individual payment ^c 2014 €	Maximum individual payment 2013 €
Allowances	31,900	967	110,669	150,765
Overtime	20,653	3,772	144,696	154,549
Night duty	29,679	137	16,510	18,403
Weekends	46,784	524	18,993	16,638
On-call	6,599	1,628	334,215 ^e	117,299
Other ^d	12,743	140	246,774 ^f	67,186

^a Payments relate to HSE employees only.

^b Certain individuals received extra remuneration in more than one category.

^c The maximum individual allowance and overtime payments may include amounts paid in 2014 in respect of previous years.

^d Other includes sessional payments accounted for as payroll costs and pay arrears.

^e The maximum on call payment of €334,215 arose due to critical staffing requirements due to emergency/sick leave. When this payment is excluded the maximum payment is €69,513.

^f The maximum other payment of €246,774 arose due to critical staffing requirements due to emergency/sick leave. When this payment is excluded the maximum payment is €92,089.

5.2 Performance and Merit Payments

There was no payment of performance related pay in 2014 (2013: €14,265).

Gratuities paid in 2014 amount to €3.33 million (2013: €3.68 million) and included death gratuities, short service gratuities and gratuities paid to non pensionable persons.

5.3 Other Remuneration Arrangements

Payments to retired staff for services in 2014 amounted to €6.4 million (€8.5 million in 2013) and relates to salary and interviewer payments to retired HSE staff (excludes payments to agency staff).

Payments of €1.68 million were made in 2014 arising from Labour Relations Commission/Rights Commissioners awards (2013: €1.9 million).

The cost of severance awards paid in 2014 totalled €31,500 (2013: €91,618).

6 Miscellaneous

6.1 National Lottery Funding

A total of €4.289 million was paid by HSE areas as summarised below and charged to Subhead B.6. A listing of recipients of the funding and the amounts paid is available on the HSE website (www.hse.ie).

Lottery spend by HSE Regions

	2014	2013
	€000	€000
Dublin Mid Leinster Region	1,103	1,202
Dublin North East Region	1,349	337
South Region	921	1,049
West Region	916	1,011
Total	4,289	3,599

HSE capital expenditure funded from the National Lottery in 2014 amounted to €2.5 million (2013: €2.5 million) and is charged to Subhead D.2.

6.2 Legal Fees and Compensation

Legal costs paid during the year are categorised as follows:

Legal Fees Paid	2014	2013 ^a
	€000	€000
Legal fees paid	13,287	44,454
Legal compensation costs paid ^b	843	306
Total	14,130	44,760

The HSE paid a further €87,790 in respect of various claims brought against it and settled in 2014 which were not covered under insurance.

Redundancy payments of €1.8 million were paid in 2014.

Other ex-gratia payments made during 2014 amounted to €25,300 and other miscellaneous payments amounted to €1.36 million.

There were a total of 250 outstanding claims against the HSE with HSE Insurers at the end of 2014.

The HSE had 118 outstanding claims for compensation at 31 December 2014 which are not covered by the HSE insurance policy.

^a Legal fees and compensation paid in 2013 include the Children & Family Services (Tusla).

^b The compensation amount excludes payments made by the State Claims Agency on behalf of the HSE in settlement of claims and these amounts are charged to Subhead B.11.

Insurance

Prior to 1 January 2001, HSE insurance premium was subject to retro-rating. Under the retro-rating basis, the final premium is not determined until the end of the coverage period and is based on the HSE's loss experience for that same period. The retro-rated adjustment payable by the HSE is subject to maximum and minimum limits. At 31 December 2014 it was not possible to accurately quantify the liability, if any, which may arise as a result of future retro-rating. The maximum liabilities for retro-rated claims still outstanding, based on agreed levels of each insurable risk is €5,000 and €980,500 for employers liability and public liability respectively. All insurance premiums from 1 January 2001 have been paid on a flat basis only and no retro-rating applies to cover from this date forward. Until the transfer to State indemnity on 1 January 2010, the HSE was insured against employer's liability and public liability risks up to an indemnity limit, under both retro-rated and flat-rated bases.

Insurance - State Claims Agency

Since 1 July 2009, the HSE is funded for claims processed by the State Claims Agency under the terms of the Clinical Indemnity Scheme. From 1 January 2010, the National Treasury Management Agency (Delegation of Functions) Order 2009 extended the State indemnity to personal injury and third party property damage claims against the HSE. Awards paid to claimants under the terms of the scheme are accounted for on a pay-as-you-go basis. At 31 December 2014, the estimated liability incurred to that date under the Clinical Indemnity Scheme and State indemnity was €1,277 million (2013: €1,084 million). Of this €1,277 million, approximately €1,139 million relates to active claims in respect of clinical care, with the balance of the estimated liability relating to non-clinical care claims. In 2014, €129.4 million (2013: €124 million) was charged to the appropriation account.

There were a total of 4,506 outstanding claims against the HSE with the State Claims Agency at 31 December 2014.

6.3 Prompt Payment of Account Interest

Prompt payment interest paid by the HSE in 2014 was €335,945 (2013: €197,000). The increase in prompt payment interest in 2014 is due to an increase in the statutory interest rate for late payment and the abolition of the €5 minimum interest rate payment on individual invoices.

Compensation due to suppliers since the commencement of new legislation in relation to prompt payment in March 2013 has not been paid. Accrued expenses includes an accrual of €9 million to recognise the expected cost of compensation due to suppliers.

6.4 Contingent Liabilities

The HSE is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation. The HSE has insurance cover for professional indemnity, fire and specific all risk claims. In most cases such insurance would be sufficient to cover all costs, but this cannot be certain due to indemnity limits and certain policy conditions. The financial effects of any uninsured contingencies have not been provided in the account.

The HSE is currently involved in a legal dispute with a number of drugs importing companies with respect to the implementation of cost savings and other initiatives outlined as part of a framework agreement between the Irish Pharmaceutical Healthcare Association (IPHA), the Department of Health, and the HSE, which came into effect on 1 November 2012. The outcome from the dispute process based on the current stage of legal proceedings remains uncertain and therefore difficult to quantify any potential liability which may arise.

6.5 Other

The HSE paid €6 million in respect of insurance premia in 2014 (2013: €4 million) and this is reflected in the outturn for Subhead A.1 and B.1 to B.4.

6.6 Suspected Fraud

2014

€000

Suspected fraud in relation to vendor details

28

6.7 Voluntary Disclosure in relation to Underpayment of Taxes.

Following an internal review of tax compliance, the HSE made an unprompted qualifying voluntary disclosure to the Revenue Commissioners in respect of unpaid tax covering the period 2011, 2012 and 2013. The disclosure was finalised in December 2014. A total payment of €21.6 million including interest and penalties was made to the Office of the Revenue Commissioners during 2014.

This voluntary disclosure was agreed with the Revenue Commissioners in August 2015 and a final payment of €800,000 was made in 2015.



Appropriation Account 2014

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 2014 for the salaries and expenses of the Vote for the Department of Children and Youth Affairs, for certain services administered by the Department, and for the payment of grants including certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year and provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €597,009 is liable for surrender to the Exchequer.

Establishment of Child and Family Agency (Tusla)

The Child and Family Agency Act 2013 (the Act), which was commenced from 1 January 2014, provided for the establishment of a new Child and Family Agency (also referred to as Tusla). The Act also provided for the dissolution of the Family Support Agency and the National Education Welfare Board, and the transfer of Children and Family Services previously operated by the Health Service Executive (Vote 39). All functions, assets and liabilities associated with these services were transferred to the Child and Family Agency upon commencement.

Grants provided by this Department to the Child and Family Agency are shown in subhead A3.

The annual accounts of the Child and Family Agency will be audited by the Comptroller and Auditor General.

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

A capital project commenced in 2012 to develop the national children detention facility at Oberstown. The asset is not being depreciated until it is placed in service. A separate statement on assets under development has not been completed and the construction in progress asset is included in the Statement on Capital Assets.

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 that Department provides certain services on a shared basis to Vote 40 in the areas of finance and IT. As a result, payroll, 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 of 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 Children Detention Schools.

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 and the Department of Justice and Equality for finance services in respect of the Children Detention Schools. I rely on a letter of assurance from the Accounting Officers of the Vote for the Department of Health and the Vote for the Department of Justice and Equality 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 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 is compliant with the exception of one contract that was awarded in 2014 without competitive tender to the value of €29,151. The service related to inputs required for the drafting of the Children (Amendment) Bill and the details have been included in the Circular 40/02 return.
- The Department also provided details of two services provided by suppliers to the Office of the Comptroller and Auditor General separate of the Circular 40/2002 return. One related to the provision of office cleaning services, involving expenditure by the Department in 2014 of €101,047 under a contract that was previously awarded following a competitive tendering process in 2010. The legal advice obtained by the Department confirmed that the legacy contract remained valid. Notwithstanding this, the Department is planning to avail of a framework agreement for the provision of cleaning services which is to be put in place in the near future by the Office of Government Procurement. The second service related to the provision of specialised locks for use in the new National Children Detention Facility at Oberstown which involved expenditure of €95,743 in 2014. In this instance competitive pricing was obtained by the Department from the only two known suppliers prior to the locks being ordered and supplied.

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.

Enhancing internal controls

Further enhancements of internal financial controls have taken place or are underway, including

- A revised and updated departmental financial procedures document was produced during 2014. The purpose of the document is to provide guidance to staff of the Department in relation to some of the financial matters that are likely to arise in the course of their official duties. It is also intended to act as a source of information on the basic principles of Government accounting, on how they are applied in day-to-day operations and also to ensure an understanding, knowledge and appreciation of the work involved in the Department's own Finance Unit. These procedures will remain under review during 2015 and will be amended and updated as necessary.
- The year 2014 was the first year of operation for the new Child and Family Agency (Tusla). A re-structuring of the Department commenced in late 2013, designed in part to reflect the Department's new governance and oversight responsibilities in this regard. The Governance and Performance Division made significant progress during 2014 in establishing a meaningful system of performance monitoring in conjunction with colleagues from Tusla. This methodology will be the subject of further review and development in 2015
- The Internal Audit Unit is headed by a professionally qualified auditor operating on a consultancy basis and supported by a full time member of staff working in the Unit. 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 at MAC.

- 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.
- 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 is underway as part of the 2015 business planning and review cycle. In this regard the Department's MAC meets on a quarterly basis as a risk committee.

Fergal Lynch

Accounting Officer

Department of Children and Youth Affairs

31 March 2015

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 2014 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 2014.

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

Seamus McCarthy
Comptroller and Auditor General

24 September 2015

Vote 40 Children and Youth Affairs

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Children and family support programme			
	<i>Current year provision</i>	660,579		
	<i>Deferred surrender</i>	2,576	663,155	676,530
B	Sectoral programmes for children and young people		320,820	309,716
C	Policy and legislation programme			
	<i>Original</i>	15,755		
	<i>Supplementary</i>	1		
			15,756	12,899
				15,262
Gross expenditure				
	<i>Original</i>	997,154		
	<i>Deferred surrender</i>	2,576		
	<i>Supplementary</i>	1		
			999,731	999,145
				407,160
<i>Deduct</i>				
D	Appropriations-in-aid		22,887	22,898
				5,351
Net expenditure				
	<i>Original</i>	974,267		
	<i>Deferred surrender</i>	2,576		
	<i>Supplementary</i>	1		
			976,844	976,247
				401,809

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.

	2014	2013
	€	€
Surplus	597,009	32,263,216
Deferred surrender	—	(2,576,000)
Surplus to be surrendered	597,009	29,687,216

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,800	8,613	8,114
ii	Travel and subsistence	138	78	136
iii	Training and development and incidental expenses	298	170	171
iv	Postal and telecommunications services	106	99	113
v	Office equipment and external IT services	151	146	171
vi	Office premises expenses	249	289	367
vii	Consultancy services and value for money and policy reviews	115	85	97
viii	<i>EU Presidency</i>	—	—	162 ^a
		9,857	9,480	9,331

^a Includes €48,000 in respect of salaries, wages and allowances.

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	989,665	397,829
Pay	8,613	8,162
Non pay	867	1,169
Gross expenditure	999,145	407,160
<i>Deduct</i>		
Appropriations-in-aid	22,898	5,351
Net expenditure	976,247	401,809
Changes in capital assets		
Purchases cash	(37,944)	
Depreciation	63	
	(37,881)	(3,259)
Changes in net current assets		
Increase in closing accruals	345	
Increase in stock	(14)	
	331	595
Direct expenditure	938,697	399,145
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,393	2,431
Net programme cost	941,090	401,576

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 226	177
Vote 13 Office of Public Works	e 2,127	2,239
Vote 9 Office of the Revenue Commissioners	e 40	15
	2,393	2,431

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	44,480	6,599
Current assets			
Stocks	2.3	44	30
Prepayments		2,278	2,522
Accrued income		2	4
Other debit balances	2.4	5,446	9,496
Total current assets		7,770	12,052
Less current liabilities			
Bank and cash		5,206	(479)
Accrued expenses		337	238
Other credit balances	2.5	102	139
Net liability to the Exchequer	2.6	138	9,836
Total current liabilities		5,783	9,734
Net current assets		1,987	2,318
Net assets		46,467	8,917
Represented by:			
State funding account	2.1	46,467	8,917

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		8,917	6,253
Disbursements from the Vote			
Estimate provision	Account	976,844	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(597)	
Net vote		976,247	401,809
Expenditure (cash) borne elsewhere	1	2,393	2,431
Non cash expenditure		—	—
Net programme cost	1	(941,090)	(401,576)
Balance at 31 December		46,467	8,917

2.2 Capital Assets

	Assets under development €000	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	6,444	656	566	7,666
Additions	37,925	13	6	37,944
Cost or valuation at 31 December 2014	44,369	669	572	45,610
Accumulated depreciation				
Opening balance at 1 January 2014	—	595	472	1,067
Depreciation for the year	—	31	32	63
Cumulative depreciation at 31 December 2014	—	626	504	1,130
Net assets at 31 December 2014	44,369	43	68	44,480
Net assets at 31 December 2013	6,444	61	94	6,599

2.3 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	16	6
IT consumables	28	24
	44	30

2.4 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Advances to OPW	88	6,985
Income Tax	(3)	4
Other debit suspense items	5,361	2,507
	5,446	9,496

2.5 Other Credit Balances

	2014 €000	2013 €000
at 31 December		
Amounts due to the State		
Professional Services Withholding Tax	35	57
Relevant Contractors Tax	3	2
Value Added Tax	5	16
Recoupable travel pass scheme expenditure	1	4
Pensions	(5)	—
	39	79
Payroll deductions held in suspense	—	—
Other credit suspense items	63	60
	102	139

2.6 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	597	29,687
Deferred surrender	—	2,576
Exchequer grant undrawn	(459)	(22,427)
Net liability to the Exchequer	138	9,836

Represented by:**Debtors**

Debit balances: suspense	5,446	9,496
	5,446	9,496

Creditors

Bank and cash	(5,206)	479
Due to State	(39)	(79)
Credit balances: suspense	(63)	(60)
	(5,308)	340
	138	9,836

2.7 Commitments	2014	2013
at 31 December	€000	€000

Commitments likely to arise in subsequent years for

(a) Global commitments

Procurement subheads	785	2,508
Grant subheads	418	585
Total commitments	1,203	3,093

(b) Multi-annual capital commitments

(projects costing €6,348,690 or more)

	Expenditure to 31 December 2013	Expenditure	Subsequent years	2014 Project total	2013 Project total
Project	€000	€000	€000	€000	€000
National Children Detention Facility	4,363	37,925	14,152	56,440	56,440

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Children and Family Support Programme			
A.1	Administration – pay		2,376	2,308
A.2	Administration - non pay		285	203
A.3	Child and Family Agency		609,124	619,318
A.4	Youth Justice – Children Detention Schools			640
	<i>Current year provision</i>	48,794		
	<i>Deferred surrender</i>	2,576	51,370	54,701
—	<i>Family Support Agency</i>		—	—
—	<i>National Education Welfare Board</i>		—	—
—	<i>School Completion Programme</i>		—	—
			663,155	676,530
				81,812

Significant variations

Overall, the expenditure in relation to Programme A was € 13.38 million more than provided. In the latter part of 2014, 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 €000	Explanation
Youth Justice – Children Detention Schools	(3,331)	The additional resources relate to the cost of the capital development works at the National Children Detention Facility in Oberstown, Co Dublin. Expenditure in 2014 was €5.9 million higher than the original estimate. The main reasons for this were (i) the carryover of a deferred surrender of €2.576 million from 2013 and (ii) the accounting treatment of an amount (€6.9 million) that was advanced to the OPW and only recognised in the 2014 Vote when OPW made the relevant payments. The overrun in the subhead was covered by virement.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Sectoral Programmes for Children and Young People			
B.1	Administration – pay	2,376	2,207	2,211
B.2	Administration - non pay	285	188	229
B.3	ECCE preschool year programme	175,000	173,797	174,112
B.4	General childcare programmes	79,129	76,701	76,121
B.5	Childcare initiatives (cash-limited)	9,500	2,300	18
B.6	Youth organisations and services (part funded by the National Lottery)	50,530	50,523	53,895
B.7	Area based childhood programme	4,000	4,000	2,500
—	<i>Early childcare payment</i>	—	—	200
—	<i>Early intervention programme for children (part funded by the Dormant Accounts Fund)</i>	—	—	800
		320,820	309,716	310,086

Significant variations

Overall, the expenditure in relation to Programme B was € 11.1 million less than provided. In the latter part of 2014 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 €000	Explanation
ECCE preschool year programme	1,203	The underspend arose because of demographic reductions in the number of children participating in the programme.
General childcare programmes	2,428	The variation arose because of a delay in the commencement of the “Better Start” programme for pre-school services.
Childcare initiatives (cash limited)	7,200	The variance arose because the number of qualifying social welfare recipients identified by the Department of Social Protection for entry to the After-School Childcare Programme and the Community Employment Childcare Programme was lower than originally projected.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Policy and Legislation Programme			
C.1	Administration – pay	4,048	4,098	3,732
C.2	Administration - non pay	487	476	628
C.3	Miscellaneous legal fees and settlements	848	124	220
C.4	National Longitudinal Study and other research programmes	1,472	616	3,434
C.5	Children and young people's policy framework and other programmes	3,508	1,797	1,965
C.6	Grants to organisations (part funded by the National Lottery)	910	910	500
C.7	Adoption Authority of Ireland	2,594	2,990	2,895
C.8	Office of the Ombudsman for Children	1,888	1,888	1,888
C.9	Commission of Investigation			
	<i>Original</i>	—		
	<i>Supplementary</i>	1		
		1	—	—
		15,756	12,899	15,262

Significant variations

Overall, the expenditure in relation to Programme C was € 2.86 million less than provided. In the latter part of 2014 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 €000	Explanation
Miscellaneous legal fees and settlements	724	Payments associated with legal proceedings are generally difficult to predict and were significantly less than estimated.
National longitudinal study and other programmes	856	The underspend arose because the fund disbursements to the Economic and Social Research Institute towards the completion of Phase 1 of Growing Up in Ireland – the National Longitudinal Study of Children was lower than expected due to reduced costs associated with fieldwork and staff.
Children and young people's policy framework and other programmes	1,711	This subhead supports a range of programmes where the level of expenditure for the provision of some services was lower than estimated. In the main, the areas where underspends arose were Intervention Programmes for Children and Young People (€1.400 million), the Children and Young People's Services Committees (€0.140 million), the Children and Young People's Policy Framework (€0.071 million), Play and Recreation (€0.061 million) and Comhairle na nOg (€0.043 million).
Adoption Authority of Ireland	(396)	The excess expenditure against the estimate provision principally relates to legal costs incurred by the Adoption Authority of Ireland in relation to litigation issues surrounding domestic and inter-country adoptions.

4 Receipts

4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Superannuation scheme – Child and Family Agency	9,070	9,027	—
2. Superannuation scheme for non-teaching staff of Children Detention Schools	409	504	498
3. Superannuation scheme – Adoption Authority of Ireland	1	—	—
4. Superannuation scheme – Office of the Ombudsman for Children	2	—	—
5. Miscellaneous	1,474	959	15
6. Receipts from pension related deduction on public service remuneration	11,931	12,408	1,878
— <i>Superannuation scheme – Family Support Agency</i>	—	—	18
— <i>Superannuation scheme - National Education Welfare Board</i>	—	—	289
— <i>EU receipts – Equal Opportunities Childcare Programme</i>	—	—	1,853
— <i>Dormant Accounts Funding</i>	—	—	800
Total	22,887	22,898	5,351

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	515	The variation occurred because the receipts due from the Child and Family Agency were lower than expected. This arose because of an overestimation of the value of the receipts during the disaggregation of the budget provisions relating to Children and Family Services that transferred from Vote 39 of the HSE to the Agency upon its establishment.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	142	135
Agencies	3,654	330
	2014	2013
	€000	€000
Pay	7,962	7,535
Higher, special or additional duties allowance	139	135
Other allowances	1	1
Overtime	38	60
Employer's PRSI	473	431
Total pay	8,613	8,162

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	19	5	17,949	18,773
Other allowances	6	—	225	225
Overtime	20	1	11,359	14,665

Certain individuals received extra remuneration in more than one category.

The pay, allowances and other remuneration details above relate to the Department's staff paid directly from the vote under programmes A, B and C.

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.

	2014	2013
Number of staff at year end (full time equivalents)		
Child and Family Agency	3,421	—
Children Detention Schools	200	189
Adoption Authority of Ireland	23	24
Office of the Ombudsman for Children	10	10
Family Support Agency	—	14
National Education Welfare Board	—	93
Total	3,654	330

	2014	2013
Pay	€000	€000
Child and Family Agency	204,849	—
Children Detention Schools	12,936	12,507
Adoption Authority of Ireland	1,450	1,642
Office of the Ombudsman for Children	723	744
Family Support Agency	—	1,070
National Education Welfare Board	—	5,312
Total pay	219,958	21,275

The functions, staff and associated funding for the Family Support Agency and the National Education Welfare Board transferred to the Child and Family Agency upon its establishment on 1 January 2014

5.3 Payroll Overpayments

Payroll overpayments involving two members of staff that amounted to €24,031 were outstanding at 31 December 2014. The overpayments related to delays with PeoplePoint.

6 Miscellaneous

6.1 National Lottery Funding

		2014 €000	2013 €000
Sub-head	Description		
B.6	Youth organisations and services (part funded by the National Lottery)	50,523	53,895
C.6	Grants to organisations (part funded by the National Lottery)	910	500

A list of the recipients of the funding and the amounts paid is available on the Department's website www.dcy.gov.ie

6.2 Payments to Pobal

In accordance with the department's accounting policy, the total amount paid to Pobal in the year (€102.859 million) was charged to the relevant subheads as set out below.

	2014 €000	2013 €000
Subhead		
B.3	9,610	9,797
B.4	76,343	76,059
B.5	2,300	2,461
B.6	10,051	12,042
B.7	4,000	—
C.5	555	224
Total paid to Pobal in 2014	102,859	100,583

At 31 December 2014, Pobal held funds totalling €15.98 million which had been advanced to it but not expended at year end (2013: €12.22 million).

6.3 Legal Costs

	2014 €000	2013 €000
Legal costs paid during the year are categorised as follows:		
Legal fees	28	49
Compensation	206	290
	234	339

6.4 Contingent Liability

Liabilities will arise as a result of the legal challenge to the outcome of the Children's 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.

6.5 Commissions and Special Inquiries

The Department of Children and Youth Affairs secured a supplementary estimate in December 2014 for a notional sum of €1,000 to allow for the creation of a new subhead in the Department's Vote for the Commission of Investigation into Mother and Baby Homes and certain related matters. The Commission was subsequently 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).

6.6 Non-Voted Funds

The Department of Children and Youth Affairs administered the sum of €4,800 through a vote suspense account that was received from the Council of Europe towards the development of a Child Participation Assessment Tool. This was part of an on-going process initiated by the Council of Europe to ensure that all children and young people within Council of Europe member states can exercise their right to be heard, to be taken seriously and to participate in decision making in all matters affecting them.



Appropriation Account 2014

Vote 41

Office of Government Procurement

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 41. 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 2014 for the salaries and expenses of the Office of Government Procurement.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €6.15 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.

Establishment of new Vote

During 2013, the Government approved the Chief Procurement Officer's plan for the establishment of the Office of the Government Procurement (OGP). This included the transition of procurement resources from the National Procurement Service (NPS) and the National Public Procurement Policy Unit (NPPPU) within the Department of Public Expenditure and Reform to the OGP, along with the sourcing function of the Office of the Government Chief Information Officer.

In 2014, a new Vote for the Office of Government Procurement was created which combined the budget of the NPS and the NPPPU from the Office of Public Works and Department of Public Expenditure and Reform respectively. Some additional funding was also provided at the time.

2015 represents a transition period for this Vote – as migration to the new procurement structures continues to take place, staff are recruited and business intelligence systems are developed. In due course, it is intended that an appropriate charge (by way of budget transfer across customer departments) for procurement services will be applied, as these departments will no longer provide these services themselves. It is intended that the contribution across all customer departments and public service bodies will be based on proportionate procurement expenditure.

As indicated in the note, during the set-up and transition period the Office will be funded entirely from the Vote. The budget transfers would only follow later, when the service is fully up and running and it proves feasible to estimate the appropriate contribution from other Votes. The question of reductions on other Votes is not relevant during the transition stage.

As this is the first year of accounts, prior year comparative figures were not included.

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.

Stock policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), Shared Service (Vote 18) and the Office of Government Procurement (Vote 41) share IT consumable stocks. They are 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 on 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 41.

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 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

31 August 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 41 Office of Government Procurement

I have audited the appropriation account for Vote 41 Office of Government Procurement for the year ended 31 December 2014 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 41 Office of Government Procurement for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

31 August 2015

Vote 41 Office of Government Procurement Appropriation Account 2014

		2014	
		Estimate provision	Outturn
		€000	€000
Programme expenditure			
A	Delivery of central procurement service	12,781	6,377
Gross expenditure		12,781	6,377
<i>Deduct</i>			
B	Appropriations-in-aid	350	225
Net expenditure		12,431	6,152

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.

	2014
	€
Surplus to be surrendered	6,279,345
Deferred surrender	(125,000)
Surplus to be surrendered	<u>6,154,345</u>

Analysis of administration expenditure

		2014	
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	6,233	4,550
ii	Travel and subsistence	300	87
iii	Training and development and incidental expenses	416	150
iv	Postal and telecommunications services	350	34
v	Office equipment and external IT services	688	578
vi	Office premises expenses	444	109
		<u>8,431</u>	<u>5,508</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	
	€000	€000
Programme cost		869
Pay		4,550
Non pay		958
Gross expenditure		6,377
<i>Deduct</i>		
Appropriations-in-aid		225
Net expenditure		6,152
Changes in capital assets		
Purchases cash	(338)	
Depreciation	66	(272)
Changes in net current assets		
Decrease in closing accruals	(82)	
Increase in stock	(2)	
		(84)
Direct expenditure		5,796
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)		373
Notional rent		39
Net programme cost		6,208

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.

		2014
		€000
Vote 7 Finance	e	74
Vote 9 Office of the Revenue Commissioners		2
Vote 13 Office of Public Works		291
Vote 18 Shared Services	e	6
		373

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000
Capital assets	2.2	272
Current assets		
Bank and cash	2.3	122
Stocks	2.4	2
Prepayments		112
Other debit balances	2.5	284
Total current assets		520
Less current liabilities		
Accrued expenses		30
Other credit balances	2.6	258
Net Liability to the Exchequer	2.7	148
Total current liabilities		436
Net current assets		84
Net assets		356
Represented by:		
State funding account	2.1	356

2.1 State Funding Account	Note	2014 €000	2014 €000
Balance at 1 January			—
Disbursements from the Vote			
Estimate provision	Account	12,431	
Deferred surrender		(125)	
Surplus to be surrendered	Account	(6,154)	
Net vote			6,152
Expenditure (cash) borne elsewhere	1		373
Non cash expenditure – notional rent			39
Net programme cost			(6,208)
Balance at 31 December			356

2.2 Capital Assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	—	—	—	—
Additions	326	12	—	338
Cost or valuation at 31 December 2014	326	12	—	338
Accumulated depreciation				
Opening balance at 1 January 2014	—	—	—	—
Depreciation for the year	65	1	—	66
Cumulative depreciation at 31 December 2014	65	1	—	66
Net Assets at 31 December 2014	261	11	—	272

2.3 Bank and Cash

	2014
at 31 December	€000
PMG balances and cash	122

2.4 Stocks

	2014
at 31 December	€000
IT consumables	2

2.5 Other Debit Balances

	2014
at 31 December	€000
Travel pass	23
OPW advances	48
Other debit suspense items	213
	<u>284</u>

2.6 Other Credit Balances

	2014
At 31 December	€000
Amounts due to the State	
Income Tax	84
Pay Related Social Insurance	55
Professional Services Withholding Tax	30
Pension contributions	17
Local Property Tax	1
Universal Social Charge	29
VAT	3
	<u>219</u>
Payroll deductions held in suspense	20
Other credit suspense items	19
	<u>258</u>

2.7 Net Liability to the Exchequer	2014
at 31 December	€000

Surplus to be surrendered	6,154
Deferred surrender	125
Exchequer grant undrawn	(6,131)
Net liability to the Exchequer	<u>148</u>

Represented by:

Debtors

Bank and cash	122
Debit balances: suspense	284
	<u>406</u>

Creditors

Due to State	(219)
Credit balances: suspense	(39)
	<u>(258)</u>

148

2.8 Commitments	2014
at 31 December	€000

Total of legally enforceable commitments	412

2.9 Matured Liabilities	2014
	€000

Estimate of matured liabilities not discharged at year end	1

3 Programme Expenditure by Subhead

		2014	
		Estimate provision	Outturn
		€000	€000
A	Delivery of Central Procurement Service		
A.1	Administration - pay	6,233	4,550
A.2	Administration - non pay	2,198	958
A.3	Procurement consultancy and other costs	4,350	869
		12,781	6,377

Significant variations

Overall, the expenditure in relation to Programme A was €6.4 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	1,683	The 2014 Estimate provision was based on the expectation that recruitment would progress over the course of the first six months and a full complement of 231 staff would be in place mid-2014. Recruitment was slower than anticipated with nearly two-thirds of staff (141) on board at the end of 2014.
Administration - non pay	1,240	As the process to recruit staff took considerably longer than expected, there was a consequential effect on this subhead.
Procurement consultancy and other costs	3,481	Due to delays in recruiting staff, it was not possible in 2014 to progress many new initiatives originally planned.

4 Receipts

4.1 Appropriations-in-aid		2014	
		Estimated €000	Realised €000
1.	Receipts from pension-related deduction on public service remuneration	345	225
2.	Miscellaneous	5	—
Total		350	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 €000	Explanation
Receipts from pension-related deduction on public service remuneration	120	The variance on the pension related deduction is directly related to the delays in on-boarding of staff.

4.2 Extra receipts payable to the Exchequer	2014 €000
Balance at 1 January	—
Rebate from suppliers	19
Transferred to Exchequer	—
Balance at 31 December	<u>19</u>

5 Employee Numbers and Pay

	2014
Number of staff at year end (full time equivalents)	141
	2014
	€000
Pay ^a	4,252
Higher, special or additional duties allowance	10
Other allowances	17
Overtime	8
Employer's PRSI	263
Total Pay	4,550

^a The pay figure includes salary overpayments of €1,270 arising from administrative delays. These are in the process of recoupment.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €
Higher, special or additional duties	1	—	9,714
Other allowances	3	—	9,769
Overtime	3	—	7,140

6 Miscellaneous

6.1 Legal costs

There is litigation in progress. These actions are being defended and on that basis no estimate of the potential liability has been made.

6.2 Carryover to 2015

Under the provisions of Section 91 of the Finance Act 2004, €125,000 of unspent allocations in respect of the capital elements of Subhead A.2 was carried forward to 2015.