

Appropriation Account 2016

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2016 for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €26.56 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Stock valuation

Military and Air Corps stocks include certain items that have been refurbished. Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price.

Depreciation

Military assets are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

Capital assets

Capital assets include assets with a valuation of less than €1,000.

A schedule of land and buildings administered by the Department of Defence is attached. As valuations for all of these properties are not available, they are not included in capital assets (Note 2.2).

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.3 – Capital assets under development. When such projects are completed, there is a notional transfer to the asset register.

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

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

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative controls and management reporting

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

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

The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 60 contracts, each relating to payments in excess of €25,000 with a total value of €148 million were listed in the Department's 2016 annual return in respect of Circular 40/2002. These contracts primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are undertaken in accordance with the provisions of Circular 40/2002.

Shared services

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

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

Significant financial risks

The Department has a system of internal controls in place to identify all financial risks. Risks are identified, assessed, categorised and recorded on the Department's risk register, along with the controls which mitigate against those risks.

Internal Audit and Audit Committee

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

Maurice Quinn
Accounting Officer
Department of Defence

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

I have audited the appropriation account for Vote 36 Defence for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 36 Defence for the year ended 31 December 2016.

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

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 36 Defence Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs			
	<i>Original</i>	681,770		
	<i>Supplementary</i>	1		
		<u>681,771</u>	<u>670,725</u>	<u>670,539</u>
Gross expenditure				
	<i>Original</i>	681,770		
	<i>Supplementary</i>	1		
		<u>681,771</u>	<u>670,725</u>	<u>670,539</u>
<i>Deduct</i>				
B	Appropriations-in-aid	<u>25,155</u>	<u>40,667</u>	<u>44,819</u>
Net expenditure				
	<i>Original</i>	656,615		
	<i>Supplementary</i>	1		
		<u>656,616</u>	<u>630,058</u>	<u>625,720</u>

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	<u>26,557,886</u>	<u>13,684,310</u>

Analysis of administration expenditure

		2016	2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i	Salaries, wages and allowances	18,003	17,108
ii	Travel and subsistence	525	609
iii	Training and development and incidental expenses	250	301
iv	Postal and telecommunications services	685	536
v	Office equipment and external IT services	2,642	2,456
vi	Office premises expenses	1,125	805
vii	Consultancy services and value for money and policy reviews	20	5
		23,250	21,820
			21,454

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016		2015
	€000	€000	€000
Programme cost		648,905	649,085
Administration pay		17,108	17,236
Administration non pay		4,712	4,218
Gross expenditure		670,725	670,539
<i>Deduct</i>			
Appropriations-in-aid		40,667	44,819
Net expenditure		630,058	625,720
Changes in capital assets			
Purchases cash	(98,656)		
Depreciation	43,251		
Loss on disposals	4,412		
Disposals cash	18		
		(50,975)	(19,205)
Changes in assets under development			
Cash payments		(7,168)	(7,833)
Changes in net current assets			
Decrease in closing accruals	(1,687)		
Decrease in stock	13,234		
		11,547	17,918
Direct expenditure		583,462	616,600
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		9,032	8,891
Notional rents		2,601	1,207
Net programme cost		595,095	626,698

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 36 borne elsewhere, and estimated amounts borne on the Vote in respect of other services.

	2016	2015
	€000	€000
Vote 1 President's Establishment	(431)	(408)
Vote 2 Department of the Taoiseach	(72)	(72)
Vote 9 Revenue Commissioners	1	1
Vote 12 Superannuation and Retired Allowances	9,643	10,129
Vote 13 Office of Public Works	1,064	886
Vote 18 National Shared Services Office	88	63
Vote 35 Army Pensions	(1,386)	(1,850)
Central Fund – Ministerial pensions	125	142
	9,032	8,891

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	492,931	430,214
Capital assets under development	2.3	2,255	5,507
		495,186	435,721
Current assets			
Bank and cash	2.4	1,554	8,320
Stocks	2.5	207,188	220,422
Prepayments	2.6	65,568	70,530
Accrued income		2,648	6,232
Other debit balances	2.7	4,721	825
Total current assets		281,679	306,329
Less current liabilities			
Accrued expenses		3,011	4,169
Deferred income		28	39
Other credit balances	2.8	6,169	7,018
Net liability to the Exchequer	2.9	106	2,127
Total current liabilities		9,314	13,353
Net current assets		272,365	292,976
Net assets		767,551	728,697
Represented by:			
State funding account	2.1	767,551	728,697

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		728,697	717,757
Disbursements from the Vote			
Estimate provision	Account	656,616	
Surplus to be surrendered	Account	(26,558)	
Net vote		630,058	625,720
Expenditure (cash) borne elsewhere	1	9,032	8,891
Non cash expenditure – notional rent	1	2,601	1,207
Transfers – capital assets under development	2.3	(10,420)	(2,691)
Asset reclassifications	2.2	2,678	4,511
Net programme cost	1	(595,095)	(626,698)
Balance at 31 December		767,551	728,697

2.2 Capital Assets

	Military equipment	Civil Defence equipment	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	957,720	3,361	43,303	3,649	1,008,033
Reclassification from stock ^a	7,188	—	—	—	7,188
Additions	102,493	608	4,506	113	107,720
Disposals	(19,756)	(159)	(703)	(887)	(21,505)
Cost or valuation at 31 December 2016	<u>1,047,645</u>	<u>3,810</u>	<u>47,106</u>	<u>2,875</u>	<u>1,101,436</u>
Accumulated depreciation					
Opening balance at 1 January 2016	538,711	1,026	35,489	2,593	577,819
Depreciation on reclassified items ^a	4,510	—	—	—	4,510
Depreciation for the year	40,572	307	2,137	235	43,251
Depreciation on disposals	(15,464)	(32)	(695)	(884)	(17,075)
Cumulative depreciation at 31 December 2016	<u>568,329</u>	<u>1,301</u>	<u>36,931</u>	<u>1,944</u>	<u>608,505</u>
Net assets at 31 December 2016	<u>479,316</u>	<u>2,509</u>	<u>10,175</u>	<u>931</u>	<u>492,931</u>
Net assets at 31 December 2015	<u>419,009</u>	<u>2,335</u>	<u>7,814</u>	<u>1,056</u>	<u>430,214</u>

^a Certain items which were previously recorded as stock have been reclassified as capital assets, including military equipment with a valuation of less than €1,000.

The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 59 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital Assets under Development

at 31 December	Construction contracts
	€000
Amounts brought forward at 1 January 2016	5,507
Cash payments in year	7,168
Transferred to asset register ^a	(10,420)
Amounts carried forward at December 2016	<u>2,255</u>

^a Notional transfer to asset register.

2.4 Bank and Cash

at 31 December	2016	2015
	€000	€000
PMG balance	4,987	7,834
Other bank and cash balances	670	486
Less orders outstanding	(4,103)	—
	<u>1,554</u>	<u>8,320</u>

2.5 Stocks	2016	2015
at 31 December	€000	€000
Military stocks		
Opening balance 1 January	219,354	242,986
Purchases during the year	32,233	42,617
Issues during the year	(36,935)	(39,438)
Write-offs, obsolete stock, etc. ^a	(1,231)	(8,226)
Reclassification to fixed assets ^b	(7,231)	(18,585)
	<u>206,190</u>	<u>219,354</u>
Civil Defence	943	1,017
Stationery	21	22
IT consumables	34	29
	<u>207,188</u>	<u>220,422</u>

^a Work is ongoing to identify and remove slow moving and obsolete military stock items.

^b Some military stock items were reclassified as assets in 2016 (see note 2.2).

2.6 Prepayments	2016	2015
at 31 December	€000	€000
Naval vessels construction (note 2.10 (c))	37,332	58,425
Armoured Personnel Carrier fleet maintenance and upgrade programme	15,000	—
Other	13,236	12,105
	<u>65,568</u>	<u>70,530</u>

€37 million represents the advance payments for the fourth naval vessel, as part of the Naval Vessels Replacement Programme.

2.7 Other Debit Balances	2016	2015
at 31 December	€000	€000
Suspense	4,721	825
	<u>4,721</u>	<u>825</u>

2.8 Other Credit Balances	2016	2015
at 31 December	€000	€000

Amounts due to the State

Value Added Tax	5,647	6,802
Professional Services Withholding Tax	108	87
Income Tax	2	59
Pension contributions	37	27
Relevant Contracts Tax	67	15
Universal Social Charge	(12)	(13)
Pay Related Social Insurance	(8)	(8)
	<u>5,841</u>	<u>6,969</u>
Payroll deductions held in suspense	149	19
Other credit suspense items	179	30
	<u>6,169</u>	<u>7,018</u>

2.9 Net Liability to the Exchequer	2016	2015
at 31 December	€000	€000

Surplus appropriations to be surrendered	26,558	13,684
Exchequer grant undrawn	(26,452)	(11,557)
Net liability to the Exchequer	<u>106</u>	<u>2,127</u>

Represented by:**Debtors**

Bank and cash	1,554	8,320
Debit balances: suspense	4,721	825
	<u>6,275</u>	<u>9,145</u>

Creditors

Due to State	(5,841)	(6,969)
Credit balances: suspense	(328)	(49)
	<u>(6,169)</u>	<u>(7,018)</u>
	<u>106</u>	<u>2,127</u>

2.10 Commitments	2016	2015
at 31 December	€000	€000

Procurement of goods and services	4,368	3,063
Capital projects	115,000	30,000
	<u>119,368</u>	<u>33,063</u>

Note:**(a) Global commitments**

The figure of €119 million includes €71 million for the purchase of defensive equipment, €31 million for the Naval Vessel Replacement Programme, €9 million for IT upgrades and €4 million for the purchase of an aircraft.

(b) Major Capital Commitments

Expenditure in 2016 and commitments to be met in subsequent years on foot of projects, to be funded from subheads containing voted capital provisions, where legally enforceable contracts were in place:

	2016	2015
	€000	€000
Expenditure	100,746	89,418
Commitments to be met in subsequent years	113,670	28,901

The increase to €114 million in major capital commitments primarily relate to a contract to purchase a fourth vessel under the Naval Vessels Replacement Programme, fleet maintenance and upgrade programme for Armoured Personnel Carriers, IT upgrades and the purchase of an aircraft.

(c) Major projects

Expenditure on projects where the total estimated cost will exceed €6.35 million.

Project	Cumulative expenditure to 31 December 2015	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015
	€000	€000	€000	€000	€000
Naval vessels replacement programme and armament project	202,093	47,706	33,772	283,571	212,458
Maintenance and upgrade programme for armoured personnel carriers	—	15,000	53,000	68,000	—
Armoured personnel carrier conversion project	8,269	73	—	8,342	8,337
IT infrastructure VDA project	—	3,304	9,496	12,800	—

In 2016, the third vessel in the naval vessels replacement programme was delivered. A decision was made by the Department in 2016 to purchase a fourth vessel on favourable terms (due to be delivered in 2018). This also impacted on the commitments for the naval service armament project. Also in 2016, contracts were signed for the maintenance and upgrade of the armoured personnel carrier fleet and for an upgrade of the Defence Forces IT Infrastructure (VDA Project).

2.11 Matured Liabilities	2016	2015
at 31 December	€000	€000
Estimate of matured liabilities not discharged at year end	605	637

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Defence policy and support, military capabilities and operational outputs			
A.1	Administration - pay	18,003	17,108	17,236
A.2	Administration - non pay	5,247	4,712	4,218
A.3	Permanent Defence Force: pay			
	<i>Original</i>	416,060		
	<i>Supplementary</i>	(23,000)		
		393,060	385,504	389,935
A.4	Permanent Defence Force: allowances	35,680	35,389	34,286
A.5	Reserve Defence Force: pay, etc.	2,150	1,567	1,736
A.6	Chaplains and officiating clergymen: pay and allowances	1,225	990	1,048
A.7	Defence Force civilian support: pay and allowances, etc.			
	<i>Original</i>	30,940		
	<i>Supplementary</i>	(5,000)		
		25,940	24,327	24,913
A.8	Defensive equipment	28,000	31,491	23,786
A.9	Air Corps: aircraft, equipment and support	18,810	18,627	17,080
A.10	Military transport	10,390	8,925	9,473
A.11	Naval Service: vessels, equipment and support			
	<i>Original</i>	33,050		
	<i>Supplementary</i>	28,001		
		61,051	63,903	64,733
A.12	Barrack expenses and engineering equipment	14,180	12,658	13,763
A.13	Defence Force built infrastructure: construction and maintenance	19,100	15,839	15,191
A.14	Defence Force uniforms, clothing, equipment and catering	13,180	15,044	12,873
A.15	Defence Force communications and IT	10,130	11,097	10,810
A.16	Military education and training	2,150	1,983	2,225
A.17	Defence Force logistics and travel	3,360	3,184	2,796
A.18	Defence Force medical and healthcare support	3,000	2,978	3,625
A.19	Lands	1,000	830	1,221
A.20	Equitation	900	1,020	908
A.21	Litigation and compensation costs	5,000	3,900	3,730
A.22	Miscellaneous expenditure	2,806	2,799	2,621
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,300	844	1,202
A.24	Civil Defence	5,240	5,137	5,261
A.25	Irish Red Cross Society	869	869	5,869
	Total	681,771	670,725	670,539

Significant variations

Overall, the expenditure in relation to Programme A was **€11.05** million lower than provided. This was mainly due to the following variations at subhead level:

Description	Less/ (more) than provided	Explanation
	€000	
Permanent Defence Force: pay	30,556	Savings of €30.556 million arose due to higher than projected retirements and lower than projected recruitment in 2016, leading to lower than anticipated numbers of personnel serving in the PDF during the year. A supplementary estimate allocated savings of €23 million from this subhead to subhead A.11 to facilitate payments for a fourth naval vessel under the Naval Vessel Replacement Programme.
Reserve Defence Force: pay, etc.	583	The saving is due to lower than anticipated uptake of paid training by reservists.
Chaplains and officiating clergymen: pay and allowances	235	The savings in 2016 arose mainly from retirements in the Chaplaincy Service and delays in replacement appointments.
Defence Force civilian support: pay and allowances, etc.	6,613	Saving of €6.613 million arose due to the fact that the number of Civilian Employees was less than provided for in the estimate due to slower than anticipated recruitment. A supplementary estimate allocated savings of €5 million from this subhead to subhead A.11 to facilitate payments for a fourth naval vessel under the Naval Vessel Replacement Programme.
Defensive equipment	(3,491)	The excess is due mainly to commitments under the Armoured Personnel Carrier fleet maintenance and upgrade programme. The excess was partly offset by savings in other spending programmes that arose due to delays in the procurement process.
Military transport	1,465	The savings arose mainly due to reduced procurement of spare parts because of the implementation of the Armoured Personnel Carrier fleet maintenance and upgrade programme and lower fuel costs. Savings were partly offset by the requirement to procure additional vehicles.
Naval Service: vessels, equipment and support	(30,853)	The excess is mainly due to additional fleet maintenance and the decision to acquire a fourth vessel under the Naval Vessels Replacement Programme. A supplementary estimate increased this subhead by €28 million to facilitate the payments.
Barrack expenses and engineering equipment	1,522	The saving is mainly due to lower costs, including fuel costs, and the implementation of energy efficient measures and was partly offset by increased engineering and barrack expenses.
Defence Force built infrastructure: construction and maintenance	3,261	The saving is mainly due to progress in bringing some key projects to construction stage being slower than anticipated. The savings were partially offset by costs incurred in the completion of the Military Archives project deferred from 2015.

Description	Less/ (more) than provided	Explanation
	€000	
Defence Force uniforms, clothing, equipment and catering	(1,864)	The excess is mainly due to the requirement for additional expenditure associated with the 1916 Commemoration ceremonial activities.
Defence Force communications and IT	(967)	The excess is mainly due to the implementation of information management architecture and communications equipment upgrades.
Military education and training	167	The saving is mainly due to lower than anticipated educational costs and cancellation of some courses. The saving was partly offset by additional training and equipment costs.
Defence Force logistics and travel	176	The saving arises because travel costs on a planned EU exercise were not incurred.
Lands	170	The saving is due to lower than anticipated costs in managing unoccupied military installations, due to the closure of sales in 2016.
Equitation	(120)	The excess arises from additional horse purchase costs and attendance at events abroad.
Litigation and compensation costs	1,100	Expenditure under this subhead is subject to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.
Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	456	The saving is due to a lower than anticipated demand for common costs contributions relating to EU missions in 2016.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from United Nations in respect of overseas allowances, etc.	4,300	12,940	10,642
2.	Receipts from EU in respect of fishery protection costs	—	—	—
3.	Receipts from banks and other organisations	1,300	1,394	5,508
4.	Receipts from occupation of official quarters	200	175	206
5.	Receipts from rations on repayment	920	888	804
6.	Receipts from other issues on repayment	40	32	35
7.	Receipts for aviation fuel	50	40	38
8.	Receipts on discharge by purchase	50	94	134
9.	Lands and premises			
	(a) rents, etc.	450	461	512
	(b) sales	2,500	8,416	1,848
10.	Sale of surplus stores	100	100	739
11.	Refunds in respect of services of seconded personnel	30	140	103
12.	Miscellaneous	2,700	1,205	2,805
13.	Receipts from pension-related deduction on public service remuneration	12,515	14,782	21,445
Total		25,155	40,667	44,819

Explanation of significant variations

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

Description	Less/(more) than provided	Explanation
€000		
Receipts from United Nations in respect of overseas allowances, etc.	(8,640)	The surplus is due to UN receipts in respect of pay and equipment costs being higher than anticipated. In addition, a claim relating to the MINURCAT (Chad) mission in 2010 was also settled and refunded.
Lands and premises (b) sales	(5,916)	The surplus is due to receipts from property sales in 2016 realising more than expected due to the rise in prices in the property market.
Refunds in respect of services of seconded personnel	(110)	The surplus occurred due to refunds for 2014 and 2015 being received in 2016.
Miscellaneous	1,495	The refund arrangement for the Emergency Aeromedical Support service was discontinued.
Receipts from pension-related deduction on public service remuneration	(2,267)	Receipts were more than anticipated as pension-related deductions can be difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer	2016	2015
	€000	€000
Balance at 1 January	—	—
Refund from Irish Red Cross in respect of unspent grant	1,894	—
Transferred to Exchequer	(1,894)	—
Balance at 31 December	<u>—</u>	<u>—</u>

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	9,947	9,982
	2016	2015
	€000	€000
Pay	385,969	391,435
Higher, special or additional duties allowance	233	260
Overtime	467	434
Shift and roster allowance	202	188
Military and other allowances	29,304	28,160
Employer's PRSI	36,480	36,127
Total Pay	452,655	456,604

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for three personnel and total pay of €201,295. This office produces a separate account.

The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.1 Civil Servants

	2016	2015
Number of staff at year end (full time equivalents)	336	329
	2016	2015
	€000	€000
Pay	16,135	16,358
Higher, special or additional duties allowances	87	100
Overtime	137	110
Other allowances	29	11
Employer's PRSI	720	657
Total Pay	17,108	17,236

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2016 €	2015 €
Higher, special or additional duties	27	1	12,268	16,173
Overtime	85	—	9,776	8,643
Other allowances	17	1	10,271	3,119
Extra remuneration in more than one category	14	1	13,275	9,787

5.2 Civilian Employees

	2016	2015
Number of staff at year end (full time equivalents)	479	489
	2016	2015
	€000	€000
Pay	17,243	17,677
Higher, special or additional duties allowances	146	160
Overtime	330	324
Shift and roster allowance	202	188
Travel time allowance	502	535
Tool and other allowances	245	268
Employer's PRSI	1,876	1,909
Total Pay	20,544	21,061

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2016	2015
			€	€
Higher, special or additional duties	74	—	8,839	8,657
Overtime	147	—	8,893	10,922
Shift and roster allowance	35	4	13,963	13,047
Travel time allowance	78	10	12,030	12,261
Tool and other allowances	296	—	3,235	3,298
Extra remuneration in more than one category	199	40	24,414	25,073

5.3 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2016	2015
Number of staff at year end (full time equivalents)	9,132	9,164
	2016	2015
	€000	€000
Pay and military service allowance	352,591	357,400
Overseas allowances	13,906	13,113
Security duty allowances	8,247	7,745
Border duty allowance	2,574	2,841
Patrol duty allowance	2,222	2,171
Miscellaneous allowances	1,579	1,476
Employer's PRSI	33,884	33,561
Total pay	415,003	418,307

Allowances	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2016	2015
			€	€
Overseas allowances	1,629	579	37,241	37,139
Security duty allowances	7,543	16	17,998	18,022
Border duty allowance	656	1	18,529 ^a	5,416
Patrol duty allowance	756	—	9,700	9,599
Miscellaneous allowances	890	—	8,561	7,168
Extra remuneration in more than one category	2,719	635	35,103	32,964

^a Includes arrears from 2012 to 2015.

5.4 Performance and Merit Payments

There were no PCW/seniority allowances paid in Defence.

5.5 Other Remuneration Arrangements

A total of €160,895 was paid to eight retired Defence Force personnel in receipt of Defence Force pensions, ranging from €9,356 to €38,143, who were re-employed on various duties during 2016. In addition, a total of €29,739 was paid to sixteen retired civil servants in receipt of civil service pensions, ranging from €130 to €7,880, who were re-employed on various duties during 2016. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.6 Seconded Staff

This account includes a total of €268,703 in respect of the remuneration of personnel (military and civil) on secondment.

5.7 Revenue Settlement

An amount of €419,304 was paid to Revenue as an unprompted voluntary disclosure in respect of the provision of accommodation to Defence Force personnel in military barracks.

An amount of €46,441 was paid to Revenue as an unprompted voluntary disclosure relating to PAYE, PRSI and USC in respect of the provision of certain medical services to members of the Defence Forces.

5.8 Payroll Overpayments

Overpayments at year-end were €51,117 (44 cases) of which €33,806 (24 cases) had recovery plans in place. Overpayments at year end 2015 were €39,047 (39 cases).

6 Miscellaneous

6.1 Overseas Missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs:

	2016	2015
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	17,839	15,958
UNDOF (Golan Heights)	10,545	11,295
KFOR (Kosovo)	1,186	1,353
EUFOR (Bosnia Herzegovina)	785	798
Other UN and EU Missions	3,792	3,851
	<hr/>	<hr/>
	34,147	33,255
Other:		
Military representatives and advisors	1,683	1,635
Battle Groups (German and UK)	2,170	2,179
Organisation for Security and Co-operation in Europe	227	254
Operation Pontus (Search and Rescue Mediterranean)	2,609	2,549
	<hr/>	<hr/>
Total	40,836	39,872

Of the sum of €34 million for UN and EU missions, €5.7 million relates to missions the full costs of which are borne by the State. The remaining €28.3 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of reimbursements from the UN is dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2016 was €12.9 million, made up of €4.4 million for personnel costs, €4.9 million for equipment costs and a payment of €3.6 million as settlement of a claim relating to costs associated with the withdrawal from MINURCAT (Chad).

The amount outstanding at year end was €2.2 million (€1 million personnel costs and €1.2 million equipment costs).

6.2 Support for Defence Forces' Representative Associations

This account includes a total of €482,184 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-Offs	2016	2015
	€000	€000
Loss of, or damage to, stores, equipment or property	—	4,114
Damage to military vehicles	52	62
Bad debts	38	15

6.4 Personal Injury and Employment Case Claims

at 31 December	2016	2015
Numbers of settled claims:		
State Claims Agency	107	97
Other	26	20
Numbers of claims on hand:	376	379
Of which referred to State Claims Agency	325	316

6.5 Legal costs

				2016	2015
	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	Total
		€000	€000	€000	€000
Personal injury cases in respect of employees of the Vote	186	403	669	1,627	2,699
Administrative/employment related cases in respect of employees of the vote	57	246	299	149	694
Personal injury cases in respect of members of the public	41	98	16	528	642
		747	984	2,304	4,035
					3,864

The above figures in respect of legal fees and compensation relate to cases where payment was made in 2016. These include cases that were settled in prior years, those settled in 2016 and those still open.

6.6 Arbitration and Conciliation

There was no arbitration or conciliation cases or expenditure in 2016. In 2015, there were two cases with expenditure of €129,000.

6.7 Medical Treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

6.8 Fraud and Suspected Fraud

A suspected fraud was identified in the course of an internal audit of Defence Forces Transport equipment expenditure. A potential loss of equipment with an estimated value of €33,000 was identified. The matter was referred by the Department to An Garda Síochána for investigation.

Schedule of Land and Buildings**1. Vested in the Minister for Defence**

Property	Area (Hectares)¹
Clare	
Knockalisheen Camp	53.17
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.20
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
Fitzgerald Camp, Fermoy	0.401
RDF Premises, Kilcrohane	0.405
Michael Collins Memorial Plot, Beál na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.028
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	277.21
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.405
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.09
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46

¹ Hectarages stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)¹
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmooney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.405

2. Vested in the Minister for Public Expenditure and Reform

Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline ²	33.99
Fort Davis, Whitegate	29.95
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01

¹ Hectarages stated are approximate. Most of the properties contain buildings thereon.

² Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)¹
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.3
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.012
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Longford	
Connolly Barracks, Longford	4.35
Louth	
Aiken Barracks, Dundalk	7.28
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	1.09
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.405
Wicklow	
Kilbride Camp and Rifle Range	636.98

¹ Hectarages stated are approximate. Most of the properties contain buildings thereon.