



Comptroller and Auditor General

Appropriation Accounts 2013

September 2014

Appropriation Accounts 2013

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 transmit, pursuant to the foregoing provision, the said accounts and certificates for the year ended 31 December 2013.

Seamus McCarthy
Comptroller and Auditor General

26 September 2014

Table of Contents

	Page
Part 1 – Preface	
Background to the appropriation accounts	8
Accountability and audit arrangements	9
Part 2 - Appropriation accounts 2013	
Statement of Accounting Policies and Principles	12
Vote 1 President's Establishment	17
Vote 2 Department of the Taoiseach	29
Vote 3 Office of the Attorney General	43
Vote 4 Central Statistics Office	57
Vote 5 Office of the Director of Public Prosecutions	71
Vote 6 Office of the Chief State Solicitor	85
Vote 7 Office of the Minister for Finance	99
Vote 8 Office of the Comptroller and Auditor General	119
Vote 9 Office of the Revenue Commissioners	135
Vote 10 Office of the Appeal Commissioners	153
Vote 11 Office of the Minister for Public Expenditure and Reform	163
Vote 12 Superannuation and Retired Allowances	181
Vote 13 Office of Public Works	195
Vote 14 State Laboratory	217
Vote 15 Secret Service	231
Vote 16 Valuation Office	239
Vote 17 Public Appointments Service	255
Vote 18 Shared Services	267
Vote 19 Office of the Ombudsman	283
Vote 20 Garda Síochána	299
Vote 21 Prisons	321
Vote 22 Courts Service	337
Vote 23 Property Registration Authority	355
Vote 24 Justice and Equality	369
Vote 25 Environment, Community and Local Government	397
Vote 26 Education and Skills	425
Vote 27 International Co-operation	459
Vote 28 Foreign Affairs and Trade	475
Vote 29 Communications, Energy and Natural Resources	495
Vote 30 Agriculture, Food and the Marine	519

Vote 31	Transport, Tourism and Sport	549
Vote 32	Jobs, Enterprise and Innovation	571
Vote 33	Arts, Heritage and the Gaeltacht	599
Vote 34	National Gallery	621
Vote 35	Army Pensions	635
Vote 36	Defence	649
Vote 37	Social Protection	677
Vote 38	Health	705
Vote 39	Health Services Executive	723
Vote 40	Children and Youth Affairs	765

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 this audit by imposing a duty on 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 2013 are set out in a separate report entitled *Report on the Accounts of the Public Services 2013*. 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 2013

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 2013.

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.

Payments

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

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

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

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

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

Departments that 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

Since 1995 all 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 (a) procurement and (b) grant subheads, excluding commitments under €10,000.

A separate note is provided giving details of any multi-annual capital commitments over €6,350,000.

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 (BDF) 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 a 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 current 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 where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Legal Costs

In cases where cumulative legal costs incurred in the year of account 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

In cases where payments from a subhead vary from the grant (Note 3), a note is provided where the variation

- is €100,000 or more and
- represents 5% or more of the subhead (25% in the case of administration subheads).

Where special circumstances warrant, a lower percentage variation may be explained by way of note.

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 2002, information is supplied (Note 6) where

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

Fraud or Suspected Fraud

In the case of losses due to fraud, 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 Inquiries

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

Petty Cash

Amounts relating to petty cash are included in the PMG balance disclosure.

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 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of € 79,999 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.

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 recently.

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.

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 2013. This will be reviewed in 2014. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Martin Fraser
Accounting Officer

20 March 2014

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 1 President's Establishment

I have audited the appropriation account for Vote 1 President's Establishment for the year ended 31 December 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy
Comptroller and Auditor General

28 June 2014

Vote 1 President's Establishment

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	President's Establishment	2,137	1,987	2,059
B	Centenarians' bounty	1,025	1,118	1,006
Gross expenditure		3,162	3,105	3,065
<i>Deduct</i>				
C	Appropriations-in-aid	100	123	104
Net expenditure		3,062	2,982	2,961

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	79,999	41,107

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,731	1,626	1,622
ii	Travel and subsistence	125	102	128
iii	Training and development and incidental expenses	125	136	154
iv	Postal and telecommunications services	90	83	86
v	Office machinery and other supplies and related services	121	94	121
		2,192	2,041	2,111

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	1,065	954
Pay	1,626	1,622
Non pay	414	489
Gross expenditure	3,105	3,065
<i>Deduct</i>		
Appropriations-in-aid	(123)	(104)
Net expenditure	2,982	2,961
Changes in capital assets		
Purchases cash	(24)	
Gain on disposal	(7)	
Depreciation	18	
	(13)	1
Changes in net current assets		
Increase in closing accruals	61	
Decrease in stock	15	
	76	(1)
Direct expenditure	3,045	2,961
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,604	4,448
Net programme cost	7,649	7,409

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.

	2013	2012
	€000	€000
Vote 7 Office of the Minister for Finance	e 69	30
Vote 12 Superannuation and Retired Allowances	e 497	490
Vote 13 Office of Public Works	e 2,182	2,261
Vote 20 Garda Síochána	e 193	193
Vote 28 Foreign Affairs and Trade	e 277	272
Vote 36 Defence	e 389	400
Central Fund (Emoluments and allowances of President and pensions of former Presidents and/or widows of former Presidents).	e 997	802
	4,604	4,448

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	38	25
Current assets			
Bank and cash	2.3	42	(23)
Stocks	2.4	59	74
Prepayments		10	41
Accrued income		2	13
Net Exchequer funding due	2.6	5	64
Total current assets		118	169
Less current liabilities			
Accrued expenses		72	53
Other credit balances	2.5	47	41
Total current liabilities		119	94
Net current liabilities		(1)	75
Net assets		37	100
Represented by:			
State funding account	2.1	37	100

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		100	100
Disbursements from the Vote			
Estimate provision	Account	3,062	
Surplus to be surrendered	Account	(80)	
Net vote		2,982	2,961
Expenditure (cash) borne elsewhere	1.1	4,604	4,448
Net programme cost	1	(7,649)	(7,409)
Balance at 31 December		37	100

2.2 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	252	93	345
Additions	24	7	31
Disposals	—	(7)	(7)
Cost or valuation at 31 December 2013	276	93	369
Accumulated depreciation			
Opening balance at 1 January 2013	228	92	320
Depreciation for the year	16	2	18
Depreciation on disposals	—	(7)	(7)
Cumulative depreciation at 31 December 2013	244	87	331
Net assets at 31 December 2013	32	6	38
Net assets at 31 December 2012	24	1	25

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	42	48
Orders outstanding	—	(71)
	42	(23)

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	52	70
IT consumables	7	4
	59	74

2.5 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Income Tax	21	19
Pay Related Social Insurance	8	6
Pension Levy	—	—
Universal Social Charge	6	6
Income Levy	—	—
Pension contributions	2	2
	37	33
Payroll deductions held in suspense	10	8
	47	41

2.6 Net Exchequer funding due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	80	41
Exchequer grant undrawn	(85)	(105)
Net Exchequer funding due	<u>(5)</u>	<u>(64)</u>

Represented by:**Debtors****Creditors**

Due to State	(37)	(33)
Net PMG position and cash	42	(23)
Credit balances: suspense	(10)	(8)
	<u>(5)</u>	<u>(64)</u>

2.7 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	48	29

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	President's Establishment			
A.1	Administration – pay	1,691	1,588	1,585
A.2	Administration - non pay	446	399	474
		<u>2,137</u>	<u>1,987</u>	<u>2,059</u>
B	Centenarians' bounty			
B.1	Administration – pay	40	38	37
B.2	Administration - non pay	15	15	15
B.3	Centenarians' bounty	970	1,065	954
		<u>1,025</u>	<u>1,118</u>	<u>1,006</u>

Significant variations

Expenditure was €57,000 less than anticipated. No subhead outturn met the criteria for the explanation of variances.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	90	88	89
2.	Miscellaneous receipts	10	35	15
		<u>100</u>	<u>123</u>	<u>104</u>

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%. However, no outturn on this Vote met these criteria in 2013

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	25	25
	2013	2012
	€000	€000
Pay	1,492	1,483
Higher, special or additional duties allowance	59	59
Overtime	17	29
Employer's PRSI	59	51
Total Pay	1,627	1,622

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	11	3	19,108	19,108
Overtime	13	—	3,902	4,193

Certain individuals received extra remuneration in more than one category.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.18 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

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.

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 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy
Comptroller and Auditor General

27 June 2014

Vote 2 Department of the Taoiseach

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government	23,018	21,925	22,362
	Gross expenditure	23,018	21,925	22,362
	<i>Deduct</i>			
B	Appropriations-in-aid	870	960	881
	Net expenditure	22,148	20,965	21,481

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,182,599	2,146,203

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,122	11,323	11,266
ii	Travel and subsistence	390	350	333
iii	Training and development and incidental expenses	775	427	664
iv	Postal and telecommunications services	360	329	355
v	Office equipment and external IT services	960	658	695
vi	Office premises expenses	264	328	390
vii	Consultancy services and value for money and policy reviews	18	—	1
viii	EU Presidency	2,485	2,030	1,351
		16,374	15,445	15,055

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	6,480	7,307
Pay ¹	11,960	11,685
Non pay	3,485	3,370
Gross expenditure	21,925	22,362
<i>Deduct</i>		
Appropriations-in-aid	960	881
Net expenditure	20,965	21,481
Changes in capital assets		
Purchases cash	(84)	
Loss on disposals	2	
Depreciation	121	
	39	(12)
Changes in net current assets		
Increase in closing accruals	345	
Decrease in stock	64	
	409	(67)
Direct expenditure	21,413	21,402
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,226	4,418
Notional rents	1,082	1,076
Net programme cost	26,721	26,896

¹ The pay figure for 2013 includes salaries for the EU Presidency amounting to €636,852 from subhead A (viii).

1.1 Net Allied Services Expenditure

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

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 2,455	2,529
Vote 13 Office of Public Works	e 710	713
Vote 20 Garda Síochána	e 190	187
Vote 24 Justice and Equality	e 222	228
Vote 36 Defence	e 50	75
Central Fund: Taoisigh and Ministerial pensions	599	688
Services provided to President's Establishment (Vote 1)	e —	(2)
	4,226	4,418

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	344	383
Current assets			
Bank and cash	2.3	1,242	273
Stocks	2.4	54	118
Prepayments		147	353
Other debit balances	2.5	261	71
Total current assets		1,704	815
Less current liabilities			
Accrued expenses		244	105
Other credit balances	2.6	432	451
Net liability to the Exchequer	2.7	1,071	(107)
Total current liabilities		1,747	449
Net current liabilities		(43)	366
Net assets		301	749
Represented by:			
State funding account	2.1	301	749

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		749	670
Disbursements from the Vote			
Estimate provision	Account	22,148	
Surplus to be surrendered	Account	(1,183)	
Net vote		20,965	21,481
Expenditure (cash) borne elsewhere	1	4,226	4,418
Non cash expenditure – notional rent	1	1,082	1,076
Net programme cost	1	(26,721)	(26,896)
Balance at 31 December		301	749

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	3,056	595	3,651
Additions	77	7	84
Disposals	(913)	(5)	(918)
Transfer out ¹	(18)	(24)	(42)
Cost or valuation at 31 December 2013	2,202	573	2,775
Accumulated depreciation			
Opening balance at 1 January 2013	2,800	468	3,268
Depreciation for the year	94	27	121
Depreciation on disposals	(912)	(4)	(916)
Transfer out ¹	(18)	(24)	(42)
Cumulative depreciation at 31 December 2013	1,964	467	2,431
Net assets at 31 December 2013	238	106	344
Net assets at 31 December 2012	256	127	383

¹ Assets with an original cost of €41,926 were transferred to the Department of Finance.

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	1,242	303
Orders outstanding	—	(30)
	1,242	273

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Gifts	9	10
Stationery	3	42
Publications	41	41
Consumables, etc.	1	25
	54	118

2.5 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Payroll suspense account	189	—
Recoupment of travel pass scheme	65	65
Other	7	6
	261	71

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	196	217
Pay Related Social Insurance	68	74
Value Added Tax	7	6
Professional Services Withholding Tax	15	35
Pensions suspense	4	—
	<u>290</u>	<u>332</u>
Payroll deductions held in suspense	75	75
Other	67	44
	<u>432</u>	<u>451</u>

2.7 Net Liability from the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	1,182	2,146
Exchequer grant undrawn	(111)	(2,253)
Net liability from the Exchequer	<u>1,071</u>	<u>(107)</u>

Represented by:

Debtors

Bank and cash	1,242	273
Debit balances: suspense	261	71
	<u>1,503</u>	<u>344</u>

Creditors

Due to State	(290)	(332)
Credit balances: suspense	(142)	(119)
	<u>(432)</u>	<u>(451)</u>
	<u>1,071</u>	<u>(107)</u>

2.8 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	—	16

2.9 Matured Liabilities

There were no matured liabilities undischarged at year end 2013 or in the previous year.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Supporting the work of the Taoiseach and Government			
A.1	Administration – pay	11,822	11,960	11,685
A.2	Administration – non pay	4,552	3,485	3,370
A.3	National Economic and Social Council (grant-in-aid)	2,012	1,950	2,027
A.4	Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1,612	2,513	1,593
A.5	Constitutional Convention	920	824	216
A.6	Referendum on abolition of the Seanad	2,100	1,193	—
—	<i>Referendum on EU Fiscal Stability Treaty</i>	—	—	3,471
		23,018	21,925	22,362

Significant variations

Overall, the gross expenditure in relation to the programme was €1.09 million lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Tribunal of Inquiry	(901)	Variance principally due to payment of third party costs amounting to €1.7 million which were not budgeted for in 2013.
Referendum on the Abolition of the Seanad	907	Variance due to under spend by the Referendum Commission because of economies of scale as two referendums were held in tandem, i.e. the referendum on the abolition of the Seanad and the Court Appeals Referendum. Costs for advertising, printing and posting were split.
Administration non-pay	1,067	The savings arose mainly due to obtaining better value than anticipated on broadcasting costs for the EU presidency (€455,000). In addition, savings were achieved on incidental expenses mainly in respect of legal costs (circa €240,000). There was an under spend in the IT area due to a hardware replacement programme planned which was not completed due to other competing priorities and which will be completed by the end of the second quarter 2014 (€302,000).

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	58	91	29
2.	Receipts from pension-related deductions on public service remuneration	812	869	852
Total		870	960	881

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	201	215
	2013	2012
	€000	€000
Pay	11,744	12,092
Higher, special or additional duties allowance	375	406
Overtime and extra attendance	464	472
Employer's PRSI	751	757
Total pay	13,334	13,727

The Department's ECF at 31 December 2013 was 201.

The 2013 figures in the table above include core staff from the Department (177), National Economic and Social Council (NESC) (19), the Constitutional Convention (4), the Tribunal of Inquiry (1).

The 2012 comparative figures above and Note 5.1 have been amended to reflect these consolidated staff figures.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	39	18	26,940	28,430
Overtime and extra attendance	75	15	27,351	26,746

Certain individuals received extra remuneration in more than one category.

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

Secretarial Allowances not on payroll included in the Tribunal Pay.

5.2 Other Remuneration Arrangements

Ex-gratia payment of €29,698 (2012 - €29,681) was made in respect of agreed retired benefit to one former employee.

6 Miscellaneous

6.1 Commissions and Inquiries

Commission, Committee or Special Inquiry

	Year of appointment	2013 €000	2012 €000
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1997	2,513	1,593

Cumulative expenditure to the end of December 2013 was €47.1 million.

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

6.2 Official Gifts

The account includes the sum of €9,053 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2013. (2012: €3,997).

In addition to expenditure in the account, three gifts to a total value of €7,500 were received by the Taoiseach in 2013. These comprised of a painting, a vase and a laptop.

6.3 Legal Costs

There were no legal costs paid in 2013 (2012: €241,676).

6.4 Referendum on the Abolition of the Seanad

The Referendum on the Abolition of the Seanad was held on 4 October 2013.

A budget of €2.1 million was allocated for the Referendum Commission. The outturn was €1.2 million.

Other referendum expenses, for example the printing of ballot papers, return officer expenses etc. were charged to the Central Fund.

Note 6.5 Settlement with the Revenue Commissioners

Included in accruals is a voluntary settlement of €78,644 to the Revenue Commissioners in March 2014. This covered the period 2012 to end January 2014 and concerned a liability for professional services withholding taxes applicable to certain suppliers amounting to €47,795, benefit in kind due on use of taxis to and from home totalling €24,506 and benefit in kind due in respect of clothing, footwear and tea allowances of €6,344 paid to employees in the period. New arrangements have been put in place by the Department to address all of these issues.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €991,287 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.

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.

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

30 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

8 September 2014

Vote 3 Office of the Attorney General

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of professional legal services to Government, Departments and Offices	15,105	14,094	14,271
	Gross expenditure	15,105	14,094	14,271
<i>Deduct</i>				
B	Appropriations-in-aid	788	768	820
	Net expenditure	14,317	13,326	13,451

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	991,287	1,546,375

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,856	9,960	10,094
ii	Travel and subsistence	175	199	107
iii	Training and development and incidental expenses	560	552	573
iv	Postal and telecommunications services	110	60	64
v	Office equipment and external IT services	590	553	480
vi	Office premises expenses	166	136	273
vii	Consultancy services and value for money and policy reviews	30	20	17
viii	Contract legal expertise	901	227	376
ix	EU Presidency	526	328	—
		12,914	12,035	11,984

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	2,059	2,287
Pay	10,264	10,094
Non pay	1,771	1,890
Gross expenditure	14,094	14,271
<i>Deduct</i>		
Appropriations-in-aid	768	820
Net expenditure	13,326	13,451
Changes in capital assets		
Purchases cash	(174)	
Depreciation	195	
	21	4
Changes in assets under Development		
Cash payments	(7)	(14)
Changes in net current assets		
Increase in closing accruals	54	
Increase in stock	(6)	
	48	(17)
Direct expenditure	13,388	13,424
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,195	1,175
Notional rents	559	556
Net programme cost	15,142	15,155

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.

	2013	2012
	€000	€000
Vote 7 Office of the Minister of Finance	e 38	42
Vote 12 Superannuation and Retired Allowances	e 520	516
Vote 13 Office of Public Works	e 242	191
Central Fund - Pensions in respect of former Attorneys General and widow of former Attorney General	e 395	426
	1,195	1,175

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	534	496
Capital assets under development	2.3	—	53
		534	549
Current assets			
Bank and cash		119	(264)
Stocks	2.4	35	29
Prepayments		202	206
Accrued income		9	19
Other debit balances	2.5	218	290
Total current assets		583	280
Less current liabilities			
Accrued expenses		70	31
Other credit balances	2.6	122	66
Net liability to the Exchequer	2.7	215	(40)
Total current liabilities		407	57
Net current assets		176	223
Net assets		710	772
Represented by:			
State funding account	2.1	710	772

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		772	745
Disbursements from the Vote			
Estimate provision	Account	14,317	
Surplus to be surrendered	Account	(991)	
Net vote		13,326	13,451
Expenditure (cash) borne elsewhere	1	1,195	1,175
Non cash expenditure – notional rent	1	559	556
Net programme cost	1	(15,142)	(15,155)
Balance at 31 December		710	772

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	4,301	1,682	5,983
Additions	221	12	233
Disposals	(12)	(3)	(15)
Cost or valuation at 31 December 2013	4,510	1,691	6,201
Accumulated depreciation			
Opening balance at 1 January 2013	4,085	1,402	5,487
Depreciation for the year	137	58	195
Depreciation on disposals	(12)	(3)	(15)
Cumulative depreciation at 31 December 2013	4,210	1,457	5,667
Net assets at 31 December 2013	300	234	534
Net assets at 31 December 2012	216	280	496

2.3 Capital Assets under Development

	In-house computer applications
at 31 December	2013 €000
Opening balance at 1 January	53
Cash payments for the year	7
Transfers	(60)
Balance at 31 December	—

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	25	19
IT consumables	10	10
	35	29

2.5 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Office of Public Works	—	40
Recoupable shared costs	—	5
Salaries control account	178	194
Travel pass scheme	32	49
Miscellaneous	8	2
	218	290

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Pay Related Social Insurance	—	(1)
Professional Services Withholding Tax	15	11
Value Added Tax	45	56
	<u>60</u>	<u>66</u>
Other	62	—
	<u>122</u>	<u>66</u>

2.7 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	991	1,546
Exchequer grant undrawn	(776)	(1,586)
Net liability to the Exchequer	<u>215</u>	<u>(40)</u>

Represented by:**Debtors**

Debit balances: suspense	218	290
	<u>218</u>	<u>290</u>

Creditors

Bank and cash	119	(264)
Due to State	(60)	(66)
Credit balances: suspense	(62)	—
	<u>(3)</u>	<u>(330)</u>
	<u>215</u>	<u>(40)</u>

2.8 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	102	91

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of professional legal services to Government, Departments and Offices			
A.1	Administration - pay	10,356 ¹	10,264	10,094
A.2	Administration - non pay	2,558	1,771	1,890
A.3	Contributions to international organisations	38	38	39
A.4	Law Reform Commission (grant-in-aid)	2,103	1,896	2,218
A.5	General law expenses	50	125	30
		15,105	14,094	14,271

¹ This overall figure differs from that shown above in (i) Salaries, wages and allowances in the analysis of administration expenditure. This is due to the fact that €500,000 was provided for remuneration under (ix) EU Presidency.

Significant variations

Overall, the expenditure in relation to Programme A was €1.01 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	787	Savings were achieved due to the fact that the Office engaged to a lesser extent consultant Parliamentary Counsel in 2013. This was because the Office of the Parliamentary Counsel to the Government was less reliant on the services of consultant Parliamentary Counsel in meeting the Government legislative programme targets for 2013.
Law Reform Commission (grant-in-aid)	207	Savings were achieved due to the fact that anticipated expenditure in pay and non-pay areas was less than expected during the year.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	8	2	83
2.	Receipts from pension-related deductions on public service remuneration	780	766	737
Total		788	768	820

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%. However, no receipts outturn met these criteria in 2013.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	151	150
	2013	2012
	€000	€000
Pay	9,472	9,329
Higher, special or additional duties allowance	92	102
Overtime	1	1
Employer's PRSI	699	662
Total Pay	10,264	10,094

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	16	4	19,585	30,002
Overtime and extra attendance	1	—	622	373

5.2 Redundancy Payment

A redundancy payment of €11,712 was paid to a departing member of staff engaged on contract.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.73 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.

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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy
Comptroller and Auditor General

25 July 2014

Vote 4 Central Statistics Office

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of annual statistical programme	42,595	40,329	41,223
	Gross expenditure	42,595	40,329	41,223
<i>Deduct</i>				
B	Appropriations-in-aid	2,837	3,308	3,633
	Net expenditure	39,758	37,021	37,590

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	2,737,115	5,911,939

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	32,020	31,521	33,963
ii	Travel and subsistence	895	986	941
iii	Training and development and incidental expenses	1,780	1,023	1,087
iv	Postal and telecommunications services	1,240	754	687
v	Office equipment and external IT services	3,129	3,447	2,433
vi	Office premises expenses	1,189	758	1,081
vii	Consultancy services and value for money and policy reviews	136	24	26
viii	Collection of statistics	2,206	1,816	1,005
		42,595	40,329	41,223

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	31,521	33,963
Non pay	8,808	7,260
Gross expenditure	40,329	41,223
<i>Deduct</i>		
Appropriations-in-aid	3,308	3,633
Net expenditure	37,021	37,590
Changes in capital assets		
Purchases cash	(459)	
Loss on disposals	6	
Depreciation	3,689	
	3,236	5,011
Changes in assets under development		
Cash payments	(1,441)	(1,299)
Changes in net current assets		
Decrease in closing accruals	(5)	
Decrease in stock	19	
	14	903
Direct expenditure	38,830	42,205
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	5,746	6,678
Notional rents	1,345	1,405
Net programme cost	45,921	50,288

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.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners e	1,802	2,505
Vote 12 Superannuation and Retired Allowances e	3,025	3,161
Vote 13 Office of Public Works e	919	1,012
	5,746	6,678

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	12,688	14,895
Capital assets under development	2.3	1,026	487
		13,714	15,382
Current assets			
Stocks	2.5	81	100
Prepayments		904	814
Accrued income		311	674
Other debit balances		264	810
Net liability from the Exchequer	2.7	760	610
Total current assets		2,320	3,008
Less current liabilities			
Bank and cash	2.4	130	345
Accrued expenses		169	197
Deferred income		—	250
Other credit balances	2.6	894	1,075
Total current liabilities		1,193	1,867
Net current assets		1,127	1,141
Net assets		14,841	16,523
Represented by:			
State funding account	2.1	14,841	16,523

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		16,523	21,517
Adjustment	2.3	127	(379)
Disbursements from the Vote			
Estimate provision	Account	39,758	
Surplus to be surrendered	Account	(2,737)	
Net vote		37,021	37,590
 Expenditure (cash) borne elsewhere	1	5,746	6,678
Non cash expenditure – notional rent	1	1,345	1,405
Net programme cost	1	(45,921)	(50,288)
Balance at 31 December		14,841	16,523

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 2013	34	58,251	3,445	61,730
Additions	—	1,483	5	1,488
Disposals	—	(320)	(5)	(325)
Cost or valuation at 31 December 2013	34	59,414	3,445	62,893
Accumulated depreciation				
Opening balance at 1 January 2013	34	43,759	3,042	46,835
Depreciation for the year	—	3,568	121	3,689
Depreciation on disposals	—	(314)	(5)	(319)
Cumulative depreciation at 31 December 2013	34	47,013	3,158	50,205
Net assets at 31 December 2013	—	12,401	287	12,688
Net assets at 31 December 2012	—	14,492	403	14,895

2.3 Capital Assets under Development

	In-house computer applications 2013 €000
at 31 December	
Amounts brought forward at 1 January	487
Adjustment ¹	127
Cash payments for the year	1,441
Transferred to asset register	(1,029)
Balance at 31 December	1,026

¹ All systems under development with a short-term life span for example, one-off survey forms and short duration surveys are no longer transferred to the asset register. An adjustment made in 2012 to remove these projects overstated the value of the adjustment in error.

2.4 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	(130)	(338)
Orders outstanding	—	(7)
	(130)	(345)

2.5 Stocks

at 31 December

2013**€000****2012****€000**

Stationery

52

61

IT consumables

23

33

Publications

6

6

81

100

2.6 Other Credit Balances

at 31 December

2013**€000****2012****€000**

Amounts due to the State

Income Tax

314

338

Pay Related Social Insurance

202

213

Professional Services Withholding Tax

1

—

Value Added Tax

16

4

Pension contributions

66

89

Universal Social Charge

120

129

719

773

Payroll deductions held in suspense

172

193

Other credit suspense items

3

109

894

1,075

2.7 Net Liability from the Exchequer

at 31 December

2013**€000****2012****€000**

Surplus to be surrendered

2,737

5,912

Exchequer grant undrawn

(3,497)

(6,522)

Net liability from the Exchequer

(760)

(610)

Represented by:**Debtors**

Debit balances: suspense

264

810

264

810

Creditors

Bank and cash

(130)

(345)

Due to State

(719)

(773)

Credit balances: suspense

(175)

(302)

(1,024)

(1,420)

(760)

(610)

2.8 Commitments

at 31 December

2013**€000****2012****€000**

Total of legally enforceable commitments

5,120

6,761

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of annual statistical programme			
A.1	Administration - pay	32,020	31,521	33,963
A.2	Administration - non pay	10,575	8,808	7,260
		<u>42,595</u>	<u>40,329</u>	<u>41,223</u>

Significant variations

Overall, the 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
Training and development and incidental expenses	757	The saving arose because of continued tight control of all expenditure during the year. Much of the Office's training and development needs were met from in-house resources.
Postal and telecommunications services	486	Savings continue to be made on telecommunications costs following the introduction of Voice Over Internet Protocol (VOIP) telephony. All costs associated with postage were minimised during 2013 and fewer reminder letters issued.
Office premises expenses	431	The saving was due to lower than expected office premises costs in all three CSO premises during the year.
Consultancy services and value for money and policy reviews	112	The saving arose because of continued control on all consultancy related expenditure during the year in line with government policy.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	European Union receipts	130	535	1,565
2.	Miscellaneous	1,007	1,016	200
3.	Receipts from pension-related deductions on public service remuneration	1,700	1,757	1,868
Total		2,837	3,308	3,633

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
European Union Receipts	(405)	Receipts from European Union contracts were higher than expected in 2013 due to the early receipt of a payment in respect of an agriculture contract.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	621	648
	2013	2012
	€000	€000
Pay	29,465	31,601
Higher, special or additional duties allowance	48	126
Other allowances	63	61
Overtime	81	120
Employer's PRSI	1,864	2,055
Total Pay	31,521	33,963

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	28	—	4,259	6,671
Overtime and extra attendance	23	2	13,106	13,649
Shift and roster allowances	9	—	8,318	8,318

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 Support for statistical endeavour

The Office awarded prize money of €3,300 in 2013 as part of the third John Hooper Medal for Statistics Competition. This competition was open to senior cycle second level students in Ireland.

6.2 Write-off

Sanction was obtained from the Department of Public Expenditure and Reform to write-off €50,984 in respect of a number of statutory deductions that were associated with a salary overpayment to a former member of staff between 2008 and 2012. The overpayment was discovered in 2012 and noted in the appropriation account. All of the amounts overpaid with the exception of these statutory deductions were recovered by the Office during 2012 and 2013. The write-off was granted on the basis that there was no loss to the Exchequer and procedures are now in place to prevent recurrence.

6.3 Legal costs

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	2	27
Compensation costs	1	50
	<u>3</u>	<u>77</u>

Legal fees include medical, engineer and investigator fees.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.27 million is liable for surrender to the Exchequer.

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

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.

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 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 5 Office of the Director of Public Prosecutions for the year ended 31 December 2013.

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

Seamus McCarthy
Comptroller and Auditor General

31 July 2014

Vote 5 Office of the Director of Public Prosecutions Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of prosecution service	38,389	37,145	39,890
	Gross expenditure	38,389	37,145	39,890
<i>Deduct</i>				
B	Appropriations-in-aid	975	996	1,043
	Net expenditure	37,414	36,149	38,847

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,265,198	706,295

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,831	13,025	13,321
ii	Travel and subsistence	109	95	97
iii	Training and development and incidental expenses	1,096	868	965
iv	Postal and telecommunications services	270	182	287
v	Office equipment and external IT services	841	470	607
vi	Office premises expenses	716	543	747
vii	Consultancy services and value for money and policy reviews	37	33	34
		15,900	15,216	16,058

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	21,929	23,832
Pay	13,025	13,321
Non pay	2,191	2,737
Gross expenditure	37,145	39,890
<i>Deduct</i>		
Appropriations-in-aid	996	1,043
Net expenditure	36,149	38,847
Changes in capital assets		
Purchases cash	(119)	
Depreciation	258	
Loss on disposals	50	
	189	439
Changes in net current assets		
Decrease in closing accruals	(212)	
Decrease in stock	8	
	(204)	(451)
Direct expenditure	36,134	38,835
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,272	3,197
Notional rents	240	238
Net programme cost	39,646	42,270

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.

	2013	2012
	€000	€000
Vote 7 Finance	e 61	60
Vote 12 Superannuation and Retired Allowances	e 1,076	1,121
Vote 13 Office of Public Works	e 1,949	1,829
Vote 20 Garda Síochána	e 186	187
	<u>3,272</u>	<u>3,197</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	492	681
Current assets			
Bank and cash		635	338
Stocks	2.3	62	70
Prepayments		131	149
Other debit balances		292	443
Net Exchequer funding due	2.5	3	69
Total current assets		1,123	1,069
Less current liabilities			
Accrued expenses		2,360	2,590
Other credit balances	2.4	930	850
Total current liabilities		3,290	3,440
Net current assets		(2,167)	(2,371)
Net assets		(1,675)	(1,690)
Represented by:			
State funding account	2.1	(1,675)	(1,690)

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		(1,690)	(1,702)
Disbursements from the Vote			
Estimate provision	Account	37,414	
Surplus to be surrendered	Account	(1,265)	
Net vote		36,149	38,847
Expenditure (cash) borne elsewhere	1	3,272	3,197
Non cash expenditure – notional rent	1	240	238
Net programme cost	1	(39,646)	(42,270)
Balance at 31 December		(1,675)	(1,690)

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	3,655	889	4,544
Additions	119	—	119
Disposals	(291)	(133)	(424)
Cost or valuation at 31 December 2013	3,483	756	4,239
Accumulated depreciation			
Opening balance at 1 January 2013	3,350	513	3,863
Depreciation for the year	185	73	258
Depreciation on disposals	(289)	(85)	(374)
Cumulative depreciation at 31 December 2013	3,246	501	3,747
Net assets at 31 December 2013	237	255	492
Net assets at 31 December 2012	305	376	681

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	38	43
IT consumables	24	27
	62	70

2.4 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Income Tax	443	455
Pay Related Social Insurance	118	120
Professional Services Withholding Tax	263	236
Value Added Tax	22	38
	846	849
Payroll deductions held in suspense	84	—
Other credit suspense items	—	1
	930	850

2.5 Net Exchequer Funding Due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	1,265	706
Exchequer grant undrawn	(1,268)	(775)
Net Exchequer funding due	<u>(3)</u>	<u>(69)</u>

Represented by:**Debtors**

Bank and cash	635	338
Debit balances: suspense	292	443
	<u>927</u>	<u>781</u>

Creditors

Due to State	(846)	(849)
Credit balances: suspense	(84)	(1)
	<u>(930)</u>	<u>(850)</u>
	<u>(3)</u>	<u>(69)</u>

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 2013 (2012 : nil).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a Prosecution Service			
A.1	Administration - pay	12,831	13,025	13,321
A.2	Administration - non pay	3,069	2,191	2,737
A.3	Fees to counsel	12,500	13,016	12,277
A.4	General law expenses	3,334	2,413	5,118
A.5	Local state solicitor service	6,655	6,500	6,437
		<u>38,389</u>	<u>37,145</u>	<u>39,890</u>

Significant variations

Overall, programme expenditure was €1.24 million lower than provided. This was mainly due to;

Description	Less/(more) than provided €000	Explanation
Administration - non pay	877	Savings arose because budgeted allocations on a number of subheads associated with occupying new accommodation were not required as expected costs were not as high as anticipated and certain works were not finalised in the year.
General law expenses	921	A lower number of cases were paid out and individual settlement figures were lower than anticipated.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	80	126	156
2.	Receipts from pension-related deductions on public service remuneration	895	870	887
Total		975	996	1,043

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%. However, no outturn of the Vote met these criteria in 2013.

4.2 Extra receipts payable to the Exchequer

A total of €56,382 was lodged to the Exchequer arising from forfeitures ordered by the courts.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	185	191
	2013	2012
	€000	€000
Pay	11,952	12,172
Higher, special or additional duties allowance	176	193
Overtime	2	38
Employer's PRSI	895	918
Total Pay	13,025	13,321

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	59	6	52,357	51,846
Overtime and extra attendance	7	—	579	3,571

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €235,124 in respect of two officers who were serving outside the Office for all or part of 2013 and whose salaries were paid from Subhead A.1.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.61 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.

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.

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 is compliant with the exception of 7 contracts during 2013 to a total value of €720,000 which were awarded without competitive tender. The Office has put in place or is in the process of putting in place contracts where applicable for these services into the future.

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.

Eileen Creedon
Accounting Officer
Office of the Chief State Solicitor

31 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 2013.

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

Non compliance with procurement rules

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

Seamus McCarthy

Comptroller and Auditor General

29 August 2014

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	31,776	29,737	30,679
	Gross expenditure	31,776	29,737	30,679
<i>Deduct</i>				
B	Appropriations-in-aid	1,860	1,432	1,876
	Net expenditure	29,916	28,305	28,803

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,610,920	4,148,587

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,397	13,993	14,245
ii	Travel and subsistence	61	58	65
iii	Training and development and incidental expenses	1,105	801	919
iv	Postal and telecommunications services	350	331	344
v	Office equipment and external IT services	850	795	579
vi	Office premises expenses	370	221	171
vii	Consultancy services and value for money policy reviews	29	7	11
		17,162	16,206	16,334

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	13,531	14,345
Pay	13,993	14,245
Non pay	2,213	2,089
Gross expenditure	29,737	30,679
<i>Deduct</i>		
Appropriations-in-aid	1,432	1,876
Net expenditure	28,305	28,803
Changes in capital assets		
Purchases cash	(306)	
Depreciation	294	
Loss on Disposals	3	
	(9)	133
Changes in assets under development		
Cash payments	(39)	(38)
Changes in net current assets		
Decrease in closing accruals	(1,020)	
Decrease in stock	2	
	(1,018)	(879)
Direct expenditure	27,239	28,019
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,036	2,084
Notional rents	825	821
Net programme cost	30,100	30,924

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.

	2013	2012
	€000	€000
Vote 7 Finance	e 66	61
Vote 12 Superannuation and Retired Allowances	e 1,108	1,085
Vote 13 Office of Public Works	e 862	938
	<u>2,036</u>	<u>2,084</u>

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

2 Balance Sheet as at 31 December 2013

		2013	2012
	Note	€000	€000
Capital assets	2.2	839	767
Capital assets under development	2.3	39	63
		878	830
Current assets			
Bank and cash	2.4	105	1,377
Stocks	2.5	47	49
Prepayments		150	188
Accrued income		9,890	9,122
Other debit balances	2.6	334	397
Net Exchequer funding due	2.8	790	702
Total current assets		11,316	11,835
Less current liabilities			
Accrued expenses		734	1,024
Other credit balances	2.7	1,229	2,476
Total current liabilities		1,963	3,500
Net current assets		9,353	8,335
Net assets		10,231	9,165
Represented by:			
State funding account	2.1	10,231	9,165

2.1 State Funding Account	Note	2013	2012
		€000	€000
Balance at 1 January		9,165	8,381
Disbursements from the Vote			
Estimate provision	Account	29,916	
Surplus to be surrendered	Account	(1,611)	
Net vote		28,305	28,803
Expenditure (cash) borne elsewhere	1	2,036	2,084
Non cash expenditure – notional rent	1	825	821
Net programme cost	1	(30,100)	(30,924)
Balance at 31 December		10,231	9,165

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	3,835	1,714	5,549
Additions	367	2	369
Disposals	(61)	(10)	(71)
Cost or valuation at 31 December 2013	4,141	1,706	5,847
Accumulated depreciation			
Opening balance at 1 January 2013	3,519	1,263	4,782
Depreciation for the year	206	88	294
Depreciation on disposals	(58)	(10)	(68)
Cumulative depreciation at 31 December 2013	3,667	1,341	5,008
Net assets at 31 December 2013	474	365	839
Net assets at 31 December 2012	316	451	767

2.3 Capital Assets under Development

at 31 December	Computer applications €000
Amounts brought forward at 1 January 2013	63
Cash payments in year	39
Transferred to asset register	(63)
Balance at 31 December 2013	39

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
PMG balances and cash	106	1,569
Orders outstanding	(1)	(192)
	105	1,377

2.5 Stocks

at 31 December	2013 €000	2012 €000
Stationery	47	49

2.6 Other Debit Balances

at 31 December	2013 €000	2012 €000
Miscellaneous	334	397

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	234	242
Pay Related Social Insurance	110	108
Professional Services Withholding Tax	471	244
Value Added Tax	20	10
Pension contributions	49	51
	884	655
Payroll deductions held in suspense	56	51
Other credit suspense items	289	1,770
	1,229	2,476

2.8 Net Exchequer funding due	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	1,611	4,149
Exchequer grant undrawn	(2,401)	(4,851)
Net Exchequer funding due		
	(790)	(702)

Represented by:

Debtors

Bank and cash	105	1,377
Debit balances: suspense	334	397
	439	1,774

Creditors

Due to State	(884)	(655)
Credit balances: suspense	(345)	(1,821)
	(1,229)	(2,476)
	(790)	(702)

2.9 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	1,140	868

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 2013 amounted to €26,616.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of legal services			
A.1	Administration - pay	14,397	13,993	14,245
A.2	Administration - non -pay	2,765	2,213	2,089
A.3	External legal services	248	268	142
A.4	Fees to counsel	11,850	12,391	9,528
A.5	General law expenses	2,516	872	4,675
		<u>31,776</u>	<u>29,737</u>	<u>30,679</u>

Significant variations

Overall, the expenditure in relation to Programme A was €2.04 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	404	Savings arose due to the time taken in filling legal vacancies during the year.
Training and development and incidental expenses	304	Savings arose as a result of new contracts in place for security and cleaning, further provision of in house training and the reduction in library expenditure.
Office premises expenses	149	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	(541)	Expenditure on this subhead is dependent on the level of activity in the courts and as such is difficult to predict. There was an increase in the number of high profile cases in 2013 which accounted for the increase in expenditure in this subhead.
General law expenses	1,644	Expenditure on this subhead is dependent on the level of activity in the courts and as such is difficult to predict. In addition, following the transfer of the Attorney General's scheme to the Legal Aid Board in 2013, the anticipated expenditure on legacy fee did not arise.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Costs and fees received by the Office of the Chief State Solicitor	1,000	530	960
2. Receipts from pension-related deductions on public service remuneration	860	902	916
	1,860	1,432	1,876

Explanation of significant variations

The amount realised was €428,000 less than expected. 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 €50,122 was lodged to the Exchequer under the State Property Act 1954.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	226	217
	2013	2012
	€000	€000
Pay	12,889	13,144
Higher, special or additional duties allowance	83	80
Other allowances	7	8
Overtime	21	20
Employer's PRSI	993	993
Total Pay	13,993	14,245

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	31	1	10,434	9,280
Other allowances	4	—	1,783	1,783
Overtime	9	—	5,920	5,464

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 Legal Costs	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Fees to counsel	12,391	9,529
General law expenses	862	1,135
Attorney General's scheme	10	3,540
External legal services	268	142
Compensation paid	—	—
	<u>13,531</u>	<u>14,346</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 Estimate allocation are transmitted through these bank accounts. The amount held at the end of 2013 is €2.384 million.



Appropriation Account 2013

Vote 7

Office of the Minister for Finance

Introduction

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

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

Restructuring of Programmes

The account has been prepared in accordance with the 2013 Revised Estimate for the Office of the Minister for Finance. The 2013 appropriation account records gross expenditure of €27.3 million, on five programme areas. The 2012 outturn figures have been reallocated across the five programmes to reflect the new structure of the Department.

A surplus of €8.58 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.

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 and are allocated on the basis of staff numbers in the respective Departments. As most capital assets are shared, the usage of capital assets are 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 now recorded on the asset register of the Department of Finance and IT equipment assets are now 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 and 2013 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.

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. The Department of Finance is compliant with all relevant guidelines regarding procurement.

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.

John Moran

Accounting Officer
Department of Finance

27 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

28 August 2014

Vote 7 Office of the Minister for Finance

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	European Union and International Policy	4,702	3,464	3,572
B	Financial Services Policy	14,667	9,648	9,238
C	Fiscal Policy	4,084	3,661	4,947
D	Economic Policy	2,182	1,913	550
E	Provision of Shared Services	9,227	8,655	7,888
Gross expenditure		34,862	27,341	26,195
<i>Deduct</i>				
F	Appropriations-in-aid	1,675	2,732	1,564
Net expenditure		33,187	24,609	24,631

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	8,577,861	7,450,784

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,405	18,151	16,874
ii	Travel and subsistence	455	445	392
iii	Training and development and incidental expenses	880	726	650
iv	Postal and telecommunications services	405	457	632
v	Office equipment and external IT services	1,700	1,222	1,314
vi	Office premises expenses	785	394	884
vii	Consultancy and other services	25	—	—
viii	EU Presidency ¹	2,957	1,719	791
		26,612	23,114	21,537

¹ The EU Presidency figure for 2013 includes salaries amounting to €1,013,520 (2012: €643,670)

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	4,226	4,443
Pay	19,164	17,732
Non pay	3,951	4,020
Gross expenditure	27,341	26,195
<i>Deduct</i>		
Appropriations-in-aid	2,732	1,564
Net expenditure	24,609	24,631
Changes in capital assets		
Purchases cash	(103)	
Depreciation	398	
	295	408
Changes in net current assets		
Increase in closing accruals	245	
Increase in stock	(6)	
	239	(145)
Direct expenditure	25,143	24,894
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,249	13,016
Notional rents	1,511	1,432
Net programme cost	35,903	39,342

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.

	2013	2012
	€000	€000
Vote 3 Attorney General	e —	42
Vote 12 Superannuation and Retired Allowances	e 9,939	12,497
Vote 13 Office of Public Works	367	1,080
Central Fund – Ministerial pensions	e 244	231
	10,550	13,850
Apportioned cost of shared payroll and accounting support for other Votes	(1,301)	(834)
	9,249	13,016

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	874	1,143
Current assets			
Bank and cash	2.3	183	505
Stocks	2.4	23	17
Prepayments		321	427
Accrued income		59	282
Other debit balances	2.5	282	230
Net Exchequer funding due	2.7	149	86
Payroll shared services bank account	2.8	1,618	713
Total current assets		2,635	2,260
Less current liabilities			
Accrued expenses		262	346
Other credit balances	2.6	614	821
Payroll shared services	2.8	1,618	713
Total current liabilities		2,494	1,880
Net current assets		141	380
Net assets		1,015	1,523
Represented by:			
State funding account	2.1	1,015	1,523

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		1,523	1,426
Disbursements from the Vote			
Estimate provision	Account	33,187	
Surplus to be surrendered	Account	(8,578)	
Net vote		24,609	24,631
Expenditure (cash) borne elsewhere	1	9,249	13,016
Non cash items – capital assets ¹		(78)	(358)
Non cash items – depreciation ¹		104	718
Non cash expenditure – notional rent	1	1,511	1,432
Net programme cost	1	(35,903)	(39,342)
Balance at 31 December		1,015	1,523

¹ 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 2013	218	5,329	2,375	7,922
Additions	—	25	—	25
Assets transferred from Department of the Taoiseach	—	24	18	42
Cost or valuation at 31 December 2013	218	5,378	2,393	7,989
Accumulated depreciation				
Opening balance at 1 January 2013	44	4,444	2,291	6,779
Depreciation for the year	43	217	34	294
Depreciation on assets transferred from Department of the Taoiseach	—	24	18	42
Cumulative depreciation at 31 December 2013	87	4,685	2,343	7,115
Net assets at 31 December 2013	131	693	50	874
Net assets at 31 December 2012	174	885	84	1,143

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	183	506
Orders outstanding	—	(1)
	183	505

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	12	12
IT consumables	11	5
	23	17

2.5 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Recoupable salaries	54	52
Recoupable travel expenditure	85	73
Travel imprests	—	1
Recoupable travel pass scheme expenditure	92	83
Advances to OPW	43	—
Other debit suspense items	8	21
	282	230

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	217	233
Pay Related Social Insurance	112	113
Professional Services Withholding Tax	94	254
Value Added Tax	1	24
Pension contributions	37	44
Local Property Tax	1	—
Universal Social Charge	72	75

	534	743

Payroll deductions held in suspense

	76	77

Other credit suspense items

	4	1

	614	821

2.7 Net Exchequer Funding Due	2013	2012
at 31 December	€000	€000

Surplus to be surrendered

	8,578	7,451

Exchequer grant undrawn

	(8,727)	(7,537)

Net Exchequer funding due

	(149)	(86)

Represented by:

Debtors

Bank and cash	183	505
Debit balances: suspense	282	230
	465	735

Creditors

Due to State	(534)	(743)
Credit balances: suspense	(80)	(78)
	(614)	(821)

	(149)	(86)

2.8 Payroll Shared Services

The Department of Finance provides a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account represents money lodged to the account by these client offices to cover the funding for salaries over the New Year period.

2.9 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	104	4

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	European Union and International Policy			
A.1	Administration – pay	3,369	2,837	2,912
A.2	Administration – non pay	908	555	586
A.3	Consultancy and other services	425	72	74
		4,702	3,464	3,572

Significant variations

Overall, the expenditure in relation to Programme A was € 1.24 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	353	Some underspend is common on all non-pay subheads arising from the timing of training programmes and progress with certain IT and accommodation projects. The Programme A variance is also driven by a saving on costs associated with the EU Presidency budget. The costs were difficult to predict with accuracy because of the range of dossiers to be progressed and uncertainty around the number of meetings that would be required to achieve that progress.
Consultancy and other services	353	Spend was lower than anticipated on the Economic Planning Initiative and Medium Term Economic Strategy projects arising from the use of internal and cross-departmental resources, and lower cost of external resources.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Financial Services Policy			
B.1	Administration – pay	5,882	5,178	4,714
B.2	Administration – non pay	2,190	903	744
B.3	Committees and commissions	20	18	36
B.4	Consultancy and other services	6,575	3,549	3,744
B.5	Commissions and special inquiries	—	—	—
		14,667	9,648	9,238

Significant variations

Overall, the expenditure in relation to Programme B was €5.02 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	1,287	The comments set out for subhead A.2 apply here also. In addition, certain costs which had been budgeted for EU Presidency on this Vote were instead absorbed on the Foreign Affairs Vote, and certain external services were sourced on a pro-bono basis.
Consultancy and other services	3,026	The estimate was driven by the requirement to provide for a wide range of deliverables including banking sector policy, personal debt, SME lending, financial services reform implementation of the National Payment Plan, all of which were led by the Department. Savings were achieved as a result of cost control and cost sharing.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Fiscal Policy			
C.1	Administration – pay	2,822	2,887	3,693
C.2	Administration – non pay	507	289	449
C.3	Committees and commissions	330	324	331
C.4	Consultancy and other services	425	161	65
C.5	Fiscal Advisory Council (grant-in-aid) ¹	—	—	409
		4,084	3,661	4,947

¹ As the Fiscal Advisory Council is being funded directly from the Central Fund in 2013, there was no requirement for a provision.

Significant variations

Overall, the expenditure in relation to Programme C was €422,682 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	218	Spend was less than anticipated due to the slower rollout of certain systems and because certain refurbishment and reorganisation projects did not proceed as quickly as originally anticipated.
Consultancy and other services	264	The comments at subhead A.3 also apply here, since the budget for these projects was distributed across the four key strategic programmes.

		2013	2012
	Estimate	Outturn	Outturn
	provision		
	€000	€000	€000
D Economic Policy			
D.1 Administration – pay	1,045	1,261	496
D.2 Administration – non pay	787	551	54
D.3 Consultancy and other services	350	101	—
	2,182	1,913	550

Significant variations

Overall, the expenditure in relation to Programme D was €268,992 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	236	Spend was less than anticipated due to the slower rollout of certain systems and because certain refurbishment and reorganisation projects did not proceed as quickly as originally anticipated.
Consultancy and other services	249	The comments at subhead A.3 also apply here, since the budget for these projects was distributed across the four key strategic programmes.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Provision of Shared Services			
E.1	Administration – pay	7,287	7,001	5,705
E.2	Administration - non pay	1,815	1,653	2,183
E.3	Consultancy and other services	125	1	—
		9,227	8,655	7,888

Significant variations

Overall, the expenditure in relation to Programme E was €571,885 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Consultancy and other services	124	This provision related to a review of Fiscal Transparency. However, the initial review was provided free of charge by the IMF and the implementation of the recommendations will be later than anticipated.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Recoupment of certain expenses in relation to the stabilisation of the banking sector	400	1,364	387
2. Receipts from pension-related deductions on public service remuneration	1,125	1,148	1,085
3. Miscellaneous	25	95	92
4. Central Bank support for ECOFIN	125	125	—
Total	1,675	2,732	1,564

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	(964)	This variance relates to the recovery of costs in relation to PTSB, the timing and extent of which could not be predicted with certainty at the time of preparing the estimates.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €9,323 were transferred to the Exchequer during 2013. The breakdown is as follows: €1,605 in respect of per diem allowances from the IMF and World Bank; €1,413 in respect of salary and overtime costs recouped from other government departments; €6,305 in respect of payroll deductions prior to 2005 which were repaid by a life assurance company.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	308	319
	2013	2012
	€000	€000
Pay ¹	17,492	16,298
Higher, special or additional duties allowance	93	119
Other allowances	132	50
Overtime	342	314
Employer's PRSI	1,105	951
Total Pay	19,164	17,732

¹ The total pay figure is inclusive of pay in subheads A.1, B.1, C.1, D.1 and E.1.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	31	3	11,937	15,401
Other allowances	16	3	63,746	6,229
Overtime	100	6	24,033	28,398

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-engaged on a fee basis at a total cost of €51,088. The payments made were consistent with the principles of the Pension (Abatement) Act 1965.

This account includes expenditure of €308,169 in respect of 7 officers who were serving outside the Department for all or part of 2013 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	2012	2013	Cumulative expenditure to 31 December 2013
		€000	€000	€000
Credit Union Advisory Committee ¹	1967	21	18	312
Disabled Drivers Appeals Board ²	1989	331	324	2,827
		352	342	3,139

¹ Prior to 2005, expenses were paid through the Vote of the Department of Enterprise, Trade and Employment.

² The Board was established in 1989; prior to 2005 its expenses were paid through the Vote of the Department of Health.

6.3 Contingent Liabilities

There is litigation in progress regarding IBRC and 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 Irish Bank Resolution Corporation.

6.4 Write Offs

Sanction was obtained from the Department of Public Expenditure and Reform in 2013 to charge the Vote in respect of a historic suspense account balance in the amount of €1,116.

6.5 Legal Costs	2013	2012
at 31 December	€000	€000

Legal costs paid during the year are categorised as follows:

Compensation costs	458	—



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €215,869 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, and is stated at the lower of cost or net realisable value.

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.

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.

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

31 March 2014

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 2013.

Seamus McCarthy
Comptroller and Auditor General

30 April 2014

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 2013.

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. 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 2013 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
Block 3
Harcourt Centre
Dublin 2.

30 April 2014

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Audit and reporting	11,852	11,098	10,920
	Gross expenditure	11,852	11,098	10,920
	<i>Deduct</i>			
B	Appropriations-in-aid	5,875	5,337	5,897
	Net expenditure	5,977	5,761	5,023

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	215,869	1,568,168

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,473	9,199	9,161
ii	Travel and subsistence	546	439	444
iii	Training and development and incidental expenses	328	266	153
iv	Postal and telecommunications services	100	86	85
v	Office equipment and external IT services	443	439	399
vi	Office premises expenses	217	217	248
vii	Consultancy services	350	36	2
viii	Legal fees	45	19	21
ix	Contract audit services	350	397	407
		11,852	11,098	10,920

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	9,199	9,161
Non pay	1,899	1,759
Gross expenditure	11,098	10,920
<i>Deduct</i>		
Appropriations-in-aid (Note 4)	5,337	5,897
Net expenditure	5,761	5,023
Changes in capital assets		
Purchases	(148)	
Depreciation	169	
	21	12
Changes in net current assets		
Increase in closing accruals	(367)	
Decrease in stock	7	
	(360)	46
Direct expenditure	5,422	5,081
Increase in value of work-in-progress	(356)	33
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,615	2,489
Notional rents	203	202
Net programme cost	7,884	7,805

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances ¹	1,381	1,315
Vote 13 Office of Public Works	723	664
Account of the Central Fund of the Exchequer ¹	511	510
	<u>2,615</u>	<u>2,489</u>

¹ In accordance with instructions issued by the Department of Public Expenditure and Reform for the preparation of Appropriation Accounts, the 2012 figures are estimated figures provided in the final published 2012 Revised Estimates Volume whereas the 2013 figures are actual.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	392	413
Work-in-progress	2.3	934	578
		1,326	991
Current assets			
Bank and cash	2.4	398	68
Stocks		14	21
Prepaid expenses		102	76
Audit fee debtors		179	479
Accrued audit fee income	2.5	1,144	531
Other debit balances	2.6	92	107
Total current assets		1,929	1,282
Less current liabilities			
Accrued expenses		27	55
Other credit balances	2.7	326	296
Net liability to the Exchequer	2.8	164	(121)
Total current liabilities		517	230
Net current assets		1,412	1,052
Net assets		2,738	2,043
Represented by:			
State funding account	2.1	2,738	2,043
2.1 State Funding Account	Note	2013	2012
		€000	€000
Balance at 1 January		2,043	2,134
Disbursements for the Vote			
Estimate provision	Account	5,977	
Surplus to be surrendered	Account	(216)	
Net vote		5,761	5,023
Expenditure (cash) borne elsewhere	1	2,615	2,489
Non cash expenditure – notional rent	1	203	202
Net programme cost	1	(7,884)	(7,805)
Balance at 31 December		2,738	2,043

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	1,986	343	2,329
Additions	133	15	148
Cost or valuation at 31 December 2013	2,119	358	2,477
Accumulated depreciation			
Opening balance at 1 January 2013	1,672	244	1,916
Depreciation for the year	144	25	169
Cumulative depreciation at 31 December 2013	1,816	269	2,085
Net assets at 31 December 2013	303	89	392
Net assets at 31 December 2012	314	99	413

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	2013 €000	2012 €000
Cleared for certification	90%	226	117
Audit review stage	75%	289	177
Fieldwork complete	60%	167	75
Final audit in progress	30%	16	41
Interim audit completed	15%	132	109
Interim audit in progress	10%	104	59
		934	578

2.4 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	398	68

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	2013	2012
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	72	70
Recoupable expenditure from co-tenants	20	37
	<u>92</u>	<u>107</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	114	108
Pay Related Social Insurance	72	63
Income Levy	38	36
Professional Services Withholding Tax	25	6
Value Added Tax	12	9
Pension contributions	25	24
Local Property Tax	1	—
	<u>287</u>	<u>246</u>
Owed to OPW	—	11
Payroll deductions held in suspense	39	38
Other credit suspense items	—	1
	<u>326</u>	<u>296</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	216	1,568
Exchequer grant undrawn	(52)	(1,689)
Net liability to the Exchequer	<u>164</u>	<u>(121)</u>

Represented by:**Debtors**

Bank and cash	398	68
Debit balances: suspense	<u>92</u>	<u>107</u>
	490	175

Creditors

Due to State	(287)	(246)
Credit balances: suspense	<u>(39)</u>	<u>(50)</u>
	(326)	(296)
	<u>164</u>	<u>(121)</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	26	91

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Audit and reporting			
A.1	Administration - pay	9,473	9,199	9,161
A.2	Administration - non pay	2,379	1,899	1,759
		<u>11,852</u>	<u>11,098</u>	<u>10,920</u>

Significant variations

The overall saving on expenditure in the year was €754,000.

The main areas where savings occurred were as follows:

Salaries, wages and allowances

There was an under spend of €274,000 due to the average number of staff employed in the year of 140 (full time equivalents) being less than the approved number of 150. This arose due to the length of time taken to fill vacancies.

Consultancy services

The estimate provision for consultancy services was €350,000. The outturn was €36,000. 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.

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform, the Office of the Comptroller and Auditor General used a financial process known as virement in 2013. This allowed for savings on subhead vii Consultancy to be used for additional expenditure of €47,000 on subhead ix Contract Audit Services.

4 Receipts

4.1 Appropriations-in-aid		2013	2012
	Estimated	Realised	Realised
	€000	€000	€000
1 Audit fees	5,275	4,772	5,327
2 Receipts from pension-related deductions on public service remuneration	600	565	570
	5,875	5,337	5,897

Audit fees are based on the number of accounts certified in the year which was lower than projected.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	142	136
	2013	2012
	€000	€000
Pay	8,514	8,483
Higher, special or additional duties allowances	57	58
Overtime	—	—
Employer's PRSI	628	620
Total pay	9,199	9,161

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	8	2	13,692	11,825
Overtime and extra attendance	—	—	—	—

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 2013 in relation to the remuneration of the Comptroller and Auditor General was €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.

The charge on the Central Fund in 2012, when there was a vacancy in the position of Comptroller and Auditor General for three months, was €143,700.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2013 in relation to the remuneration of the Accounting Officer was €135,630 (2012: €146,421).

5.4 Acting up allowances

Five staff received acting up allowances for taking on the roles of higher grades. The total cost was €35,935 (2012: €40,462).

5.5 Re-engagement of Retired Officer

A total of €8,944 was paid to a retired civil servant, in receipt of a civil service pension, who was re-engaged on a short-term basis to aid in the review and clearance of audit files. 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 normal retirement age 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 €4,000 in 2013 (€4,000 in 2012).



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €8.28 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account, with the exceptions listed here.

Capital Assets: Vehicles and Equipment

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

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with the exception of 4 contracts to the value of €533,487. These contracts were undertaken without competitive process due to restricted availability or necessity for urgent supply and they have been included in the Circular 40/2002 return.

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.

Josephine Feehily

Accounting Officer

Office of the Revenue Commissioners

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 9 Office of the Revenue Commissioners for the year ended 31 December 2013.

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

Seamus McCarthy

Comptroller and Auditor General

6 August 2014

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Administration and collection of taxes and duties, and frontier management	393,992	393,062	381,474
	Gross expenditure	393,992	393,062	381,474
<i>Deduct</i>				
B	Appropriations-in-aid	71,287	78,637	73,347
	Net expenditure	322,705	314,425	308,127

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	8,280,139	3,850,808

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	287,902	287,564	282,580
ii	Travel and subsistence	3,500	3,371	3,192
iii	Training and development and incidental expenses	14,466	17,368	12,357
iv	Postal and telecommunications services	11,950	10,535	9,186
v	Office equipment and external IT services	52,585	52,623	49,179
vi	Office premises expenses	5,843	7,021	8,775
vii	Consultancy services and value for money and policy reviews	45	25	35
viii	Motor vehicles and equipment maintenance	3,400	3,526	2,064
ix	Law charges, fees and rewards	13,460	10,437	13,675
x	Compensation and losses	466	437	431
xi	EU Presidency	375	155	—
		393,992	393,062	381,474

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Pay		287,564	282,580
Non pay		105,498	98,894
Gross expenditure		393,062	381,474
<i>Deduct</i>			
Appropriations-in-aid		78,637	73,347
Net expenditure		314,425	308,127
 Changes in capital assets			
Purchases cash	(7,571)		
Depreciation	17,286		
Disposals cash	15		
Loss on disposals	10		
		9,740	11,599
 Changes in assets under development			
Cash payments		(13,392)	(16,829)
 Changes in net current assets			
Increase in closing accruals	6,921		
Decrease in stock	117		
		7,038	1,684
Direct expenditure		317,811	304,581
 Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		72,533	74,330
Notional rents (non cash)		10,993	11,378
Net programme cost		401,337	390,289

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	55,194	63,983
Vote 13 Office of Public Works	20,191	18,235
	<u>75,385</u>	<u>82,218</u>
Services rendered by Revenue without charge ¹ e	<u>(2,852)</u>	<u>(7,888)</u>
	<u><u>72,533</u></u>	<u><u>74,330</u></u>

¹ In addition to services rendered without charge to other Votes (€2.85 million), services to the value of approximately €483,000 were also provided without charge to other bodies.

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	62,512	56,968
Capital assets under development	2.3	4,282	6,199
		66,794	63,167
Current assets			
Bank and cash	2.4	10,297	9,929
Stocks	2.5	1,542	1,659
Prepayments		6,991	12,684
Accrued income		1,946	2,126
Other debit balances	2.6	1,026	961
Total current assets		21,802	27,359
Less current liabilities			
Accrued expenses		4,194	3,214
Deferred income		80	37
Other credit balances	2.7	11,183	11,212
Net liability to/(from) the Exchequer	2.8	140	(322)
Total current liabilities		15,597	14,141
Net current assets		6,205	13,218
Net assets		72,999	76,385
Represented by:			
State funding account	2.1	72,999	76,385

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		76,385	72,791
Disbursements from the Vote			
Estimate provision	Account	322,705	
Surplus to be surrendered	Account	(8,280)	
Net vote		314,425	308,127
Expenditure (cash) borne elsewhere	1	72,533	74,330
Non cash expenditure – notional rent	1	10,993	11,378
Other non-cash items – seized vehicles		—	48
Net programme cost	1	(401,337)	(390,289)
Balance at 31 December		72,999	76,385

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 2013	13,290	372,823	53,437	439,550
Additions	334	20,637	1,884	22,855
Transfers to the Department of Justice	—	(7)	—	(7)
Disposals	(135)	(965)	(121)	(1,221)
Cost or valuation at 31 December 2013	13,489	392,488	55,200	461,177
Accumulated depreciation				
Opening balance at 1 January 2013	10,177	323,560	48,845	382,582
Transfers to the Department of Justice	—	(7)	—	(7)
Depreciation for the year	658	15,435	1,193	17,286
Depreciation on disposals	(134)	(959)	(103)	(1,196)
Cumulative depreciation at 31 December 2013	10,701	338,029	49,935	398,665
Net assets at 31 December 2013	2,788	54,459	5,265	62,512
Net assets at 31 December 2012	3,113	49,263	4,592	56,968

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2013	6,199
Cash payments for the year	13,392
Transferred to asset register	(15,309)
Amounts carried forward at 31 December 2013	4,282

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
PMG balances and cash	10,377	10,011
Orders outstanding	(80)	(82)
	10,297	9,929

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery and small stores	705	772
IT consumables	420	542
Equipment/clothing/miscellaneous	417	345
	<u>1,542</u>	<u>1,659</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Shared buildings advances	181	238
Advances for travel and subsistence purposes	11	13
Advances to OPW for building works etc.	564	(143)
Miscellaneous suspense	170	749
Vote 10 Appeal Commissioners	100	104
	<u>1,026</u>	<u>961</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,112	4,148
Pay Related Social Insurance	1,439	1,335
Professional Services Withholding Tax	1,124	1,508
Value Added Tax	467	359
Relevant Contracts Tax	—	2
Local Property Tax	36	—
Pension contributions	569	549
Extra exchequer receipts	366	137
	<u>8,113</u>	<u>8,038</u>
Payroll deductions held in suspense	2,854	2,818
Recoupable expenditure in advance	201	336
Other credit suspense items	15	20
	<u>11,183</u>	<u>11,212</u>

2.8 Net Liability to/(from) the Exchequer	2013	2012

at 31 December	€000	€000

Surplus to be surrendered	8,280	3,851
Exchequer grant undrawn	(8,140)	(4,173)
Net liability to/(from) the Exchequer	140	(322)

Represented by:

Debtors

Bank and cash	10,297	9,929
Other debit balances	1,026	1,104
	11,323	11,033

Creditors

Due to State	(8,113)	(8,038)
Other credit balances	(3,070)	(3,317)
	(11,183)	(11,355)

140	(322)

2.9 Commitments	2013	2012

at 31 December	€000	€000

Total of legally enforceable commitments	963	852

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Administration and collection of taxes, duties and frontier management			
A.1	Administration – pay ¹	287,927	287,592	282,580
A.2	Administration – non pay	106,065	105,470	98,894
		393,992	393,062	381,474

¹ The total pay figure includes €28,000 in respect of pay included under EU presidency expenditure in the analysis of administration expenditure.

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%. No outturn of the Vote met these criteria in 2013.

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2.	Fines, forfeitures, law costs recovered	4,000	3,598	3,892
3.	Cherished numbers	50	93	55
4.	Receipts in respect of Environmental Levy collection	400	399	402
5.	Share of SASP collection cost (Single Authorisation for Simplified Procedures)	12,200	17,850	14,440
6.	Miscellaneous	1,000	2,754	1,041
7.	Receipts from pension-related deductions on public service receipts in respect of civil service staff	16,200	16,506	16,080
Total		71,287	78,637	73,347

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	402	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
Share of SASP collection costs	(5,650)	This represents the collection costs in respect of Custom duties. This is difficult to estimate because the payments relate to the value of imports by private companies.
Miscellaneous	(1,754)	Increased receipts were received in the form of charges when credit cards are used as a payment method (there is a corresponding increase in bank costs charged to expenditure), fees earned in respect of VRT repayments for vehicle exports and refunds to the Vote in respect of fees advanced to liquidators.

4.2 Extra receipts payable to the Exchequer

	2013	2013	2012
	Realised	Paid	Realised
	€000	€000	€000
Forfeited cash ¹	515	652	2,012
Anti-counterfeit/contraband operations ²	601	235	695
Bank interest ³	30	30	189
Voluntary salary surrender ⁴	15	15	16
	1,161	932	2,912

¹ Cash forfeited under Section 39 of the Criminal Justice Act, 1994. €137,281 of this was received in December 2012 and was paid to the Exchequer in 2013.

² Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers. €365,667 of this was received in December 2013 and paid to the Exchequer in January 2014.

³ Bank interest on Revenue accounts held with the Central Bank.

⁴ Voluntary surrender of salary under Section 483 of the Taxes Consolidation Act, 1997.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	5,868	5,715
	2013	2012
	€000	€000
Pay	265,521	263,641
Higher, special or additional duties allowance	3,887	3,993
Overtime	5,383	2,805
Employer's PRSI	12,801	12,141
Total pay	287,592¹	282,580

¹ Total pay costs include €384,000 in respect of staff administering the Revenue payroll in the Financial Shared Services (a division of the Department of Justice and Equality).

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	261	14	19,568	19,568
Overtime and extra attendance	2,109	178	27,348	18,465
Shift and roster allowances	197	30	22,756	22,435
Miscellaneous	63	2	11,305	15,925

Certain individuals received extra remuneration in more than one category.

5.2 Performance Awards

A total of €96,666 was spent on exceptional performance awards i.e. 1,392 individual awards, ranging from €19 to €750, and one team award for €1,750.

5.3 Other Remuneration Arrangements

The cost of Revenue staff on loan to other departments/agencies without recoupment was €385,719 (2012: €345,559).

6 Miscellaneous

6.1 Write-off

The following sums were written off in the year.

	2013	2012
	€000	€000
Obsolete stock	12	110
Suspense account balance re: imprests	6	—

6.2 EU Funding

A grant for €22,500 was received from the European Anti-fraud Office towards the purchase of X-ray machines.

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

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	5,348	4,994
Counsel fees	1,796	2,223
Other fees and costs:		
Bankruptcy/liquidation costs	1,698	3,204
Court fees	988	2,478
Miscellaneous costs and rewards	607	776
	<u>10,437</u>	<u>13,675</u>

6.4 Compensation Costs (subhead A (x))

	2013	2012
	€000	€000
Compensation costs	437	431

Compensation of €255,317 (2012: €392,007) was paid in respect of legal action taken by members of the public.

A total of €179,715 (2012: €33,828) was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

6.5 Contingent Liability

Revenue had contingent liabilities of €1.7 million (2012: €580,000).



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €30,510 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 2013, 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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, 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 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 a report each year 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 *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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

27 June 2014

Vote 10 Office of the Appeal Commissioners

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing tax appeals	474	443	478
	Gross expenditure	474	443	478
<i>Deduct</i>				
B	Appropriations-in-aid	32	32	33
	Net expenditure	442	411	445

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	30,510	32,335

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	405	390	425
ii	Travel and subsistence	19	30	12
iii	Training and development and incidental expenses	28	14	25
iv	Postal and telecommunications services	10	6	6
v	Office equipment and external IT services	10	2	9
vi	Office premises expenses	2	1	1
		474	443	478

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	390	425
Non pay	53	53
Gross expenditure	443	478
<i>Deduct</i>		
Appropriations-in-aid	32	33
Net expenditure	411	445
Changes in capital assets		
Purchases cash	—	
Depreciation	6	
	6	3
Changes in net current assets		
Decrease in closing accruals	(9)	
	(9)	10
Direct expenditure	408	458
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	248	246
Net programme cost	656	704

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.

	2013	2012
	€000	€000
Vote 13 Office of Public Works	248	246
	248	246

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	19	25
Current Assets			
Paymaster General account balance		102	108
Prepayments		4	5
Total current assets		106	113
Less current liabilities			
Accrued expenses		1	11
Vote 9 Revenue Commissioners		100	104
Net liability to the Exchequer	2.3	2	4
Total current liabilities		103	119
Net current assets/(liabilities)		3	(6)
Net assets		22	19
Represented by:			
State funding account	2.1	22	19

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		19	32
Disbursements from the Vote			
Estimate provision	Account	442	
Surplus to be surrendered	Account	(31)	
Net vote		411	445
Expenditure (cash) borne elsewhere	1	248	246
Net programme cost	1	(656)	(704)
Balance at 31 December		22	19

2.2 Capital Assets

	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	63	26	89
Additions	—	—	—
Disposals	—	—	—
Cost or valuation at 31 December 2013	63	26	89
Accumulated depreciation			
Opening balance at 1 January 2013	42	22	64
Depreciation for the year	5	1	6
Cumulative depreciation at 31 December 2013	47	23	70
Net assets at 31 December 2013	16	3	19
Net assets at 31 December 2012	21	4	25

2.3 Net Liability to the Exchequer

	2013 €000	2012 €000
at 31 December		
Surplus to be surrendered	31	32
Exchequer grant undrawn	(29)	(28)
Net liability to the Exchequer	2	4

Represented by:**Debtors**

Paymaster General account balance	102	108
	102	108

Creditors

Vote 9 Revenue Commissioners	(100)	(104)
	2	4

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Facilitation of hearing of tax appeals			
A.1	Administration - pay	405	390	425
A.2	Administration - non pay	69	53	53
		474	443	478

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	32	32	33
		32	32	33

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	4	5
	2013	2012
	€000	€000
Pay	377	409
Allowances and overtime	—	—
Employer's PRSI	13	16
Total Pay	390	425



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.6 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.

Reallocation of responsibilities

The Human Resources Shared Services Centre, together with certain elements of the reform agenda in relation to shared services, were transferred from Vote 11 to the Shared Services Vote on its establishment on 1 January 2013.

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 and are allocated on the basis of staff numbers in the respective Departments. As most capital assets are shared, the usage of capital assets are 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 and 2013 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.

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 of Public Expenditure and Reform is compliant with all relevant guidelines regarding procurement.

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

27 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2013.

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

Seamus McCarthy

Comptroller and Auditor General

26 August 2014

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Public expenditure and sectoral policy	21,002	19,102	18,761
B Public service management and reform	20,551	19,390	23,842
Gross expenditure	41,553	38,492	42,603
<i>Deduct</i>			
C Appropriations-in-aid	5,189	5,777	5,461
Net expenditure	36,364	32,715	37,142

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	3,648,761	4,589,218

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,220	18,113	18,655
ii	Travel and subsistence	157	192	150
iii	Training and development and incidental expenses	512	505	465
iv	Postal and telecommunications services	314	292	327
v	Office equipment and external IT services	769	1,081	446
vi	Office premises expenses	400	367	633
vii	Consultancy and other services	20	31	—
viii	EU Presidency ¹	396	383	85
		21,788	20,964	20,761

¹ The EU Presidency figure for 2013 includes salaries amounting to €214,135 (2012: €0).

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	17,529	19,063
Pay	18,326	21,433
Non pay	2,637	2,107
Gross expenditure	38,492	42,603
<i>Deduct</i>		
Appropriations-in-aid	5,777	5,461
Net expenditure	32,715	37,142
Changes in capital assets		
Purchases cash	(101)	
Depreciation	341	
	240	9
Changes in assets under development		
Cash payments	—	(3)
Changes in net current assets		
Increase in closing accruals	338	
Increase in stock	(4)	
	334	(337)
Direct expenditure	33,289	36,811
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,250	1,512
Notional rents	1,452	1,551
Net programme cost	36,991	39,874

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.

	2013	2012
	€000	€000
Vote 7 Finance	e 239	335
Vote 9 Office of the Revenue Commissioners	e 150	—
Vote 12 Superannuation and Retired Allowances	e 395	388
Vote 13 Office of Public Works	1,466	789
	<u>2,250</u>	<u>1,512</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	880	1,769
Current assets			
Bank and cash		1,414	1,873
Stocks	2.3	23	19
Prepayments		553	704
Accrued income		—	31
Other debit balances	2.4	167	143
Total current assets		2,157	2,770
Less current liabilities			
Accrued expenses		211	55
Other credit balances	2.5	942	1,824
Net liability to the Exchequer	2.6	639	192
Total current liabilities		1,792	2,071
Net current assets		365	699
Net assets		1,245	2,468
Represented by:			
State funding account	2.1	1,245	2,468

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		2,468	2,603
Disbursements from the Vote			
Estimate provision	Account	36,364	
Surplus to be surrendered	Account	(3,649)	
Net vote		32,715	37,142
Expenditure (cash) borne elsewhere	1	2,250	1,512
Non cash items- capital assets ¹		77	374
Non cash items – depreciation ¹		(104)	(718)
Non cash expenditure – notional rent	1	1,452	1,551
Other non-cash items capital assets under development		—	(122)
Non cash items – transfer of assets to Shared Services		(622)	—
Net programme cost	1	(36,991)	(39,874)
Balance at 31 December		1,245	2,468

¹ 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 2013	26,236	—	2	26,238
Assets transferred to Shared Services	(777)	—	—	(777)
Additions	176	2	—	178
Cost or valuation at 31 December 2013	25,635	2	2	25,639
Accumulated depreciation				
Opening balance at 1 January 2013	24,468	—	1	24,469
Depreciation on assets transferred to Shared Services	(155)	—	—	(155)
Depreciation for the year	445	—	—	445
Cumulative depreciation at 31 December 2013	24,758	—	1	24,759
Net assets at 31 December 2013	877	2	1	880
Net assets at 31 December 2012	1,768	—	1	1,769

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	13	14
IT consumables	10	5
	23	19

2.4 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Recoupable travel expenditure	39	23
Travel imprests	3	—
Recoupable travel pass scheme expenditure	105	92
Other debit suspense items	20	28
	167	143

2.5 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State		
Income Tax	288	332
Pay Related Social Insurance	114	121
Professional Services Withholding Tax	78	177
Value Added Tax	23	20
Pension contributions	43	48
Local Property Tax	2	—
Universal Social Charge	87	100
	635	798
Recoupable salaries	86	53
Payroll deductions held in suspense	94	99
Other credit suspense items	127	874
	942	1,824

2.6 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	3,649	4,589
Exchequer grant undrawn	(3,010)	(4,397)
Net liability to the Exchequer		
	639	192

Represented by:**Debtors**

Bank and cash	1,414	1,873
Debit balances: suspense	167	143
	1,581	2,016

Creditors

Due to State	(635)	(798)
Recoupable Salaries	(86)	—
Credit balances: suspense	(221)	(1,026)
	(942)	(1,824)
	639	192

2.7 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	320	21

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Public Expenditure and Sectoral Policy			
A.1	Administration - pay	8,158	7,441	7,779
A.2	Administration - non pay	1,037	1,180	814
A.3	Economic and Social Research Institute-administration and general expenses (grant-in-aid)	2,700	2,700	2,700
A.4	Structural funds technical assistance and other costs	835	808	844
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	667	581
A.6	Peace Programme/ Northern Ireland INTERREG	4,402	3,558	4,124
A.7	Special EU Programmes Body	1,225	1,164	1,226
A.8	Ireland/ Wales and transnational INTERREG	385	379	384
A.9	Procurement management reform	627	608	1
A.10	Consultancy and other services	983	597	308
		21,002	19,102	18,761

Significant variations

Overall, the expenditure in relation to programme A was €1.9 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Peace Programme/ Northern Ireland INTERREG	844	There were initial delays in project approval due to the nature of the very stringent EU co-financing eligibility criteria and these delays permeate into a delayed drawdown of funding on the projects. Spend nonetheless accelerates when the projects are up and running and over the life of the project any delay in initial spend is usually resolved quickly.
Technical assistance costs of Regional Assemblies (grant-in-aid)	(17)	Additional costs were incurred as a result of the 2014-2020 partnership agreement.
Consultancy and other services	386	A variance arose primarily because the final milestone on the National Lottery contract was not achieved and, therefore, the final payment was not made in 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Public Service Management and Reform			
B.1	Administration - pay	11,162	10,885	10,876
B.2	Administration - non pay	1,431	1,457	1,293
B.3	Institute of Public Administration (grant-in-aid)	2,750	2,750	2,750
B.4	Gaeleagras na Serbhíse Poiblí	—	—	19
B.5	Civil service arbitration and appeals procedure	45	32	34
B.6	Civil service childcare initiative	10	—	8
B.7	Consultancy and other services	110	70	195
B.8	Centre for Management and Organisation Development	1,580	1,568	1,685
B.9	Reform agenda	1,985	1,208	617
B.10	Employee Assistance Officer shared service	1,340	1,276	995
B.11	Statute Law revision programme	138	144	—
B.12	Referendum Commission	—	—	32
	<i>Human Resources Shared Services Centre</i>	—	—	5,338
		20,551	19,390	23,842

Significant variations

Overall, the expenditure in relation to Programme B was €1.2 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Reform agenda	777	Variation arose due to a number of factors: the timing of commencement of projects, reduced costs arising from contract negotiations and savings due to work delivered in-house.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from departments in respect of foreign language classes	—	—	12
2.	EU programmes	2,190	2,598	2,393
3.	Pension cashflow surpluses	590	651	796
4.	Receipts from pension-related deduction on public service remuneration	2,359	2,465	2,213
5.	Miscellaneous	50	63	47
Total		5,189	5,777	5,461

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	(408)	A conservative approach is taken when forecasting appropriations in aid because there can be a significant time delay between submission of claims and the subsequent Commission reimbursement.

4.2 Extra receipts payable to the Exchequer

There were no extra receipts paid to the Exchequer from Vote 11 during 2013.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	301	341
	2013	2012
	€000	€000
Pay ¹	20,644	20,187
Higher, special or additional duties allowance	228	174
Redundancy	33	79
Other allowances	34	45
Overtime	58	36
Employer's PRSI	991	912
Total pay	21,988	21,433

¹ The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, A.9, B.1, B.9 and B.10.

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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	33	8	22,822	11,937
Other allowances	24	—	7,485	6,395
Overtime	29	1	12,814	6,102

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €274,677 in respect of four officers who were serving outside the Department for all or part of 2013 and whose salary was paid by the Department.

Under the terms of the AHCPs 1% PCW restructuring agreement, 27 officers received a total of €66,557 in respect of PCW/seniority allowances.

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 (e.g. ERDF, Interreg etc.).

Heading	Description	2013	2013	2012
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	623	602	632
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	667	581
A.6	Peace Programme/Northern Ireland Interreg	4,402	3,558	4,123
		5,675	4,827	5,336

6.2 Committees and Commissions

		2013	2012	Cumulative expenditure to 31 December 2013
		€000	€000	€000
	Year of appointment			
Civil Service Arbitration Board	1950/51	16	12	958
		16	12	958

7 Contingency Fund

	2013	2012
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	<u>1,200</u>	<u>1,200</u>

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 the Department of Finance publication 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 2004, the amount in the Fund was increased to €1.2 million through a grant in aid under Vote 6 in 2005. Following a review in 2009, it was decided that the Fund should remain at that level. The next review is due in 2014.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €46.12 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

The statement of 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.

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

22 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Vote 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

23 September 2014

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Superannuation and retired allowances	466,600	427,704	520,454
	Gross expenditure	466,600	427,704	520,454
<i>Deduct</i>				
B	Appropriations-in-aid	82,000	89,224	87,944
	Net expenditure	384,600	338,480	432,510

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	46,119,612	10,765,301

Notes to the Appropriation Account

1 Operating Cost Statement 2013

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Current Assets			
Bank and cash	2.2	21,322	17,302
Other debit balances	2.3	18,463	295
Total current assets		39,785	17,597
Less current liabilities			
Other credit balances	2.4	9,115	9,396
Net liability to the Exchequer	2.5	30,670	8,201
Total current liabilities		39,785	17,597
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	384,600	
Surplus to be surrendered	Account	(46,120)	
Net vote		338,480	432,510
Net programme cost		(338,480)	(432,510)
Balance at 31 December		—	—

2.2 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	21,353	18,636
Orders outstanding	(31)	(1,334)
	<u>21,322</u>	<u>17,302</u>

2.3 Other Debit Balances	2013	2012
at 31 December	€000	€000
Recoupable pensions owed by other Departments	18,451	294
Other debit suspense items	12	1
	<u>18,463</u>	<u>295</u>

2.4 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,703	4,620
Universal Social Charge	1,965	1,820
Local Property Tax	99	—
	<u>6,767</u>	<u>6,440</u>
Voluntary pension deductions held in suspense	1,760	2,702
Other credit suspense items	588	254
	<u>9,115</u>	<u>9,396</u>

2.5 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	46,120	10,765
Exchequer grant undrawn	(15,450)	(2,564)
Net liability to the Exchequer	<u>30,670</u>	<u>8,201</u>

Represented by:**Debtors**

Bank and cash	21,322	17,302
Debit balances: suspense	18,463	295
	<u>39,785</u>	<u>17,597</u>

Creditors

Due to State	(6,767)	(6,440)
Credit balances: suspense	(2,348)	(2,956)
	<u>(9,115)</u>	<u>(9,396)</u>
	<u>30,670</u>	<u>8,201</u>

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Superannuation and Retired Allowances			
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	319,130	319,010	313,435
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	42,500	40,990	41,570
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	1,000	911	967
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	82,250	46,380	140,624
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	21,050	19,954	23,419
A.6	Injury grants and medical fees	550	350	329
A.7	Fees to Pensions Board	60	55	58
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997	5	—	—
A.9	Pension liabilities of former public service bodies payable under statute	55	54	52
		466,600	427,704	520,454

Significant variations

Overall, the expenditure in relation to Programme A was €38.9 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	1,510	The number of leavers from the superannuation vote can vary significantly from year to year making estimation difficult. It was estimated that 675 individuals would leave the superannuation payroll in 2013. 636 individuals left the overall superannuation payroll in 2013 of which 167 individuals left subhead A2 which was fewer than estimated.
Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	35,870	The 2013 estimate was prepared based on 950 retirements. However, there were less than 650 retirements in 2013. This, combined with a lower than estimated average lump sum payment, accounted for the majority of the variance.

Description	Less/(more) than provided €000	Explanation
Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	1,096	The number of unestablished officers put in to payment was less than estimated.
Injury grants and medical fees	200	The cost of injury warrants was less than estimated.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated €000	Realised €000	Realised €000
1. Receipt from the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff	28,000	28,000	28,000
2. Receipts in respect of pension liability of staff on loan, etc.	2,000	2,243	1,826
3. Contributions to spouses' and children's pension scheme for civil servants and others	21,000	20,776	22,672
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)	25,000	28,857	27,927
5. Repayment of gratuities, etc.	1,000	1,531	1,237
6. Purchase of notional service	4,000	5,086	5,688
7. Miscellaneous	1,000	2,731	594
Total	82,000	89,224	87,944

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 in respect of pension liability of staff on loan, etc.	(243)	It is difficult to predict the number of staff on loan year to year.
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(3,857)	The number paying full pension contributions exceeded estimate.
Repayment of gratuities, etc.	(531)	It is difficult to predict the number of gratuities that will be repaid.
Purchase of notional service	(1,086)	It is difficult to predict the number who will purchase service.
Miscellaneous	(1,731)	It is difficult to predict the total value of miscellaneous receipts.

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.

		2013	2012
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	12,806	12,391
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,756	2,797
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	61	67
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	4,688	4,716
A.9	Pension liabilities of former public service bodies payable under statute	3	3
		20,314	19,974

5.3 Pension Payment Agency Services

The Department (Vote 12) assumed responsibility (during the period from September 2011 to September 2013) for paying pensions, 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	8,120	198
FÁS/Solas pensions	1,571	30

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

An amount of €9.103 million was due to be reimbursed to the Department at 31 December 2013 in relation to these agency arrangements. This value was reimbursed in January 2014.

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 2013, in the case of one retired civil servant, fees were determined with reference to their former salary in the amount of €4,562.



Appropriation Account 2013

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 2013 for the salaries and expenses of the Office of Public Works; for services administered by that Office including the National Procurement Service, 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €880,000 is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

(a) Statement of Capital Assets: Valuation of Land and Buildings

The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value. OPW is continuing to review the valuation methodologies being used which include the following assumptions:

- (i) The Commissioners of Public Works have followed the public sector accounting standards as contained in the RICS – Professional Standards, Global and UK Edition, March 2012. Valuation protocols produced by the Royal Institution of Chartered Surveyors, being the accepted industry standard in Ireland, were used where possible. Assessments of market value on the 'existing use' basis are applied to land and buildings where market comparisons are available.
- (ii) For a large part of the portfolio, estimates are based on current building cost norms and notional site values.
- (iii) Prestige properties have been valued using the replacement cost valuation method.
- (iv) Properties purchased since 1 January 1995 and properties constructed since 1 January 1997 are initially valued at cost.
- (v) National historic properties and national monuments are not included in the valuation.
- (vi) Valuations have not been included in the asset register for a number of miscellaneous properties but will be considered for inclusion in 2014. The total value of these miscellaneous properties is not significant in the context of the overall OPW property portfolio.

(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.

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 is compliant with all relevant guidelines regarding procurement with the exception of contracts to a value of €1.3 million. Service continued to be provided beyond the original contract end-date without competitive procurement. In one case, the contract has now been awarded to an alternative provider following a tender process and in the case of the other contracts, the tender competitions are in train or are almost complete.

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.

C McGrath

Accounting Officer
Office of Public Works

5 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Office of Public Works. 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 a material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013.

Reporting on matters arising from audit

Chapter 4 of my report on the accounts of the public services for 2013 refers to certain other matters relating to Vote 13.

Seamus McCarthy

Comptroller and Auditor General

12 September 2014

Vote 13 Office of Public Works

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Flood Risk Management	69,517	70,788	77,976
B	National Procurement Service (NPS)	7,173	4,936	4,774
C	Estate Portfolio Management	324,285	323,481	309,920
Gross expenditure		400,975	399,205	392,670
<i>Deduct</i>				
D	Appropriations-in-aid	26,931	26,041	26,384
Net expenditure		374,044	373,164	366,286

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	880,000	406,486

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	34,990	34,064	34,417
ii	Travel and subsistence	1,398	1,463	886
iii	Training and development and incidental expenses	667	667	639
iv	Postal and telecommunications services	1,954	1,607	2,087
v	Office equipment and external IT services	2,725	3,731	2,785
vi	Office premises expenses	1,319	1,482	1,424
vii	Consultancy services and value for money and policy reviews	49	13	9
		43,102	43,027	42,247

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	356,178	350,423
Pay	34,064	34,417
Non pay	8,963	7,830
Gross expenditure¹	399,205	392,670
<i>Deduct</i>		
Appropriations-in-aid	26,041	26,384
Net expenditure	373,164	366,286
Changes in capital assets		
Purchases cash	(7,152)	
Disposals cash ²	95	
Depreciation	6,610	
Gain on disposals	(88)	
	(535)	(2,348)
Changes in net current assets		
Decrease in closing accruals	(1,533)	
Decrease in stock	55	
	(1,478)	8,564
Direct expenditure	371,151	372,502
Expenditure on services provided free to other Departments (allied services) ³	(147,182)	(129,734)
Expenditure on services where OPW acts as client ⁴	(114,371)	(122,375)
Direct expenditure (excluding allied services and services where OPW acts as client)	109,598	120,393
Expenditure borne elsewhere		
Vote 12 - Superannuation and retired allowances	18,671	17,907
Total operating cost⁵	128,269	138,300

- ¹ This figure is derived from the gross outturn on Vote 13 only (€399.205 million) whereas the total financial transactions of the OPW during 2013, including direct expenditure incurred by OPW and charged to other Votes, amounted to €467.205 million.
- ² The disposals cash figure does not include proceeds from the sale of property in 2013, to the value of €0.186 million which was due to the Exchequer (Note 4.2 refers).
- ³ This includes capital expenditure of €26.339 million.
- ⁴ The direct expenditure figure has been reduced by an amount of €114 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, National Procurement Services and the EU Presidency). The cost of such works and grants do not form part of the running costs of OPW.
- ⁵ 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 €71 million. Notional rents payable by OPW are estimated at €2.6 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 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	3,032,898	2,874,310
Capital assets under development	2.3	498	—
		3,033,396	2,874,310
Current assets			
Bank and cash	2.4	39,984	37,225
Stocks	2.5	2,034	2,089
Prepayments		21,812	26,510
Accrued income		1,083	2,958
Other debit balances	2.6	4,422	90
Total current assets		69,335	68,872
Less current liabilities			
Accrued expenses		7,638	16,713
Deferred income		320	223
Other credit balances	2.7	43,526	37,159
Net liability to the Exchequer	2.8	880	156
Total current liabilities		52,364	54,251
Net current assets		16,971	14,621
Net assets		3,050,367	2,888,931
Represented by:			
State funding account	2.1	3,050,367	2,888,931

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		2,888,931	3,071,030
Disbursements from the Vote			
Estimate provision	Account	374,044	
Surplus to be surrendered	Account	(880)	
Net vote		373,164	366,287
Expenditure (cash) borne elsewhere	1	18,671	17,907
Allied services	1	(147,182)	(129,734)
Client services	1	(114,371)	(122,375)
Net programme cost	1	(128,269)	(138,300)
Adjustments ¹		159,423	(175,884)
Balance at 31 December		3,050,367	2,888,931

¹ Adjustments includes €154.6 million in respect of land and buildings revaluations and €4.2 million paid out by Department of Transport, Tourism and Sport in respect of coast guard stations and capitalised by OPW.

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 2013	2,851,239	41,084	24,325	20,091	2,936,739
Additions	6,602	2,222	2,501	803	12,128
Disposals	(1,470)	(1,159)	(243)	(65)	(2,937)
Revaluations ¹	154,616	—	—	—	154,616
Cost or valuation at 31 December 2013	3,010,987	42,147	26,583	20,829	3,100,546
Accumulated depreciation					
Opening balance at 1 January 2013	—	30,388	18,976	13,065	62,429
Depreciation for the year	—	3,334	2,395	881	6,610
Depreciation on disposals	—	(1,102)	(233)	(56)	(1,391)
Cumulative depreciation at 31 December 2013	—	32,620	21,138	13,890	67,648
Net assets at 31 December 2013	3,010,987	9,527	5,445	6,939	3,032,898
Net assets at 31 December 2012	2,851,239	10,696	5,349	7,026	2,874,310

¹ Prestige properties have been individually valued using the replacement cost valuation method. This rebuilding cost is based on the application of rates which were determined by internal professional staff. There is limited comparative historical cost data and the experts applied their professional judgement in determining rates. The valuation method will continue to be reviewed and revised if appropriate in 2014.

2.3 Capital Assets under Development

at 31 December	Land and buildings
	€000
Amounts brought forward at 1 January 2013	—
Cash payments in year	380
Adjustment ¹	118
Transferred to asset register	—
Balance at 31 December 2013	498

¹ Adjustment for prior year expenditure.

2.4 Bank and Cash

	2013	2012
at 31 December	€000	€000
Bank balances	40,617	39,543
Orders outstanding	(633)	(2,318)
	<u>39,984</u>	<u>37,225</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Engineering stocks	776	924
Heritage depot stocks	1,116	806
Building materials	100	255
Paper and stationery	15	76
Miscellaneous stocks	27	28
	<u>2,034</u>	<u>2,089</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Pension refunds due from the Department of Public Expenditure and Reform	2,112	9
Payroll EMTS in suspense	1,264	—
Other debit suspense items	1,046	81
	<u>4,422</u>	<u>90</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	780	823
Universal Social Charge	328	340
Pay Related Social Insurance	693	687
Professional Services Withholding Tax	692	757
Value Added Tax	3,925	3,035
Pension contributions	215	191
Local Property Tax	6	—
Receipts from sales of State property	186	162
Loan repayments	—	8
	<u>6,825</u>	<u>6,003</u>
Sundry works accounts	23,893	17,641
Property management accounts	6,908	5,700
Per cent for art scheme	2,020	2,128
Maintenance accounts	299	2,280
Furniture services	1,244	1,116
Payroll deductions held in suspense	793	804
Other credit suspense items	1,544	1,487
	<u>43,526</u>	<u>37,159</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	880	406
Exchequer grant undrawn	—	(250)
Net liability to the Exchequer	<u>880</u>	<u>156</u>

Represented by:**Debtors**

Bank and cash	39,984	37,225
Debit balances: suspense	<u>4,422</u>	<u>90</u>
	44,406	37,315

Creditors

Due to State	(6,825)	(6,003)
Credit balances: suspense	<u>(36,701)</u>	<u>(31,156)</u>
	(43,526)	(37,159)

880	156

2.9 Commitments

at 31 December

(A) Non capital commitments

The figure for non-capital commitments likely to arise in 2014 and subsequent years is estimated to be €5,269,743 excluding the Convention Centre Dublin (see (D) below).

There were commitments outstanding at the end of 2013 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 €101 million in 2014 (2013: €108 million).

(B) Multi-annual capital commitments

The following table details expenditure in 2013 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2013.

	€
Expenditure in 2013	112,268,426
Commitments to be met in subsequent years (2014 – 2017)	151,985,000

(C) Major capital projects

Expenditure was incurred on ten ongoing major projects during 2013 where the total estimated cost of the individual project will exceed €6.5 million. Particulars of these projects are as follows:

Project	Cumulative expenditure to 31 December 2012	Expenditure 2013	Subsequent years
	€000	€000	€000
Flood relief schemes			
Mallow North	19,104	400	3,214
Mallow South	8,964	987	4,892
Clonmel West	22,349	331	1,130
Clonmel North	14,606	455	3,654
Fermoy North	6,766	1,015	2,116
Fermoy South	6,704	8,748	13,318
River Dodder (Dublin)	10,903	1,292	805
Ennis Lower	1,111	9,659	5,230
Bray	9,323	992	29,685
Waterford	3,120	3,851	6,544

(D) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2012	Expenditure in 2013¹	Balance still outstanding on capital cost of project at delivery	Total
	€000	€000	€000	€000
Convention Centre Dublin	67,804	19,806	199,365	286,975

¹ 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

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Flood Risk Management			
A.1	Administration - pay	6,755	6,707	6,885
A.2	Administration - non pay	1,759	2,219	1,892
A.3	Purchase of engineering plant and machinery	500	982	718
A.4	Hydrometric and hydrological investigation and monitoring	1,020	919	1,011
A.5	Flood risk management	44,500	44,913	52,015
A.6	Drainage maintenance	14,983	15,048	15,455
		69,517	70,788	77,976

Significant variations

Overall, the expenditure in relation to the Programme A was €1.3 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Purchase of engineering plant and machinery	482	Increased expenditure was required to maintain and replace essential plant and machinery.
Hydrometric and hydrological investigation and monitoring	(101)	The saving was due to the non-replacement of staff and a liability that did not materialise in 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	National Procurement Service (NPS)			
B.1	Administration - pay	3,735	3,223	3,060
B.2	Administration - non pay	957	364	327
B.3	Government Publication Services	221	154	197
B.4	National Procurement Service (NPS)	2,260	1,195	1,190
		7,173	4,936	4,774

Significant variations

Overall, the expenditure in relation to the Programme B was €2.2 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
National Procurement Service (NPS)	(1,065)	The later than expected start-up of the Office of Government Procurement (OGP) meant that additional financial resources provided were not required in full in 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Estate Portfolio Management			
C.1	Administration - pay	24,500	24,134	24,472
C.2	Administration - non pay	5,396	6,380	5,610
C.3	President's household staff (pay)	753	809	779
C.4	Grant to Zoological Society of Ireland	—	—	400
C.5	Grants for certain refurbishment works	250	340	250
C.6	Purchase of sites and buildings	570	10	1,045
C.7	New works, alterations and additions	37,650	48,199	39,453
C.8	Property maintenance and supplies	52,672	54,033	36,095
C.9	Rents, rates etc.	108,352	97,437	107,092
C.10	Fuel, electricity and water	1,623	1,757	1,614
C.11	Unitary payments	50,600	48,346	51,658
C.12	Heritage services	34,879	35,886	36,278
C.13	EU Presidency	7,040	6,150	5,174
		324,285	323,481	309,920

Significant variations

Overall, the expenditure in relation to Programme C was €804,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Purchase of sites and buildings	(560)	The planned purchase of a property was not completed in 2013.
New works, alterations and additions	10,549	The additional expenditure related to the payment of a court settlement.
Rents, rates etc.	(10,915)	The saving achieved was due to the continued office rationalisation and lease surrender programme.
Fuel, electricity and water	134	The excess was due to utilities costs at non-operational properties.
EU Presidency	(890)	The full allocation provided for the provision of facilities for the EU Presidency in 2013 was not required due to the greater use of OPW resources and state owned properties.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated €000	Realised €000	Realised €000
1.	Rents, licence fees, etc.	3,646	4,533	4,247
2.	Events and facilities management	850	1,142	1,210
3.	Receipts for Government publication services	780	696	1,006
4.	Recoveries for services carried out on repayment or agency basis	7,808	7,770	8,270
5.	Sales at national monuments and historic properties visitor centres	474	561	454
6.	Admission charges at national monuments and historic properties	5,600	5,560	5,272
7.	Miscellaneous, including fees, interest and disposals etc	3,158	1,124	1,230
8.	Receipts from pension-related deduction on public service remuneration	4,615	4,655	4,695
Total		26,931	26,041	26,384

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
Rent, licence fees etc	887	Rental income was greater than expected due to the receipt of arrears and sustained rental masts income.
Events and facilities management	292	The additional income was due to increased visitor numbers in the second half of 2013.
Miscellaneous, including fees, interest and disposals	(2,034)	Income was less than estimated due to the delayed commencement of an energy efficiency scheme funded by the Department of Communications Energy and Natural Resources.

4.2 Extra receipts payable to the Exchequer

Proceeds of €0.186 million from the sale of state property in 2013 were due for payment to the Exchequer at the end of 2013.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Civil service grades	608	604
OPW specific grades	1,055	1,099
	1,663	1,703
	2013	2012
	€000	€000
Pay	76,365	78,099
Higher, special or additional duties allowance		
Civil service grades	267	274
OPW specific grades	520	674
Overtime		
Civil service grades	130	149
OPW specific grades	2,992	3,827
Extra attendance, shift and roster		
Civil service grades	—	—
OPW specific grades	2,282	1,155
Employer's PRSI	6,689	6,796
Total pay	89,245	90,974

The total pay figure is inclusive of pay in programmes A, B & C and includes pay for an additional 403 temporary and seasonal staff in 2013.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties				
Civil service grades	104	3	20,613	20,613
OPW specific grades	757	1	18,885	16,472
Overtime				
Civil service grades	33	3	16,744	14,000
OPW specific grades	790	78	38,690	33,831
Extra attendance, shift and roster				
Civil service grades	—	—	—	—
OPW specific grades	790	31	17,764	10,395

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Two retired civil servants in receipt of civil service pensions were re-employed and paid directly by OPW at a total cost of €35,877. Both contracts were completed before 31 December 2013.

6 Miscellaneous

6.1 Affordable Housing Initiative

Payments totalling €8,889,793 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 sanction November 2013).

6.2 Compensation Payments

	2013	2012
	€000	€000
Legal fees	91	314
Compensation costs	252	570
	<u>343</u>	<u>884</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 2013 was €65 million of which the main area of expenditure were major capital works (€32 million), maintenance works (€2 million), Leasing of accommodation (€14 million), Local Loans (€5.5 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 and implementing 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.

In 2013, the National Procurement Service administered drawdown contracts for other public bodies worth an actual value of €286 million. Since January 2014, the new Office of Government Procurement has its own vote.

6.4 Services supplied to Departments and Offices 2013 (Subhead C9 Rents, Rates etc.)

Departments, etc	2013 Estimate provision €000	2013 Outturn €000	2012 Outturn €000
Houses of the Oireachtas	1,243	1,128	1,229
Taoiseach	246	171	243
Attorney General	92	125	91
Central Statistics Office	1,021	690	1,009
Director of Public Prosecutions	1,833	1,809	1,812
Chief State Solicitor's Office	893	772	882
Finance	992	871	847
Comptroller and Auditor General	658	650	650
Revenue Commissioners	17,142	16,821	17,931
Public Expenditure and Reform	663	551	789
Office of Public Works	6,466	3,129	6,005
Valuation Office	1,404	824	1,388
Public Appointments Service	2,032	1,959	2,009
Shared Services	607	—	—
Ombudsman	1,121	1,106	1,107
Garda Síochána	8,535	8,264	8,435
Prisons	227	123	224
Courts Service	681	750	673
Property Registration Authority	1,149	159	1,136
Justice and Equality	12,352	11,867	12,208
Environment, Community and Local Government	1,061	493	1,049
Education and Skills	4,560	3,970	4,507
Foreign Affairs and Trade	5,116	4,866	5,056
Communications, Energy and Natural Resources	3,792	3,995	3,748
Agriculture, Food and the Marine	3,580	3,196	3,538
Transport, Tourism and Sport	4,135	3,945	4,087
Jobs, Enterprise and Innovation	5,915	6,256	5,846
Arts, Heritage and the Gaeltacht	1,572	1,440	1,553
National Gallery	111	107	110
Defence	587	407	580
Social Protection	14,694	13,315	14,523
Health	2,112	1,381	2,087
Health Services Executive	103	101	102
Children and Youth Affairs	1,657	2,196	1,638
Total	108,352	97,437	107,092



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €574,375 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.

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.

Internal Audit and Audit Committee

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

Ita Kinahan

Accounting Officer
State Laboratory

20 February 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

26 June 2014

Vote 14 State Laboratory

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	8,824	8,489	8,305
Gross expenditure		8,824	8,489	8,305
<i>Deduct</i>				
B	Appropriations-in-aid	705	944	797
Net expenditure		8,119	7,545	7,508

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	574,375	888,200

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,099	4,805	4,901
ii	Travel and subsistence	35	20	22
iii	Training and development and incidental expenses	229	220	184
iv	Postal and telecommunications services	70	63	65
v	Office equipment and external IT services	1,987	1,979	1,757
vi	Office premises expenses	1,390	1,388	1,362
vii	Consultancy services and value for money and policy reviews	14	14	14
		8,824	8,489	8,305

Notes to the Appropriation Account

1 Operating Cost Statement 2013

		2013	2012
	€000	€000	€000
Pay		4,805	4,901
Non pay		3,684	3,404
Gross expenditure		8,489	8,305
<i>Deduct</i>			
Appropriations-in-aid		944	797
Net expenditure		7,545	7,508
Changes in capital assets			
Purchases cash	(745)		
Depreciation	722		
		(23)	266
Changes in net current assets			
Increase in closing accruals	69		
Increase in stock	(6)		
		63	25
Direct expenditure		7,585	7,799
Net allied services expenditure (note 1.1)		754	748
Notional rents		1,344	1,465
Total Operating Cost		9,683	10,012

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.

		2013	2012
		€000	€000
Vote 7 Finance	e	23	23
Vote 12 Superannuation and Retired Allowances	e	731	725
		754	748

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

2 Balance Sheet as at 31 December 2013

		2013	2012
	Note	€000	€000
Capital assets	2.2	1,301	1,278
Current assets			
Bank and cash		74	48
Stocks	2.3	166	161
Prepayments		633	697
Accrued income		46	61
Other debit balances		113	16
Total current assets		1,032	983
Less current liabilities			
Accrued expenses		75	86
Other credit balances	2.4	168	169
Net Liability due to Exchequer	2.5	19	(105)
Total current liabilities		262	150
Net current assets		770	833
Net assets		2,071	2,111
Represented by:			
State funding account	2.1	2,071	2,111

2.1 State Funding Account	Note	2013	2012
		€000	€000
Balance at 1 January		2,111	2,402
Disbursements from the Vote			
Estimate provision	Account	8,119	
Surplus to be surrendered	Account	(574)	
Net vote		7,545	7,508
Expenditure (cash) borne elsewhere	1	754	748
Non cash expenditure – notional rent	1	1,344	1,465
Net programme cost	1	(9,683)	(10,012)
Balance at 31 December		2,071	2,111

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets				
Cost or valuation at 1 January 2013	11,913	538	20	12,471
Additions	745	—	—	745
Disposals	(267)	—	—	(267)
Cost or valuation at 31 December 2013	12,391	538	20	12,949
Accumulated depreciation				
Opening balance at 1 January 2013	10,751	422	20	11,193
Depreciation for the year	668	54	—	722
Depreciation on disposals	(267)	—	—	(267)
Cumulative depreciation at 31 December 2013	11,152	476	20	11,648
Net assets at 31 December 2013	1,239	62	—	1,301
Net assets at 31 December 2012	1,162	116	—	1,278

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Chemicals and laboratory consumables	145	141
Stationery and IT consumables	21	20
	166	161

2.4 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Income Tax	55	57
Pay Related Social Insurance	30	29
Universal Social Charge	20	20
Relevant Contracts Tax	—	4
Value Added Tax on intra-EU acquisitions	25	47
	130	157
Payroll deductions held in suspense	38	—
Miscellaneous	—	12
	168	169

2.5 Net Liability due to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	574	888
Exchequer grant undrawn	(555)	(993)
Net liability due to the Exchequer	<u>19</u>	<u>(105)</u>

Represented by:**Debtors**

Bank and cash	74	48
Debit balances: suspense	113	16
	<u>187</u>	<u>64</u>

Creditors

Due to State	(130)	(157)
Credit balances: suspense	(38)	(12)
	<u>(168)</u>	<u>(169)</u>
	<u>19</u>	<u>(105)</u>

2.6 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	12	46

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Government Analytical Laboratory and Advisory Service			
A.1	Administration - pay	5,099	4,805	4,901
A.2	Administration - non pay	3,725	3,684	3,404
		<u>8,824</u>	<u>8,489</u>	<u>8,305</u>

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%. No outturn of the Vote met this criteria in 2013.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	400	649	498
2.	Receipts from pension-related deductions on public service remuneration	305	295	299
Total		705	944	797

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%.

Heading	Less/(more) than estimated €000	Explanation
Receipts for various analyses, examinations, tests etc.	(249)	The excess receipts arise from Coroners fees. As this is a demand led service, it is difficult to accurately predict the income.

4.2 Extra receipts payable to the Exchequer

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
Exchequer extra receipts	17	17	—

The State Laboratory had extra receipts of €17,430.94 in respect of the sale of platinum that was no longer required for laboratory use.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	83	83
	2013	2012
	€000	€000
Pay	4,510	4,596
Higher, special or additional duties allowance	20	26
Overtime	—	4
Employer's PRSI	275	275
Total Pay	4,805	4,901

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	6	1	12,344	8,722
Overtime and extra attendance	—	—	—	1,644



Appropriation Account 2013

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 2013 for the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2013.

A surplus of €412,960 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 also applies in relation to the issue of payments from this Vote.

Robert Watt
Accounting Officer

17 February 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control 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, Equality and 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 2013.

Seamus McCarthy
Comptroller and Auditor General

12 May 2014

Vote 15 Secret Service

Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
Secret Service	1,000	587	515
	1,000	587	515

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	412,960	484,833

Notes to the Appropriation Account

1 Operating Cost Statement 2013

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Current assets			
Sub-account balances		190	207
Net Exchequer funding due	2.2	16	64
Total current assets		206	271
Less current liabilities			
PMG balance		206	271
Other credit balances		—	—
Total current liabilities		206	271
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	1,000	
Surplus to be surrendered	Account	(413)	
Net vote		587	515
Net programme cost		(587)	(515)
Balance at 31 December		—	—

2.2 Net Exchequer funding due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	413	485
Exchequer grant undrawn	(429)	(549)
Net Exchequer funding due	<u>(16)</u>	<u>(64)</u>

Represented by:**Debtors**

Sub-account balances	190	207

Creditors

Net PMG balance	(206)	(271)
	<u>(16)</u>	<u>(64)</u>

3 Variations in Expenditure

The estimate is necessarily conjectural.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.69 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
- procedures are in place 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 guideline.

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

31 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

25 July 2014

Vote 16 Valuation Office

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of a State valuation service	9,828	8,181	8,268
B	Administration services for the Valuation Tribunal	693	406	617
Gross expenditure		10,521	8,587	8,885
<i>Deduct</i>				
C	Appropriations-in-aid	1,400	1,160	1,254
Net expenditure		9,121	7,427	7,631

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,693,542	916,648

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,379	7,223	7,511
ii	Travel and subsistence	340	195	106
iii	Training and development and incidental expenses	320	223	228
iv	Postal and telecommunications services	155	65	67
v	Office equipment and external IT services	661	489	514
vi	Office premises expenses	140	148	125
vii	Consultancy services and value for money and policy reviews	70	32	19
		9,065	8,375	8,570

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	212	315
Pay	7,223	7,511
Non pay	1,152	1,059
Gross expenditure	8,587	8,885
<i>Deduct</i>		
Appropriations-in-aid	1,160	1,254
Net expenditure	7,427	7,631
Changes in capital assets		
Purchases cash	(147)	
Depreciation	235	
Loss on disposals	2	
	90	210
Changes in assets under development		
Cash payments	(121)	(155)
Changes in net current assets		
Increase in closing accruals	79	
Increase in stock	2	
	81	212
Direct expenditure	7,477	7,898
Net allied services expenditure (note 1.1)	4,642	5,049
Net programme cost	12,119	12,947

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 3,749	3,661
Vote 13 Office of Public Works	e 893	1,388
	4,642	5,049

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	519	474
Capital assets under development	2.3	8	21
		527	495
Current assets			
Bank and cash	2.4	84	(33)
Stocks	2.5	43	45
Prepayments		82	154
Accrued income		3	12
Other debit balances	2.6	57	134
Net Exchequer funding due	2.8	7	70
Total current assets		276	382
Less current liabilities			
Accrued expenses		96	72
Deferred income		55	80
Other credit balances	2.7	148	171
Total current liabilities		299	323
Net current assets		(23)	59
Net assets		504	554
Represented by:			
State funding account	2.1	504	554

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		554	821
Disbursements from the Vote			
Estimate provision	Account	9,121	
Surplus to be surrendered	Account	(1,694)	
Net vote		7,427	7,631
Expenditure (cash) borne elsewhere	1	4,642	5,049
Net programme cost	1	(12,119)	(12,947)
Balance at 31 December		504	554

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	2,636	1,372	4,008
Additions	224	58	282
Disposals	(57)	(219)	(276)
Cost or valuation at 31 December 2013	2,803	1,211	4,014
Accumulated depreciation			
Opening balance at 1 January 2013	2,204	1,330	3,534
Depreciation for the year	216	19	235
Depreciation on disposals	(56)	(218)	(274)
Cumulative depreciation at 31 December 2013	2,364	1,131	3,495
Net assets at 31 December 2013	439	80	519
Net assets at 31 December 2012	432	42	474

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2013	21
Transferred to capital assets	(134)
Cash payments for the year	121
Amounts carried forward at 31 December 2013	8

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
PMG balances and cash	84	(31)
Orders outstanding	—	(2)
	84	(33)

2.5 Stocks

at 31 December	2013 €000	2012 €000
Valuation Office consumable stocks	43	40
Valuation Tribunal consumable stocks	—	5
	43	45

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000

Debit suspense items	57	134

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State		

Income Tax	105	112

Pay Related Social Insurance	38	48

Value Added Tax	1	—

Professional Services Withholding Tax	4	11

Pensions	—	—

	148	171

Payroll deductions held in suspense	—	—

	148	171

2.8 Net Exchequer funding due	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	1,694	917

Exchequer grant undrawn	(1,701)	(987)

Net Exchequer funding due	(7)	(70)

Represented by:

Debtors

Bank and cash	84	(33)

Debit balances: suspense	57	134

	141	101

Creditors

Due to State	(148)	(171)

Credit balances: suspense	—	—

	(148)	(171)

	(7)	(70)

2.9 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments ¹	191	143

¹ Comparative figure has been revised due to an increase in the threshold of commitments to be disclosed.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a State Valuation Service			
A.1	Administration - pay	7,069	6,984	7,209
A.2	Administration - non pay	1,686	1,153	1,059
A.3	Fees to counsel and other legal expenses	73	44	—
A.4	National revaluation projects	1,000	—	—
		9,828	8,181	8,268

Significant variations

Overall, the gross expenditure in relation to Programme A was €1.65 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	533	The outturn for 2013 in many of the non-pay subheads was lower than anticipated, partly as a result of efficiencies achieved and partly as a result of the national revaluation programme being confined, in the main, 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. Savings on postal charges were due both to operational efficiencies and to the issue of the final certificates for Dublin City in late December thus deferring consequent postal charges until 2014.
National revaluation projects	1,000	Expenditure on specific national revaluation projects in 2013 was contingent on the enactment of enabling legislation which was not enacted during the year. The provision has been included in the 2014 estimate.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Administration Services for the Valuation Tribunal			
B.1	Administration - pay	310	238	302
B.2	Valuation Tribunal	383	168	315
		<u>693</u>	<u>406</u>	<u>617</u>

Significant variations

Overall, the gross expenditure in relation to Programme B was €287,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Valuation Tribunal	215	There were fewer than anticipated revision appeals to the Valuation Tribunal, due, in large part, to the concentration of Valuation Office effort on the revaluation project.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Valuation Tribunal appeal fees	60	6	27
2. Valuation certificates	158	130	155
3. Valuation revision fees	650	483	600
4. Fees from appeals to the Commissioner	65	32	1
5. Miscellaneous receipts	35	63	13
6. Receipts from pension related deduction on public service remuneration	432	446	458
Total	1,400	1,160	1,254

Explanation of significant variations

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

Description	Less/ (more) than provided €000	Explanation
Valuation revision fees	167	Receipts in respect of revision fees were lower than originally anticipated due to the concentration of effort on the revaluation project in Dublin and Waterford, which resulted in a limited revision programme.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	125	131
	2013	2012
	€000	€000
Pay	6,647	6,925
Higher, special or additional duties allowance	120	115
Overtime	24	25
Employer's PRSI	432	446
Total Pay	7,223	7,511

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	22	1	24,403	11,624
Overtime and extra attendance	10	—	9,109	7,020

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments of €11,280 and €1,140 were paid to retired civil servants who were employed on contract on specialised tasks.

6 Miscellaneous Items

6.1 Write-Off's

The following amounts were written off during the year:

	2013 €000	2012 €000
Suspense account balance re income tax	4	—
Unpaid fees due from local authorities	4	35
	<u>8</u>	<u>35</u>

6.2 Legal Costs

Legal costs paid during the year are categorised as follows:

	2013 €000	2012 €000
Legal fees	—	—
Compensation costs	44	—
	<u>44</u>	<u>—</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 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. Subject to the passing of necessary legislation, the governing structure of the new entity, proposed to be called Tailte Éireann, will have a statutory board. Each of the core functions of Tailte (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. Preparation of the draft Scheme of the Bill to establish Tailte Éireann is underway and it is intended that the Scheme will be presented to Government at the earliest opportunity. The merger is not expected to have an impact on the carrying value of the Valuation Office assets or liabilities.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €269,359 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 guideline.

Internal Audit and Audit Committee

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

Fiona Tierney
Accounting Officer
Public Appointments Service

19 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 2013.

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

Seamus McCarthy
Comptroller and Auditor General

25 July 2014

Vote 17 Public Appointments Service

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Civil and Public Service - Redeployment/Recruitment/Selection	6,531	6,283	6,699
	Gross expenditure	6,531	6,283	6,699
<i>Deduct</i>				
B	Appropriations-in-aid	248	269	370
	Net expenditure	6,283	6,014	6,329

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	269,359	296,869

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,319	4,283	4,415
ii	Travel and subsistence	58	45	63
iii	Training and development and incidental expenses	112	140	114
iv	Postal and telecommunications services	121	103	130
v	Office equipment and external IT services	858	746	878
vi	Office premises expenses	245	214	354
vii	Recruitment costs – research and corporate governance	14	24	14
viii	Recruitment costs – advertising and testing	415	386	362
ix	Recruitment costs – interview boards	389	342	369
		6,531	6,283	6,699

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	4,283	4,415
Non pay	2,000	2,284
Gross expenditure	6,283	6,699
<i>Deduct</i>		
Appropriations-in-aid	269	370
Net expenditure	6,014	6,329
Changes in capital assets		
Purchases cash	(21)	
Depreciation	488	
	467	451
Changes in net current assets		
Increase in closing accruals	71	
Decrease in stock	835	
	906	96
Direct expenditure	7,387	6,876
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,048	3,000
Net programme cost	10,435	9,876

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.

	2013	2012
	€000	€000
Vote 7 Finance	e 27	27
Vote 9 Office of the Revenue Commissioners ¹	e 45	45
Vote 12 Superannuation and Retired Allowances	e 918	903
Vote 13 Office of Public Works	e 2,058	2,025
	<u>3,048</u>	<u>3,000</u>

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

¹ For comparison purposes, the prior year values have been adjusted for services first allocated in 2013 to the Vote by the Revenue Commissioners.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	1,873	2,255
Current assets			
Bank and cash		126	(353)
Stocks	2.3	150	985
Prepayments		335	312
Accrued income		63	20
Other debit balances		107	72
Total current assets		781	1,036
Less current liabilities			
Accrued expenses		222	85
Other credit balances	2.5	156	129
Net liability to the Exchequer	2.4	77	(410)
Total current liabilities		455	(196)
Net current assets		326	1,232
Net assets		2,199	3,487
Represented by:			
State funding account	2.1	2,199	3,487

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		3,487	3,940
Disbursements from the Vote			
Estimate provision	Account	6,283	
Surplus to be surrendered	Account	(269)	
Net vote		6,014	6,329
Expenditure (cash) borne elsewhere	1.1	990	975
Non cash expenditure – notional rent	1.1	2,058	2,025
Fixed asset adjustment		85	94
Net programme cost	1	(10,435)	(9,876)
Balance at 31 December		2,199	3,487

2.2 Capital Assets

	Office and IT equipment	Furniture and fittings	Building Improvement	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2013	8,571	659	692	9,922
Adjustment ¹	104	—	—	104
Additions ²	52	4	—	56
Disposals	(101)	—	—	(101)
Cost or valuation at 31 December 2013	8,626	663	692	9,981
Accumulated depreciation				
Opening balance at 1 January 2013	6,381	595	691	7,667
Adjustment ¹	54	—	—	54
Depreciation for the year	473	14	1	488
Depreciation on disposals	(101)	—	—	(101)
Cumulative depreciation at 31 December 2013	6,807	609	692	8,108
Net assets at 31 December 2013	1,819	54	—	1,873
Net assets at 31 December 2012	2,190	64	1	2,255

¹ PAS carries out audits of its capital assets annually on a rolling basis. During 2013, assets were identified which were not on the register. These were placed on the register in 2013 and depreciated from the date of acquisition.

² This figure includes €35,000 of permanent test booklets transferred from stock (see note 2.3).

2.3 Stocks

	2013	2012
at 31 December	€000	€000
Test materials ¹	127	961
IT consumables/stationery	23	24
	150	985

¹ A review of the stock of test booklets and answer sheets after the move to on-line-testing resulted in a write off to a value of €835,000. The review also identified test booklets that are of permanent use and these were transferred to fixed assets at a value of €35,000.

2.4 Net Liability from the Exchequer

	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	269	297
Exchequer grant undrawn	(192)	(707)
Net liability from the Exchequer	<u>77</u>	<u>(410)</u>

Represented by:**Debtors**

Bank and cash	126	(353)
Debit balances - suspense	107	72
	<u>233</u>	<u>(281)</u>

Creditors

Due to State	(116)	(129)
Credit balances suspense	(40)	—
	<u>77</u>	<u>(410)</u>

2.5 Other Credit Balances

	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	76	76
Pay Related Social Insurance	33	30
Professional Services Withholding Tax	2	5
Value Added Tax	5	18
	<u>116</u>	<u>129</u>
Credit balances - suspense	40	—
	<u>156</u>	<u>129</u>

2.6 Commitments

	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	40	15 ¹

¹ Comparative figure has been revised due to an increase in the threshold of commitments to be disclosed.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil and Public Service- Redeployment/Recruitment/Selection			
A.1	Administration - pay	4,319	4,283	4,415
A.2	Administration - non pay	2,212	2,000	2,284
		<u>6,531</u>	<u>6,283</u>	<u>6,699</u>

Explanation of significant variations

Overall, the expenditure in relation to Programme A was €248,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than estimated €000	Explanation
Administration - non pay	212	Significant savings were realised by the retendering of large maintenance contracts in relation to core operational software and, due to the mix of competitions undertaken in 2013, recruitment costs were less than anticipated.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	25	38	122
2.	Receipts from pension-related deductions on public service remuneration	223	231	248
		<u>248</u>	<u>269</u>	<u>370</u>

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%. However, no outturn on this Vote met these criteria in 2013.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	86	86
	2013	2012
	€000	€000
Pay	3,945	4,078
Higher, special or additional duties allowance	52	44
Other allowances	—	—
Overtime	22	22
Employer's PRSI	264	271
Total Pay	4,283	4,415

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	23	—	8,398	8,101
Overtime and extra attendance	40	2	10,446	12,063

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

5.2 Other Remuneration Arrangements

A total of €35,055 was paid as fees to four members of the Board of PAS in 2013 (2012: €36,978).



Appropriation Account 2013

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 2013 for the salaries and expenses of Shared Services.

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

A surplus of €5.6 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 the Vote

In February 2012, the Government gave a mandate for the implementation of Shared Services to support the Public Service Reform Plan (2011). In 2013, a new Vote, 18, was created to support the Civil Service Shared Services programme which is the responsibility of the Department of Public Expenditure and Reform. This dedicated Vote will also provide transparency on expenditure and the funding of shared services centres as they become operational.

In July 2013, the Government approved a Governance Policy for Shared Services. A key aspect of the policy is the intention to establish the National Shared Services Office under the Department of Public Expenditure and Reform on a non-legislative basis initially. This will be led by the Chief Executive Officer of the National Shared Services Office who will become the Accounting Officer for the Vote, once it has been established as a separate legal entity and, consistent with the approach being taken to establish the Office of Government Procurement.

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
- 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.

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

27 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 18 Shared Services for the year ended 31 December 2013.

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

Seamus McCarthy

Comptroller and Auditor General

8 September 2014

Vote 18 Shared Services

Appropriation Account 2013

		2013		
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	PeoplePoint			
	<i>Original</i>	11,975		
	<i>Supplementary</i>	556	12,531	11,842
B	Other shared service projects			
	<i>Original</i>	9,344		
	<i>Supplementary</i>	(555)	8,789	3,822
Gross expenditure				
	<i>Original</i>	21,319		
	<i>Supplementary</i>	1	21,320	15,664
<i>Deduct</i>				
C	Appropriations-in-aid		300	282
Net expenditure				
	<i>Original</i>	21,019		
	<i>Supplementary</i>	1	21,020	15,382

Surplus for surrender

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

	2013
	€
Surplus to be surrendered	5,637,926

Analysis of administration expenditure

		2013	
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	6,504	5,050
ii	Travel and subsistence	10	2
iii	Training and development and incidental expenses	10	5
iv	Postal and telecommunications services	54	53
v	Office equipment and external IT services	81	53
vi	Office premises expenses	105	102
		6,764	5,265

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	
	€000	€000
Programme cost		10,399
Pay		5,050
Non pay		215
Gross expenditure		15,664
<i>Deduct</i>		
Appropriations-in-aid		282
Net expenditure		15,382
Changes in capital assets		
Purchases cash	(1,152)	
Depreciation	353	
		(799)
Changes in net current assets		
Increase in closing accruals	181	
Increase in stock	(2)	
		179
Direct expenditure		14,762
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)		675
Net programme cost		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.

		2013
		€000
Vote 7 Finance	e	129
Vote 13 Office of Public Works		546
		675

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

The OECD recommended that funding models for start-up of Shared Services in the public sector should initially be funded by central Government to ensure accountability for the efficient operation of the Shared Services Centre. They further recommended that thereafter, 'client' Departments be made to 'pay' for the services provided by these Shared Service Centres by inter-ministerial reallocation of the resources concerned. A detailed assessment of options was carried out and a proposal was reached that was communicated by the Secretary General to customer departments.

In 2014, following a stabilisation period, it is intended that an appropriate charge by way of budget transfer across customer departments availing of PeoplePoint services will be applied, as these departments will not be required to provide these services themselves. It is intended that the contribution across all customer departments and public service bodies availing of those services will be based on a proportionate headcount.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000
Capital assets	2.2	1,421
Current assets		
Bank and cash		260
Stocks		2
Prepayments		139
Other debit balances	2.3	31
Total current assets		432
Less current liabilities		
Accrued expenses		320
Other credit balances	2.4	273
Net liability to the Exchequer	2.5	18
Total current liabilities		611
Net current assets		(179)
Net assets		1,242
Represented by:		
State funding account	2.1	1,242

2.1 State Funding Account	Note	2013 €000	2013 €000
Balance at 1 January			—
Disbursements from the Vote			
Estimate provision	Account	21,020	
Surplus to be surrendered	Account	(5,638)	
Net vote			15,382
Expenditure (cash) borne elsewhere	1		675
Non cash items – assets transferred from Department of Public Expenditure and Reform			622
Net programme cost	1		(15,437)
Balance at 31 December			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 2013	—	—	—	—
Additions	780	337	35	1,152
Assets transferred from Department of Public Expenditure and Reform	777	—	—	777
Cost or valuation at 31 December 2013	1,557	337	35	1,929
Accumulated Depreciation				
Opening balance at 1 January 2013	—	—	—	—
Depreciation on assets transferred from Department of Public Expenditure and Reform	155	—	—	155
Depreciation for the year	312	34	7	353
Cumulative depreciation at 31 December 2013	467	34	7	508
Net Assets at 31 December 2013	1,090	303	28	1,421

2.3 Other Debit Balances**2013**

at 31 December

€000

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

2.4 Other Credit Balances**2013**

At 31 December

€000**Amounts due to the State**

Income Tax	54
Pay Related Social Insurance	56
Professional Services Withholding Tax	95
Pension contributions	16
Local Property Tax	1
Universal Social Charge	25
	<u>247</u>
Payroll deductions held in suspense	2
Other credit suspense items	24
	<u>273</u>

2.5 Net Liability to the Exchequer **2013**
 at 31 December **€000**

Surplus to be surrendered	5,638
Exchequer grant undrawn	(5,620)
Net liability to the Exchequer	<u>18</u>

Represented by:

Debtors

Bank and cash	260
Debit balances: suspense	<u>31</u>
	291

Creditors

Due to State	(247)
Credit balances: suspense	<u>(26)</u>
	(273)

18

2.6 Commitments **2013**
 at 31 December **€000**

Total of legally enforceable commitments	1,395

2.7 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2013 amounted to €42,066.

3 Programme Expenditure by Subhead

		2013	
		Estimate provision	Outturn
		€000	€000
A	PeoplePoint		
A.1	Administration - pay	5,700	5,050
A.2	Administration - non pay	260	215
A.3	Human resources shared services project set-up		
	<i>Original</i>	6,015	
	<i>Supplementary</i>	556	
		6,571	6,577
		12,531	11,842

Significant variations

Overall, the expenditure in relation to Programme A was €688,449 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	650	The variance arises because of the later than anticipated take-on of staff during the course of the year and delayed recruitment of the final tranche of staff.
Human resources shared services project set-up	(6)	The original budget was €6 million. This was increased by €556,000 in the supplementary estimate due to the negotiation by the Office of the Government Chief Information Officer of a one off cost for licencing which resulted in cost saving to the State but had the effect of accelerating spend to 2013 and re-classifying the spend as capital.

		2013	
		Estimate provision	Outturn
		€000	€000
B	Other shared service projects		
B.1	Administration - pay	804	—
B.2	Administration - non pay	—	—
B.3	Payroll shared services – project set-up costs	4,345	3,559
B.4	Financial management and banking – set-up costs		
	<i>Original</i>	4,195	
	<i>Supplementary</i>	(555)	263
		<u>8,789</u>	<u>3,822</u>

Significant variations

Overall, the expenditure in relation to Programme B was €4.97 million lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	804	The commencement date for this project was delayed which resulted in operations staff transferring late in the year. The originating departments did not seek to recoup the costs due to late transfer of staff.
Payroll shared services – project set-up costs	786	The Government decision to proceed with the project was later than anticipated and this had a knock on effect to certain elements of cost.
Financial management and banking – set-up costs	3,377	Savings arose because the banking project did not progress beyond baselining stage.

4 Receipts

4.1 Appropriations-in-aid

		2013	
		Estimated	Realised
		€000	€000
1.	Receipts from pension-related deduction on public service remuneration	290	260
2.	Miscellaneous	10	22
Total		300	282

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%. However, no outturn on this vote met these criteria in 2013.

5 Employee Numbers and Pay

	2013
Number of staff at year end (full time equivalents)	203
	2013
	€000
Pay ¹	5,781
Higher, special or additional duties allowance	4
Other allowances	2
Overtime	1
Employer's PRSI	431
Total Pay	6,219

¹ The total pay figure is inclusive of pay in subheads A.1, A.3, B.3 and B.4

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €
Higher, special or additional duties	3	—	3,808
Other allowances	5	—	1,137
Overtime	3	—	227

Certain individuals received extra remuneration in more than one category.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €891,917 is liable for surrender to the Exchequer.

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

Amalgamation with the Office of the Commission for Public Service Appointments

The Ombudsman (Amendment) Act 2012, which formalised the merger between the Office of the Commission for Public Service Appointments and the Office of the Ombudsman was enacted on 23 October 2012. The accounting functions were merged with effect from 1 January 2013. From this date onwards, the votes of the Office of the Commission for Public Service Appointments and the Office of the Ombudsman will be merged. Certain aspects of the merger had proceeded in advance of the legislation being enacted. The two organisations agreed a memorandum of understanding in December 2010 dealing with administrative matters to provide a flexible basis for both offices. The areas covered in the memorandum are personnel matters relating to CPSA staff, finance matters and management of budgets, training and associated payments and general staff matters.

For the purposes of providing meaningful comparison of the outturn for the key programmes between the current and prior year, the outturn figures for the Office of the Commission for Public Service Appointments have been incorporated into this 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.

Financial Control Environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- the Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.

Administrative Controls and Management Reporting

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

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- There are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office is compliant with the exception of two contracts to a total value of €60,480 which were awarded without renewal of competitive tender. The Office has provided details to the Office of the Comptroller and Auditor General concerning the exceptional circumstances which applied and is in the process of putting tenders in place for these services going forward.

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

The evaluation of internal controls is performed by the Office's internal auditor and this process is supported by an Audit Committee which includes three external members and operates under an Audit Committee charter. The internal audit function is reviewed periodically by me and the Audit Committee. The Committee, in developing its audit plans, also has regard to any comments the Comptroller and Auditor General may make arising from an audit of the appropriation account.

The Audit Committee of the Office of the Ombudsman has taken over responsibility for the internal audit function of the Office of the Commission for Public Service Appointments.

Bernadette McNally
Accounting Officer
Office of the Ombudsman

6 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

25 July 2014

Vote 19 Office of the Ombudsman

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/ Office of the Commission for Public Service Appointments	5,200	4,341	4,675
B	Standards in Public Office Commission	980	1,174	870
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	1,665	1,410	1,213
Gross expenditure		7,845	6,925	6,758
<i>Deduct</i>				
D	Appropriations-in-aid	408	380	388
Net expenditure		7,437	6,545	6,370

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	891,917	1,129,209

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	6,240	5,588	5,834
ii	Travel and subsistence	48	27	35
iii	Training and development and incidental expenses	480	294	282
iv	Postal and telecommunications services	81	39	53
v	Office equipment and external IT services	222	235	214
vi	Office premises expenses	184	91	97
vii	Consultancy and value for money and policy reviews	146	108	86
viii	Legal fees	444	543	157
		7,845	6,925	6,758

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Pay	5,588	5,834
Non pay	1,337	924
Gross expenditure	6,925	6,758
<i>Deduct</i>		
Appropriations-in-aid	380	388
Net expenditure	6,545	6,370
Changes in capital assets		
Purchases cash	(72)	
Depreciation	55	
Loss on disposals	8	
	(9)	70
Changes in net current assets		
Decrease in closing accruals	(4)	
Decrease in stock	8	
	4	(47)
Direct expenditure	6,540	6,393
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,635	1,577
Net programme cost	8,175	7,970

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.

	2013	2012
	€000	€000
Vote 7 Finance	e 38	58
Vote 9 Office of the Revenue Commissioners	e 30	—
Vote 12 Superannuation and Retired Allowances	e 417	411
Vote 13 Office of Public Works	e 1,150	1,108
	1,635	1,577

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	167	158
Current assets			
Bank and cash	2.3	85	457
Stocks	2.4	18	26
Prepayments		95	95
Other debit balances		18	18
Net Exchequer funding due	2.6	130	40
Total current assets		346	636
Less current liabilities			
Accrued expenses		15	19
Other credit balances	2.5	233	515
Total current liabilities		248	534
Net current assets		98	102
Net assets		265	260
Represented by:			
State funding account	2.1	265	260

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		260	283
Disbursements from the Vote			
Estimate provision	Account	7,437	
Surplus to be surrendered	Account	(892)	
Net vote		6,545	6,370
Expenditure (cash) borne elsewhere	1	1,635	1,577
Net programme cost	1	(8,175)	(7,970)
Balance at 31 December		265	260

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	812	504	1,316
Additions	72	—	72
Disposals	282	—	282
Cost or valuation at 31 December 2013	602	504	1,106
Accumulated depreciation			
Opening balance at 1 January 2013	735	423	1,158
Depreciation for the year	39	16	55
Depreciation on disposals	274	—	274
Cumulative depreciation at 31 December 2013	500	439	939
Net assets at 31 December 2013	102	65	167
Net assets at 31 December 2012	77	81	158

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	90	458
Other balances	(5)	(1)
	85	457

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	8	13
IT consumables	10	13
	18	26

2.5 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Income Tax	92	99
Pay Related Social Insurance	29	25
Professional Services Withholding Tax	48	40
Pension contributions	12	12
	181	176
Payroll deductions held in suspense	34	39
Other credit suspense items	18	300
	233	515

2.6 Net Exchequer Funding Due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	892	1,129
Exchequer grant undrawn	(1,022)	(1,169)
Net Exchequer funding due	<u>(130)</u>	<u>(40)</u>

Represented by:**Debtors**

Bank and cash	85	457
Debit balances: suspense	18	18
	<u>103</u>	<u>475</u>

Creditors

Due to State	(181)	(176)
Credit balances: suspense	(52)	(339)
	<u>(233)</u>	<u>(515)</u>
	<u>(130)</u>	<u>(40)</u>

2.7 Commitments

The Office did have 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 unpredictable factors associated generally with legal costs forecasts.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function/ Office of the Commission for Public Service Appointments			
A.1	Administration - pay	4,435	3,840	4,237
A.2	Administration - non pay	765	501	439
		5,200	4,341	4,676

Significant variations

Overall, the expenditure in relation to Programme A was €859,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	595	The savings arose mainly because the staffing level during the year was below the authorised staffing allocation in the Office of the Ombudsman. Every effort is being made to fill these vacancies.
Administration – non pay	264	Savings of €64,000 were achieved as expenditure on litigation is difficult to predict and a judicial review case involving the CPSA did not proceed in the High Court in 2013 and was held in 2014. Expenditure on legal advice was lower than anticipated. Costs associated with the production of the annual report were significantly lower than in 2012. The travel and subsistence costs associated with the additional bodies which came within the Ombudsman's remit was lower than anticipated.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Standards in Public Office Commission			
B.1	Administration - pay	614	602	601
B.2	Administration - non pay	366	572	269
		980	1,174	870

Significant variations

Overall, the gross expenditure in relation to Programme B was € 194,000 higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	(206)	The excess relates to an amount of €408,000 being incurred in respect of legal fees. The excess related to the number of investigations held during 2013; the initiation of judicial review proceedings involving one investigation; and a further case involving the findings of a Commission investigation being referred to the High Court.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1	Administration - pay	1,191	1,146	996
C.2	Administration - non pay	474	264	216
		1,665	1,410	1,212

Significant variations

Overall, the gross expenditure in relation to Programme C was €255,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	210	Savings of €145,000 were achieved as some anticipated Supreme Court and High Court cases involving appeals of decisions of the Information Commissioner and Commissioner for Environmental Information were not held in 2013 but are likely to be held in 2014. Savings were also achieved as a result of lower than anticipated maintenance costs and consultancy fees.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	5	16	5
2.	Receipts from pension-related deductions on public service remuneration	403	364	383
		408	380	388

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%. However, no outturn on this Vote met these criteria in 2013.

4.2 Extra receipts payable to the Exchequer

An amount of €11,530 was transferred to the Exchequer during the year. This amount was a payover in respect of a voluntary salary deduction.

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

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	91	92
	2013	2012
	€000	€000
Pay	5,290	5,554
Higher, special or additional duties allowance	23	20
Overtime	33	20
Employer's PRSI	242	240
Total Pay	5,588	5,834

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	6	1	10,052	10,829
Overtime and extra attendance	27	—	6,692	10,178

6. Legal Costs

Legal costs paid during the year are categorised as follows:

	2013	2012
	€000	€000
Legal fees	543	157
Compensation	—	—
Total Pay	543	157

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 2013 in respect of legal fees incurred by the Standards in Public Office Commission involving judicial review proceedings regarding one investigation and a further case involving a Commission investigation being referred to the High Court.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.4 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

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).

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

Financial Control Environment

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

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

Administrative Controls and Management Reporting

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

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

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 is compliant with the exception of 56 contracts to a value of €5,907,997. These contracts were included on the Circular 40/2002 return. 14 contracts to a value of €1,825,696 were extended beyond the original contract date without competitive procurement and required sanction to proceed with tenders from the Department of Public Expenditure and Reform. 17 contracts to a value of €1,995,074 in respect of medical services were paid in accordance with the Department of Public Expenditure and Reform sanctioned rates for professional services. In the other 25 cases, 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 proactively taking steps to put tenders in place in 2014 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.

Nóirín O'Sullivan
Accounting Officer
An Garda Síochána

27 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under 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. I have been furnished with a certificate from the Accounting Officer which supports the expenditure under the Witness Security Programme. 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 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the 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 2013.

Seamus McCarthy
Comptroller and Auditor General

21 August 2014

Vote 20 Garda Síochána

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Working with communities to protect and serve			
	<i>Original</i>	1,386,723		
	<i>Supplementary</i>	72,834	1,459,557	1,458,240
				1,465,889
Gross expenditure				
	<i>Original</i>	1,386,723		
	<i>Supplementary</i>	72,834	1,459,557	1,458,240
				1,465,889
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	114,646		
	<i>Supplementary</i>	21,840		
			136,486	136,605
				133,386
Net expenditure				
	<i>Original</i>	1,272,077		
	<i>Supplementary</i>	50,994		
			1,323,071	1,321,635
				1,332,503

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,435,844	1,539,447

Analysis of administration expenditure

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	894,889		
	<i>Supplementary</i>	50,661	945,550	946,562
ii	Travel and subsistence			955,189
	<i>Original</i>	16,483		
	<i>Supplementary</i>	(1,728)	14,755	14,463
iii	Training and development and incidental expenses			14,013
	<i>Original</i>	12,706		
	<i>Supplementary</i>	345	13,051	12,752
iv	Postal and telecommunications services			12,268
	<i>Original</i>	37,647		
	<i>Supplementary</i>	1,963	39,610	42,356
v	Office equipment and external IT services			43,165
	<i>Original</i>	19,212		
	<i>Supplementary</i>	2,312	21,524	20,693
vi	Maintenance of Garda premises			19,373
	<i>Original</i>	721		
	<i>Supplementary</i>	979	1,700	1,919
vii	Consultancy services and value for money and policy reviews			7,141
	<i>Original</i>	261		
	<i>Supplementary</i>	(101)	160	125
viii	Station services			157
	<i>Original</i>	18,700		
	<i>Supplementary</i>	1,000	19,700	19,540
ix	Garda Reserve			18,520
	<i>Original</i>	895		
	<i>Supplementary</i>	155	1,050	1,042
x	EU Presidency/OSCE			884
	<i>Original</i>	10,000		
	<i>Supplementary</i>	(6,419)	3,581	3,607
—	Implementation of Garda SMI		—	—
			1,060,681	1,063,059
				1,070,860

Notes to the Appropriation Account

1 Operating Cost Statement 2013

		2013	2012
	€000	€000	€000
Programme cost		395,181	395,029
Pay ¹		949,419	955,189
Non pay		113,640	115,671
Gross expenditure		1,458,240	1,465,889
<i>Deduct</i>			
Appropriations-in-aid		136,605	133,386
Net expenditure		1,321,635	1,332,503
 Changes in capital assets			
Purchases cash	(12,657)		
Depreciation	13,965		
Disposals cash	41		
Loss on disposals	60	1,409	11,056
 Assets under development			
Cash payments		(425)	—
 Changes in net current assets			
Decrease in closing accruals	(3,285)		
Decrease in stock	41		
		(3,244)	2,506
Direct expenditure		1,319,375	1,346,065
 Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		20,147	14,760
Net programme cost		1,339,522	1,360,825

¹ 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

		2013	2012
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	535	541
Vote 13 Office of Public Works	e	15,922	10,415
Vote 24 Justice and Equality - Financial Shared Services Centre	e	4,808	4,934
<i>Less</i>			
Services provided by An Garda Síochána to other Votes	e	(1,118)	(1,130)
		<u>20,147</u>	<u>14,760</u>

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

Garda transport was made available to Prison Service personnel to convey prisoners to court, etc. without charge.

Assistance was rendered to An Garda Síochána by the Defence Forces in the disposal of explosive materials, without payment.

Garda personnel availed of Air Corps aircraft during 2013 without payment. Air Corps support was also provided without charge in relation to the operation of the Garda fixed-wing aircraft and pilot costs of Garda helicopters.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	33,672	33,098
Capital assets under development	2.3	3,101	4,570
		36,773	37,668
Current assets			
Stocks	2.5	4,620	4,661
Prepayments		6,211	4,412
Accrued income		1,086	1,695
Other debit balances	2.6	27,314	16,063
Total current assets		39,231	26,831
Less current liabilities			
Bank and cash	2.4	2,312	(6,499)
Accrued expenses		5,597	7,603
Other credit balances	2.7	24,904	23,023
Net liability to the Exchequer	2.8	98	(461)
Total current liabilities		32,911	23,666
Net current assets		6,320	3,165
Net assets		43,093	40,833
Represented by:			
State funding account	2.1	43,093	40,833

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		40,833	54,395
Disbursements from the Vote			
Estimate provision	Account	1,323,071	
Surplus to be surrendered	Account	(1,436)	
Net vote		1,321,635	1,332,503
Expenditure (cash) borne elsewhere	1	20,147	14,760
Net programme cost	1	(1,339,522)	(1,360,825)
Balance at 31 December		43,093	40,833

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 2013	17,072	1,060	58,056	151,630	5,268	233,086
Additions	—	—	10,848	3,640	151	14,639
Disposals	—	—	(7,082)	(1,312)	—	(8,394)
Cost or valuation at 31 December 2013	17,072	1,060	61,822	153,958	5,419	239,331
Accumulated depreciation						
Opening balance at 1 January 2013	9,250	733	52,220	135,190	2,595	199,988
Depreciation for the year	826	72	3,015	9,592	460	13,965
Depreciation on disposals	—	—	(6,982)	(1,312)	—	(8,294)
Cumulative depreciation at 31 December 2013	10,076	805	48,253	143,470	3,055	205,659
Net assets at 31 December 2013	6,996	255	13,569	10,488	2,364	33,672
Net assets at 31 December 2012	7,822	327	5,836	16,440	2,673	33,098

2.3 Capital Assets under Development

at 31 December 2013	Schengen Project¹	MIMS Project²	Total
	€000	€000	€000
Amounts brought forward at 1 January 2013	2,676	1,894	4,570
Cash payments for the year	—	425	425
Transferred to the asset register	—	(1,894)	(1,894)
Balance at 31 December 2013	2,676	425	3,101

¹ The Schengen Information System was developed as part of the Schengen Convention which allows for the removal of internal borders and provides increased co-operation between Member State police forces. 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.

² 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 preferred 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	2013	2012
at 31 December	€000	€000
PMG balances and cash	(2,307)	9,411
Orders outstanding	(5)	(2,912)
	<u>(2,312)</u>	<u>6,499</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery	435	391
Telecommunications stock	1,034	1,210
Clothing	1,586	1,436
Technical Bureau	128	186
United Nations stock	68	72
Armoury	1,008	978
Miscellaneous	361	388
	<u>4,620</u>	<u>4,661</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Advances to OPW	2,368	640
Imprests	698	784
Payroll suspense account (Paypath)	23,667	13,747
Cycle to Work scheme	393	539
Other debit suspense items	188	353
	<u>27,314</u>	<u>16,063</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	13,683	13,742
Pay Related Social Insurance	5,441	5,408
Professional Services Withholding Tax	301	263
Value Added Tax	177	249
Road Traffic Act fines	410	920
Tax on pension contribution refunds	18	2
Construction Tax	6	11
	<u>20,036</u>	<u>20,595</u>
Payroll deductions held in suspense	4,342	1,756
Garda Reward Fund	324	297
Other credit suspense items	202	375
	<u>24,904</u>	<u>23,023</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	1,436	1,539
Exchequer grant undrawn	(1,338)	(2,000)
Net liability to the Exchequer	98	(461)

Represented by:**Debtors**

Bank and cash	(2,312)	6,499
Debit balances: suspense	27,314	16,063
	25,002	22,562

Creditors

Due to State	(20,036)	(20,595)
Credit balances: suspense	(4,868)	(2,428)
	(24,904)	(23,023)
	98	(461)

2.9 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	37,590	52,943

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
A	Working with communities to protect and serve			
A.1	Administration - pay			
	<i>Original</i>	894,889		
	<i>Supplementary</i>	50,661	945,550	946,562
				955,189
A.2	Administration - non pay			
	<i>Original</i>	116,625		
	<i>Supplementary</i>	(1,494)	115,131	116,497
				115,671
A.3	Clothing and accessories			
	<i>Original</i>	2,764		
	<i>Supplementary</i>	736	3,500	3,889
				2,499
A.4	St. Paul's Garda Medical Aid Society (grant-in-aid)		124	124
				124
A.5	Transport			
	<i>Original</i>	27,516		
	<i>Supplementary</i>	5,599	33,115	33,582
				27,018
A.6	Communications and other equipment			
	<i>Original</i>	13,957		
	<i>Supplementary</i>	15,393	29,350	28,970
				28,184
A.7	Aircraft			
	<i>Original</i>	1,050		
	<i>Supplementary</i>	200	1,250	1,207
				1,320
A.8	Superannuation, etc.		310,173	306,945
				317,825
A.9	Witnesses' expenses		1,805	1,758
				1,472
A.10	Compensation			
	<i>Original</i>	16,622		
	<i>Supplementary</i>	1,739	18,361	17,556
				16,587
A.11	Witness security programme		1,198	1,150
				—
			1,459,557	1,458,240
				1,465,889

Significant variations

Overall, the gross expenditure in relation to Programme A was €1,317,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	(1,012)	The original budget was increased by €50.6 million in the technical supplementary due to under funding in the annual provision. There was no provision for expenditure of €2.4 million for the G8 Summit in the original estimate.
Administration - non pay	(1,366)	The original budget allocation was decreased by €1.5 million in the technical supplementary estimate. A saving of €6.4 million arose in the budget for the EU Presidency Organisation for Security and Co-Operation in Europe as a result of operational efficiencies and budgetary controls that were put in place. In addition, a saving of €2 million was achieved under the travel and subsistence subhead through effective budgetary management. The savings achieved were offset in part by additional funding requirements in a number of subheads including the TETRA radio system, increased electricity charges, health & safety building maintenance works, the maintenance of critical IT systems and a number of demand led areas of expenditure such as the expenses of persons detained.
Clothing and accessories	(389)	The additional costs arose as a result of the introduction of an online uniform ordering system during the year which required an increased level of stock to be maintained.
Transport	(467)	The original budget was increased by €5.6 million which included an additional capital allocation of €5 million for the purchase of Garda vehicles and additional funding for increased maintenance and running costs of the Garda fleet.
Communications and Other Equipment	380	As there is no budget provision for the GoSafe safety camera contract, a technical 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	43	The original budget was increased by €200,000 in the technical supplementary estimate to fund additional maintenance works for Garda aircraft.
Superannuation, etc.	3,228	The savings arose due to a reduction in lump sum payments arising from a significant decrease of retirements in 2013.
Compensation	805	The original budget was increased by €1.7 million in the technical supplementary estimate. This was due to a number of awards arising from civil compensation claims.

4 Receipts

4.1 Appropriations-in-aid			2013	2012
		Estimated	Realised	Realised
	€000	€000	€000	€000
1.	Contributions to the Garda Síochána spouses' and children's pension schemes			
	<i>Original</i>	12,393		
	<i>Supplementary</i>	978	13,371	14,305
2.	Contributions to the Garda Síochána pensions scheme			
	<i>Original</i>	21,758		
	<i>Supplementary</i>	913	22,671	23,256
3.	Miscellaneous receipts (note 4.2)			
	<i>Original</i>	10,000		
	<i>Supplementary</i>	850	10,850	13,987
4.	Receipts from banks in respect of cash escort services			
	<i>Original</i>	2,500		
	<i>Supplementary</i>	(286)	2,214	2,220
5.	Firearm fees			
	<i>Original</i>	10,000		
	<i>Supplementary</i>	500	10,500	1,926
6.	Safety cameras - certain receipts from fixed charges			
	<i>Original</i>	100		
	<i>Supplementary</i>	13,900	14,000	15,805
7.	Receipts from pension-related deduction on public service remuneration			
	<i>Original</i>	57,895		
	<i>Supplementary</i>	4,985	62,880	61,887
			136,486	133,386

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
Contributions to the Garda Síochána spouses' and children's pension schemes	124	A technical supplementary was required as a result of a greater than estimated intake of contributions from Garda pension schemes due to a lower number of retirements than originally estimated. The actual receipts were lower than the final estimate due to an increased number of retirements at year end.
Contributions to the Garda Síochána pensions scheme	182	A technical supplementary was required as a result of a greater than estimated intake of contributions from Garda pension schemes due to a lower number of retirements than originally estimated. The actual receipts were lower than the final estimate due to an increased number of retirements at year end.
Miscellaneous receipts	44	A technical supplementary was required as a result of greater than anticipated monies forfeited to the state which are difficult to estimate each year. In addition greater than anticipated receipts were generated from Road Traffic Act - Section 41 charges. The actual receipts were marginally lower than the final estimate due to the timing of receipts at year end.
Receipts from banks in respect of cash escort services	(385)	While there is a surplus of €385,000, the original estimate was decreased by €286,000 in the technical supplementary estimate. The actual receipts exceeded the original budget due to the more timely settlement of fees in the year.
Firearm fees	(255)	While the original budget was increased by €500,000 by way of technical supplementary estimate, the surplus receipts arose from a greater than estimated number of applications for firearms licences under the three year licensing cycle.
Safety cameras – certain receipts from fixed charges	(760)	The original budget was increased by €13.9 million by way of technical 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	931	The original estimate was increased by €5 million due to a greater than estimated intake of pension related deductions. The actual number of retirements was lower than originally estimated.

4.2 Analysis of Miscellaneous Receipts

	2013	2012
	€000	€000
Payment for non-public duty services rendered by Gardaí	2,870	4,125
Recovery in respect of damage to official vehicles and other Garda property	129	48
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	1,437	2,428
Fees for accident and malicious damage reports	709	731
Contribution for living quarters	52	52
Recoupment of witnesses' expenses	8	12
Recoupment of salaries	1	37
Percentage charge to insurance companies for collection of insurance premia	54	112
Taxi licence fees	144	183
Road Traffic Act - Section 41 charges	2,094	2,441
Fingerprint fees for employment and visa purposes	41	41
Garda masts	1,083	1,535
Carrier liability	549	573
Unclassified items	1,635	1,669
	<u>10,806</u>	<u>13,987</u>

4.3 Extra receipts payable to the Exchequer

	2013		2012
	Estimate	Realised	Realised
	€000	€000	€000
Road Traffic Act fines	5,032	3,927	6,188

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Garda members	13,093	13,424
Civilians	2,071	2,028
	<u>15,164</u>	<u>15,452</u>
	2013	2012
	€000	€000
Pay	641,619	647,771
Higher, special or additional duties allowance	321	484
Other allowances	198,509	202,663
Overtime	46,486	42,422
Employer's PRSI	62,484	61,849
Total Pay	<u>949,419</u>	<u>955,189</u>

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	183	3	11,482	15,412
Overtime and extra attendance	12,818	1,090	45,432	41,641
Shift and roster allowances	13,318	6,428	23,810	20,964
Miscellaneous	13,521	656	72,806	35,978

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.

	2013 €000	2012 €000
Balance brought forward on 1 January	345	331
Receipts for the year ended 31 December	71	67
	<u>416</u>	<u>398</u>
Payments for the year ended 31 December	(43)	(53)
Balance on 31 December	<u>373</u>	<u>345</u>

6 Miscellaneous

6.1 Support for Representative Associations

Included in subhead A.1 is a total of €296,121 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 €46,584 and €130,576 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 €51,156 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 to redevelop and restructure a Masters Degree Programme on Cybercrime Investigation.

6.3 Statement of Losses (Garda Vehicles, etc.)

A total of 598 accidents involving Garda vehicles were reported in 2013 (2012 – 639). Damage and other costs to official vehicles amounted to €524,100. Compensation totalling €87,408 was recovered.

6.4 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.

					2013	2012
	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	170	6,006	2,398	—	8,404	9,424
Through the State Claims Agency for injuries received while on duty	45 ^c	238	165	19	422	565
Legal actions administered by the Department of Justice & Equality	16	218	657	—	875	248
Ex gratia contributions towards Garda legal costs under Section 49 of the Garda Síochána Act, 2005	1	—	1	—	1	1
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	190 ^c	2,751	1,466	7	4,224	3,972
Claims (including by Garda members) resulting from accidents involving Garda vehicles	239 ^c	1,528	1,003	762	3,293	1,998
Claims in respect of accidents on Garda premises	11 ^c	135	63	8	206	230

At 31 December 2013

- 1,119 claims outstanding under the Garda Síochána Compensation Act (2012: 1,119).
- 237 civil claims outstanding relating to accidents involving Garda vehicles (2012: 263).
- 1,018 civil claims other than those involving Garda vehicles outstanding (2012: 1,146).

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

^b Compensation payments amounting to €103,448 (2012: €121,823) 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 2013 amounted to €28,000 (2012: €27,000).



Appropriation Account 2013

Vote 21

Prisons

Introduction

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

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

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

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

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

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

Statement of Accounting Policies and Principles

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

Land and Buildings

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

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

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

Financial Control Environment

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

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

Administrative Controls and Management Reporting

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

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- A risk management system operates within the Prison Service
- There are systems aimed at ensuring the security of the ICT systems
- There are appropriate capital investment control guidelines and formal project management disciplines
- The Prison Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Prison Service is compliant with the exception of thirteen contracts to a value of €786,764. These are included on the Circular 40/2002 return. In total, six of these contracts (€435,576) have now had contracts put in place. In four cases, the service was a once off purchase and the supplier has been closed on the finance system, and in a further case the tender competition is currently underway. Tender specifications are being prepared for the remaining two cases (€74,849).

Internal Audit and Audit Committee

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

Brian Purcell

Accounting Officer

Department of Justice and Equality

31 March 2014

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 21 Prisons

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

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 21 Prisons for the year ended 31 December 2013.

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

Non compliance with procurement rules

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

Seamus McCarthy
Comptroller and Auditor General

13 August 2014

Vote 21 Prisons

Appropriation Account 2013

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

Surplus for surrender

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

Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending the following year.

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

Analysis of administration expenditure

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

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		70,769	83,134
Pay		237,310	237,807
Non pay		13,552	13,632
Gross expenditure		321,631	334,573
<i>Deduct</i>			
Appropriations-in-aid		16,664	17,768
Net expenditure		304,967	316,805
Changes in capital assets			
Purchases cash	(8,550)		
Depreciation	3,197		
Disposals cash	2		
Loss on disposals	62	(5,289)	(55)
Changes in assets under development			
Cash payments		(7,149)	(21,422)
Changes in net current assets			
Increase in closing accruals	316		
Decrease in stock	73		
		389	(2,420)
Direct expenditure		292,918	292,908
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		35,247	39,560
Net programme cost		328,165	332,468

1.1 Net Allied Services Expenditure

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

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

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

2 Balance Sheet as at 31 December 2013

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

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

2.2 Capital Assets

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

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

2.3 Capital Assets under Development

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

2.4 Bank and Cash

at 31 December	2013	2012
	€000	€000
PMG balances and cash	8,782	7,399
Orders outstanding	—	(168)
	8,782	7,231

2.5 Stocks

at 31 December	2013	2012
	€000	€000
Uniforms and clothing	1,047	1,044
Furniture and maintenance material	15	58
Miscellaneous	68	101
	1,130	1,203

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

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

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

Represented by:**Debtors**

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

Creditors

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

2.9 Commitments	2013	2012
at 31 December	€000	€000

(a) Global Commitments

Total of legally enforceable commitments	3,580	4,807

(b) Multi-Annual Capital Commitments

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

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

Significant variations

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

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

2.10 Matured Liabilities

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

3 Programme Expenditure by Subhead

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

Significant variations

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

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

4 Receipts

4.1 Appropriations-in-aid

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

Explanation of significant variations

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

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

5 Employee Numbers and Pay

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

5.1 Allowances and Overtime Payments

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

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

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

6 Miscellaneous

6.1 Prison Population

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

6.2 Compensation and Legal Costs

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

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

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

6.3 Prisoner Funeral Expenses

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

6.4 Prisoner Assist Programme Fund

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



Appropriation Account 2013

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 2013 for such of the salaries and expenses of the Courts Service and of the Supreme Court, 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €515,170 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 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 is compliant with all relevant guidelines regarding procurement with the exception of 10 contracts to the value of €1.5 million. 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 details of these contracts have been reported to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and there are now contracts in place, or in the process of being put in place, for seven of the items referred to above. Of the remaining three items, the Courts Service is taking steps to ensure that contracts are in place for these services in 2014.

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.

Brendan Ryan
Accounting Officer
Courts Service

31 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 22 Courts Service for the year ended 31 December 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the 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 2013.

Seamus McCarthy

Comptroller and Auditor General

6 August 2014

Vote 22 Courts Service

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the courts and support the judiciary	104,959	104,647	107,697
Gross expenditure		104,959	104,647	107,697
<i>Deduct</i>				
B	Appropriations-in-aid	46,635	46,838	48,541
Net expenditure		58,324	57,809	59,156

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	515,170	618,810

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	49,173	49,012	49,188
ii	Travel and subsistence	2,663	2,881	2,719
iii	Training and development and incidental expenses	7,736	5,812	6,826
iv	Postal and telecommunications services	2,291	2,476	2,538
v	Office equipment and external IT services	4,381	6,052	5,562
vi	Office premises expenses	13,572	15,601	15,926
vii	Consultancy services and value for money and policy reviews	100	67	192
		79,916	81,901	82,951

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	22,746	24,746
Pay	49,012	49,188
Non pay	32,889	33,763
Gross expenditure	104,647	107,697
<i>Deduct</i>		
Appropriations-in-aid	46,838	48,541
Net expenditure	57,809	59,156
Changes in capital assets		
Purchases cash	(796)	
Depreciation	7,538	
	6,742	8,253
Changes in assets under development		
Cash payments	(685)	(599)
Changes in net current assets		
Increase in closing accruals	827	
Decrease in stock	5	
	832	(1,418)
Direct expenditure	64,698	65,392
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	39,005	41,381
Notional rents	3,331	3,314
Net programme cost	107,034	110,087

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.

		2013	2012
		€000	€000
Vote:			
Vote 9 Office of the Revenue Commissioners	e	150	—
Vote 12 Superannuation and Retired Allowances	e	7,073	6,894
Vote 13 Office of Public Works	e	1,103	1,064
Vote 20 Garda Síochána	e	177	186
Vote 24 Justice and Equality - Financial Shared Services Centre	e	737	757
Central Fund – Judicial salaries and pensions	e	29,765	32,480
		<u>39,005</u>	<u>41,381</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	198,883	213,867
Capital assets under development	2.3	2,655	2,886
		201,538	216,753
Current assets			
Bank and cash	2.4	102	1,015
Stocks	2.5	228	233
Prepayments		2,861	2,845
Accrued income		2,764	3,304
Other debit balances	2.6	1,806	1,074
Total current assets		7,761	8,471
Less current liabilities			
Accrued expenses		3,214	2,855
Other credit balances	2.7	1,384	1,461
Net liability to the Exchequer	2.8	524	628
Total current liabilities		5,122	4,944
Net current assets		2,639	3,527
Net assets		204,177	220,280
Represented by:			
State funding account	2.1	204,177	220,280

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		220,280	226,103
Disbursements from the Vote			
Estimate provision	Account	58,324	
Surplus to be surrendered	Account	(515)	
Net vote		57,809	59,156
Expenditure (cash) borne elsewhere	1	39,005	41,381
Non cash expenditure – notional rent	1	3,331	3,314
Other non-cash items		(9,002)	413
Transfer to local authorities		(212)	—
Net programme cost	1	(107,034)	(110,087)
Balance at 31 December		204,177	220,280

2.2 Capital Assets

	Land and buildings ¹ €000	IT and office equipment €000	Furniture and fittings €000	Total €000
Gross Assets				
Cost or valuation at 1 January 2013	233,559	38,892	31,594	304,045
Additions	281	1,428	59	1,768
Disposals	—	(38)	—	(38)
Transferred to local authorities ²	(240)	—	—	(240)
Adjustment ³	(10,537)	—	—	(10,537)
Cost or valuation at 31 December 2013	223,063	40,282	31,653	294,998
Accumulated depreciation				
Opening balance at 1 January 2013	27,196	36,224	26,758	90,178
Depreciation for the year	4,465	1,646	1,427	7,538
Depreciation on disposals	—	(38)	—	(38)
Transfer to local authorities ²	(28)	—	—	(28)
Adjustment ³	(1,535)	—	—	(1,535)
Cumulative depreciation at 31 December 2013	30,098	37,832	28,185	96,115
Net assets at 31 December 2013	192,965	2,450	3,468	198,883
Net assets at 31 December 2012	206,363	2,668	4,836	213,867

¹ 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. To date 40 court buildings have been vested in the Courts Service with one building being vested in 2013. Vested buildings are valued by Office of Public Works (OPW). There was one building valued by OPW in 2013. There are currently five buildings awaiting valuation. In the absence of a valuation from the OPW and where a building has been refurbished, such buildings are capitalised at cost, until such time that a valuation is carried out by OPW.

² One vested courthouse in Drumkeeran, Co. Leitrim no longer in use was transferred to Leitrim County Council with no exchange of funds.

³ The adjustment in the 2013 account refers to the revaluation by OPW of six vested courthouses namely Longford, Birr, Youghal, Ballina, Ballyhaunis and Westport that were revalued from a total figure of €13.5 million down to €2.9 million. OPW valuations are based on market value at date of valuation.

2.3 Capital Assets under Development

at 31 December 2013

	Construction projects €000	Computer applications €000	Total €000
Amounts brought forward at 1 January 2013	2,181	705	2,886
Cash payments for the year	52	633	685
Transferred to asset register	—	(916)	(916)
Balance at 31 December 2013	2,233	422	2,655

2.4 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	102	1,094
Orders outstanding	—	(79)
	<u>102</u>	<u>1,015</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery	171	190
Consumables	38	40
Miscellaneous	19	3
	<u>228</u>	<u>233</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Advances to OPW	919	810
Payroll suspense account (Paypath)	737	2
Recoupment of salaries	98	97
Other debit suspense items	44	146
Imprests	8	19
	<u>1,806</u>	<u>1,074</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	715	782
Professional Services Withholding Tax	43	44
Value Added Tax	31	29
Pay Related Social Insurance	271	271
	<u>1,060</u>	<u>1,126</u>
Payroll deductions held in suspense	322	326
Other credit suspense items	2	9
	<u>1,384</u>	<u>1,461</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	515	619
Exchequer grant overdrawn	9	9
Net liability to the Exchequer	<u>524</u>	<u>628</u>

Represented by:**Debtors**

Bank and cash	102	1,015
Debit balances: suspense	<u>1,806</u>	<u>1,074</u>
	1,908	2,089

Creditors

Due to State	(1,060)	(1,126)
Credit balances: suspense	<u>(324)</u>	<u>(335)</u>
	(1,384)	(1,461)
	<u>524</u>	<u>628</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	41,077	53,229

(b) Multi-annual capital commitments

	Expenditure to 31 December 2012	Expenditure in 2013	Subsequent years	Total 2013	Total 2012
Project	€000	€000	€000	€000	€000
Refurbishment of courthouses	8,717	1,380	14,903	25,000	44,057

Four of the projects included in the commitments figure for 2012 have been removed in 2013. These include Monaghan, Gorey and Blanchardstown, which were substantially completed and have been capitalised and Wexford courthouse which is included in capital assets under development.

(c) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2012	Expenditure in 2013	Legally enforceable commitments to be met in subsequent years	Total 2013	Total 2012
	€000	€000	€000	€000	€000
Name of PPP Project					
Criminal Courts Complex	29,184	3,982	143,931	177,097	177,097

2.10 Matured Liabilities

There were no matured liabilities undischarged at year end (2012 - zero).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Manage the Courts and Support the Judiciary			
A.1	Administration - pay	49,173	49,012	49,188
A.2	Administration - non pay	30,743	32,889	33,763
A.3	Courthouses (capital works)	3,880	2,506	2,309
A.4	PPP costs	21,163	20,240	22,437
		104,959	104,647	107,697

Significant variations

Overall, the gross expenditure in relation to the programme was €312,000 less than provided. This was mainly due to the following.

Description	Less/(more) than provided €000	Explanation
Administration - non pay	(2,146)	The excess arose largely due to expenditure necessary to support the introduction of new legislation i.e. the Personal Insolvency Act 2012 and the Fines Act 2010 in addition to replacing and updating the infrastructure for the eSmall claims system leading to an overspend in office equipment and external IT services of €1.7 million. Other factors included non-discretionary spend for courthouse maintenance and an increase in utilities costs leading to an overspend in office premises expenses of €2 million. These overspends were partially off-set by savings achieved in incidental expenses of €1.9 million, mainly due to savings arising from a new contract in relation to interpretation services and efficiencies achieved in relation to Digital Audio Recording.
Courthouses (capital works)	1,374	The underspend was driven largely by the dependency on the OPW to commence works on a number of courthouses in 2013. In addition, there was a delay in commencing preparatory works in relation to the PPP Bundle.
PPP costs	923	While the PPP costs are relatively fixed and subject to indexation there are a number of contractual provisions, including those relating to insurance and unavailability, as well as costs arising from contractual changes that impact on actual unitary charge payments. In 2013, there was a saving achieved of €566,000 due to an insurance rebate.

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1	Fees	42,493	42,165	43,720
2	Miscellaneous	1,542	1,809	1,892
3	Receipts from pension-related deduction on public service remuneration	2,600	2,864	2,929
Total		46,635	46,838	48,541

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%

Heading	Less/(more) than provided €000	Explanation
Miscellaneous	(267)	The increase is due to receipts of €230,000 received from the OPW in relation to the refunding of unused funds in legacy capital suspense accounts.
Receipts from pension-related deduction on public service remuneration	(264)	The excess 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

	2013		2012
	Estimated €000	Realised €000	Realised €000
Road Traffic Act fines ¹	8,000	6,807	7,626
Other fines ²	3,960	4,879	4,144
Other receipts ³	—	88	33
	11,960	11,774	11,803

¹ Fines receipts are dependent on the number of fines imposed, which has fallen overall by 8,746 or 9% in 2013 compared to the prior year.

² The increase in relation to other fines is primarily due to work undertaken by the Courts Service to centralise Circuit Court accounts, resulting in the transfer of legacy monies to the Exchequer in 2013.

³ 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 2013 receipts relate to funds lodged in 2005.

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 its behalf in 2013.

	2013 €000	2012 €000
Revenue Commissioners		
Revenue fines ¹	1,761	2,175
Excise Duty ²	5,500	4,900
Department of Communications, Energy and Natural Resources	97	36
Department of Agriculture, Fisheries and Food	210	196
	7,568	7,307

¹ Monies collected relate to court fines imposed where the prosecutor is the Revenue Commissioner.

² 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

	2013	2012
Number of staff at year end (full time equivalents)	927	945
	2013	2012
	€000	€000
Pay	45,133	45,129
Higher, special or additional duties allowance	27	30
Other allowances	1,035	1,124
Overtime	289	403
Employer's PRSI	2,528	2,502
Total Pay	49,012	49,188

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	13	—	5,275	7,574
Other allowances	289	14	19,585	20,091
Overtime	152	6	22,108	25,390

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €27,317 was paid in 2013 to three retired civil servants in receipt of civil service pensions who were engaged for a short period during 2012 and 2013. This amount is made up of €14,974 in payroll and €12,343 in travel and subsistence expenses. The pension abatement rule was applied in these instances.

5.3 Recouped Costs

Salary costs of €552,460 were recouped from Tribunals and Government Departments in respect of staff on secondment.

6 Miscellaneous

6.1 Compensation and Third Party Legal Costs

Total payments in respect of third party legal costs amounted to €177,422. These included costs associated with judicial review proceedings where the Courts Service was a party to such proceedings and payments totalling €103,368 in respect of actions dealt with by the State Claims Agency.

Legal Costs

Legal costs paid during the year as follows

	2013	2012
	€000	€000
Third party legal costs	177	308
Compensation costs	23	—
	200	308



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.96 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.

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 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 23 Property Registration Authority for the year ended 31 December 2013.

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

Seamus McCarthy
Comptroller and Auditor General

26 June 2014

Vote 23 Property Registration Authority

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the Land Registry and the Registry of Deeds	32,246	30,550	32,280
	Gross expenditure	32,246	30,550	32,280
	<i>Deduct</i>			
B	Appropriations-in-aid	1,014	1,276	1,313
	Net expenditure	31,232	29,274	30,967

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	1,957,579	1,694,060

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	24,452	24,025	25,114
ii	Travel and subsistence	110	111	88
iii	Training and development and incidental expenses	4,180	4,063	4,347
iv	Postal and telecommunications services	950	601	708
v	Office equipment and external IT services	2,067	1,238	1,283
vi	Office premises expenses	462	499	729
vii	Consultancy services and value for money and policy reviews	25	13	11
		32,246	30,550	32,280

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Pay		24,025	25,114
Non pay		6,525	7,166
Gross expenditure		30,550	32,280
<i>Deduct</i>			
Appropriations-in-aid		1,276	1,313
Net expenditure		29,274	30,967
Changes in capital assets			
Purchases cash	(226)		
Depreciation	2,157		
Loss on disposals	99		
		2,030	2,934
Changes in net current assets			
Increase in closing accruals	1		
Decrease in stock	57		
		58	(134)
Direct expenditure		31,362	33,767
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,260	4,968
Notional rents		2,382	2,425
Net programme cost		38,004	41,160

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.

		2013	2012
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	3,501	3,503
Vote 13 Office of Public Works	e	500	1,199
Vote 24 Justice and Equality - Financial Shared Services Centre	e	259	266
		4,260	4,968

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	1,834	3,866
Current assets			
Stocks	2.3	248	305
Prepayments		739	705
Accrued income		—	31
Other debit balances	2.4	459	51
Net Exchequer funding due	2.6	389	533
Total current assets		1,835	1,625
Less current liabilities			
Bank and cash		181	(131)
Accrued expenses		106	104
Other credit balances	2.5	667	715
Total current liabilities		954	688
Net current assets		881	937
Net assets		2,715	4,803
Represented by:			
State funding account	2.1	2,715	4,803

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		4,803	7,603
Disbursements from the Vote			
Estimate provision	Account	31,232	
Surplus to be surrendered	Account	(1,958)	
Net vote		29,274	30,967
Expenditure (cash) borne elsewhere	1	4,260	4,968
Non cash expenditure – notional rent	1	2,382	2,425
Net programme cost	1	(38,004)	(41,160)
Balance at 31 December		2,715	4,803

2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	39,729	4,162	43,891
Additions	183	41	224
Disposals	(4,775)	(573)	(5,348)
Cost or valuation at 31 December 2013	35,137	3,630	38,767
Accumulated depreciation			
Opening balance at 1 January 2013	36,194	3,831	40,025
Depreciation for the year	2,104	53	2,157
Depreciation on disposals	(4,775)	(474)	(5,249)
Cumulative depreciation at 31 December 2013	33,523	3,410	36,933
Net assets at 31 December 2013	1,614	220	1,834
Net assets at 31 December 2012	3,535	331	3,866

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	97	120
Miscellaneous supplies	16	19
IT consumables	135	166
	248	305

2.4 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Payroll suspense account (Paypath)	366	—
Suspense	93	44
Imprests	—	7
	459	51

2.5 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State		
Income Tax	315	331
Retention Tax	1	—
Pay Related Social Insurance	141	144
Value Added Tax	9	8
	466	483
Payroll deductions held in suspense	169	200
Owed to OPW	32	32
	667	715

2.6 Net Exchequer funding due	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	1,958	1,694
Exchequer grant undrawn	(2,347)	(2,227)
Net Exchequer funding due	(389)	(533)

Represented by:**Debtors**

Debit balances: suspense	459	44

Creditors

Bank and cash	(181)	138
Due to State	(466)	(483)
Credit balances: suspense	(201)	(232)
	(848)	(577)
	(389)	(533)

2.7 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	3,014	6,045

The Authority entered into an agreement on 2 July 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 2013, and are scheduled to make a further payment of €3 million in 2014. This payment schedule may be subject to review pending the progress made in the merger process as described in Note 6.2.

2.8 Matured Liabilities

There were no matured liabilities undischarged at the year end 2013 or in the previous year.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Manage the Land Registry and the Registry of Deeds			
A.1	Administration - pay	24,452	24,025	25,114
A.2	Administration - non pay	7,794	6,525	7,166
		<u>32,246</u>	<u>30,550</u>	<u>32,280</u>

Significant variations

Overall, the gross expenditure in relation to the programme was €1.7 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Salaries, wages and allowances	427	Average staff numbers in the Authority reduced by 26 during the year. Savings in salaries also occurred as a result of the implementation of the Haddington Road Agreement from 1 July 2013 onwards.
Postal and telecommunications services	349	Savings arose due to lower costs achieved following retendering of certain telecommunications contracts. Savings on postage arise as a result of increased usage of electronic communications.
Office equipment and external IT services	829	In addition, savings have been achieved in ICT maintenance contracts. There was an underspend on ICT capital due to the deferral of projects including hardware upgrades and document management as a result of internal resources being assigned to other key projects.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deductions on public service remuneration	1,014	1,276	1,313

4.2 Extra receipts payable to the Exchequer

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
Land Registry fees	35,250	35,543	26,031
Registry of Deeds fees	1,400	1,034	1,140
Ground rent fees	80	57	69
	<u>36,730</u>	<u>36,634</u>	<u>27,240</u>

In December 2012, the Minister for Justice and Equality introduced a new Land Registry fees order. The impact of this fees order was to bring about increases in fees charged both for applications for registration and inspection services. Therefore, while there was an overall decrease in the volume of applications, the impact of the increased fees led to an overall increase in yield.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	518	544
	2013	2012
	€000	€000
Pay	22,500	23,539
Higher, special or additional duties allowance	12	8
Other allowances	83	81
Overtime	164	156
Employer's PRSI	1,266	1,330
Total Pay	24,025	25,114

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	1	1	11,506	7,721
Other allowances	38	—	7,870	7,870
Overtime	60	1	10,796	12,515

Certain individuals received extra remuneration in more than one category.

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. Nineteen Section 120 compensation payments (2012 - 26) were paid in 2013, the total costs of which are set out below.

Personal Injury Compensation

A compensation payment of €76,000 was made in respect of the settlement of a personal injury claim in respect of one employee. Related legal costs borne by the PRA in this case amounted to €41,429. In addition legal costs amounting to €7,532 were paid in respect of a second case. No compensation payment arose in respect of this case.

	2013	2012
	€000	€000
Section 120 compensation costs	75	58
Personal Injury compensation	76	—
Legal fees in relation to personal injury claims	49	—
	200	58

6.2 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 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. Subject to the passing of necessary legislation, the governing structure of the new entity, to be called 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. Preparation of the draft scheme of the Bill to establish Tailte Éireann is underway and it is intended that the scheme will be presented to Government at the earliest opportunity. The merger is not expected to have an impact on the carrying value of the Authority's assets or liabilities.



Appropriation Account 2013

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 2013 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

- a) granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- b) provided for capital supply services in 2013 out of unspent 2012 appropriations under the deferred surrender arrangement established by section 91 of the Finance Act, 2004.

A surplus of €24.7 million is liable for surrender to the Exchequer.

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

Transfer of Functions

Responsibility for the Equality Tribunal transferred from the Department of Justice and Equality to the Department of Jobs, Enterprise and Innovation with effect from 1 January 2013 under the Equality Tribunal (Transfer of Departmental Administration and Ministerial Functions) Order 2012 (S.I. No. 531 of 2012).

Changes to the Vote Structure

The Justice and Equality vote has been structured on a programme basis for the first time in 2013.

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

A new subhead 'C.5 Legal Aid – custody issues' was introduced under Programme C. This provides payment for legal representation in the High Court and the Supreme Court for certain types of cases not covered by Civil Legal Aid or the Criminal Legal Aid Scheme. The cases covered include Habeas Corpus (Article 40.4.2) applications, High/Supreme Court bail motions, certain types of judicial review concerning criminal matters or matters where the liberty of the applicant is at issue, extradition and European arrest warrant applications. The scheme is an administrative, non-statutory arrangement whereby payments are made from the Vote of the Department of Justice and Equality.

The budget responsibility for the Scheme (formerly part of the Chief State Solicitor's Office Vote) was transferred to the Department of Justice and Equality with effect from 1 January 2013. The Scheme, which was formerly known as the 'Attorney General Scheme' was renamed by the Department on 1 January 2013 as the 'Legal Aid – Custody Issues Scheme'.

A new subhead 'C.15 Magdalen Fund' was introduced under Programme C to facilitate ex-gratia payments to women who worked in the Magdalen laundries, St. Mary's Training Centre, Stanhope Street, Dublin and House of Mercy Training School, Summerhill, Wexford. Certain administrative and other expenses related to the operation of the ex-gratia scheme are also included in this subhead. A budgetary provision of €23 million has been made for the subhead in 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:

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset is placed in service. Buildings are depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life. Vehicles and equipment are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

Financial Control Environment

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

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

Administrative Controls and Management Reporting

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal Audit and Audit Committee

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

Brian Purcell

Accounting Officer

Department of Justice and Equality

31 March 2014

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 24 Justice and Equality

I have audited the appropriation account for Vote 24 Justice and Equality for the year ended 31 December 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy
Comptroller and Auditor General

8 August 2014

Vote 24 Justice and Equality

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Maintain a Secure Ireland	151,157	142,404	149,912
B	Work for Safe Communities	52,632	49,649	51,229
C	Facilitate the Provision and Administration of Justice			
	<i>Original</i>	118,079		
	<i>Deferred surrender</i>	287		
	<i>Supplementary</i>	12,501	130,867	123,035
D	Promote Equality and Integration	22,548	20,307	26,382
E	Represent Ireland's Justice Interests in International Fora	5,033	4,267	4,258
F	Contribute to Economic Recovery	21,986	19,571	13,664
Gross expenditure				
	<i>Original</i>	371,435		
	<i>Deferred surrender</i>	287		
	<i>Supplementary</i>	12,501	384,223	359,233
				357,113
	<i>Deduct</i>			
G	Appropriations-in-aid			
	<i>Original</i>	51,363		
	<i>Supplementary</i>	12,500	63,863	63,575
				51,974
Net expenditure				
	<i>Original</i>	320,072		
	<i>Deferred surrender</i>	287		
	<i>Supplementary</i>	1	320,360	295,658
				305,139

Surplus for surrender

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

	2013	2012
	€	€
Surplus	24,701,742	26,541,382
Deferred surrender	—	287,000
Surplus to be surrendered	24,701,742	26,254,382

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	20,484		
	<i>Supplementary</i>	143	20,627	21,135
ii	Travel and subsistence			
	<i>Original</i>	490		
	<i>Supplementary</i>	(18)	472	321
iii	Training and development and incidental expenses			
	<i>Original</i>	3,967		
	<i>Supplementary</i>	(33)	3,934	3,218
iv	Postal and telecommunications services		934	944
v	Office equipment and external IT services			
	<i>Original</i>	5,436		
	<i>Supplementary</i>	(92)	5,344	5,212
vi	Office premises expenses			
	<i>Original</i>	1,733		
	<i>Supplementary</i>	(18)	1,715	1,888
vii	Consultancy services and value for money and policy reviews			
	<i>Original</i>	73		
	<i>Supplementary</i>	(6)	67	506
viii	Research			
	<i>Original</i>	132		
	<i>Supplementary</i>	(15)	117	22
ix	Financial shared services		10,917	10,264
x	EU Presidency		2,020	983
			46,147	44,493

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme Cost	314,019	312,620
Pay ¹	28,630	29,367
Non-Pay	16,584	15,126
Gross expenditure	359,233	357,113
<i>Deduct</i>		
Appropriations-in-aid	63,575	51,974
Net expenditure	295,658	305,139
Changes in capital assets		
Purchases cash	(3,045)	
Depreciation	7,013	
Gain on disposals	(7)	
Disposals cash	9	
	3,970	5,980
Changes in assets under development		
Cash payments	(1,011)	
	(1,011)	2,668
Changes in net current assets		
Increase in closing accruals	46	
Increase in stock	(920)	
	(874)	(3,170)
Direct expenditure	297,743	310,617
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	25,354	27,283
Notional rents	4,643	4,591
Net Programme Cost	327,740	342,491

¹ The pay figure for 2013 includes salaries for the Financial Shared Services Centre amounting to €7,335,659 (2012: €7,447,618) and salaries for the EU Presidency amounting to €826,617 (2012: €785,383).

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.

		2013	2012
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	15	2,541
Vote 12 Superannuation and Retired Allowances	e	19,721	19,532
Vote 13 Office of Public Works	e	13,055	12,432
Vote 20 Garda Síochána	e	194	190
Central Fund – Ministerial pensions	e	299	726
		<u>33,284</u>	<u>35,421</u>
Vote 24 Allied services – apportioned cost of Financial Shared Services Centre	e	(7,930)	(8,138)
		<u>25,354</u>	<u>27,283</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	17,652	22,349
Capital assets under development	2.3	2,181	1,170
		19,833	23,519
Current assets			
Bank and cash	2.4	5,163	4,380
Stocks	2.5	1,507	587
Prepayments		6,006	3,217
Accrued income		3,502	7,504
Other debit balances	2.6	2,748	2,073
Total current assets		18,926	17,761
Less current liabilities			
Accrued expenses		6,882	8,039
Deferred income		161	171
Other credit balances	2.7	6,348	5,125
Net liability to the Exchequer	2.8	1,563	1,328
Total current liabilities		14,954	14,663
Net current assets		3,972	3,098
Net assets		23,805	26,617
Represented by:			
State funding account	2.1	23,805	26,617

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		26,617	40,838
Disbursements from the Vote			
Estimate provision	Account	320,072	
Deferred surrender	Account	287	
Supplementary	Account	1	
Surplus to be surrendered	Account	(24,702)	
Net vote		295,658	305,139
Expenditure (cash) borne elsewhere	1.1	25,354	27,283
Non cash expenditure – notional rent	1	4,643	4,591
Net programme cost	1	(327,740)	(342,491)
Transfer to other departments		(727)	(8,743)
Balance at 31 December		23,805	26,617

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 2013	7,765	1,153	96,193	5,174	110,285
Additions	—	86	2,629	330	3,045
Transfers In ¹	—	—	7	—	7
Transfers Out ²	(791)	—	(57)	(22)	(870)
Disposals	—	(76)	(508)	(24)	(608)
Cost or valuation at 31 December 2013	6,974	1,163	98,264	5,458	111,859
Accumulated depreciation					
Opening balance at 1 January 2013	694	813	82,240	4,189	87,936
Depreciation for the year	139	117	6,471	286	7,013
Transfers In ¹	—	—	7	—	7
Transfers Out ²	(68)	—	(53)	(22)	(143)
Depreciation on disposals	—	(76)	(506)	(24)	(606)
Cumulative depreciation at 31 December 2013	765	854	88,159	4,429	94,207
Net assets at 31 December 2013	6,209	309	10,105	1,029	17,652
Net assets at 31 December 2012	7,071	340	13,953	985	22,349

¹ Assets with an original cost of €7,284 were transferred from the Office of the Revenue Commissioners. These were used by Revenue as part of its payroll process and were subsequently transferred to the Financial Shared Services Centre following the movement of the payroll function in 2013.

² An asset consisting of land adjacent to the Thornton site with an original cost of €791,150 was transferred to the Prisons Vote. In addition, assets with a value of €79,037 were transferred to the Department of Jobs, Enterprise and Innovation following the transfer of the Equality Tribunal.

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000	Buildings €000	Totals €000
Amounts brought forward at 1 January 2013	102	1,068	1,170
Cash payments for the year	1,011	—	1,011
Balance at 31 December 2013	1,113	1,068	2,181

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

at 31 December	2013 €000	2012 €000
PMG balances and cash	5,163	4,455
Orders outstanding	—	(75)
	5,163	4,380

2.5 Stocks

at 31 December	2013 €000	2012 €000
Stationery	143	168
Forensic consumables	174	220
IT consumables	90	130
Immigration registration cards	1,045	—
Miscellaneous	17	30
Publications	20	22
Equipment/clothing	18	17
	1,507	587

2.6 Other Debit Balances

at 31 December	2013 €000	2012 €000
Advance to the Office of Public Works	445	1,412
Imprests	51	86
Recoupable salaries	100	65
Recoupment of travel pass scheme	26	293
Criminal Assets Bureau receivership	135	132
Payroll suspense account (Paypath)	1,899	2
Other	92	83
	2,748	2,073

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	1,961	2,008
Pay Related Social Insurance	872	833
Value Added Tax	173	134
Professional Service Withholding Tax	1,571	1,192
Construction Tax	3	—

	4,580	4,167

Payroll deductions held in suspense	701	701

Emergency Resettlement and Reach projects	414	—

Other	653	257

	6,348	5,125

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	24,702	26,254

Deferred surrender	—	287

Exchequer grant undrawn	(23,139)	(25,213)

Net liability to the Exchequer	1,563	1,328

Represented by:

Debtors

Bank and cash	5,163	4,380

Debit balances: suspense	2,748	2,073

	7,911	6,453

Creditors

Due to State	(4,580)	(4,167)

Credit balances: suspense	(1,768)	(958)

	(6,348)	(5,125)

	1,563	1,328

2.9 Commitments	2013	2012
at 31 December	€000	€000

Total of legally enforceable commitments	3,466	1,841

2.10 Matured Liabilities

There were no matured liabilities un-discharged at year end 2013 or in the previous year.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Maintain a Secure Ireland			
A.1	Administration – pay	6,221	6,508	6,837
A.2	Administration – non pay	4,558	4,843	4,116
A.3	Irish Naturalisation and Immigration Service (INIS)	49,456	42,903	43,472
A.4	Asylum seekers accommodation	57,186	55,228	62,330
A.5	Garda Complaints Board	195	179	185
A.6	Criminal Assets Bureau	6,940	6,455	6,409
A.7	Prisons Inspectorate	388	369	293
A.8	Garda Ombudsman Commission	8,021	7,972	8,327
A.9	Office of the Garda Inspectorate	970	863	779
A.10	Irish Youth Justice Service	17,222	17,084	17,164
		<u>151,157</u>	<u>142,404</u>	<u>149,912</u>

Significant variations

Overall, the expenditure in relation to the Programme was €8.75 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Irish Naturalisation and Immigration Service (INIS)	6,553	The saving mainly arose due to payroll costs being less than expected and due to the fact that certain ICT projects did not progress as quickly as originally planned or are being delivered in alternative ways, which has resulted in a rephasing of expenditure to later years. The projects in question mainly relate to the EU Residency Permit and Registration system and work in relation to the British Irish Visa scheme.
Criminal Assets Bureau	485	The saving arose due to anticipated legal costs not materialising in 2013. In addition, the Bureau continues to monitor expenditure in all areas to obtain value for money and reduce costs to the Exchequer.
Office of the Garda Inspectorate	107	The saving arose due to reduced payroll costs arising from a recruitment time-lag to replace a member of the Inspectorate team and savings made from reduced office related expenditure, including rental and certain consultancy costs.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Work for Safe Communities			
B.1	Administration – pay	3,434	3,363	3,436
B.2	Administration – non pay	2,558	2,636	2,319
B.3	Office of the Data Protection Commissioner	1,727	1,963	1,554
B.4	Funding for services to victims of crime	1,212	1,211	1,165
B.5	Crime prevention measures	197	197	197
B.6	Private Security Authority	2,254	2,074	2,130
B.7	Irish Film Classification Office	705	691	766
B.8	Mental Health (Criminal Law) Review Board	397	383	376
B.9	Cosc - domestic, sexual and gender-based violence	2,029	1,333	1,697
B.10	Probation Service - salaries, wages and allowances	21,418	20,860	21,117
B.11	Probation Service - operating expenses	4,025	3,122	4,069
B.12	Probation Service - services to offenders	10,572	9,703	10,350
B.13	Community service order scheme	2,104	2,113	2,053
		52,632	49,649	51,229

Significant variations

Overall, the expenditure in relation to the Programme was €2.98 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Office of the Data Protection Commissioner	(236)	The excess arose due to the combination of an overrun on payroll and legal costs due to the expanding role of the office.
Private Security Authority	180	The saving arose due to a number of projects commencing later in the year than had originally been planned. The non introduction of licensing to additional security sectors meant that associated compliance, enforcement and other related costs were not incurred.
Cosc - domestic, sexual and gender-based violence	696	The saving arose due to non-replacement of staff and less funding being paid in respect of certain programmes. This was largely due to the fact that beneficiary organisations had sufficient funds on hands due to programmes starting later in the year than had been originally planned.
Probation Service - operating expenses	903	The saving arose mainly due to the utilisation of more efficient procurement arrangements. These measures included the ongoing review of purchasing requirements to ensure better value for money and using central contracts, where possible.
Probation Service - services to offenders	869	The saving arose due to economies achieved in community based organisations, as a result of streamlining cost structures and renegotiating with service providers.

				2013	2012
				Estimate provision	Outturn
				€000	€000
C	Facilitate the Provision and Administration of Justice				
C.1	Administration – pay				
	<i>Original</i>	4,874			
	<i>Supplementary</i>	143	5,017	4,832	4,988
C.2	Administration – non pay				
	<i>Original</i>	2,444			
	<i>Supplementary</i>	(182)	2,262	2,668	2,303
C.3	Commissions and special inquiries				
	<i>Original</i>	9,172			
	<i>Supplementary</i>	(2,500)	6,672	5,585	6,216
C.4	Legal Aid - criminal (no. 12 of 1962)				
	<i>Original</i>	47,552			
	<i>Supplementary</i>	3,000	50,552	50,862	50,546
C.5	Legal Aid – custody issues				
	<i>Original</i>	4,000			
	<i>Supplementary</i>	(300)	3,700	3,365	—
C.6	Legal Aid Board (grant-in-aid)				
	<i>Original</i>	32,659			
	<i>Supplementary</i>	1,100	33,759	33,759	32,922
C.7	Free legal advice centres		98	98	98
C.8	Coroners Service				
	<i>Original</i>	385			
	<i>Supplementary</i>	(100)	285	134	335
C.9	Parole Board		338	321	323
C.10	Forensic Science Laboratory				
	<i>Original</i>	8,766			
	<i>Supplementary</i>	(500)	8,266	8,452	8,681
C.11	State Pathology				
	<i>Original</i>	3,420			
	<i>Supplementary</i>	(334)			
	<i>Deferred surrender</i>	287	3,373	950	946
C.12	Compensation for personal injuries criminally inflicted				
	<i>Original</i>	4,234			
	<i>Supplementary</i>	7,300	11,534	11,520	4,233
C.13	Central authorities (child abduction, child protection and maintenance debtors)				
	<i>Original</i>	135			
	<i>Supplementary</i>	(25)	110	88	77
C.14	Legal services regulatory authority		1	—	—
C.15	Magdalen Fund				
	<i>Original</i>	1			
	<i>Supplementary</i>	4,899	4,900	401	—
				130,867	123,035
					111,668

Significant variations

The original budget for this programme was increased by €12.5 million by way of technical supplementary estimate. Overall, the expenditure in relation to Programme C was €7.83 million lower than provided. The reasons for the technical supplementary estimate and lower than provided expenditure were mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Commissions and special Inquiries	1,087	The original budget was reduced by €2.5 million in the technical supplementary estimate and the reason for both this saving and a further saving of €1.08 million is mainly due to the fact that outstanding third party legal costs, particularly in relation to the Smithwick Tribunal and also for the Morris Tribunal have yet to be finalised.
Legal Aid – Criminal (no. 12 of 1962)	(310)	The original budget was increased by €3 million in the technical supplementary estimate and the reason for both this and the subsequent overspend of €310,000 is due to the fact that this is a demand led subhead and expenditure is difficult to estimate. It is mainly dependent on the number of cases before the Courts in respect of which legal aid certificates are issued.
Legal Aid – custody issues	335	The original budget was reduced by €300,000 in the technical supplementary estimate and this saving together with an additional saving of €335,000 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.
Legal Aid Board (grant-in-aid)	—	The original budget of €32.6 million was increased by €1.1 million in the technical supplementary estimate. The additional requirement was due to the administrative costs related to additional responsibilities of the Legal Aid Board including the Legal Aid custody issues and other ad-hoc Legal Aid schemes. In addition, through its Refugee Legal Service, it is providing appropriate legal representation to applicants making their cases for subsidiary protection.
Coroners Service	151	The original budget was reduced by €100,000 in the technical supplementary estimate and this saving together with an additional saving of €151,000 was due to expenditure on payroll and legal costs being less than anticipated.
Forensic Science Laboratory	(186)	The original budget was reduced by €500,000 in the technical supplementary estimate but there was an eventual overrun of €186,000 on the non-pay budget due to more expenditure than anticipated arising before the end of the year.
State Pathology	2,423	The saving mainly arose due to the fact that the relocation of the Office of the State Pathologist to new accommodation did not proceed in 2013. The saving includes €287,000 in unspent capital carried forward from 2012 to 2013 under the deferred capital provisions of Section 91 of the Finance Act, 2004.

Description	Less/ (more) than provided €000	Explanation
Compensation for personal injuries criminally inflicted	14	The original budget of €4.2 million was increased by €7.3 million in the technical supplementary estimate. This was due to a number of significant awards of compensation that were made in recent years and which had placed great financial strain on the scheme.
Magdalen Fund	4,499	It was considered prudent to provide an increased allocation of €4.9 million by way of technical supplementary estimate, mainly to provide for expected payments to eligible women under the ex-gratia scheme. However, these payments could not be made before the end of the financial year due to a delay in finalising the necessary legal documentation.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Promote Equality and Integration			
D.1	Administration – pay	2,262	2,265	2,371
D.2	Administration – non pay	1,062	1,158	995
D.3	Irish Human Rights Equality Commission (grant-in-aid)	4,335	3,911	4,366
D.4	Social disadvantage measures (dormant accounts funded)	250	—	83
D.5	Grants to women's organisations	300	300	350
D.6	Traveller initiatives	405	118	246
D.7	Positive action for gender equality	1,000	959	1,647
D.8	Office for the Promotion of Migrant Integration	2,334	2,150	2,402
D.9	European Refugees Fund	1,500	1,500	1,314
D.10	Disability awareness initiatives	307	109	194
D.11	National Disability Authority	4,133	3,449	3,790
D.12	Charities regulation	300	53	25
D.13	Charitable Donations and Bequests Office	360	335	339
D.14	Payments to the promoters of certain charitable lotteries (National Lottery funded)	4,000	4,000	6,000
	<i>Equality Tribunal</i>	—	—	2,260
		22,548	20,307	26,382

Significant variations

Overall, the expenditure in relation to the Programme was €2.24 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)	424	The saving mainly arose due to a temporary reduction in staffing numbers in 2013. The Irish Human Rights and Equality Commission has received sanction to recruit additional staff during 2014.
Social disadvantage measures (dormant accounts funded)	250	The saving arose as there were no draw downs from this fund pending clarification in relation to a new round of funding projects to be determined for 2014 and later years.
Traveller initiatives	287	The saving arose because less funding was required for the Midlands Traveller Conflict and Mediation Initiative as it came to the end of its existing funding stream in 2013. The drawdown of funds in respect of other projects was less than anticipated due to delays in getting the projects up and running.
Office for the Promotion of Migrant Integration	184	The saving arose mainly due to the later than anticipated arrival of persons under the Refugee Resettlement Programme.
Disability awareness initiatives	198	The saving arose due to the uptake by organisations to undertake disability awareness initiatives being less than expected.

Description	Less/ (more) than provided €000	Explanation
National Disability Authority	684	The saving arose due to reductions in staff resources and a number of projects commencing later in 2013 than originally planned.
Charities regulation	247	The saving arose due to the non-establishment of the Charities Regulatory Authority in 2013. A Chief Executive Designate to the Authority has been appointed in the first quarter of 2014.

		2013		2012
		Estimate provision €000	Outturn €000	Outturn €000
E	Represent Ireland's Justice Interests in International Fora			
E.1	Administration – pay	3,726	2,665	2,660
E.2	Administration – non pay	1,307	1,602	1,598
		<u>5,033</u>	<u>4,267</u>	<u>4,258</u>

Significant variations

Overall, the expenditure in relation to the Programme was €766,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration-pay	1,061	The saving is mainly due to staffing costs, particularly in relation to the EU Presidency, being less than expected.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
F	Contribute to Economic Recovery			
F.1	Administration – pay	8,858	8,997	9,075
F.2	Administration – non pay	4,882	3,677	3,795
F.3	National Property Services Regulatory Authority (NPSRA)	848	832	710
F.4	Insolvency Service Ireland	7,398	6,065	84
		21,986	19,571	13,664

Significant variations

Overall, the expenditure in relation to the Programme was €2.42 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	1,205	The saving arose mainly due to lower than expected costs in areas such as ICT in relation to the Department's Financial Shared Services Centre in Killarney.
Insolvency Service Ireland	1,333	The saving arose mainly on payroll costs, due to the fact that Insolvency Service Ireland did not have its full complement of staff in place until later in the financial year than had been planned.

4 Receipts

4.1 Appropriations-in-aid				2013		2012
				Estimated	Realised	Realised
				€000	€000	€000
1.	Film censorship fees			2,103	1,922	2,188
2.	Recoupment of salaries			—	—	—
3.	Data protection fees			550	640	626
4.	EU receipts			3,350	4,305	2,227
5.	Miscellaneous receipts			583	327	2,489
6.	Immigration registration fees					
		<i>Original</i>	15,000			
		<i>Supplementary</i>	1,800	16,800	16,857	11,908
7.	Visa fees					
		<i>Original</i>	5,300			
		<i>Supplementary</i>	(100)	5,200	4,533	5,309
8.	Dormant accounts receipts			250	—	50
9.	Private Security Authority fees			2,364	2,369	2,790
10.	Nationality and citizenship certificates fees					
		<i>Original</i>	13,997			
		<i>Supplementary</i>	9,500	23,497	23,106	17,099
11.	Legal Services Regulatory Authority – levy on professional bodies			1	—	—
12.	Property Services Regulatory Authority fees					
		<i>Original</i>	1,500			
		<i>Supplementary</i>	700	2,200	2,350	—
13.	Insolvency Service Ireland fees					
		<i>Original</i>	1			
		<i>Supplementary</i>	100	101	—	—
14.	Receipts from pension-related deductions on public service remuneration					
		<i>Original</i>	6,364			
		<i>Supplementary</i>	500	6,864	7,166	7,288
Total				63,863	63,575	51,974

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	181	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.
EU receipts	(955)	The surplus arose due to the difficulty in predicting exactly the quantum and timing of receipts under the various programmes.
Miscellaneous	256	The shortfall is due to the difficulty of predicting the precise amount of receipts under this category which in 2013 was made up of circa 400 individual transactions.

Description	Less/ (more) than provided €000	Explanation
Immigration registration fees	(57)	While there is a surplus of €57,000, the original budget of €15 million was increased by €1.8 million in the technical supplementary estimate to reflect the higher than expected level of receipts in 2013. This was due to a number of factors including a high demand for student courses from Brazilian and Chinese nationals which has given rise to significant increases in the number of registered persons from these countries. In addition, the quicker processing of citizenship applications has seen increased numbers of dependants of the newly naturalised Irish citizens seeking to change to a more favourable dependant status which in turn requires a renewal of their registration – the demand for which was extremely difficult to predict.
Visa fees	667	The shortfall is mainly related to the decrease in re-entry visa applications which are down 13.5% in part due to the continuing volume of grants of citizenship. In addition, the visa waiver programme and timing of receipt of monies from the Department of Foreign Affairs and Trade impact on the outturn.
Dormant accounts receipts	250	The receipts in this case match expenditure from subhead D.4. As there were no draw downs from this fund, pending clarification in relation to a new round of funding projects to be determined for 2014 and later years, there were no matching receipts realised in 2013.
Nationality and citizenship certificates fees	391	While there is a shortfall of €391,000, the original allocation of €13.9 million was increased by €9.5 million in the technical supplementary estimate to reflect the higher than expected level of receipts arising from the clearing of a backlog from previous years, improved processing times and the number of new applications holding very strong in 2013 (18,795 compared with 19,879 in 2012 and 18,305 in 2011).
Property Services Regulatory Authority fees	(150)	While the original budget was increased by €700,000 by way of technical supplementary estimate, the surplus is due a greater number of property services providers seeking and obtaining licences than was originally anticipated.
Insolvency Service Ireland fees	101	It was difficult to estimate the level of receipts in the first year of operation of the new Service.
Receipts from pension related deductions on public service remuneration	(302)	The surplus receipts arose due to greater than estimated intake of pension related deductions.

4.2 Extra receipts payable to the Exchequer

A sum of €265,092 was lodged to the Exchequer by the Chief States Solicitors Office in 2013 in respect of the sale of a Probation Service property in Galway.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	2,283	2,295
	2013	2012
	€000	€000
Pay	118,307	120,170
Higher, special or additional duties allowance	250	179
Other allowances	2,589	2,795
Overtime and extra attendance	1,637	1,564
Employer's PRSI	6,531	6,533
Total Pay	129,314	131,241

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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	51	6	55,362	30,521
Overtime and extra attendance	251	24	28,557	28,616
Shift and roster allowances	1	—	1,910	—
Miscellaneous	325	47	27,904	27,200

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total amount of €49,435 was paid to 16 retired civil servants who were in receipt of civil service pensions in 2013. In addition, an amount of €37,439 was paid to seven former public servants and €363,772 to six former judiciary members who were engaged in various roles in 2013.

A total amount of €834,872 was paid through payroll to 87 individuals in respect of duties performed in relation to various boards and committees etc.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2013		2012
		Estimate	Outturn	Outturn
		€000	€000	€000
D.14	Payments to promoters of certain charitable lotteries (part funded by the National Lottery)	4,000	4,000	6,000

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.8, and D.9 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 2013 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 2013 for a number of EU funded projects that are administered through a suspense account.

Subhead	Description	2013		2012
		Estimate	Outturn	Outturn
		€000	€000	€000
A.3	European Return Fund	683	683	596
A.10	ESF- Garda Youth Diversion additional skills and employees	2,150	1,770	3,541
D.8/ D.9	European Refugees Fund and Integration Fund	1,441	1,853	1,631
		4,274	4,306	5,768

6.3 Commissions and Inquiries

	Year of appointment	2012	2013	Cumulative expenditure to 31 December 2013
		€000	€000	€000
Morris Tribunal	2002	3,472	2,286	66,298
Criminal Injuries Compensation Tribunal	1974	88	59	1,628
Smithwick Tribunal	2005	2,116	1,040	12,533
Dublin Archdiocese and Diocese of Cloyne Commission	2006	32	—	8,791
Location of Victims Remains	2007	403	495	4,937
Gary Douch Commission of Investigation	2007	105	512	2,260
Referendum Commission (Court of Appeal)	2013	—	1,193	1,193
		6,216	5,585	97,640

6.4 Contingent Liability

There will be further payments associated with the Morris Tribunal, Criminal Injuries Compensation Tribunal, Smithwick Tribunal, Dublin Archdiocese and Diocese of Cloyne Commission, Independent Commission for the Location of Victims Remains and the Gary Douch Commission of Investigation.

Expenditure in relation to the Morris Tribunal, which concluded its work in 2008, was €66.298 million to the end of 2013. The only remaining costs relate to third party legal fees. The estimated final cost of the Tribunal is in the region of €70 million to €72 million but this is a tentative provision pending the quantification of outstanding legal costs.

The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

Although the Smithwick Tribunal of Inquiry was finalised at the end of 2013, additional costs will arise with regard to the legal costs of persons granted representation at the Tribunal. It is not possible to assess the quantum of these costs at this point in time. Some 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. The costs to the end of 2013 were €8.791 million. As far as can be ascertained, the only remaining cost likely to occur relates to costs associated with a number of hearings concerning the publication of certain sections of the Commission's reports in respect of which the fees have yet to be settled. The remaining costs are unlikely to be significant.

The work of the Independent Commission for the Location of Victims Remains is ongoing and its activity and 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 some remaining related administrative expenses due for payment in 2014 which are likely to be in the region of €500,000.

6.5 Ex-gratia payments

Ex-gratia payments amounting to €382,072 (2012 - €703,892) 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 €811,866 (2012 - €887,448) 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 €15,697 (2012 - €31,671) 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 €257,473 (2012- €276,254) 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

	2013	2012
	€000	€000
Legal costs paid during the year are as follows:		
Legal fees	332	274
Compensation	6,907	7,742
	<u>7,239</u>	<u>8,016</u>

Of the total of €7,239,000 in legal costs, in 2013, €5,799,000 (80%) relates to the Irish Naturalisation and Immigration Service.



Appropriation Account 2013

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 2013 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 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €47.82 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 (F7/9/92).

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 5 years, plant and machinery are depreciated over 10 years at 10% per year and radar equipment depreciation is over 15 years.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 three contracts (in excess of €25,000) to a total value of €0.188 million (ex VAT) which were awarded without competitive tender for exceptional reasons. The Department has provided details of these exceptional one-off contracts to the Office of the Comptroller and Auditor General and to the Department of Public Expenditure and Reform as is required.

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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

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

Reporting on matters arising from audit

Chapters 5, 6 and 7 of my report on the accounts of the public services for 2013 refers to certain matters relating to the Department of Environment, Community and Local Government.

Seamus McCarthy
Comptroller and Auditor General

9 September 2014

Vote 25 Environment, Community and Local Government

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Housing			
	<i>Current year</i>	583,836		
	<i>Deferred surrender</i>	22,000	605,836	588,868
B	Water services		337,447	285,897
C	Environment and waste management			
	<i>Current year</i>	29,252		
	<i>Deferred surrender</i>	10,000	39,252	36,027
D	Local Government			
	<i>Current year</i>	23,715		
	<i>Deferred surrender</i>	2,000	25,715	24,213
E	Community and rural development			
	<i>Current year</i>	199,477		
	<i>Deferred surrender</i>	9,000	208,477	178,086
F	Planning		17,085	20,063
G	Met Éireann		17,240	15,513
Gross expenditure				
	<i>Current year</i>	1,208,052		
	<i>Deferred surrender</i>	43,000		
			1,251,052	1,148,667
	<i>Deduct</i>			
H	Appropriations-in-aid		77,936	95,369
Net expenditure				
	<i>Current year</i>	1,130,116		
	<i>Deferred surrender</i>	43,000		
			1,173,116	1,053,298
				1,181,768

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.

	2013	2012
	€	€
Surplus	119,818,418	125,855,686
Deferred surrender	72,000,000	43,000,000
Surplus to be surrendered	<u>47,818,418</u>	<u>82,855,686</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	49,339	47,681	49,474
ii	Travel and subsistence	1,525	1,151	1,708
iii	Training and development and incidental expenses	1,641	843	1,089
iv	Postal and telecommunications services	1,471	859	1,137
v	Office equipment and external IT services	5,166	6,148	7,748
vi	Office premises expenses	1,244	526	724
vii	Consultancy services and value for money and policy reviews	134	49	160
viii	EU Presidency ¹	1,695	1,308	352
		<u>62,215</u>	<u>58,565</u>	<u>62,392</u>

¹ The estimate provision and outturn for 2013 relate to pay and non pay costs. The outturn for 2012 relates to pay costs only.

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	1,090,102	1,190,034
Pay ¹	48,251	49,826
Non pay	10,314	12,566
Gross expenditure	1,148,667	1,252,426
<i>Deduct</i>		
Appropriations-in-aid	95,369	70,658
Net expenditure	1,053,298	1,181,768
Changes in capital assets		
Purchases cash	(655)	
Depreciation	1,267	
	612	24,300
Changes in assets under development		
Cash payments	(137)	(7)
Changes in net current assets		
Decrease in closing accruals	(2,381)	
Decrease in stocks	22	
	(2,359)	9,896
Direct expenditure	1,051,414	1,215,957
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	17,056	18,422
Notional rents	2,561	2,651
Net programme cost	1,071,031	1,237,030

¹ The pay figure for 2013 includes salaries for the EU presidency amounting to €569,722 (2012: €352,000).

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	15,708	16,978
Vote 13 Office of Public Works	1,111	1,231
Central Fund – Ministerial pensions	237	213
	<u>17,056</u>	<u>18,422</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	3,691	4,366
Capital assets under development	2.3	146	—
		3,837	4,366
Current assets			
Bank and cash	2.4	77,123	45,871
Stocks	2.5	290	312
Prepayments		3,036	3,055
Accrued income		1,123	5,659
Other debit balances	2.6	833	1,552
Total current assets		82,405	56,449
Less current liabilities			
Accrued expenses		6,638	13,809
Deferred income		332	78
Other credit balances	2.7	3,247	3,336
Net liability to the Exchequer	2.8	74,709	44,087
Total current liabilities		84,926	61,310
Net current liabilities		(2,521)	(4,861)
Net liabilities		1,316	(495)
Represented by:			
State funding account	2.1	1,316	(495)

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		(495)	33,839
Disbursements from the Vote			
Estimate provision	Account	1,173,116	
Deferred surrender		(72,000)	
Surplus to be surrendered	Account	(47,818)	
Net vote		1,053,298	1,181,768
Expenditure (cash) borne elsewhere	1	17,056	18,422
Non cash expenditure – notional rent	1	2,561	2,651
Capital asset adjustments		(73)	(145)
Net programme cost	1	(1,071,031)	(1,237,030)
Balance at 31 December		1,316	(495)

2.2 Capital Assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2013	425	261	22,847	3,450	26,983
Adjustments ¹	—	—	615	(345)	270
Additions	2	—	630	33	665
Disposals	—	—	(83)	(2)	(85)
Cost or valuation at 31 December 2013	427	261	24,009	3,136	27,833
Accumulated depreciation					
Opening balance at 1 January 2013	23	168	19,518	2,908	22,617
Adjustments ¹	—	—	615	(272)	343
Depreciation for the year	1	23	1,136	107	1,267
Depreciation on disposals	—	—	(83)	(2)	(85)
Cumulative depreciation at 31 December 2013	24	191	21,186	2,741	24,142
Net assets at 31 December 2013²	403	70	2,823	395	3,691
Net assets at 31 December 2012	402	93	3,329	542	4,366

¹ In order to reflect the most accurate valuation of assets, adjustments were required to the cost or valuation of gross assets at 1 January 2013, and to the accumulated depreciation at 1 January 2013, including the introduction of fully depreciated software not previously capitalised and the removal of older office and IT equipment and furniture and fittings assets to reflect their historical physical disposal, which had not been processed on the asset register.

² 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 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 will commence in 2014.

2.3 Capital Assets under Development **2013**
at 31 December **€000**

Amounts brought forward at 1 January	—
Cash payments in year	146
Transferred to asset register	—
Balance at 31 December	<u>146</u>

2.4 Bank and Cash **2013** **2012**
at 31 December **€000** **€000**

PMG balances and cash	77,123	45,872
Orders outstanding	—	(1)
	<u>77,123</u>	<u>45,871</u>

2.5 Stocks **2013** **2012**
at 31 December **€000** **€000**

Meteorological consumables	192	197
IT consumables	47	60
Stationery	33	40
Cleaning materials	1	3
Other	17	12
	<u>290</u>	<u>312</u>

2.6 Other Debit Balances **2013** **2012**
at 31 December **€000** **€000**

Recoupable salary costs	261	144
Recoupable travel costs	128	82
Recoupable travel pass scheme	54	130
Imprests	7	17
Other debit suspense items	383	1,179
	<u>833</u>	<u>1,552</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	844	862
Pay Related Social Insurance	275	267
Pension contributions	252	217
Value Added Tax	123	231
Professional Services Withholding Tax	63	34

	1,557	1,611

Other credit suspense items	1,690	1,725

	3,247	3,336

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	47,818	82,856
Deferred surrender	72,000	43,000
Exchequer grant undrawn	(45,109)	(81,769)
Net liability to the Exchequer	74,709	44,087

Represented by:

Debtors

Bank and cash	77,123	45,871
Debit balances: suspense	833	1,552
	77,956	47,423

Creditors

Due to State	(1,557)	(1,611)
Credit balances: suspense	(1,690)	(1,725)
	(3,247)	(3,336)

	74,709	44,087

2.9 Matured Liabilities	2013	2012
at 31 December	€000	€000

Estimate of matured liabilities not discharged at 31 December	5	12

2.10 Commitments	2013	2012
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	41	108
(ii) Grant subheads	657,769	1,055,299
	<u>657,810</u>	<u>1,055,407</u>

(b) Multi-annual capital commitments

(Projects costing €12,697,380 or more)

1 Water/Sewerage Projects	Cumulative expenditure to 31 December 2012	Expenditure 2013	Subsequent years	Project total 2013	Project total 2012
Project	€000	€000	€000	€000	€000
Galway DBO Bundle No 2 ¹	16,606	327	1,800	18,733	18,106

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 are now the responsibility of that company and therefore will not fall to be funded from the Department's Vote from 1 January 2014.

2 Housing Projects	Cumulative expenditure to 31 December 2012	Expenditure 2013	Subsequent years	Project total 2013	Project total 2012
Construction Projects	€000	€000	€000	€000	€000
Fortunestown, Phase B1, Tallaght, Dublin 24 ¹	16,219	8,793	—	25,012	16,399
Gooldshill, Mallow, Co Cork	22,766	—	287	23,053	23,053
Pearse Street, Sallynoggin, Co. Dublin ¹	13,799	1,491	—	15,290	13,959
Stag Park, Mitchelstown, Cork ¹	15,994	1,369	—	17,363	16,912
Total	68,778	11,653	287	80,718	70,323

	Cumulative expenditure to 31 December 2012	Expenditure 2013	Subsequent years	Project total 2013	Project total 2012
Regeneration Projects	€000	€000	€000	€000	€000
Glen Phase 2, Cork City ²	9,587	2,939	306	12,832	—
Liberty House, Dublin City	2,096	5,860	5,284	13,240	13,240
Regeneration of Ballymun Flats ¹	736,479	18,919	10,000	765,398	762,479
Sean Treacy House, Dublin City ¹	13,502	523	—	14,025	13,849
St. Michael's Estate, Dublin City ²	10,197	5,507	2,444	18,148	—
Total	771,861	33,748	18,034	823,643	789,568
Voluntary Housing	€000	€000	€000	€000	€000
Respond, Springfield, Tallaght, Dublin 24	22,195	486	—	22,681	22,681
Catholic Housing Aid, Fr. Scully House, Grenville Street, Dublin 1 ¹	3,256	8,274	5,195	16,725	16,629
Total	25,451	8,760	5,195	39,406	39,310
3 Carbon Fund	€000	€000	€000	€000	€000
Purchase of carbon credits ¹	118,913	371	3,000	122,284	122,264

¹ Cost of project updated since 2012.

² Excluded from 2012 account as the then estimated cost of the scheme was under €12.7 million.

Significant variations

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

Project	Total cost increase in 2013 €000	Explanation
Galway DBO Bundle No. 2	627	The increase was due to necessary additional works and costs.
Fortunestown, Phase B1, Tallaght, Dublin 24	8,613	The increase was due to an approved interim project budget following settlement of a contractual dispute.
Pearse Street, Sallynoggin, Co. Dublin	1,331	The increase was due to a revised budget being approved following sanctioning of additional variations and disruption to the contract due to unchartered utility services and interface issues with relevant companies.
Regeneration of Ballymun Flats	2,919	The increase was due to a number of final accounts being submitted in 2013 and the associated payments required.

2.11 Land Remediation

Cumulatively to 31 December 2013, a total of €31.879 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 €22.857 million from the Vote and €9.022 million from the Environment Fund. Future expenditure of €14.775 million is anticipated on remediation of 13 of these sites. In addition, there will be a significant funding requirement in respect of the remaining 2 sites (Kerdiffstown, County Kildare and Kilconnell, County Galway). The level of expenditure required is not yet available pending decisions on the approach to remediation of these two sites and the outcome of associated procurement processes.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Housing			
A.1	Administration - pay		8,780	7,496
A.2	Administration - non pay		1,903	1,437
A.3	Local authority housing			
	<i>Current year</i>	235,836		
	<i>Deferred surrender</i>	10,000	245,836	241,582
A.4	Voluntary and co-operative housing			
	<i>Current year</i>	125,500		
	<i>Deferred surrender</i>	12,000	137,500	112,885
A.5	Social inclusion		53,510	53,359
A.6	Estate regeneration - social housing improvements		111,400	122,052
A.7	Private housing grants		35,000	38,297
A.8	Subsidies and allowances		6,100	5,993
A.9	Other services		5,807	5,767
		605,836	588,868	682,566

Significant variations

Overall, the expenditure in relation to the Programme A was €16.97 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Voluntary and co-operative housing	24,615	There was lower than expected take-up by approved housing bodies of funding available under the Capital Assistance and Capital Advance Leasing Facility Schemes.
Estate regeneration – social housing improvements	(10,652)	Arising from an energy efficiency stimulus measure announced in mid-2013, additional expenditure was incurred on insulation retrofitting works.
Private housing grants	(3,297)	Additional expenditure arose due to the continued high level of demand under the Housing Adaptation Grant Schemes for Older People and People with Disability.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Water Services			
B.1	Administration - pay	5,587	5,805	6,142
B.2	Administration - non pay	1,126	965	1,314
B.3	Water services investment programme	286,344	241,477	268,157
B.4	Rural water programme	39,600	33,880	39,710
B.5	Foreshore	2,000	1,122	1,045
B.6	Other services	2,790	2,648	—
		337,447	285,897	316,368

Significant variations

Overall, the expenditure in relation to the Programme B was €51.55 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Water services investment programme	44,867	Difficulties for contractors in securing necessary bonds, issues with local authority contributions to project costs, and legal/procurement delays, together with the need to progress the Water Sector Reform Programme, impacted on the level of expenditure and contributed to savings on the subhead.
Rural water programme	5,720	Savings arose as expected claims by local authorities in respect of the grant scheme for the remediation/upgrade of domestic waste water treatment systems did not materialise.
Foreshore	878	Spending in respect of legal costs, valuations and contingencies was less than anticipated.
Other services	142	The daily fine element imposed on Ireland in ECJ case C-374/11 (septic tanks) was less than originally envisaged and other legal costs did not arise.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Environment and Waste Management			
C.1	Administration - pay	6,670	7,254	7,165
C.2	Administration - non pay	2,886	2,257	2,537
C.3	Environmental Protection Agency	15,177	15,325	17,150
C.4	Environmental radiation policy	2,206	2,206	2,421
C.5	Subscriptions to international organisations	—	—	—
C.6	Carbon Fund	400	371	1,904
C.7	International climate change commitments	—	—	—
C.8	Landfill remediation			
	<i>Current year</i>	1,866		
	<i>Deferred surrender</i>	10,000	11,866	8,598
C.9	Other services		47	16
		39,252	36,027	34,477

The EU Presidency estimate provision and outturn for administration subhead (viii) are reflected against subheads C.1 and C.2 above for 2013. The outturn for 2012 is reflected against subhead C.1 above.

Significant variations

Overall, the expenditure in relation to the Programme C was €3.23 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Landfill remediation	3,268	Work on two large landfill remediation projects being undertaken by local authorities did not commence as had been expected in 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Local Government			
D.1	Administration - pay		8,997	8,184
D.2	Administration - non pay		1,919	1,659
D.3	Local Government Fund		—	—
D.4	Fire and emergency services			
	<i>Current year</i>	5,792		
	<i>Deferred Surrender</i>	2,000	7,792	5,644
D.5	Local authority library and archive service		6,300	4,689
D.6	Economic and social disadvantage (Dormant Accounts Fund)		—	—
D.7	Franchise		300	258
D.8	Other services		407	3,779
			25,715	24,213
				31,557

Significant variations

Overall, the expenditure in relation to the Programme D was €1.5 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Fire and emergency services	2,148	Funding allocated towards a major new fire station in Waterford was not drawn down by the local authority due to the length of time required to plan and commence the project.
Local authority library and archive service	1,611	Local authorities did not achieve the expected level of progress on two library projects in Dublin and Kilkenny.
Other services	(3,372)	Additional expenditure arose in order to finance completion of the Cobh Landslide Remediation Programme.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Community and Rural Development			
E.1	Administration - pay	4,788	5,899	4,810
E.2	Administration - non pay	636	678	811
E.3	Supports for community and voluntary sector (part funded by National Lottery)	10,661	10,664	11,335
E.4	Local and community development programmes (part funded by National Lottery)	48,707	47,657	53,682
E.5	RAPID	2,050	263	3,077
E.6	Dormant accounts measures	6,385	1,243	2,457
E.7	Western Development Commission	1,531	1,312	1,387
E.8	National rural development schemes	3,800	3,793	3,142
E.9	LEADER – rural economy sub-programme 2007-2013			
	<i>Current year</i>	96,000		
	<i>Deferred Surrender</i>	9,000		
		105,000	82,689	53,244
E.10	Programme for Peace and Reconciliation	20,846	20,845	15,847
E.11	INTERREG programme	2,500	2,500	2,409
E.12	Tidy Towns Competition (note 6.7)	1	1	1
E.13	Irish Water Safety	507	507	512
E.14	Community sector redundancy support (cash-limited)	1,000	—	—
E.15	Other services	65	35	362
		208,477	178,086	153,076

Significant variations

Overall, the expenditure in relation to the Programme E was €30.39 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
RAPID	1,787	Savings arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	5,142	The nature of the dormant accounts scheme results in a large number of voluntary organisations drawing down funding over a two/three year period. Expenditure was less than expected due to slower than anticipated claims from beneficiaries and the length of time required to plan implementation of the Gateway Initiative.
Western Development Commission	219	Savings arose due to reduced staffing costs in the Western Development Commission.
LEADER - rural economy sub-programme 2007-2013	22,311	An increase in the EU co-financing rate served to reduce the overall cost to the Exchequer of the programme and required adjustments in the allocations to local development companies to be evaluated and put into effect. It was necessary to defer project approvals in the early part of the year pending completion of this process, thus impacting on payments under the programme.
Community sector redundancy support (cash-limited)	1,000	Arrangements in relation to implementation of the scheme were not in place by year end so no expenditure was incurred.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
F	Planning			
F.1	Administration - pay	1,596	1,318	1,678
F.2	Administration - non pay	87	100	106
F.3	An Bord Pleanála	11,793	11,793	12,897
F.4	Planning Tribunal	1,999	5,321	3,281
F.5	Other services	1,610	1,531	331
		17,085	20,063	18,293

Significant variations

Overall, the expenditure in relation to the Programme F was €2.98 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Planning tribunal	(3,322)	Additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
G	Met Éireann			
G.1	Administration - pay	13,496	12,295	12,572
G.2	Administration - non pay	3,744	3,218	3,517
G.3	Subscription to international organisations	—	—	—
		17,240	15,513	16,089

Significant variations

An explanation is provided 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% (25% in the case of administration subheads). No outturn of this programme met these criteria in 2013.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated €000	Realised €000	Realised €000
1.	Fees payable by local authorities, etc., for audit of their accounts	2,100	2,437	2,752
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	8,500	9,580	9,989
4.	Miscellaneous receipts	200	405	311
5.	Dormant accounts receipts	—	—	279
6.	Foreshore receipts	2,000	1,849	1,028
7.	Programme for Peace and Reconciliation	12,361	11,248	8,053
8.	Dormant accounts - administration	750	647	803
9.	Dormant accounts - programme expenditure	5,634	596	1,653
10.	LEADER rural economy sub-programme 2007-2013	40,000	61,767	38,800
11.	Receipts from pension-related deduction on public service remuneration	5,650	6,099	6,249
Total		77,936	95,369	70,658

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 payable by local authorities, etc., for audit of their accounts	(337)	Demands for audit fees are issued on an ongoing basis as audits are completed. Income was higher than expected due to the receipt of outstanding fees.
MET Éireann receipts	(1,080)	Income from fees in respect of Met Éireann services was higher than expected.
Miscellaneous receipts	(205)	Miscellaneous appropriations-in-aid are difficult to estimate and were greater than expected.
Foreshore receipts	151	Foreshore receipts are difficult to predict reliably and were less than expected.
Programme for Peace and Reconciliation	1,113	There were lower than expected receipts from EU funds during the year due to the impact of the variety of factors, such as the fluctuation in the euro/sterling exchange rates and delays by projects in the submission of actual vouched expenditure, which affect the amount and the timing of payments.
Dormant accounts - administration	103	Administration costs in respect of the dormant accounts measures and programmes were negotiated downwards resulting in lower receipts.

Description	Less/ (more) than provided €000	Explanation
Dormant accounts – programme expenditure	5,038	This appropriation-in-aid relates to recoupment from the Dormant Accounts Fund of programme expenditure arising under subhead E.6. In the event, such expenditure from subhead E.6 was less than anticipated in 2013.
LEADER, rural economy sub-programme 2007-2013	(21,767)	The greater than expected receipts reflected the increase in the EU co-financing rate from 55% to 85% and the level of expenditure achieved in the relevant qualifying financial periods.
Receipts from pension-related deductions on public service remuneration	(449)	Income from this source was difficult to predict accurately.

4.2 Extra receipts payable to the Exchequer

	2013 €000	2012 €000
Emissions trading scheme ¹	43,437	—
Refund of ineligible expenditure under the Clár programme	268	—
PRTB pension contributions	171	—
Proceeds from sale of property	110	—
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	88	56
Outstanding balance in closed bank account	74	—
Interest from bank account used for electronic payments	19	33
Voluntary surrender of pay	16	16
Disposal of electronic voting equipment	—	69
	<u>44,183</u>	<u>174</u>

¹ 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.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Department	748	779
Agencies ¹	696	739
	1,444	1,518
	2013	2012
	€000	€000
Pay	43,177	44,497
Higher, special or additional duties allowance	470	377
Other allowances	1,877	2,111
Overtime	548	486
Employer's PRSI	2,427	2,431
Total pay ²	48,499	49,902

5.1 Allowances and Overtime Payments ²

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	117	8	18,706	19,666
Other allowances	235	84	21,682	22,016
Overtime	155	14	20,094	23,517

Certain individuals received extra remuneration in more than one category.

¹ 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.

² 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

Eight retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €120,894. Their pensions were abated where necessary.

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	Estimate	2013	2012
			Outturn €000	Outturn €000
B.3	Water services investment programme	2,500	1,000	—
B.4	Rural water programme	250	207	366
E.9	LEADER - Rural economy sub-programme 2007-2013	89,250	70,286	38,800
E.10	Programme for peace and reconciliation	11,361	11,361	8,052
E.11	INTERREG programme	1,875	1,875	712
		105,236	84,729	47,930

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2013 €000	2013 Outturn €000	2012 Outturn €000
Tribunal of Inquiry into certain Planning Matters and Payments	1997	105,954	5,321	3,281

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 2013 was €106 million. On the basis of a tribunal estimate in May 2014 and expenditure to the end of 2013, additional costs of €53 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2013		2012
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Voluntary and co-operative housing	431	431	700
A.7	Private housing grants	5,548	5,548	6,764
E.3	Supports for community and voluntary sector (part funded by National Lottery)	5,960	5,960	6,285
E.4	Local and community development programmes (part funded by National Lottery)	6,630	6,630	7,528
		18,569	18,569	21,277

Details are available on the Department's website www.envron.ie

6.4 Legal Costs

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation costs	7,812	7,257
	7,812	7,257

Details of costs were as follows:-

- A payment of €2,664,000 was made by the Housing and Sustainable Communities Agency following a High Court judgement in respect of a land-swap arrangement with a house building company under the affordable housing initiative (Department of Public Expenditure and Reform sanction S74/45/00 of 26 October 2012).
- Payments totalling €2,648,000 were made to meet fines imposed on Ireland in the European Court of Justice case C-374/11 in relation to transposition and implementation of a Directive on waste relating to the disposal of domestic waste waters in the countryside through septic tanks and other individual waste water treatment systems (Department of Public Expenditure and Reform sanction S74/45/00 of 6 March 2013).
- A payment of €1,500,000 was made to meet a fine imposed on Ireland in the European Court of Justice case C-279/11 in relation to transposition of a Directive relating to Environment Impact Assessments (Department of Public Expenditure and Reform sanction S74/45/00 of 6 March 2013).
- Payments totalling €1,000,000 were made to meet the legal costs of relevant parties arising from a Supreme Court judgement relating to the imposition of an exclusion zone for mussel fishing as part of a foreshore licence (Department of Public Expenditure and Reform sanction S74/45/00 of 4 September 2013 and 18 October 2013).

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 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €72,000,000 of unspent allocation in respect of the capital elements of subheads B.3, B.4 and E.9 was carried forward to 2014.

6.7 Tidy Towns Funding

In addition to voted money (€1,000), sponsorship totalling €482,544 was administered and expended on the Tidy Towns Competition through a vote suspense account.



Appropriation Account 2013

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 2013 for the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by the Office of the Minister and for the payment of certain grants and grants-in-aid.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €86.37 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.

Reformatting of the Vote

Expenditure on education services is accounted for under Vote 26 in four main subhead headings which correspond to the high level goals contained in the Department's Statement of Strategy 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 1st, 2nd 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.

Where appropriate, comparative amounts have been reanalysed.

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.

Establishment of Education and Training Boards/SOLAS

In the context of the Public Service Transformation agenda, the Education and Training Boards Act 2013, which was commenced from 1 July 2013, provided for the dissolution of the 33 Vocational Education Committees (VECs) and the establishment of 16 new Education and Training Boards (ETBs) through a process involving the merger of certain of the 33 VECs.

The new ETB configuration paved the way for the establishment of An tSeirbhís Oideachais Leanúnaigh agus Scileanna (SOLAS). With the establishment of SOLAS on 27 October 2013, FÁS was dissolved. Over the course of 2014, the training functions previously carried out by FÁS are being transferred on a phased basis to the 16 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)

Remuneration

The Department has obtained a derogation from reporting certain remuneration arrangements (Note 5 to the accounts) in regard to the teacher and special needs assistants' payrolls as well as from reporting on employee numbers in bodies within the education sector.

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 2013, a total of seven audit reports, six ESF and one internal audit, were finalised. Progress on the implementation of recommendations arising from the audit reports is traced, 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 the following:

- 33 services and purchases with a total contract value of €334,448 were in place in 2013 without recourse to an appropriate procurement process
- three contracts were in place, with values in the range of €41,000 to €100,000 per annum, where service continued to be provided beyond the original contract date without further competitive tender
- two contracts in the value range of €25,000 to €50,000 per annum, one contract in the value range €50,000 to €100,000 per annum, three contracts in the value range €100,000 to €200,000 per annum, one contract with two year support in the value range €100,000 to €200,000, two contracts in the value range €400,000 to €700,000 per annum and one contract in the value range €3.5 million to €4 million (cost of contract extension) 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.

Where appropriate, the Department has terminated certain contracts or moved away from the use of certain applications/products or services. The Department is also proactively taking steps to put tenders in place during 2014.

Seán Ó Foghlú

Accounting Officer

Department of Education and Skills

24 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Non Compliance with Procurement Rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013.

Seamus McCarthy

Comptroller and Auditor General

24 September 2014

Vote 26 Education and Skills

Appropriation Account 2013

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
A	First, Second and Early Years Education	6,131,453	5,998,821	6,143,761
B	Skills Development	371,344	362,116	392,477
C	Higher Education	1,511,834	1,542,677	1,578,410
D	Capital Services			
	<i>Current year</i>	492,702		
	<i>Deferred surrender</i>	19,000	511,702	519,902
				488,919
Gross expenditure				
	<i>Current year</i>	8,507,333		
	<i>Deferred surrender</i>	19,000	8,526,333	8,423,516
				8,603,567
Deduct				
E	Appropriations-in-aid		580,427	563,985
				580,513
Net expenditure				
	<i>Current year</i>	7,926,906		
	<i>Deferred surrender</i>	19,000		
			7,945,906	7,859,531
				8,023,054

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.

	2013	2012
	€	€
Surplus	86,375,415	39,656,013
Deferred surrender	—	19,000,000
Surplus to be surrendered	<u>86,375,415</u>	<u>20,656,013</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	58,352	57,043	58,607
ii	Travel and subsistence	1,520	1,507	1,493
iii	Training and development and incidental expenses	1,095	917	1,024
iv	Postal and telecommunications services	1,820	1,734	2,078
v	Office equipment and external IT services	5,444	5,632	4,796
vi	Office premises expenses	1,939	1,578	2,237
vii	Consultancy and other services	101	62	55
viii	National Education Psychological Service	18,368	17,437	17,261
ix	EU Presidency	752	531	55
		89,391	86,441	87,606

Notes to the Appropriation Account

1 Operating Cost Statement 2013

		2013	2012
	€000	€000	€000
Expenditure on administration		86,441	87,606
Expenditure on services and programmes		8,337,075	8,515,961
Gross expenditure		8,423,516	8,603,567
<i>Deduct</i>			
Appropriations-in-aid		563,985	580,513
Net expenditure		7,859,531	8,023,054
Changes in capital assets			
Purchases cash	(11,152)		
Depreciation	772		
Loss on disposals	113,696	103,316	(6,971)
Changes in assets under development			
Cash payments		(46,346)	(37,398)
Changes in net current assets			
Decrease in closing accruals	(22,715)		
Decrease in stock	8		
		(22,707)	2,761
Direct expenditure		7,893,794	7,981,446
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		24,165	23,652
Notional rents		2,505	2,566
Net programme cost		7,920,464	8,007,664

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.

		2013	2012
		€000	€000
Vote 7 Finance	e	396	417
Vote 9 Office of the Revenue Commissioners	e	278	—
Vote 12 Superannuation	e	17,922	17,861
Vote 13 Office of Public Works	e	5,231	5,048
Central Fund – Ministerial pensions	e	338	326
		24,165	23,652

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	100,662	125,486
Capital assets under development	2.3	<u>25,237</u>	<u>56,738</u>
		125,899	182,224
Current assets			
Bank and cash	2.4	5,533	77,768
Stocks	2.5	109	117
Prepayments		1,584	4,569
Overpayments for recoupment		6,326	3,966
Recoupment of secondment costs		297	172
Accrued income		21,372	221
EU funds suspense	2.8	29	—
Other debit balances	2.6	<u>80,978</u>	<u>3,542</u>
Total current assets		116,228	90,355
Less current liabilities			
Accrued expenses		10,237	12,288
Deferred income		28	7
Salary recoupment to other departments and agencies		—	2
EU funds suspense	2.8	4,885	52,401
Other credit balances	2.7	3,873	1,341
Net liability to the Exchequer	2.8	<u>77,782</u>	<u>27,567</u>
Total current liabilities		96,805	93,606
Net current assets		19,423	(3,251)
Net assets		145,322	178,973
Represented by:			
State funding account	2.1	145,322	178,973

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		178,973	138,298
Disbursements from the Vote			
Estimate provision	Account	7,926,906	
Deferred Surrender	Account	19,000	
Surplus to be surrendered	Account	<u>(86,375)</u>	
Net vote		7,859,531	8,023,054
Expenditure (cash) borne elsewhere	1	24,165	23,652
Non cash expenditure – notional rent	1	2,505	2,566
Other non cash items		612	(933)
Net programme cost	1	<u>(7,920,464)</u>	<u>(8,007,664)</u>
Balance at 31 December		145,322	178,973

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 2013	123,959	7,638	18,108	149,705
Additions	88,072	144	1,429	89,645
Disposals ^{1,2}	(113,669)	(284)	(1,495)	(115,448)
Cost or valuation at 31 December 2013	98,362	7,498	18,042	123,902
Accumulated depreciation				
Opening balance at 1 January 2013	—	7,234	16,986	24,220
Depreciation for the year	—	145	627	772
Depreciation on disposals	—	(275)	(1,477)	(1,752)
Cumulative depreciation at 31 December 2013	—	7,104	16,136	23,240
Net assets at 31 December 2013	98,362	394	1,906	100,662
Net assets at 31 December 2012	123,959	405	1,122	125,486

¹ In regard to the land and building fixed asset disposals figure of €113.67 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 accounts.

² Office equipment fixed assets purchased by the Department of Education and Skills during 2010 and 2011 to the value of €41,000 have been written out of the Department's asset register at the end of 2013. The assets are in the process of being transferred to the City of Dublin Education and Training Board for the benefit of Student Universal Support Ireland.

General Information Note**1. First Level**

- 1.1 39 first-level sites are owned and controlled/managed by the Minister for Education and Skills.
- 1.2.(i) 67 Gaelscoileanna and 28 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.
- 1.2.(ii) Three multi-denominational, and one Catholic school sites and buildings are held by the Minister for Education and Skills under long term lease agreements but are controlled/managed by boards of management.
- 1.2.(iii) Nine model schools, owned/leased by the State, are controlled/managed by boards of management.
- 1.3 The total number of national schools in operation on 31 December 2013 was 3,286. With the exception of 1.2 (i) to 1.2 (iii) above, the majority of these schools are denominational and owned by the relevant diocesan authority.

- 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 Health Service Executive 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 19 sites for second-level schools are owned and controlled/managed by the Minister for Education and Skills.
- 2.2(i) 14 comprehensive schools, 80 community schools and four secondary schools owned by the Minister for Education and Skills are controlled/managed by boards of management.
- 2.2(ii) 256 vocational schools are vested in Education and Training Boards under the Education and Training Boards Act 2013.
- 2.2(iii) 369 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 2013	56,738	—	56,738
Prior year adjustment	—	518	518
	56,738	518	57,256
Cash payments for the year	45,445	902	46,347
Transferred to asset register	(77,476)	(890)	(78,366)
Balance at 31 December 2013	24,707	530	25,237

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
PMG balances and cash	5,707	81,166
Orders outstanding	(174)	(3,398)
	5,533	77,768

2.5 Stocks

at 31 December	2013	2012
	€000	€000
Stationery	65	76
IT consumables	44	41
	<u>109</u>	<u>117</u>

2.6 Other Debit Balances

at 31 December	2013	2012
	€000	€000
Agency payments to OPW	804	594
Sub-accountants	—	107
Marriage, retirement and death gratuities	143	—
Salaries recoupable	60	152
Schools Broadband Programme	2,160	2,160
Travel passes	204	200
Due from State - suspense	56	63
Offices shared services recoupment	264	183
Cycle to Work Scheme	49	48
Miscellaneous	10	35
Payroll suspense	77,228	—
	<u>80,978</u>	<u>3,542</u>

2.7 Other Credit Balances

at 31 December	2013	2012
	€000	€000
Due to the State	26	298
Redress Board	3,292	56
Pension refund	60	188
Exchequer extra receipts	—	2
Marriage, retirement, death gratuity	—	52
Erasmus Smith Endowment	—	19
Energy building programme	441	454
Central Bank	7	135
Spouses and children's pension contributions	6	134
Cycle to work	3	1
Miscellaneous	38	2
	<u>3,873</u>	<u>1,341</u>

2.8 Net Liability to the Exchequer

at 31 December

	2013	2012
	€000	€000
Surplus to be surrendered	86,375	39,656
Exchequer grant undrawn	(8,593)	(12,089)
Net liability to the Exchequer	<u>77,782</u>	<u>27,567</u>

Represented by:**Debtors**

Bank and cash	5,533	77,768
Debit balances: suspense	80,922	3,478
Due from the State – suspense	56	63
EU funds suspense	29	—
	<u>86,540</u>	<u>81,309</u>

Creditors

Due to State	(26)	(298)
EU funds suspense	(4,885)	(52,401)
Credit balances: suspense	(3,847)	(1,043)
	<u>(8,758)</u>	<u>(53,742)</u>
	<u>77,782</u>	<u>27,567</u>

2.9 Commitments

at 31 December	2013	2012
	€000	€000

A. Global Commitments

Commitments likely to materialise in subsequent years for:

Procurement subheads	94	254
Grant subheads	10,296	3,198

B. Multi-Annual Capital Commitments

Expenditure in 2013	437,831	458,734
Commitments to be met in subsequent years	1,652,631	1,753,313

Capital projects involving total expenditure of €12,697,380 or more

	Expenditure to 31 December 2012	Expenditure in 2013	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
Subhead D.3.				
1. Malahide Community School	13,860	—	6	13,866
2. Phibblestown Community College ¹	20,079	214	—	20,293
3. Luttrellstown Community College ²	4,324	8,728	286	13,338
Subhead D.4.				
4. Athlone - Engineering Informatics Building ²	38,352	1,467	—	39,819
5. National University of Ireland, Cork – Medicine	22,546	29	106	22,681
6. National University of Ireland, Dublin - Science Centre	33,070	26,622	1,082	60,774
7. NUI - Maynooth - Library	18,043	1,948	—	19,991
8. Trinity College Dublin - Medicine	20,620	604	—	21,224
9. Mary Immaculate College Campus Development Phase 1a/ infrastructure	15,889	—	—	15,889
10. Mary Immaculate College Campus Development Phase 1b/c infrastructure	24,152	—	—	24,152
11. St. Patricks Drumcondra - Campus Development	7,331	8,830	23,575	39,736
12. University of Limerick - School of Medicine	12,981	890	—	13,871
13. Grangegorman Campus – phase 1	—	12,400	15,500	27,900

¹ Phibblestown is a combined primary/post primary project. The overall project cost is €24.46 million which is 82.97% funded by the Department of Education and Skills. The remainder is funded by Fingal County Council.

² The cost of this project has been updated since 2012.

C. Capital Costs of Public Private Partnership Projects¹

	Expenditure to 31 December 2012	Expenditure in 2013	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
1. National Maritime College of Ireland PPP ²	33,497	3,506	30,076	67,079
2. Five Pilot Schools Bundle ²	34,361	2,961	59,905	97,227
3. Cork School of Music ²	19,174	2,260	59,482	80,916
4. 1 st Bundle PPP Schools	12,312	1,869	70,539	84,720
5. 2 nd Bundle PPP Schools ²	13,764	2,465	94,289	110,518
6. 3 rd Schools Bundle PPP Schools	—	—	130,205	130,205

¹ Expenditure on the projects is being met from Subhead D.5.

² The cumulative expenditure to 31 December 2012 has been amended for these projects arising from a review the Department requested the National Development Finance Agency (NDFA) to carry out. Following the review it has become necessary to reattribute expenditure in the projects between capital and current. Arising from the review by the NDFA, the Pilot Schools Bundle capital expenditure was found to have been underestimated by €10.4 million, the National Maritime College capital expenditure was underestimated by €14.018 million and the Cork School of Music capital expenditure was underestimated by €3.501 million.

Note on PPPs

The Department has to date entered into six separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model.

There are two third level projects, the National Maritime College, Cork and the Cork School of Music and four schools projects, (five pilot schools and School Bundles 1,2 & 3). All six 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 in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools), Banagher and Ferbane (both in Co. Offaly) was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post primary schools and one primary school 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 was signed with BAM PPP in November 2012.

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 €54,824 at 31 December 2013. The equivalent sum at 31 December 2012 was €15,865.

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 2013, 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 2013 than originally anticipated.

Also, in the case of capital and in accordance with the capital envelope agreement, the Department applied €19 million of capital monies carried forward from 2012 into 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	First, Second and Early Years' Education			
A.1	Administration – pay	59,485	54,995	55,808
A.2	Administration – non pay	11,563	10,150	10,436
A.3	Salaries etc. of primary school teachers	2,089,587	2,075,701	2,035,436
A.4	Salaries etc. of secondary, comprehensive and community school teachers	1,142,715	1,122,476	1,134,648
A.5	Grants to Vocational Educational Committees and Education and Training Boards (when established) in respect of teachers' salaries	565,775	575,466	662,336
A.6	Salaries etc. of special needs assistants in primary and post primary schools	369,704	361,947	333,496
A.7	Salaries etc. of non-teaching staff in primary and post primary schools (excluding special needs assistants)	106,909	102,025	34,905
A.8	Superannuation etc. in respect of teaching and non-teaching staff	1,041,010	973,991	1,152,490
A.9	School transport services	168,500	170,750	168,464
A.10	Grants (including capitation) payable to primary and post primary schools, and Vocational Education Committees, Education Training Boards (when established) and other educational organisations and institutions	392,239	387,300	404,486
A.11	Grants to education bodies working in the primary and post primary sectors	66,772	66,874	65,496
A.12	Teacher education	25,000	23,340	23,721
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission	65,444	53,441	40,072
A.14	Miscellaneous grants and services	26,750	20,365	21,967
		6,131,453	5,998,821	6,143,761

Significant variations

Overall, the expenditure in relation to the Programme A was €132.6 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Superannuation etc. in respect of teaching and non-teaching staff	67,019	The savings on superannuation arose principally due to lower number of retirements occurring in 2013 than had been estimated for (1,266 estimated versus actual retirements of 963). Consequential savings also arose on superannuation payroll costs.
Teacher education	1,660	The savings on teacher education arose principally due to a slower than anticipated roll out of miscellaneous initiatives relating to the Irish language and maths, and training relating to the junior cycle reform programme.
Payments in respect of residential institutions redress and costs associated with the child abuse commission	12,003	The overall saving of €12 million comprises €5.9 million due to the Redress Board finalising lower than expected numbers of applications; €5.3 million arising from the Commission on Child Abuse not settling as many third party legal bills as had been expected in 2013; €500,000 arising from planning permission not being granted for the memorial to victims of industrial abuse and other miscellaneous savings arising from lower than estimated expenditure on related services and pay costs in the Commission on Child Abuse.
Miscellaneous grants and services	6,385	The savings in this subhead are net savings across a subhead which has 15 subdivisions, with the subhead being miscellaneous in nature. Approximately €4 million of the savings arose due to lower than estimated litigation costs across primary, post primary and the special education sectors. €1.7 million of the savings arose due to deferral of activity from 2013 to 2014 and lower than forecast spending on schools ICT programmes. Additionally circa €800,000 of savings arose due to slower than anticipated roll out of special initiatives including spending from the Dormant Accounts funds and lower than expected expenditure on the action plan for bullying.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Skills Development			
B.1	Administration – pay	3,309	3,839	3,915
B.2	Administration – non pay	708	794	732
B.3	Grants to FÁS/SOLAS (when established) in respect of administration, general expenses and training grants and supports	88,529	93,424	106,066
B.4	European Social Fund (ESF) and European Globalisation Fund (EGF) supports	975	569	611
B.5	Grants to Vocational Education Committees, Education and Training Boards (when established) and certain other organisations in respect of further education and training activities	238,601	226,268	244,154
B.6	Grant to Quality and Qualifications Ireland (QQI)	7,416	6,416	7,714
B.7	Superannuation etc.	31,796	30,796	29,270
B.8	Miscellaneous grants and services	10	10	15
		<u>371,344</u>	<u>362,116</u>	<u>392,477</u>

Significant variations

Overall, the expenditure in relation to the Programme B was €9.2million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Grants to FÁS/SOLAS (when established) in respect of administration, general expenses and training grants and supports	(4,895)	The excess on the subhead was a net excess and took account of savings of circa €1.2 million on the FÁS apprenticeship programmes in 2013. The excesses arose principally due to the payment of dilapidation costs of circa €5 million incurred by FÁS as the result of exiting a long term lease on its headquarters in Baggot Street, and the purchase of equipment to deliver training to commercial wind turbine technicians in the Tralee Training Centre.
European Social Fund (ESF) and European Globalisation Fund (EGF) supports	406	The savings arose principally due to a decrease in ESF staffing expenditure and some planned expenditure on transnational activity being deferred due to implementation delays. Additionally savings of €107,000 arose due to lower than projected take up of enterprise supports to EGF eligible workers.
Grants to Vocational Education Committees, Education and Training Boards (when established) and certain other organisations in respect of further education and training activities	12,333	Vote savings on VTOS expenditure arose mainly from the decision to part fund VTOS in 2013 from the National Training Fund (€7.5 million of the saving). The remainder of the savings arose principally from budgetary changes which reduced the allowances payable to VTOS and Youthreach participants, lower pay costs on Youthreach pay and less than expected redundancy costs in respect of Senior Traveller Training centre staff.
Grant to Quality and Qualifications Ireland (QQI)	1,000	Savings of €1 million arose in 2013 due to lower levels of activity than had been anticipated when the Estimates were set for 2013.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Higher Education			
C.1	Administration – pay	3,808	4,469	4,557
C.2	Administration – non pay	816	924	853
C.3	Grant-in-aid for general expenses of Higher Education Authority	5,076	5,076	5,358
C.4	General current grants to universities, institutes and other designated institutions of higher education (grant-in-aid)	1,011,987	1,011,987	1,118,804
C.5	Training colleges for primary teachers – excluding those funded through the Higher Education Authority	8,077	7,836	10,997
C.6	Dublin Dental Hospital (grant-in-aid)	11,051	11,051	11,676
C.7	Dublin Institute for Advanced Studies (grant-in-aid)	6,442	6,442	6,856
C.8	Royal Irish Academy of Music (grant-in-aid)	3,118	3,118	3,427
C.9	Grants to certain third level institutions	12,000	11,384	16,658
C.10	Superannuation etc payable to former staff of universities and institutes of technology	52,992	70,274	—
C.11	Student support and related expenses	351,252	366,241	354,570
C.12	Research activities	37,600	37,591	38,365
C.13	EU, international and north south activities	5,349	4,082	4,229
C.14	Grangegorman Development Agency	1,883	1,900	1,664
C.15	Miscellaneous grants and services	383	302	396
		1,511,834	1,542,677	1,578,410

Significant variations

Overall, the expenditure in relation to the Programme C was €30.84 million more 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%.

Description	Less/ (more) than provided €000	Explanation
Grants to certain third level institutions	616	The savings arose due to lower than anticipated drawdown of free fee funding from certain higher education institutions funded directly by the Department.
Superannuation etc payable to former staff of universities and institutes of technology	(17,282)	For Vote control reasons it was decided to offset superannuation savings arising elsewhere in the Vote against the overall superannuation deficits in the pension control accounts of the five older Universities.
EU, international and north south activities	1,267	The savings arose mainly due to a lower drawdown on funding from the US-Ireland Alliance in 2013. Other savings arose due to lower than anticipated numbers of once off international activities and to favourable currency exchange rates.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Capital Services			
D.1	Administration – pay		7,990	9,339
D.2	Administration – non pay		1,712	1,931
D.3	Building equipment and furnishings of primary and post primary schools			
	<i>Current year</i>	382,300		
	<i>Deferred surrender</i>	<u>10,000</u>	392,300	387,396
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education			
	<i>Current year</i>	48,500		
	<i>Deferred surrender</i>	<u>9,000</u>	57,500	68,903
D.5	Public private partnership costs		52,200	52,333
			<u>511,702</u>	<u>519,902</u>
				<u>488,919</u>

Significant variations

Overall, the expenditure in relation to the Programme D was €8.2 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education	(11,403)	The excess expenditure arose due to enabling and adaptive works on the Grangegorman project to consolidate in that location the Dublin Institute of Technology dispersed student population. €7.1m of the excess funding is attributable to a decision to sanction a capital allocation to Waterford Institute of Technology to meet the once off costs of acquiring a student development. This funding will be fully recouped from the Institute by December 2018.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated €000	Realised €000	Realised €000
1. Superannuation contributions	193,775	188,183	192,104
2. Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	20,666	1	1,963
3. Receipts from pension-related deductions on public service remuneration	354,599	360,956	361,014
4. Secondments/ overpayments	7,000	5,537	7,004
5. Miscellaneous	4,387	9,308	18,428
	<u>580,427</u>	<u>563,985</u>	<u>580,513</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
Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts	20,665	The shortfall in receipts arose principally from a timing issue in regard to the drawdown and payover of ESF receipts.
Secondments/ overpayments	1,463	The shortfall in receipts arose principally due to an overestimation at estimates stage.
Miscellaneous	(4,921)	€1.5 million of the surplus arose due to unanticipated capital receipts where co funding arrangements were in place with certain local authorities in circumstances where community facilities are constructed as part of new schools or school extension projects. The remainder of the surplus largely arose due to higher than anticipated levels of PRSI refunds from the Department of Social Protection.

4.2 Extra receipts payable to the Exchequer

	2013 €000	2012 €000
Exchequer extra receipts	1,621	1,824

During 2013, €854,450 of the Exchequer extra receipts that were surrendered to the Department of Finance arose from the recoupment of surplus balances, remaining unspent from prior year grants to the Higher Education Authority, relating to funding for postgraduate and post-doctoral students. In addition a further €723,458 of the receipts arose from the sale of assets by FÁS/SOLAS.

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2013	2012
Number of staff at year end (full time equivalents)	94,314	93,492

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 2013	Pay out-turn as at 31 December 2013 €000
First and second level teachers	A.3	Primary teachers salaries	32,930	2,075,701
	A.4	Secondary and C&C teachers salaries	16,916	1,122,476
	A.5	VEC teachers salaries	10,847	575,466
Teaching sub-total			60,693	3,773,643
First and second level Special Needs Assistants	A.6.1	Primary	8,482	295,703
	A.6 (2-3)	Second level	2,103	66,244
First and second level – non teaching	A.7.1	Primary	318	11,980
	A.7(2-4)	Second level	2,514	90,045
Non-teaching sub-total			13,417	463,972
Third level	C.3	HEA - general expenses	52	3,216
	C.4	University/IOT/RIA	17,184	724,033
	C.5	Teacher training colleges pay	27	2,269
	C.6	Dublin Dental Hospital pay	125	9,836
	C.7	Dublin Institute for Advanced Studies	56	3,910
	C.14	Grangegorman DA	6	775
Third level sub-total			17,450	744,039

Category of staff remunerated	Subhead from which funds disbursed	Description of subhead	ECF numbers as at 31 December 2013	Pay out-turn as at 31 December 2013 €000
Department Staff	X.1	Salaries, wages and allowances	988	57,043
	X.8	NEPS	194	15,461
	X.9	EU Presidency	—	138
Department sub-total			1,182	72,642
Other	A.11.4	State Exams Commission pay	150	9,949
	B.3.1	FÁS administration and general expenses	1,058	49,903
	A11.1	National Council for Curriculum and Assessment	32	1,944
	A11.5	National Council for Special Education	95	6,304
	A13.1	Redress Board	21	1,175
	C.8	Royal Irish Academy of Music	57	2,988
	A13.2	Commission on Child Abuse	2	366
	B.6	Quality and Qualifications Ireland	79	2,416
	A.10.1.3	Model schools	8	152
Other sub total			1,502	75,197
Total			94,244	5,129,493

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, 70 whole time equivalent staff noted in the Employment Control Framework have no designated pay subhead.

In respect of the subheads B.6 (QQI), C.8 (RIAM), C.3 (HEA expenses) and C.7 (DIAS), a small element of the pay also includes pension costs.

In respect of subhead X.9 (EU Presidency) an amount of €138,206 relates mainly to payroll costs associated with the engagement of interns for the work on the EU Presidency.

5.(b) Exchequer Pay

	2013	2012
	€000	€000
Pay	51,738	53,024
Higher, special or additional duties allowance	256	314
Other allowances	49	80
Overtime	479	630
Employer's PRSI	4,521	4,559
Total pay	57,043	58,607

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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	74	5	20,614	20,614
Other allowances	57	—	6,108	5,914
Overtime	245	6	17,868	23,023

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.9.

5.2 Re-Engaged Civil Servants

During 2013, 26 retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €97,996, which included travel and subsistence costs of €13,865.

5.3 Severance/Redundancy

During 2013, 634 non-teaching staff were paid redundancy sums totalling €4,991,718 which included payment for both statutory and non-statutory taxable redundancy sums. 185 payments of redundancy exceeded €10,000. The highest value sum paid in 2013 was €39,267. Staff receiving redundancy were paid via the Department's payrolls, in the Department's capacity as paymaster, for certain schools.

6 Miscellaneous

6.1 National Lottery Funding

This comprised a total of €133,000 paid to certain cultural organisations (2012: €146,000). A full list of recipients of the funding is available on the Department's website (www.education.ie).

6.2 EU Funding

During 2013 the Department did not receive ESF receipts to subhead E.2 (formerly H.13). The €1,962,977 received in 2012 and shown as appropriations-in-aid was included in the recorded expenditure from the following subheads of the Office of the Minister for Education and Skills: - A.1, B.5, D.1, D.6, D.9, E.4, E.12, G.2, G.7 and G.8. With the move to the performance budgeting chart of accounts from 2013, these subheads have now changed designation to A.14, A.4, A.5, A.11, B.3, B.4, B.5, C.4 and C.11.

EU funding directly to bodies

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2013 was as shown below.

Sub-head	Description	2013 Funding €000	2012 Funding €000
A.11.3	National Centre for Guidance in Education	178	—
B.3	FÁS	586	293
		<u>764</u>	<u>293</u>

European Globalisation Adjustment Fund

Background

The European Globalisation Adjustment Fund (EGF) is a European Union funding programme which assists EU member states to provide a personalized package of upskilling, retraining and enterprise supports to workers made redundant as a result of the adverse impacts of globalisation and changing world trade patterns. For approved programmes of measures submitted by Member States, the following maximum EU co-funding rates apply chronologically:

- 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 6 months after programme cessation; the Commission then 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.

Final reports for the 2009 Dell, Waterford Crystal and S.R. Technics EGF programmes were submitted by the Department, as the national EGF Managing Authority, in December 2011, February 2012 and April 2012 respectively. The Department has reimbursed 100% of the unspent EU expenditure for the Dell and SR Technics Programmes which have been formally wound up by the European Commission. The Waterford Crystal programme will be formally wound up upon receipt of a request from the European Commission for reimbursement of the final 10% of the unspent EU monies which is expected by or within quarter 3 of 2014.

Final reports in respect of the 2010 construction sub-sectors NACE 41 ('Construction of buildings'), NACE 43 ('Specialized construction activities') and NACE 71 ('Architectural Services') EGF programmes encompassing over 8,000 redundant workers were duly submitted to the European Commission on 7 December 2012. The Department has reimbursed 100% of the unspent EU co-funded contribution for these programmes which have been formally wound up by the European Commission.

A table setting out relevant EGF programme details to date is set out below

Programme	Programme allocation (100%)	EU and national implementation period	EU receipts (65%)
DELL	22,817,000	Feb 2009 – Jun 2011	14,831,040
Waterford Crystal	3,955,159	Mar 2009 – Aug 2011	2,570,843
SR Technics	11,455,174	Mar 2009 – Oct 2011	7,445,863
NACE 41	19,522,829	Jul 2009 – Jun 2012	12,689,838
NACE 43	33,329,459	Jul 2009 – Jun 2012	21,664,148
NACE 71	2,135,107	Jul 2009 – Jun 2012	1,387,819
Talk Talk	5,392,765	Oct 2011 – Feb 2014 (50%)	2,696,382
	<u>€98,607,493</u>		<u>€63,285,933</u>

National co-funding of EGF programmes has been provided to date from:

- Department of Education and Skills, Subheads C.4 - Third level education supports, C11 - student maintenance grants, B.3 - training supports and allowances, B.4.1 - enterprise supports and B.5 - second level education supports and allowances.
- National Training Fund (guidance, education, training supports and allowances and technical assistance).
- Department of Social Protection (Vote 38) (Back to Education Allowance and employment service supports).

EGF Activity in 2013

EGF activity in 2013 was confined to the one open EGF programme in support of redundant Talk Talk workers. Total amounts paid from the 100% programme allocation of €5.39 million (set out above) to service providers and intermediate bodies under the Talk Talk EGF programme in 2013 were as follows:

<i>Body</i>	Total
	€
Higher Education Authority	49,167
Galway City VEC	4,200
Waterford City VEC	74,415
Enterprise Ireland	287,763
Dublin City VEC	1,072
WRC Consultants	228,850
	645,467

No EGF applications were made and thus no EGF funds were received from, nor EGF final reports required to be submitted to, the European Commission in 2013.

Guidance, training, education and enterprise measures under the Talk Talk EGF programme continued to be delivered to eligible individuals in 2013 and until the end of the programme's implementation period on 28 February 2014.

A new EU Regulation was agreed in December 2013 by the European Council and European Parliament to regulate the forthcoming EGF funding round 2014 - 2020.

EU funded posts in the PDST Technology in Education (formerly NCTE)

There are 3 posts in the Professional Development Service for Teachers (PDST) Technology in Education which are part EU funded. The split is 61.62% EU funded and 38.38% DES funded. The posts are: Project Officer, Education Officer, and Project Assistant for the Webwise project. The funding source is the EU Safer Internet Programme.

The funding for this project is in place until June 2014. Negotiations are underway for continuing funding but not agreed at this time.

Quality and Qualifications Ireland (QQI)

QQI received EU Funding in respect of its Europass and EQF activities in 2013, as well as for its provisions of the secretariat for European Quality Assurance Reference Framework. During 2013 this funding amounted to €755,144.

6.3 Commissions and Enquiries

	Year of appointment	Cumulative Expenditure to 31 December 2013 €000	Expenditure in 2013 €000	Expenditure in 2012 €000
Commission to Inquire into Child Abuse	1999	71,478	2,815	1,296
Residential Institutions Redress Scheme ¹	2002	1,143,516	50,079	38,022
Residential Institutions Review Committee ²	2003	7,751	537	581
Total³		1,214,994	52,894	39,318

¹ In addition to this Exchequer expenditure, contributions from the religious congregations under the 2002 indemnity agreement of €42,259,000 have been expended on the scheme, bringing the total expenditure on the Redress Scheme and the associated litigation under the 2002 indemnity agreement to €1,185,775,000. Of this amount there is an end-year closing balance of €3,292,000 in the redress suspense account, with €10,041,000 having been expended pursuant to the 2002 indemnity agreement and €1.172 billion expended on the Residential Institutions Redress Scheme.

² The expenditure associated with the Residential Institutions Review Committee is included in the costs listed for the Residential Institutions Redress Scheme.

³ The Commission/Inquiries cumulative expenditure figures exclude the expenditure categorised under the heading of the Residential Institutions Review Committee as this expenditure has been captured under the cumulative heading of the Residential Institutions Redress Scheme.

6.4 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 2013, was €71.5 million. At end 2013, it is estimated that a provision in the region of €15 million may be required to meet the remaining costs of the Commission. This is a tentative provision, given that the Commission has yet to negotiate on a number of large bills of third party legal representation costs.

Expenditure associated with the Redress Scheme to the end of 2013 was €1.172 billion. At that time the Redress Board had a further 468 applications to process and 17 late submissions to consider. It is estimated that additional costs of some €45 million may arise. The estimate is based on the average award and also takes account of the latest information on late applications. However, the estimate is tentative given that the Board continues to process applications and that the level of award in these remaining cases may vary from the average.

6.5 Legal costs and compensation

Legal costs¹ paid during the year are categorised as follows:

	2013 €000	2012 €000
Legal fees	2,873	435
Awards	224	1,349
	<u>3,097</u>	<u>1,784</u>

¹ 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.

6.6 Suspected Frauds/Irregularities

	2013 €000	2012 €000
Fraud	31	—
Suspected irregularity	—	159

In regard to 2013, the Department was made aware of 5 new cases of fraud/irregularities, which remain under investigation as of March 2014. The cases under investigation largely arise in regard to the issue of grants or in respect of inappropriate expenditure of Exchequer funding.

As the cases are ongoing, the Department will continue to make every reasonable effort to recover Exchequer funds where fraud has occurred. In circumstances where recovery is warranted, this will occur either by direct repayment or via the withholding of agreed sums from ancillary grants.

6.7 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.

Redress Special Account pending establishment of the statutory fund

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. During 2012, contributions of €18.95 million were received from the congregations together with €1.04 million interest earned on the contribution held by one of the congregations prior to its lodgement. The closing balance on the account at 31 December 2012 was €41,314,845.

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, the balance of €41,314,845 was transferred to the NTMA account in March 2013, in accordance with section 29(1) of the 2012 Act. A further amount of accrued interest totalling €12,376 was received in April 2013 bringing the total transferred to the NTMA account to €41,327,221. The special account was subsequently closed in 2013. The accounts of the Residential Institutions Statutory Fund are subject to audit by the Comptroller and Auditor General.

6.8 Expenditure on Temporary School Accommodation

During 2013 expenditure under subhead D.3.3 included amounts totalling €26 million in respect of temporary premises (2012: €24.7 million).

6.9 Budget Carryover

The sanction of the Department of Public Expenditure and Reform was given to carry forward €200,000 in savings from 2012 from the Department's administrative budget into 2013.

7. Miscellaneous accounts

7.1 Non Voted Accounts

			2013	2012
	Securities	Cash	Total	Total
	€000	€000	€000	€000
Securities balance on 1 January	548	—	548	548
Securities redeemed	(547)	600	53	—
Transfer of securities to Commissioners ⁽¹⁾	(1)	—	(1)	—
Transfer of redemption money to receipts and payments account	—	(600)	(600)	—
Balances on 31 December	—	—	—	548

Receipts and Payments Account for the year ended 31 December

	Total	Total
	2013	2012
Balances on 1 January	20	149
Receipts from dividends	24	25
Receipts from capital account	600	—
Transfer to Commissioners for Charitable Donations and Bequests ¹	(625)	(135)
Payments	(19)	(19)
Balances on 31 December	—	20

¹ In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests, the Department finalised the transfer of endowment funds and residual stockholdings to the Commissioners for Charitable Donations and Bequests on a staggered basis over the years 2010 to 2013. The Commissioners will carry out all day to day administration of the holdings with effect from 2014.

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 2013, in respect of capital and income.

	2013		2012
	Securities	Cash	Total
	€000	€000	€000
Balance on 1 January	416	—	416
Securities redeemed	(414)	297	(117)
Securities transferred to Commissioners ¹	(2)	—	(2)
Transfer of funds	—	(297)	(297)
Balances on 31 December	—	—	416

Receipts and Payments Account for the year ended 31 December

	2013	2012
	€000	€000
Balances on 1 January	—	9
Receipts	308	11
Transfer to Office of the Commissioners for Charitable Donations and Bequests ¹	(308)	(1)
Payments	—	(19)
Balances on 31 December	—	—

¹ 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 Commissioners on a staggered basis over the years 2010 to 2013. The Commissioners will carry out all day to day administration of the holdings with effect from 2014.

7.3 Grant in Aid Fund 2013

	2013	2012
	€000	€000
Subhead C.15.2 (Subhead B.14 in 2012) - fund for general expenses of cultural, scientific and educational organisations (National Lottery funded)	133	146
	<u>133</u>	<u>146</u>



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.78 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.

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

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 the following controls in Key Partner Countries.

- 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.

During 2013, I directed the Evaluation and Audit Unit to visit each of the partner countries to carry out an assessment of the internal controls and risk management systems in place for overall management of the country programmes. While the overall conclusion of the synthesis report is that systems are adequate/good across partner countries with a strong focus on accountability, a number of systemic issues were identified primarily in relation to system documentation. The recommendations in this synthesis report on the assessment of internal control and risk management systems are accepted and implementation of the recommendations is included as a priority output in the Development Cooperation Division 2014 Business Plan as well in the Business Plans from the Missions in Key Partner Countries.

Work in particular is underway to strengthen risk management systems across the Department – including the development of a risk dashboard system – which is essentially a formalised system designed to alert management very quickly to particular risks (political, economic, security etc) which could affect the delivery of the aid programme. The good practice identified in some key partner countries in developing risk profiles at organisations, programme modality and partner levels will be used to inform the work on strengthening risk management systems.

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.

David Cooney
Accounting Officer
Department of Foreign Affairs and Trade

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

8 September 2014

Vote 27 International Co-operation

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Work on poverty and hunger reduction	497,079	493,300	508,721
Gross expenditure		497,079	493,300	508,721
<i>Deduct</i>				
B	Appropriations-in-aid	1,150	1,156	1,419
Net expenditure		495,929	492,144	507,302

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	3,784,641	5,575,080

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,821	15,370	15,927
ii	Travel and subsistence	2,200	2,171	2,038
iii	Training and development and incidental expenses	2,450	1,432	1,134
iv	Postal and telecommunications services	1,720	1,324	1,527
v	Office equipment and external IT services	1,630	1,139	1,178
vi	Office premises expenses	3,205	2,838	3,355
vii	Consultancy services and value for money and policy reviews	1,000	423	588
viii	Foreign representation and accommodation expenses	1,600	1,174	1,174
		29,626	25,871	26,921

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	467,429	481,800
Pay	15,370	15,927
Non pay	10,501	10,994
Gross expenditure	493,300	508,721
<i>Deduct</i>		
Appropriations-in-aid	1,156	1,419
Net expenditure	492,144	507,302
Changes in capital assets		
Purchases cash	(237)	
Disposals cash	105	
Profit on disposals	(104)	
Depreciation	296	
	60	441
Changes in net current assets		
Decrease in net closing prepayments	3,570	
Decrease in stock	1	
	3,571	33
Net programme cost	495,775	507,776

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 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	8,183	9,011
Current assets			
Bank and cash		7,888	4,590
Stocks	2.3	19	20
Prepayments ¹		6,819	10,238
Other debit balances	2.4	99	11
Total current assets		14,825	14,859
Less current liabilities			
Accrued expenses		330	179
Other credit balances	2.5	114	106
Net liability to the Exchequer	2.6	1,253	(74)
Bilateral and other co-operation fund (grant-in-aid)	7	6,620	4,569
Total current liabilities		8,317	4,780
Net current assets		6,508	10,079
Net assets		14,691	19,090
Represented by:			
State funding account	2.1	14,691	19,090

¹ Prepayments include €5.49 million (2013: €8.9 million) paid to the European Development Fund as part of Ireland's assessed contribution for 2014.

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		19,090	19,564
Disbursements from the Vote			
Estimate provision	Account	495,929	
Surplus to be surrendered	Account	(3,785)	
Net vote		492,144	507,302
Fixed asset adjustment		(768)	—
Net programme cost	1	(495,775)	(507,776)
Balance at 31 December		14,691	19,090

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 2013	8,308	1,014	733	1,686	2,155	13,896
Additions	—	14	17	6	200	237
Disposals	—	(2)	(14)	(1)	(116)	(133)
Write down of fixed assets ¹	(669)	(47)	(208)	(571)	82	(1,413)
Cost or valuation at 31 December 2013	7,639	979	528	1,120	2,321	12,587
Accumulated depreciation						
Opening balance at 1 January 2013	—	966	681	1,289	1,949	4,885
Depreciation for the year	—	24	33	76	163	296
Depreciation on disposals	—	(1)	(14)	(1)	(116)	(132)
Depreciation on fixed assets written down	—	(26)	(220)	(492)	93	(645)
Cumulative depreciation at 31 December 2013	—	963	480	872	2,089	4,404
Net assets at 31 December 2013	7,639	16	48	248	232	8,183
Net assets at 31 December 2012	8,308	48	52	397	206	9,011

¹ During the year, a review of fixed assets was carried out which identified items with a gross value of €1,413,000 and a net book value of €768,000 which either do not represent assets of the Department (e.g. repairs / renovations to rented premises) or which relate to assets which have been donated/disposed of.

2.3 Stocks

	2013	2012
at 31 December	€000	€000
Stationery	19	20

2.4 Other Debit Balances

	2013	2012
at 31 December	€000	€000
Sundry debtors	99	11

2.5 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Professional Services Withholding Tax	106	68
Value Added Tax	8	38
	<u>114</u>	<u>106</u>

2.6 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	3,785	5,575
Exchequer grant undrawn	(2,532)	(5,649)
Net liability to the Exchequer	<u>1,253</u>	<u>(74)</u>

Represented by:**Debtors**

Bank and cash	7,888	4,590
Debit balances: suspense	99	11
	<u>7,987</u>	<u>4,601</u>

Creditors

Due to State	(114)	(106)
Bilateral and other co-operation fund (grant-in-aid)	(6,620)	(4,569)
	<u>(6,734)</u>	<u>(4,675)</u>
	<u>1,253</u>	<u>(74)</u>

2.7 Commitments

The commitments figure stated below are the total legally enforceable amounts payable in 2014 and relate to property rental payments abroad and other administrative commitment.

Commitments are analysed by date of expiry of contract

	2013	2012
	€000	€000
Due within 12 months	584	614
Due between 1 and 5 years	1,269	1,277
	<u>1,853</u>	<u>1,891</u>

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Work on poverty and hunger reduction			
A.1	Administration - pay	15,821	15,370	15,927
A.2	Administration - non pay	13,805	10,501	10,994
A.3	Payment to grant-in-aid fund for bilateral and other co-operation (grant-in-aid)	337,903	337,903	357,303
A.4	Emergency humanitarian assistance	60,000	59,979	51,000
A.5	Payments to international funds for the benefit of developing countries	30,000	30,000	33,999
A.6	Contributions to United Nations and other development agencies	39,550	39,547	39,498
		497,079	493,300	508,721

Significant variations

The outturn for the year was €3.78 million less than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	3,304	Savings were delivered through cost containment on all non-pay administration headings but in particular under the incidental expenditure, post and telecommunications, office supplies and consultancies subheads.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Appropriations-in-aid	370	390	620
2. Receipts from pension-related deductions on public service remuneration	780	766	799
Total	1,150	1,156	1,419

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%. However, no outturn on this Vote met these criteria in 2013.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	189	189
	2013	2012
	€000	€000
Pay	13,745	14,285
Higher, special or additional duties allowance	35	35
Other allowances	24	28
Overtime	90	61
Employer's PRSI	782	796
Total Pay	14,676	15,205

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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	5	1	16,585	16,469
Other allowances	12	—	6,904	6,928
Overtime	64	2	10,490	10,644

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration

Four retired civil servants in receipt of civil service pensions were re-engaged, following a competitive procurement process where necessary, on a fee basis at a total cost of €48,646.

6 Miscellaneous Items

6.1 Contributions to United Nations and other development agencies (A.6)

	2013	2012
	€000	€000
United Nations Development Programme (UNDP)	8,980	8,900
United Nations Children's Fund (UNICEF)	8,200	8,200
United Nations High Commissioner for Refugees (UNHCR)	6,100	6,100
World Health Organisation (WHO) Programmes	1,200	1,200
United Nations Population Fund	3,200	3,181
Office of the United Nations High Commissioner for Human Rights	2,000	1,950
UNAIDS	3,000	3,000
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN International Drugs Control Programme	—	100
UN Industrial Development Organisation	541	418
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
UNEP Trust Fund	57	57
United Nations Volunteers	460	450
Others - various	309	442
	<u>39,547</u>	<u>39,498</u>

6.2 Fraud and Suspected Fraud

	2013	2012
	€000	€000
Suspected fraud – third party grant bodies	<u>50</u>	<u>70</u>

By its nature, development assistance carries inherent risks including the risk of fraud. Strong and effective controls are in place at head office and in Key Partner Countries to mitigate these risks, as set out in the Statement on Internal Financial Control. In accordance with the Department's procedures, all allegations of suspected fraud are investigated and details reported to the Office of the Comptroller and Auditor General. Where fraud does occur, every effort is made to recover the misappropriated Irish Aid funds.

During 2013, a suspected fraud was identified in a multi partner pooled funding mechanism of which the amount relating to Irish Aid's funding share is estimated at €50,000 approximately. In 2012, a suspected fraud was also identified in a multi partner pooled funding mechanism. In that case, Irish Aid's funding share was estimated at €70,000 approximately.

7 Miscellaneous Items

7.1 Bilateral and other co-operation fund (grant-in-aid) account

Account of receipts and payments during the year ended 31 December 2013

	2013 €000	2012 €000
Balance on 1 January 2013	4,569	4,156
Grant-in-aid 2013	337,903	357,303
	342,472	361,459
Expenditure for the year	(336,103)	(356,890)
Amounts returned during the year	251	—
Balance on 31 December 2013	6,620	4,569

In addition, at 31 December 2013, unspent balances totalling €4.1 million (2012: €8.93 million) were held in bank accounts controlled by Irish Embassies and Irish Aid offices in eleven countries.

Also during 2013, grant refunds amounting to €322,000 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 2014.

During 2013, the misappropriated funding of €4.13 million which was returned by the Ugandan authorities in December 2012 was disbursed as part of the bilateral programme for Uganda and in accordance with the revised mechanisms for delivering this programme. As part of these revised procedures, during 2013 €6.1 million, which had been disbursed in 2011 to the Ministry of Education and Sports in Uganda, was returned and an agreement was entered into with an independent managing agent to deliver the programme. The returned €6.1 million was disbursed to the managing agent in 2013.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €21.39 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. During 2013 there were 5 contracts awarded without competitive process with a value of € 2.56 million. Included in this figure is an amount of € 2.1 million in relation to the extension of a contract for a proprietary ICT system. An upgrade/ replacement tender process is currently being considered. The Department is actively managing the remaining contracts and reviewing procurement arrangements.

Fixed Asset Register

The Department has been working on a project to update its capital asset register. It is anticipated that some fully depreciated assets which are obsolete will be written-off the register once the project is finalised.

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.

David Cooney
Accounting Officer
Department of Foreign Affairs and Trade

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in 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 2013.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013.

Seamus McCarthy

Comptroller and Auditor General

15 September 2014

Vote 28 Foreign Affairs and Trade

Appropriation Account 2013

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Promote Ireland's economic and trade interests in Europe and internationally		57,731	52,910
B	Consular, passport and Irish abroad services			50,639
	<i>Current year provision</i>	71,968		
	<i>Deferred surrender</i>	400	72,368	67,053
C	Reconciliation and cooperation on this island		17,441	16,420
D	International peace, security and human rights		70,751	63,898
				73,184
Gross expenditure				
	<i>Current year provision</i>	217,891		
	<i>Deferred surrender</i>	400	218,291	200,281
				208,141
<i>Deduct</i>				
E	Appropriations-in-aid		44,048	47,998
				47,734
Net expenditure				
	<i>Current year provision</i>	173,843		
	<i>Deferred surrender</i>	400		
			174,243	152,283
				160,407

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.

	2013	2012
	€	€
Surplus	21,959,819	21,745,763
Deferred surrender	570,000	400,000
Surplus to be surrendered	<u>21,389,819</u>	<u>21,345,763</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	77,041	76,064	77,445
ii	Travel and subsistence	5,880	4,993	4,492
iii	Training and development and incidental expenses	4,411	4,028	3,944
iv	Postal and telecommunications services	6,810	6,273	6,275
v	Office equipment and external IT services	18,111	17,856	17,917
vi	Office premises expenses	24,637	21,225	21,874
vii	Consultancy services and value for money and policy reviews	20	6	8
viii	Foreign representation and accommodation expenses	10,484	10,028	10,490
ix	EU Presidency	9,539	5,247	2,418
x	Chairmanship of the Organisation for Security and Co-operation in Europe	250	326	3,174
		157,183	146,046	148,037

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		54,235	60,104
Pay		76,064	77,445
Non pay		69,982	70,592
Gross expenditure		200,281	208,141
<i>Deduct</i>			
Appropriations-in-aid		47,998	47,734
Net expenditure		152,283	160,407
Changes in capital assets			
Purchases cash	(2,419)		
Disposals cash	113		
(Profit)/loss on disposal	(96)		
Depreciation	4,068		
		1,666	6,124
Changes in net current assets			
Net increase in closing accruals and prepayments	1,246		
Decrease in stock	1,813		
		3,059	1,556
Direct expenditure		157,008	168,087
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		15,275	16,112
Notional rents		759	755
Net programme cost		173,042	184,954

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.

		2013	2012
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	60	135
Vote 12 Superannuation and Retired Allowances	e	8,821	9,791
Vote 13 Office of Public Works	e	5,749	5,574
Vote 20 Garda Síochána	e	179	186
Central Fund – Ministerial pensions	e	466	426
		15,275	16,112

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	166,075	167,741
Current assets			
Stocks	2.3	2,654	4,467
Prepayments		14,940	15,273
Other debit balances	2.4	16,164	14,566
Total current assets		33,758	34,306
Less current liabilities			
Bank and cash	2.5	14,496	13,906
Accrued expenses		1,370	457
Other credit balances	2.6	672	3,336
Net liability to the Exchequer	2.7	825	(2,997)
Contributions to bodies in Ireland for the furtherance of international relations (grants-in-aid)	7.1	—	90
Cultural relations with other countries (grant-in-aid)	7.2	171	231
Total current liabilities		17,534	15,023
Net current assets		16,224	19,283
Net assets		182,299	187,024
Represented by:			
State funding account	2.1	182,299	187,024

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		187,024	194,704
Disbursements from the Vote			
Estimate provision	Account	174,243	
Deferred surrender	Account	(570)	
Surplus to be surrendered	Account	(21,390)	
Net vote		152,283	160,407
Expenditure (cash) borne elsewhere	1	15,275	16,112
Non cash expenditure – notional rent	1	759	755
Net programme cost	1	(173,042)	(184,954)
Balance at 31 December		182,299	187,024

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 2013	157,218	3,064	48,534	76,156	284,972
Additions	—	266	77	2,076	2,419
Disposals	—	(326)	—	—	(326)
Cost or valuation at 31 December 2013	157,218	3,004	48,611	78,232	287,065
Accumulated depreciation					
Opening balance at 1 January 2013	—	2,745	41,874	72,612	117,231
Depreciation for the year	—	187	1,914	1,967	4,068
Depreciation on disposals	—	(309)	—	—	(309)
Cumulative depreciation at 31 December 2013	—	2,623	43,788	74,579	120,990
Net assets at 31 December 2013	157,218	381	4,823	3,653	166,075
Net assets at 31 December 2012	157,218	319	6,660	3,544	167,741

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Passport booklets	2,397	4,216
Protocol stocks	108	129
Stationery	48	48
Prepaid postage	7	7
IT consumables	94	67
	<u>2,654</u>	<u>4,467</u>

2.4 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Mission and headquarter accounts	10,740	8,886
Departmental and agency accounts	2,641	2,956
Imprest and personal suspense accounts	1,005	980
Foreign salary advance accounts	128	169
Miscellaneous	1,650	1,575
	<u>16,164</u>	<u>14,566</u>

2.5 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	(14,491)	(13,881)
Orders outstanding	(5)	(25)
	<u>(14,496)</u>	<u>(13,906)</u>

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	—	1,189
Pay Related Social Insurance	—	438
Pension contributions	13	638
Value Added Tax	337	426
Professional Services Withholding Tax	34	18
	<u>384</u>	<u>2,709</u>
Miscellaneous	288	627
	<u>672</u>	<u>3,336</u>

2.7 Net Liability to/(from) the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	21,390	21,346
Deferred surrender	570	400
Exchequer grant undrawn	(21,135)	(24,743)
Net liability to/(from) the Exchequer	<u>825</u>	<u>(2,997)</u>

Represented by:**Debtors**

Debit balances: suspense	16,164	14,566

Creditors

Bank and cash	(14,496)	(13,906)
Due to State	(384)	(2,709)
Credit balances: suspense	(288)	(627)
Credit balances: grant-in-aid accounts	(171)	(321)
	<u>(15,339)</u>	<u>(17,563)</u>
	<u>825</u>	<u>(2,997)</u>

2.8 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2014 and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December	2013	2012
	€000	€000

The amount is analysed as follows

(i) Passport Office and other administrative costs	1,345	884

(ii) Property rental payment abroad

The amount for rental property payments is analysed by expiry of lease as follows:

Within one year	2,195	1,113
Between two and five years	6,138	5,263
Five years and over	3,881	5,671
	12,214	12,047

Total commitments	13,559	12,931

Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €2.15 million (2012: €2.65 million).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Promote Ireland's economic and trade interests in Europe and internationally			
A.1	Administration - pay	22,666 ¹	22,381	22,786
A.2	Administration - non pay	30,817	26,913	22,350
A.3	Information services	502	296	241
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	276	303
A.7	Contributions to international organisations	2,325	2,023	3,935
—	<i>Irish American Advisory Board</i>	—	—	3
		<u>57,731</u>	<u>52,910</u>	<u>50,639</u>

¹ Due to a typographical error in the Revised Estimated Volume subhead A.1 and A.2 differ to the published estimates. A provision of €2 million was included in A.1 Pay which belonged in A.2 Administration non pay.

Explanation of significant variations

Overall, the gross expenditure in relation to Programme A was €4.82 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	3,904	(i) EU Presidency - Savings of €4.29 million was achieved due to a number of factors and cost saving measures introduced by the Department as follows: • The use of a centralised venue for hosting all events and seminars helped reduce the cost of event hire. • The establishment of a number of competitive procurement frameworks for use by all departments. • The Department obtained a number of sponsorships which provided services at no cost for the EU presidency • Events held at Missions to promote the EU Presidency were combined with other promotion events which reduced costs. The budget of €9.54 million was based on the higher expenditure budgets of both other EU hosts and the previous Irish EU Presidency in 2009. (ii) Other non pay - there was an excess expenditure of €388,000 net on a range of other non pay subheads.
Information Services	206	There was lower than expected expenditure on Presidency related and other events. Also delays in the website project resulted in reduced spending and there were small economies elsewhere. In addition, the Information Services role on Communicating Europe was transferred in May/June 2013 from the Department to the Department of the Taoiseach.

Description	Less/ (more) than provided €000	Explanation
Trade promotion funds	124	Ireland has Joint Economic Commissions (JEC) with a small number of countries which meet every two years. Funding is used to support projects which develop our bilateral trade relationship with JEC partner countries. Savings resulted from projects which did not come to fruition due to unforeseen circumstances. Additionally a number of Asia Strategy projects were not advanced by missions due to competing pressures and timing issues which delayed them until 2014.
Contributions to international organisations	302	The Organisation for Economic Cooperation and Development (OECD) seeks advanced payment of the coming year's assessed contribution in December of each year. In July/August of the following year the full amount of that year's assessed contribution is disclosed with the request for payment of the balance due. As a result the budget requirement is difficult to estimate.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Consular, passport and Irish abroad services			
B.1	Administration – pay	31,186	30,788	31,345
B.2	Administration – non pay			
	<i>Current year provision</i>	<i>29,080</i>		
	<i>Deferred surrender</i>	<i>400</i>		
		29,480	25,393	24,858
B.3	Repatriation and maintenance of distressed Irish persons abroad	79	1	10
B.4	Support for Irish emigrant services	11,623	10,871	11,586
		<u>72,368</u>	<u>67,053</u>	<u>67,799</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme B was €5.32 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	4,100	Cost savings were achieved over a range of areas including capital, office premises costs and lease rental agreements. This represents the proportion allocated to the Consular, passport and Irish abroad services.
Support for Irish emigrant services	752	Currency fluctuations resulted in significant savings under this programme as all applications are assessed and paid in local currency. Additionally costs for the Global Irish Economic Forum held in October 2013 were significantly lower than for previous events.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Reconciliation and cooperation on this island			
C.1	Administration – pay	7,604	7,508	7,648
C.2	Administration – non pay	6,942	6,064	6,024
C.3	North-South and Anglo-Irish co-operation	2,745	2,698	2,697
C.4	International Fund for Ireland	150	150	150
		<u>17,441</u>	<u>16,420</u>	<u>16,519</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme C was €1 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	878	Cost savings were achieved over a range of areas including capital, office premises costs and lease rental agreements. This represents the proportion allocated to the Reconciliation and cooperation on this Island programme.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	International peace, security and human rights			
D.1	Administration – pay	15,585	15,386	15,666
D.2	Administration – non pay	13,303	11,614	17,360
D.3	Contributions to international organisations	41,445	36,482	39,931
D.4	Actions consequent on Title V of the Treaty on European Union	418	416	227
		<u>70,751</u>	<u>63,898</u>	<u>73,184</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme D was €6.85 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Contributions to international organisations	4,963	This overall variance is largely attributed to the UN Peacekeeping budget. Ireland's mandatory contributions to the UN Peacekeeping budget are difficult to predict, not least because the overall Peacekeeping budget is only agreed in the middle of a given year. In addition, provision must be made for new peace keeping missions that may emerge during that year, as well as for exchange rate volatility (payments are made in USD). In 2013 actual costs were lower than projected.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Passport, visa and other consular services	39,020	43,278	43,011
2. Repayment of repatriation and maintenance advances	30	1	11
3. VAT refunds to diplomatic missions	750	936	837
4. Miscellaneous	500	374	330
5. Receipts from pension-related deduction on public service remuneration	3,748	3,409	3,545
Total	44,048	47,998	47,734

Explanation of significant variations

Overall, the appropriation-in-aid income was €3.95 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Passport, visa and other consular services	3,836	Passport application income was ahead by €2.594 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. Consular fees were ahead of forecast due to increases in fees for "Certificat de Coutume", foreign birth registration and authentication of documents. Applications involving adoptions remained unchanged. Visa fees were ahead of forecast by €0.4 million due to an increased demand.
Receipts from pension-related deduction on public service remuneration	(339)	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

	2013	2012
	€000	€000
Proceeds from sale of property	—	2,134

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	1,218	1,260
	2013	2012
	€000	€000
Pay	69,076	70,510
Higher, special or additional duties allowance	229	258
Other allowances	214	308
Overtime	853	986
Employer's PRSI	3,097	3,088
Foreign social security/health insurance (missions)	2,595	2,295
Total Pay	76,064	77,445

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	54	5	16,585	20,613
Other allowances	102	—	8,053	8,077
Overtime	404	20	36,200	35,732

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments totalling €24,539 (2012: €154,192) were paid to 3 (2012: 4) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €114,101 (2012: €406,291) were paid to 17 (2012: 21) locally employed staff at embassies abroad.

Severance payments amounting to €20,426 were paid to two former Ministerial staff.

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 :

	2013	2012
	€000	€000
Expenditure for the year ended 31 December		
Legal fees	132	50
Compensation costs	5	121
	137	171

Compensation cases

	2013	2012
Number of cases	1	6

7 Miscellaneous Accounts

7.1 Contributions to Bodies in Ireland for the Furtherance of International Relations (Grants-in-Aid)

	2013	2012
	€000	€000
Balance on 1 January	90	90
Grant-in-aid	—	—
	90	90
Repaid to the Exchequer ¹	(90)	—
Balance at 31 December	—	90

¹ 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 programmes 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.

7.2 Cultural Relations with Other Countries (Grant-in-Aid)

Account of receipts and payments during year ended 31 December

	2013	2012
	€000	€000
Balance on 1 January	231	200
Grant-in-aid (subhead A.4)	846	846
	1,077	1,046
Expenditure	(906)	(815)
Balance at 31 December	171	231



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €18.86 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

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.

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.
- During the year, six contracts with a total value of €683,672 were listed in my annual return in respect of Circular 40/2002. Two of these contracts related to the procurement of specific security requirements of the National Cyber Security Centre, two were in respect of single suppliers of licensed software, one was in respect of the specialised nature of the work while the other was an extension of an existing contract due to the lack of suitable tenders received following the tendering 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. 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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the 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 8 of my report on the accounts of the public services for 2013 deals with the operation of the emergency call answering.

Seamus McCarthy
Comptroller and Auditor General

18 August 2014

Vote 29 Communications, Energy and Natural Resources

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Communications		36,835	22,553
B	Broadcasting		247,899	242,046
C	Energy			
	<i>Current year provision</i>	72,733		
	<i>Deferred surrender</i>	10,400	83,133	74,774
D	Natural Resources		26,562	22,536
E	Inland Fisheries		31,967	31,755
Gross expenditure				
	<i>Current year provision</i>	415,996		
	<i>Deferred surrender</i>	10,400	426,396	393,664
<i>Deduct</i>				
F	Appropriations-in-aid		242,601	237,231
Net expenditure				
	<i>Current year provision</i>	173,395		
	<i>Deferred surrender</i>	10,400		
			183,795	156,433
				168,242

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.

	2013	2012
	€	€
Surplus	27,361,725	41,291,942
Deferred surrender	8,500,000	10,400,000
Surplus to be surrendered	18,861,725	30,891,942

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,749	14,825	14,911
ii	Travel and subsistence	582	415	438
iii	Training and development and incidental expenses	1,058	606	413
iv	Postal and telecommunications services	529	386	399
v	Office equipment and external IT services	3,100	2,840	2,898
vi	Office premises expenses	732	678	924
vii	Consultancy services and value for money and policy reviews	1,901	1,273	919
viii	Equipment, stores and maintenance	117	102	103
ix	EU Presidency	1,000	504	80
		24,768	21,629	21,085

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		372,035	384,477
Pay		15,002	14,972
Non pay		6,627	6,113
Gross expenditure		393,664	405,562
<i>Deduct</i>			
Appropriations-in-aid		237,231	237,320
Net expenditure		156,433	168,242
 Changes in capital assets			
Purchases cash	(630)		
Depreciation	1,432		
Loss on disposal	3	805	1,211
 Changes in assets under development			
Cash payments		(1)	(9)
 Changes in net current assets			
Decrease in closing accruals	(101)		
Decrease in stock	5	(96)	1,534
 Direct expenditure		157,141	170,978
 Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		13,144	12,695
Notional rents		3,253	3,266
Net programme cost		173,538	186,939

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.

	2013	2012
	€000	€000
Vote 7 Finance	73	71
Vote 12 Superannuation and Retired Allowances	e 8,700	8,831
Vote 13 Office of Public Works	e 4,329	3,766
Central Fund - Ministerial pensions	e 42	27
	<u>13,144</u>	<u>12,695</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	4,560	5,366
Capital assets under development	2.3	27	26
		4,587	5,392
Current assets			
Bank and cash	2.4	13,255	31,194
Stocks	2.5	229	234
Prepayments		112	84
Accrued income		800	615
Other debit balances	2.6	138	132
Total current assets		14,534	32,259
Less current liabilities			
Accrued expenses		387	276
Other credit balances	2.7	1,857	1,437
Net liability to the exchequer	2.8	11,536	29,889
Deferred income		101	101
Total current liabilities		13,881	31,703
Net current assets		653	556
Net assets		5,240	5,948
Represented by:			
State funding account	2.1	5,240	5,948

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		5,948	8,684
Disbursements from the Vote			
Estimate provision	Account	183,795	
Deferred surrender		(8,500)	
Surplus to be surrendered	Account	(18,862)	
Net vote		156,433	168,242
Expenditure (cash) borne elsewhere	1	13,144	12,695
Non cash expenditure – notional rent	1	3,253	3,266
Net programme cost	1	(173,538)	(186,939)
Balance at 31 December		5,240	5,948

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 2013	859	1,253	20,565	3,851	26,528
Additions	—	6	519	105	630
Disposals	—	(56)	(672)	—	(728)
Cost or valuation at 31 December 2013	859	1,203	20,412	3,956	26,430
Accumulated depreciation					
Opening balance at 1 January 2013	—	1,172	16,924	3,067	21,163
Depreciation for the year	—	23	1,205	204	1,432
Depreciation on disposals	—	(55)	(670)	—	(725)
Cumulative depreciation at 31 December 2013	—	1,140	17,459	3,271	21,870
Net assets at 31 December 2013	859	63	2,953	685	4,560
Net assets at 31 December 2012	859	81	3,641	785	5,366

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. The Department has contributed a total of €159 million to the MANs up until 31 December 2013. This interest has not been recognised in capital assets because the local authorities are the legal owners of the lands under which the networks have been built. Local authorities are recognising the MANs as assets in their financial statements.

2.3 Capital Assets under Development

at 31 December

	Computer applications and research
	€000
Amounts brought forward at 1 January 2013	26
Cash payments for the year	1
Transferred to the asset register	—
Amounts carried forward at 31 December 2013	<u>27</u>

2.4 Bank and Cash

at 31 December

	2013	2012
	€000	€000
PMG balances and cash	13,255	31,499
Orders outstanding	—	(305)
	<u>13,255</u>	<u>31,194</u>

2.5 Stocks

at 31 December

	2013	2012
	€000	€000
IT equipment	25	28
Geological Survey of Ireland	197	198
Stationery	7	8
	<u>229</u>	<u>234</u>

2.6 Other Debit Balances

at 31 December

	2013	2012
	€000	€000
Refund of PRSI due from State	1	1
Other	137	131
	<u>138</u>	<u>132</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Withholding Tax	162	99
Relevant Contract Tax	—	313
Value Added Tax	264	233
Contributory Pension Scheme	—	2
Extra Exchequer Receipts	132	—
Voluntary surrender of pay	—	4
	<u>558</u>	<u>651</u>
Suspense	1,299	786
	<u>1,857</u>	<u>1,437</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	18,862	30,892
Deferred surrender	8,500	10,400
Exchequer grant undrawn	(15,826)	(11,403)
Net liability to the Exchequer	<u>11,536</u>	<u>29,889</u>

Represented by:**Debtors**

Bank and cash	13,255	31,194
Debit balances: suspense	137	131
Due from the State	1	1
	<u>13,393</u>	<u>31,326</u>

Creditors

Due to State	(558)	(651)
Credit balances: suspense	(1,299)	(786)
	<u>(1,857)</u>	<u>(1,437)</u>
	<u>11,536</u>	<u>29,889</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	50,876	27,048
(ii) Grant subheads	108,524	119,664
	<u>159,400</u>	<u>146,712</u>

(b) Multi-annual capital commitments

	Expenditure to 31 December 2012	Expenditure in 2013	Subsequent years	Project total 2013	Project total 2012
Project	€000	€000	€000	€000	€000
ICT programmes	255,828	5,280	42,262	303,370	275,390
Multimedia developments	29,834	3,848	14,050	47,732	43,834
Sustainable energy programmes	163,411	49,447	10,497	223,355	176,197
Energy research programmes	18,101	3,684	678	22,463	18,903
Mining services	11,259	4	3,330	14,593	14,259
Geoscience initiatives	12,278	2,337	6,734	21,349	16,089
National Seabed Survey	26,570	3,036	9,000	38,606	28,970
TG4	6,145	920	4,293	11,358	10,275
	<u>523,426</u>	<u>68,556</u>	<u>90,844</u>	<u>682,826</u>	<u>583,917</u>

Expenditure figures for 2013 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 2012 to 2013.

Project	Amount of increase €000	Explanation
ICT programmes	27,980	Increased contractual commitment under the National Postcode System and National Broadband Scheme.
Multimedia developments	3,898	State's commitment to investment in the National Digital Research Centre for a further 5 years in 2013.
Sustainable energy programmes	47,158	Additional commitments under the Better Energy grant Schemes aimed at stimulating energy efficiency in private residential housing, low-income homes and in the public and commercial sectors.
Energy research programmes	3,560	Additional commitments under the Ocean Energy Research Programme.

Project	Total cost increase €000	Explanation
Geoscience initiatives	5,260	New suite of projects being launched from 2014 onwards under the Geoscience Initiatives.
National Seabed Survey	9,636	Additional commitments for offshore mapping under the INFOMAR National Seabed Programme
TG4	1,083	Additional commitments for completion of upgrade to high definition.

2.10 Land Remediation

	Expenditure to 31 December 2012	Expenditure in 2013	Subsequent years	Total
Site	€000	€000	€000	€000
Avoca Mine	685	—	3,000	3,685
Silvermines	11,188	2	400	11,590
Environmental monitoring at Avoca and Silvermines	—	171	279	450
	11,873	173	3,679	15,725

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, commencing in 2014. This follows on from a major study on the management and remediation of the Avoca mine site that was undertaken between 2006 and 2008.

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 2014 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

It is estimated that an additional amount of €450,000 may also be required over 2016 - 2018 in respect of continued monitoring of the Avoca and Silvermines sites.

2.11 Contingent Liabilities

There is potential for financial liabilities to arise in 2014 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

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Communications			
A.1	Administration - pay	4,092	3,847	3,020
A.2	Administration - non pay	3,064	2,232	1,179
A.3	Information and communications technology programme	20,291	8,404	4,826
A.4	Multimedia developments	5,995	5,868	7,415
A.5	Information society	2,891	2,202	270
A.6	Change Management Fund for non- commercial bodies funded by the Department	1	—	—
A.7	Other services	501	—	—
		36,835	22,553	16,710

Significant variations

Overall, the expenditure in relation to Programme A was €14.28 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Information and communications technology programme	11,887	Savings primarily due to: (a) the better than expected cost of service provision achieved under phase 2 of the national rollout of the Second Levels Schools Broadband Project (b) less expenditure than anticipated in the National Post Codes project as the contract to develop and operate the postcode system was not awarded until December.
Information society	689	Savings due to lower support and maintenance charges in respect of the communications network laboratory and expenditure relating to a national awareness campaign for the National Digital Strategy being deferred until 2014.
Other services	501	The savings arose as capital contingency funds were not required.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Broadcasting			
B.1	Administration - pay	881	830	1,042
B.2	Administration - non pay	463	365	336
B.3	Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	185,724	181,538	179,200
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	11,244	12,397
B.5	Deontas i leith Theilifís na Gaeilge (deontas-i-gcabhair)	33,670	33,670	33,585
B.6	Broadcasting Fund	14,704	14,399	14,184
B.7	Grants for digital terrestrial television	—	—	2,312
		247,899	242,046	243,056

Significant variations

Overall, the expenditure in relation to Programme B was €5.85 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)	4,186	Grant payments to RTÉ are vote neutral and are dependent on TV licence income which was lower than anticipated.
Payment to An Post for collection of broadcasting licence fees	1,213	These payments are vote neutral and are based on television licence sales income which was lower than anticipated.

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
C	Energy			
C.1	Administration - pay		4,373	4,111
C.2	Administration - non pay		2,161	1,573
C.3	Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)		7,607	6,936
C.4	Sustainable energy programmes (cash limited)			
	<i>Current year provision</i>	46,819		
	<i>Deferred surrender</i>	10,400	57,219	56,937
C.5	Energy research programmes (cash limited)		11,500	5,048
C.6	Strategic energy infrastructure		1	—
C.7	Gas services		32	32
C.8	Subscriptions to international organisations		240	137
			83,133	74,774
				90,966

Significant variations

Overall, the expenditure in relation to Programme C was €8.36 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)	671	Savings on payroll costs due to fewer vacancies being filled than anticipated.
Energy research programmes (cash limited)	6,452	Savings arose as expenditure on ocean energy development did not materialise as quickly as anticipated, and there was less than anticipated uptake on demand led schemes under the Renewable Energy Research, Demonstration and Development Programme.
Subscriptions to international organisations	103	Saving arose due to the delay in concluding a new international agreement with the International Renewable Energy Agency.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Natural Resources			
D.1	Administration - pay	5,696	5,362	6,372
D.2	Administration - non pay	2,726	2,143	2,761
D.3	Petroleum services	398	280	1,119
D.4	Mining services	3,692	1,088	259
D.5	GSI services	600	632	466
D.6	Geoscience initiatives	2,400	2,337	2,436
D.7	National seabed survey	3,000	3,036	3,044
D.8	Ordnance Survey Ireland (grant-in-aid)	7,915	7,515	8,466
D.9	Subscriptions to international organisations	135	143	126
		26,562	22,536	25,049

Significant variations

Overall, the expenditure in relation to Programme D was €4.03 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Petroleum services	118	Savings due to the deferral until 2014 of a strategic environmental assessment for oil and gas in Ireland's Offshore Atlantic Basins.
Mining services	2,604	Savings due to delays in the commencement of remedial works at the State owned Avoca mine and lower mining compensation payments than anticipated.
Ordnance Survey Ireland (grant-in-aid)	400	Savings due to lower annual pension payments than budgeted.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Inland Fisheries			
E.1	Administration - pay	907	852	1,192
E.2	Administration - non pay	405	314	376
E.3	Inland fisheries	30,655	30,589	28,213
		31,967	31,755	29,781

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 2013.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Proceeds of fines in respect of fishery offences	50	34	36
2. Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	12,331	11,359	12,376
3. Petroleum Infrastructure Support Group	192	227	1,104
4. Broadcasting licence fees	222,130	216,426	215,028
5. Geological Survey Ireland income	1,215	1,809	1,344
6. Rent on properties in GPO	223	258	222
7. Emergency call answering service	250	—	250
8. Miscellaneous	2,333	3,093	2,815
9. Receipts from pension-related deduction on public service remuneration	3,877	4,025	4,145
Total	242,601	237,231	237,320

Miscellaneous	2013	2012
	€000	€000
Pension contributions from agencies	1,010	1,596
Costs recovered from other bodies	238	56
Corrib verification process	432	255
Recoupment of EU Presidency expenditure	203	—
Royalties in respect of Metropolitan Area Networks	760	786
Digital switchover refund	177	—
National Seabed Survey refund	150	—
Other	123	122
Total	3,093	2,815

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	972	Lower receipts than anticipated due to a reduced level of extraction of privately owned minerals during the year.
Broadcasting licence fees	5,704	Broadcasting licence fees are dependent on television licence sales and it is not possible to estimate precisely the level of receipts.
Geological Survey Ireland income	(594)	Receipts higher than anticipated due to the Tellus Border Geological Project being ahead of schedule.
Emergency call answering service	250	This is a Vote neutral project. As the details of the projects to be funded under this measure were not finalised during the year no expenditure was incurred and no income was recognised.
Miscellaneous	(760)	Receipts higher than anticipated mainly due to a refund of grant monies from the SEAI and the recoupment of EU presidency costs.

4.2 Extra receipts payable to the Exchequer

Receipts totaling €143,057 were collected for transfer to the Exchequer during the year. Receipts collected and transferred to the Exchequer in the year amounted to €11,537. These receipts related to a voluntary surrender of pay. A total of €131,520 was received from the Sustainable Energy Authority of Ireland. €100,101 related to profit made from the International Conference on Ocean Energy in 2012 and €31,419 related to refunds of EU funded projects. These amounts were received in late 2013 and were transferred to the exchequer in early 2014.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Department	246	248
Agencies	891	900
	1,137	1,148
	2013	2012
	€000	€000
Pay	35,112	27,329
Higher, special or additional duties allowance	307	125
Other allowances	1,286	1,400
Overtime	156	199
Employer's PRSI	2,861	2,872
Total pay	39,722	31,925

The remuneration arrangements refer to the pay element of Subheads A1, A4, B1, C1, C3, D1, E1 and E3.

5.1 Department

	2013	2012
	€000	€000
Pay	13,966	13,951
Higher, special or additional duties allowance	108	103
Other allowances	78	106
Overtime	62	43
Employer's PRSI	788	769
Total pay	15,002	14,972

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	13	7	16,587	20,614
Other allowances	32	2	13,198	12,227
Overtime	37	—	9,931	11,270

Certain individuals received extra remuneration in more than one category.

5.2 Agencies

	2013	2012
	€000	€000
Pay	21,146	13,378
Higher, special or additional duties allowance	199	22
Other allowances	1,208	1,294
Overtime	94	156
Employer's PRSI	2,073	2,103
Total pay	24,720	16,953

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	6	2	12,062	12,565
Other allowances	312	—	9,291	11,263
Overtime	38	1	10,588	18,233

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 for the first time in the 2013 figures 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 €11,486 was made to a former Departmental employee in respect of agreed retirement benefits.

6 Miscellaneous

6.1 EU Funding

The outturn shown for Subhead A.3 – Information and communications technology programme for 2013 of €8.40 million (2012: €4.83 million) includes expenditure of €1.57 million (2012: €1.09 million) which was co-financed from the European Regional Development Fund.

6.2 Committees and Commissions

€705 (2012: €56,267) was paid in respect of various expenses arising out of the Department's involvement in the Moriarty Tribunal.

6.3 Legal costs

Legal costs paid during the year are categorised as follows:

	2013	2012
	€000	€000
Legal fees	—	—
Compensation costs	154	—
	<u>154</u>	<u>—</u>

6.4 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2013

	2013	2012
	€000	€000
Balance at 1 January	8,116	7,284
Receipts	295	1,109
Payments	(273)	(277)
Balance at 31 December	<u>8,138</u>	<u>8,116</u>

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.

6.5 Carryover to 2014

Under the provisions of Section 91 of the Finance Act 2004, €8.5 million of unspent allocation in respect of the capital elements of Subhead C.4 was carried forward to 2014.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €19.37 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

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 an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department is generally compliant with all relevant guidelines regarding procurement with the exception of nineteen contracts to a value of €4.99 million. Certain other historical and local supplier arrangements including those linked to the Department's food safety, disease control and laboratory testing arrangements are currently being examined under the guidance of the Department's procurement unit to assess whether competitive processes are required.

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 2013 the Department was subject to approximately 2,750 audit person days by these bodies. I provided a Statement of Assurance to the certifying body for the EU annual accounts as required by Council Regulation 1290/2005.

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.

Tom Moran

Accounting Officer
Department of Agriculture, Food and the Marine

3 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in 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 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the 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 2013.

Seamus McCarthy
Comptroller and Auditor General

8 September 2014

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2013

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Agri-food policy, development and trade		341,353	327,400
B	Food safety, animal health and welfare and plant health		222,084	212,898
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	424,406		
	<i>Deferred surrender</i>	6,000	430,406	412,335
D	Direct payments		247,897	254,010
Gross expenditure				
	<i>Current year provision</i>	1,235,740		
	<i>Deferred surrender</i>	6,000	1,241,740	1,206,643
Deduct				
E	Appropriations-in-aid		240,672	241,748
Net expenditure				
	<i>Current year provision</i>	995,068		
	<i>Deferred surrender</i>	6,000		
			1,001,068	964,895
				939,757

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.

	2013	2012
	€	€
Surplus	36,173,258	29,445,201
Deferred surrender	16,800,000	6,000,000
Surplus to be surrendered	19,373,258	23,445,201

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	171,449	171,952	177,550
ii	Travel and subsistence	7,225	6,713	7,286
iii	Training and development and incidental expenses	3,500	2,673	4,062
iv	Postal and telecommunications services	4,715	4,030	4,340
v	Office equipment and external IT services	20,162	18,539	17,404
vi	Office premises expenses	5,800	6,384	6,052
vii	Consultancy services and value for money and policy reviews	149	121	77
viii	Supplementary measures to protect the financial interests of the EU	1,000	578	634
ix	Laboratory services	5,960	5,647	5,511
x	EU Presidency	1,300	809	—
		221,260	217,446	222,916

Notes to the Appropriation Account

1 Operating Cost Statement 2013

		2013	2012
	€000	€000	€000
Programme cost		989,197	1,095,097
Pay		172,103	177,550
Non pay		45,343	45,366
Gross expenditure		1,206,643	1,318,013
<i>Deduct</i>			
Appropriations-in-aid		241,748	378,256
Net expenditure		964,895	939,757
Changes in capital assets			
Purchases and disposal proceeds – cash	(3,428)		
Depreciation	5,277		
Gain on disposals	(64)		
		1,785	3,721
Changes in net current assets			
Increase in closing accruals	120,629		
Decrease in stock	526		
		121,155	(7,637)
Direct expenditure		1,087,835	935,841
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		58,465	65,179
Notional rents		6,693	7,552
Net programme cost		1,152,993	1,008,572

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.

		2013	2012
		€000	€000
Vote 9 Office of the Revenue Commissioners		—	2,452
Vote 12 Superannuation and Retired Allowances	e	53,522	58,487
Vote 13 Office of Public Works	e	4,492	3,804
Central Fund - Ministerial pensions	e	451	436
		58,465	65,179

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	12,219	14,003
Current assets			
Bank and cash	2.3	75,671	50,215
Stocks	2.4	3,557	4,083
Prepayments		1,485	2,065
Accrued income:			
EAFRD funding due from the EU		—	122,784
Other amounts due from the EU		1,300	2,890
Scheme overpayments		4,257	3,307
Due from services		7,180	6,124
Other debit balances	2.5	1,569	1,349
Total current assets		95,019	192,817
Less current liabilities			
Accrued expenses		3,714	6,031
Deferred income		—	1
Other credit balances	2.6	59,489	35,492
Net liability to the Exchequer	2.7	17,751	16,072
Total current liabilities		80,954	57,596
Net current assets		14,065	135,221
Net assets		26,284	149,224
Represented by:			
State funding account	2.1	26,284	149,224

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		149,224	145,308
Disbursements from the Vote			
Estimate provision	Account	1,001,068	
Deferred surrender	Account	(16,800)	
Surplus to be surrendered	Account	(19,373)	
Net vote		964,895	939,757
Expenditure (cash) borne elsewhere	1	58,465	65,179
Non cash expenditure – notional rent	1	6,693	7,552
Net programme cost	1	(1,152,993)	(1,008,572)
Balance at 31 December		26,284	149,224

2.2 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	220,652	14,035	234,687
Additions	3,460	35	3,495
Disposals	(329)	—	(329)
Cost or valuation at 31 December 2013	223,783	14,070	237,853
Accumulated depreciation			
Opening balance at 1 January 2013	208,196	12,488	220,684
Depreciation for the year	4,912	365	5,277
Depreciation on disposals	(327)	—	(327)
Cumulative depreciation at 31 December 2013	212,781	12,853	225,634
Net assets at 31 December 2013	11,002	1,217	12,219
Net assets at 31 December 2012	12,456	1,547	14,003

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	2013 €000	2012 €000
PMG balances and cash	77,117	53,334
Orders outstanding	(1,446)	(3,119)
	75,671	50,215

2.4 Stocks

at 31 December	2013 €000	2012 €000
Laboratory supplies and chemicals	559	289
Stationery supplies	146	124
Computer supplies	49	143
Veterinary supplies	2,437	3,171
Livestock	252	223
Agricultural stock	70	68
Safety items and first aid supplies	—	24
Cleaning supplies	11	7
Oil stocks	33	34
	3,557	4,083

2.5 Other Debit Balances

at 31 December	2013	2012
	€000	€000
Imprests and recoupable travel costs	195	209
Department of Finance recoupable gratuities and retirement lump sums	31	—
Advance payments to OPW	1,168	1,075
Due from local authorities in respect of harbour development	66	65
Other	109	—
	<u>1,569</u>	<u>1,349</u>

2.6 Other Credit Balances

at 31 December	2013	2012
	€000	€000
Amounts due to the State		
Withholding Tax	604	533
Value Added Tax	766	517
Relevant Contracts Tax	10	3
Superannuation	376	—
Intervention VAT	—	65
Local Property Tax	4	—
Pay Related Social Insurance	1	—
	<u>1,761</u>	<u>1,118</u>
Securities	399	291
Milk quota sales and levies	565	565
Pesticides licensing fees	1,956	2,124
EU advances (note 6.5)	48,149	24,631
Miscellaneous	6,659	6,763
	<u>59,489</u>	<u>35,492</u>

2.7 Net Liability to the Exchequer

at 31 December	2013 €000	2012 €000
Surplus to be surrendered	19,373	23,445
Deferred surrender	16,800	6,000
Exchequer grant undrawn	(18,422)	(13,373)
Net liability to the Exchequer	17,751	16,072

Represented by:**Debtors**

Bank and cash	75,671	50,215
Debit balances: suspense	1,569	1,349
	77,240	51,564

Creditors

Due to State	(1,761)	(1,118)
Credit balances: suspense	(57,728)	(34,374)
	(59,489)	(35,492)
	17,751	16,072

2.8 Commitments

at 31 December			2013 Total €000	2012 Total €000
	Due 2014 €000	Subsequent years €000		
(a) Procurement	13,102	17,738	30,840	14,206
(b) Grants				
Capital investment grants	13,000	10,700	23,700	60,600
Food research	13,295	46,127	59,422	46,011
Afforestation	109,020	658,423	767,443	749,306
Bioenergy	215	—	215	667
Grants to the organic sector	6,261	22,000	28,261	28,374
Farm Improvement Scheme	16,410	19,748	36,158	64,631
Early Retirement Scheme	10,000	19,400	29,400	45,998
Rural Environment Protection Scheme	116,997	50,100	167,097	310,555
Agri Environment Options Scheme	61,000	185,500	246,500	190,192
Horticulture Scheme	343	—	343	200
Imported Fodder Transport	574	—	574	—
Animal Health Ireland	530	—	530	500
On Farm Market Valuation	47	—	47	133
Total of legally enforceable commitments	360,794	1,029,736	1,390,530	1,511,373

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Agri-Food Policy, Development and Trade			
A.1	Administration – pay	16,839	16,724	17,056
A.2	Administration - non pay	4,886	4,406	3,519
A.3	Research and training	29,883	29,568	32,407
A.4	Development of agriculture and food	20,715	11,807	25,936
A.5	Teagasc - grant-in-aid for general expenses	110,838	110,838	117,060
A.6	An Bord Bia - grant-in-aid for general expenses	28,561	27,734	27,120
A.7	Marine Institute (grant-in-aid)	22,322	21,945	22,449
A.8	Bord Iascaigh Mhara (grant-in-aid)	16,409	15,929	16,250
A.9	Food aid donations - World Food Programme	9,960	10,960	9,960
A.10	Other services	25,920	22,469	18,098
A.11	Horse and Greyhound Racing Fund	55,020	55,020	56,290
		341,353	327,400	346,145

Significant variations

Overall, the gross expenditure in relation to Programme A was €13.95 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Development of agriculture and food	8,908	There was a lower rate of investment than anticipated under the demand led Beef Marketing and Processing heading due to market conditions during the year, influenced by the equine DNA incident and high prices later in the year. There were also fewer claims than expected from the Food Competitiveness Fund as training initiatives took longer to be finalised than originally anticipated.
Food aid donations - World Food Programme	(1,000)	An additional €1 million was provided to the World Food Programme to aid its hunger relief efforts in Africa.
Other services	3,451	Savings arose on legal expenses as fewer legal cases were settled during the year than anticipated. There were also savings on pension payments due to a reduced number of pensioners and a provision for early retirements was not required.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Food Safety, Animal Health and Welfare and Plant Health			
B.1	Administration - pay	96,913	96,837	100,362
B.2	Administration - non pay	28,171	25,758	26,746
B.3	Food safety (and public health), animal health and welfare and plant health	97,000	90,303	111,316
		222,084	212,898	238,424

Significant variations

Overall, the gross expenditure in relation to Programme B was €9.19 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	6,697	There was a savings due to a reduction in testing for Brucellosis and a slight decrease in TB reactor numbers.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Rural Economy, Environment and Structural Changes			
C.1	Administration - pay	35,619	34,248	36,885
C.2	Administration - non pay	9,424	6,794	8,694
C.3	Rural environment	200,375	206,231	253,213
C.4	Land mobility (early retirement/ installation aid schemes)	14,080	14,719	20,471
C.5	Development of agriculture and food	27,405	16,469	23,475
C.6	Forestry and bioenergy			
	<i>Current year provision</i>	110,388		
	<i>Deferred surrender</i>	6,000		
		116,388	111,153	112,817
C.7	Fisheries	14,240	11,220	9,862
C.8	Sea Fisheries Protection Authority	10,481	9,997	9,341
C.9	Other services	2,394	1,504	1,399
		430,406	412,335	476,157

Significant variations

Overall, the gross expenditure in relation to Programme C was €18.07 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Development of agriculture and food	10,937	Expenditure under the targeted agricultural modernisation schemes was less than estimated as some projects approved for grant aid were not completed and the funding provided was not fully drawn down (farmers have two years to complete works approved). In addition, an extension to the deadline for completion of work under the Sow Welfare Scheme to 28 February 2014 led to further savings.
Fisheries	3,020	The savings arose due to non completion of some capital fish processing works as a result of the time constraints imposed for completion of works during the year and also to the low uptake on eligible aquaculture development investment projects arising from the designation of inshore waters as special areas of conservation and special protection areas. Projects are co-funded and difficulties experienced by some applicants, and potential applicants, with accessing credit in financial institutions also reduced demand for capital project funding.
Other services	890	There was less expenditure under technical assistance than estimated due to continued streamlining of activities under the national rural network and also some expected expenditure under the Haulbowline Island remediation project did not fall due before year end.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Direct Payments			
D.1	Administration - pay	22,448	24,294	23,247
D.2	Administration - non pay	6,960	8,385	6,407
D.3	Income and market supports	23,291	19,326	21,181
D.4	Income support in disadvantaged areas	195,000	201,830	206,303
D.5	Other services	198	175	149
		247,897	254,010	257,287

Significant variations

Overall, the gross expenditure in relation to Programme D was €6.11 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Income and market supports	3,965	The main savings under this heading were due to a lower spend on EU disallowances, no intervention costs and lower interest costs on short term FEOGA related borrowings.
Income support in disadvantaged areas	(6,830)	The excess occurred because changes to the eligibility criteria of the DAS scheme did not result in savings to the extent estimated.

4 Receipts

4.1 Appropriations-in-aid

	Subhead	2013		2012
		Estimated €000	Realised €000	Realised €000
1. Recoupment of salaries, etc. of officers on loan to outside bodies		698	729	995
2. Forfeited deposits and securities under EU intervention, export refund, etc. arrangements		81	197	636
3. Refunds from veterinary fees for inspection at poultry and other meat plants		14,456	14,983	15,232
4. Receipts from veterinary inspection fees for live exports		1,292	1,440	1,215
5. Receipts from fees for dairy premises inspection services		5,000	5,484	5,096
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	894	989
7. Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston farm	A.3	1,657	2,186	2,235
8. Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3	5,000	5,413	5,194
9. Land Commission receipts		375	723	1,005
10. Other receipts		1,225	1,490	1,585
11. Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3	1	1,443	1,275
12. Intervention stock losses, etc	D.3,D.5	1	—	—
13. EAFRD (European Agricultural Fund for Rural Development)	C.3,C.5, D.4	176,000	171,595	294,428
14. Veterinary Fund	B.3	13,930	14,067	18,898
15. Other Guarantee receipts from EU (Agriculture)	D.3, D.5	1,012	913	1,012
16. Other Guarantee receipts from EU (EAGGF Fisheries)	D.3	26	10	9
17. Proceeds of fines and forfeitures in respect of sea fisheries		100	210	197
18. Receipts under the 1933 Foreshore Act and the 1954 State Property Act		100	86	111
19. EU recoupment in respect of expenditure on the conservation and management of fisheries		1	225	1,167
20. Aquaculture licence fees	C.7	412	452	972
21. EU FIG receipts (aquaculture and development)	C.7	1,990	1,991	1,399
22. EFF (Fisheries) 2007-2013		500	—	6,960
23. Receipts from pension-related deduction on public service remuneration		16,010	17,217	17,646
Total		240,672	241,748	378,256

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
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(116)	More income than estimated was received due to the unpredictable nature of forfeitures on licence securities
Receipts from veterinary inspection fees for live exports	(148)	The increased revenue under this heading reflected an increase in the number of live cattle exported including the opening of live cattle exports to Libya during the year.
Receipts from fees for dairy premises inspection services	(484)	There was a higher milk volume processed in 2013 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	(529)	The higher level of receipts than estimated was mainly due to a new system of fees for the registration of biocidal products introduced during the year. Improved weather conditions in spring also resulted in a higher demand for certified seed than anticipated.
Receipts from farmer contributions towards the cost of eradicating bovine disease	(413)	Higher volumes of milk processed, along with increased numbers of cattle slaughtered and exported live during the year, resulted in a higher level of disease levies collected from farmers than anticipated.
Land Commission receipts	(348)	The higher level of receipts than estimated was due to a more aggressive follow up of amounts owed to the Land Commission and a higher level of annuity redemptions than anticipated.
Other receipts	(265)	Staff superannuation deductions now receivable from some of the state agencies under the remit of this Department included under this heading were higher than estimated and contributed to the excess.
Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	(1,442)	The excess reflects the outcome of the clearance of the EAGF account which cannot be pre-determined and only a nominal provision was made.
Proceeds of fines and forfeitures in respect of sea fisheries	(110)	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	(224)	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	500	A recoupment claim was not made before year end, pending the adoption of a new EU Regulation which will provide for a higher rate of recoupment under this heading.

Description	Less/ (more) than provided €000	Explanation
Receipts from pension-related deduction on public service remuneration	(1,207)	The level of pension levy receipts was difficult to estimate due to the ongoing changes in staff numbers and their income in the Department and in the state agencies under its remit.

4.2 Extra receipts payable to the Exchequer

	2013 €000	2012 €000
Dublin District Milk Board pension income	4	5
Surrender of suspense account balances	—	1,517
Legal expenses	2	20
Voluntary surrender of pay	15	16
Proceeds from sale of two properties	—	245
Grants for dairy industry - surrendered by Enterprise Ireland	—	2,101
VAT refund to the Marine Institute	270	—
Bord Bia pension contributions	778	—
Surrender of Fishery Harbour Centres capital expenditure drawdown in 2008	1,130	—
Total	<u>2,199</u>	<u>3,904</u>

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies.

	2013	2012
Number of staff at year end (full time equivalents)	4,700	4,844
	2013	2012
	€000	€000
Pay	213,743	221,798
Higher, special or additional duties allowance	2,446	2,428
Other allowances	1,067	1,631
Overtime	3,600	3,522
Redundancy payments	—	192
Employer's PRSI	10,807	10,938
Total Pay	231,663	240,509

The allowance, overtime and other remuneration details in note 5.1 and note 5.2 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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	469	9	18,706	20,614
Other allowances	427	24	20,599	20,206
Overtime	873	83	35,519	30,835

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

€68,710 in total, was paid to two 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 Pensions (Abatement) Act, 1965.

This account includes €14,686 in respect of the non recoupable portion of the remuneration of an officer seconded to a staff representative body.

The cost of severance awards paid to five staff on termination of their employment in 2013 totalled €51,907.

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 €8.8m for EU funding which has been disallowed.

The Account includes interest of €2.8m paid on short-term borrowings of €730m borrowed in 2012 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2013 along with interest.

A total of €715m in short-term funds were borrowed in 2013 to fund EAGF Guarantee expenditure pending EU recoupment in 2014. These loans are not reflected in Note 2.

Provision, as outlined in Note 6.5 has been made for potential future liabilities arising from the repayment of EAFRD advance funding received from the EU in 2007 and 2008.

EU-funded expenditure managed by the Department of Agriculture, Food and the Marine

EAGF Guarantee (measures fully funded by the EU)	2013	2012
	€m	€m
Single payment scheme (including modulation refund)	1,202	1,248
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	19	39
Export refunds	—	1
Intervention	3	14
Milk superlevy	—	(16)
Other	(15)	6
Co-funded receipts (measures co-funded by EU)¹	2013	2012
	€m	€m
Agriculture		
EAFRD Rural Development Programme 2007-2013	173	294
Veterinary Fund	14	19
Other co-financing receipts	2	2
Fisheries		
FIFG - aquaculture development/fisheries development	2	2
EFF - European Fisheries Fund 2007-2013	—	7
	1,400	1,616

¹ Only the EU co-funding on these programmes is shown in this table.

6.2 Overpayments

	2013	2012
	€000	€000
Scheme overpayments at 1 January	3,307	4,573
Adjustment for Early Retirement Scheme	429	—
Overpayments raised in the year	8,090	8,225
Corrections	(1,345)	(3,524)
Recoveries	(6,008)	(5,498)
Write-offs (note 6.3)	(216)	(469)
Scheme overpayments at 31 December	4,257	3,307

6.3 Write-offs

The following sums were written off in the year:

	2013 €	2012 €
Schemes:		
Early retirement from farming	26,694	93,599
Afforestation schemes	—	174,826
Miscellaneous EU premia and areas based schemes	109,557	100,472
Rural Environment Protection Scheme	79,746	100,038
	<u>215,997</u>	<u>468,935</u>
Other:		
Veterinary inspection fees unpaid by companies no longer in business	680	10,850
Company paid in error	12,007	—

6.4 Legal Costs and Compensation

Legal cost paid during the year are categorised as follows:

	2013 €	2012 €
Legal fees	386,778	33,265
Compensation costs	715,275	1,243,799
	<u>1,102,053</u>	<u>1,277,064</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.

The EAFRD programme under Regulation 1290/2005 Article 25 provided 7% advance funding on the overall programme paid in two instalments in 2007 and 2008. This amounted to €147 million advance funding for the Department which was receipted as appropriations-in-aid in those years. At the end of December 2013, the Department has accounted for the advance funding in full and has brought cumulative receipts in line with cumulative claims as at 31 December 2013. Funds lodged to suspense amounting to €48,148,706 represent receipts from the EU in excess of cumulative claims. The funds in the Department suspense will be utilised in 2014 to reimburse the Department of the Environment, Community and Local Government for claims submitted in 2014, and by 2015 all funds in suspense will be cleared out.

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 known, pending planning permission for a specific scheme for remediation.

The Department is aware of a potential EU disallowance in relation to over claims 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 2013 was €9.436 million (2012: €8.436 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 2013 was €1.524 million (2012: €1.524 million).

6.7 Ex-Gratia Payments

Ex-gratia payments totalling €1,809,100 were made to 137 animal welfare organisations (2012: €1,370,000).

€750 was paid to three staff members in respect of medical costs relating to accidents at work.

Ex-gratia payments totalling €2,236 were made to 10 applicants under the Farm Waste Management scheme, whose grants were partially paid on a phased basis in 2009-2011 on foot of a Government decision.

An ex-gratia payment of €4,000 was made to the Chairperson of the Farm Animal Welfare Advisory Council.

7. Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December
2013

	2013	2012
	€000	€000
Balance at 1 January	—	—
Receipts (subhead A.11)	55,020	56,290
Payments		
Horse Racing Ireland	(44,016)	(45,032)
Bord na gCon	(11,004)	(11,258)
Balance at 31 December	<u>—</u>	<u>—</u>

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, Kinalea	5.9
Forest plot, Newmarket	1.5
Forest plot, Rathluirc	1.5
Forest plots, Banteer	7.0
Forest plots, Dunhallow	6.5
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	—
Potato testing laboratory, Raphoe	78.0
Forest plot, Ardara	6.5
Forest plot, Dowra	107.3
Forest plot, Gweebarra	1.8
Forest plots, Killygordon	0.6
Forest plots, Letterkenny	0.3
Forest plots, Lough Gill	13.5
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	148.0
Kildare	
Testing centre, Backweston	—
Stacumny Cottage, Backweston	—
Lands, Backweston	113.0
Forest plot, Athy	3.5
Forest plot, Donadea	0.2

Property	Area (Hectares)
Kilkenny	
Lands, Kildalton Teagasc College, Pilltown	18.0
Forest plots, Castlecomer	2.6
Forest plots, Knocktopher	1.3
Laois	
Forest plot, Ballyfin	2.2
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Glenfarne	11.0
Limerick	
Forest plots, Adare	3.0
Forest plot, Broadford	2.7
Forest plot, Foynes	1.8
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 plot, Lough Key	32.0
Sligo	
Forest plot, Beltra	141.0
Forest plots, Benbulbin	4.4
Forest plots, Collooney	1.3
Forest plot, Manorhamilton	2.0
Tipperary	
Forest plots, Carrick-on-Suir	4.0
Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Kilsheelan	1.9
Forest plot, Neir	2.8
Forest plot, Rear Cross	0.5
Waterford	
Forest plot, Curraghmore	0.6
Forest plots, Kilmacthomas	17.5
Westmeath	
Forest plots, Castlepollard	1.0
Forest plot, Lough Ennel	14.5
Wexford	
Forest plots, Forth	15.3
Forest plot, Gorey	11.1
Forest plot, Killane	0.4
Wicklow	
Forest plots, Aughavannagh	0.2
Forest plots, Avonmore	1.0
Forest plot, Ballinaininch	60.7
Forest plots, Enniskerry	4.0
Forest plots, Glen of Imaal	6.1
Forest plots, Glendalough	7.6
Forest plot, Saggart	1.4
Forest plots, Shelton	0.4
Forest plot, Waterville	59.0

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.

The Minister, as successor to the Irish Land Commission, had 11 hectares of agricultural land and 569 hectares of non-agricultural land on hand at 31 December 2013.

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 2013

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

A surplus of €4.92 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Depreciation

The Department's policy is to depreciate assets from the date of purchase up to and including the previous year 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.

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's annual return to Department of Public Expenditure and Reform, pursuant with Circular 40/2002, identified only one contract (to the value of €100,000 approximately) where normal tendering procedures were not appropriate as the company in question was the sole supplier in Ireland of the software platform procured.
- During 2013, the Department's Finance Division has retained accreditation from the National Standards Authority of Ireland (NSAI).

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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

12 September 2014

Vote 31 Transport, Tourism and Sport

Appropriation Account 2013

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	Civil aviation		30,105	26,865
B	Land transport			27,923
	<i>Original</i>	1,312,958		
	<i>Supplementary</i>	51,000	1,363,958	1,362,245
C	Maritime transport and safety			1,729,201
	<i>Original</i>	101,841		
	<i>Supplementary</i>	(1,000)	100,841	97,702
D	Sports and Recreation Services		74,622	74,481
E	Tourism services		139,623	139,208
Gross expenditure				
	<i>Original</i>	1,659,149		
	<i>Supplementary</i>	50,000		
			1,709,149	1,700,501
	<i>Deduct</i>			2,050,481
F	Appropriations-in-aid		438,567	439,637
				450,541
Net expenditure				
	<i>Original</i>	1,220,582		
	<i>Supplementary</i>	50,000		
			1,270,582	1,260,864
				1,599,940

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.

	2013	2012
	€	€
Surplus	9,718,005	4,138,525
Deferred surrender	4,800,000	—
Surplus to be surrendered	<u>4,918,005</u>	<u>4,138,525</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	27,014	27,707	28,674
ii	Travel and subsistence	1,911	1,181	1,068
iii	Training and development and incidental expenses	1,700	1,578	1,647
iv	Postal and telecommunications services	550	423	465
v	Office equipment and external IT services	1,668	1,841	1,240
vi	Office premises expenses	592	713	875
vii	Consultancy services and value for money and policy reviews	799	524	568
viii	EU Presidency	220	70	—
		34,454	34,037	34,537

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		1,666,464	2,015,944
Pay		27,707	28,674
Non pay		6,330	5,863
Gross expenditure		1,700,501	2,050,481
<i>Deduct</i>			
Appropriations-in-aid		439,637	450,541
Net expenditure		1,260,864	1,599,940
Changes in capital assets			
Purchases cash	(1,894)		
Depreciation	3,395		
		1,501	1,559
Changes in assets under development			
Cash payments		(35)	(991)
Changes in net current assets			
Increase in closing accruals	141		
Decrease in stock	21		
		162	(1,171)
Direct expenditure		1,262,492	1,599,337
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		20,426	20,000
Notional rents		1,212	1,210
Net programme cost		1,284,130	1,620,547

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.

		2013	2012
		€000	€000
Vote 7 Finance	e	143	132
Vote 13 Office of Public Works	e	15,416	15,343
Vote 20 Garda Síochána	e	4,464	4,122
Central Fund - Ministerial pensions	e	403	403
		20,426	20,000

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	9,999	11,036
Capital assets under development	2.3	38	3,487
		10,037	14,523
Current assets			
Bank and cash	2.4	4,505	(607)
Stocks	2.5	569	590
Prepayments		1,123	1,244
Accrued income		43	31
Other debit balances	2.6	1,143	1,292
Total current assets		7,383	2,550
Less current liabilities			
Accrued expenses		1,456	1,425
Other credit balances	2.7	379	287
Net liability to the Exchequer	2.8	5,269	397
Total current liabilities		7,104	2,109
Net current assets		279	441
Net assets		10,316	14,964
Represented by:			
State funding account	2.1	10,316	14,964

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		14,964	13,600
Disbursements from the Vote			
Estimate provision	Account	1,270,582	
Deferred surrender	Account	(4,800)	
Surplus to be surrendered	Account	(4,918)	
Net vote		1,260,864	1,599,940
Expenditure (cash) borne elsewhere	1	20,426	20,000
Non cash expenditure – notional rent	1	1,212	1,210
Net programme cost	1	(1,284,130)	(1,620,547)
Capital asset adjustment	2.2	464	759
Capital asset transfer	2.3	(3,484)	2
Balance at 31 December		10,316	14,964

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 2013	1,932	16,351	2,081	9,697	17,424	47,485
Adjustment ¹	464	—	—	—	—	464
Additions	—	1,141	233	243	277	1,894
Cost or valuation at 31 December 2013	2,396	17,492	2,314	9,940	17,701	49,843
Accumulated depreciation						
Opening balance at 1 January 2013	—	13,956	900	6,623	14,970	36,449
Depreciation for the year	—	1,004	262	971	1,158	3,395
Cumulative depreciation at 31 December 2013	—	14,960	1,162	7,594	16,128	39,844
Net assets at 31 December 2013	2,396	2,532	1,152	2,346	1,573	9,999
Net assets at 31 December 2012	1,932	2,395	1,181	3,074	2,454	11,036

¹ The adjustment relates to land owned by the Department not previously capitalised.

2.3 Capital Assets under Development

	2013 €000	2012 €000
at 31 December		
Amounts brought forward at 1 January	3,487	2,496
Cash payments for the year	35	991
Transferred to asset register	—	—
Adjustment ¹	(3,484)	—
Balance at 31 December	38	3,487

¹ The Department funds capital works on coastguard buildings owned by OPW. This adjustment reflects the transfer of amounts previously recognised as assets by the Department in respect of the value of capital improvements on coastguard stations.

2.4 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	4,505	(604)
Orders outstanding	—	(3)
	4,505	(607)

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery and office supplies	40	45
IT consumables	22	30
Specialised consumables (Irish Coast Guard)	507	515
	569	590

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Retirement lump sums	978	1,056
Other	165	236
	1,143	1,292

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	—	(4)
Pay Related Social Insurance	—	5
Professional Services Withholding Tax	32	45
Value Added Tax	207	101
Relevant Contract Tax	—	4
	239	151
Pension charges	136	71
Other	4	65
	379	287

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	4,918	4,138
Deferred surrender	4,800	—
Exchequer grant undrawn	(4,449)	(3,741)
Net liability to the Exchequer	5,269	397

Represented by:**Debtors**

Bank	4,505	(607)
Debit balances: suspense	1,143	1,292
	5,648	685

Creditors

Due to State	(239)	(151)
Credit balances: suspense	(140)	(137)
	(379)	(288)

5,269	397

2.9 Commitments	2013	2012
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	534,836	597,192
(ii) Grant subheads	42,923	118,366
Total of legally enforceable commitments	577,759	715,558

	2013	2012
Commitments under procurement subheads	€000	€000
Search and rescue helicopter services ¹	511,434	566,896
Airports	6,546	14,184
Vehicle/driving licencing	10,750	13,648
Sustainable Travel	1,700	1,700
Air Accident Investigation Unit	345	351
Information Technology	347	310
Coast Guard services	3,714	103
	534,836	597,192

(b) Multi-annual capital commitments

	Expenditure to 31 December 2012	Expenditure 2013	Subsequent years	Project total 2013	Project total 2012
	€000	€000	€000	€000	€000
Search and rescue helicopter services ¹	17,952	11,070	5,504	34,526	34,526
Smarter Travel Areas	282	5,609	17,109	23,000	23,000

¹ Multi annual capital commitments relate to up-front capital payments to the service provider under the contract which commenced 1 July 2012. The overall commitment of €511.4 million for these services includes monthly standing charges, hourly flying charge and fuel charges based on estimated flying hours and airport and ancillary charges. The actual costs may, therefore, vary from this estimate.

2.10 Matured Liabilities

The total of matured liabilities at 31 December 2013 was €82,444 (2012: €117,555).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil aviation			
A.1	Administration - pay	2,998	2,980	3,106
A.2	Administration - non pay	876	665	796
A.3	Regional airports	14,000	13,288	13,521
A.4	Miscellaneous aviation services	12,231	9,932	10,500
		30,105	26,865	27,923

Significant variations

Overall, the expenditure in relation to Programme A was €3.24 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Regional airports	712	The savings arose due to delays in completing some capital projects at Donegal, Kerry, Waterford and Knock airports during 2013. The delays were due, inter alia, to the referral of a compulsory purchase order at Waterford Airport to arbitration and issues arising from the tender for a new Security Screening extension at Donegal Airport.
Miscellaneous aviation services	2,299	This includes subscriptions to international organisations and payments to the Irish Aviation Authority. Subscriptions to international organisations was €1.8 million less than anticipated. The level of expenditure on subscriptions arising is determined by the organisations to which payments are due; Eurocontrol, International Civil Aviation Authority, European Civil Aviation Authority and Austria, Belgium, Ireland and Switzerland (ABIS). The ABIS Group represents the Civil Aviation Authorities of seven European States (Austria, Belgium, the Netherlands, Luxembourg, Ireland, Portugal and Switzerland) aiming at ensuring a continuous representation in International Civil Aviation Organization bodies through the constitution of a rotation group. Payments to the Irish Aviation Authority were just under a million 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). It is not possible to accurately forecast the number of flights passing through Irish controlled airspace each year.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Land transport			
B.1	Administration - pay	9,867	9,735	10,364
B.2	Administration - non pay	2,532	1,960	2,003
B.3	Road improvement/maintenance			
	<i>Original</i>	750,930		
	<i>Supplementary</i>	51,000		
		801,930	804,804	1,111,973
B.4	Road safety agencies and expenses	11,864	10,362	18,182
B.5	Vehicle and driver licencing expenses	14,600	14,226	14,191
B.6	Smarter travel and carbon reduction	17,400	13,320	12,137
B.7	Public service provision payments	238,054	237,114	289,865
B.8	Public transport investment programme	261,835	264,591	254,231
B.9	Public transport agencies and expenses	5,846	5,951	12,577
B.10	Miscellaneous services	30	182	3,678
		1,363,958	1,362,245	1,729,201

Significant variations

Overall, the expenditure in relation to Programme B was €1.71 million less than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	572	Non-pay expenses (mainly travel and subsistence, telephony, consultancies and various incidental expenses) for the Department have decreased over the past number of years in all programmes due to tighter controls, the increased use of video conferencing facilities and a tighter travel policy. As the administrative expenses are apportioned to each programme and as the land transport programme is the biggest programme in the Department, the variance in administration non-pay is most significant in this programme.
Road improvement/maintenance	(2,874)	Actual expenditure was €53.9 million more than provided for in the original estimate. A supplementary estimate of €51 million was approved by the Dail which provided for an additional €50 million in stimulus funding for local and regional roads maintenance and €1 million in relation to a tolling initiative to encourage heavy goods vehicles (HGVs) to use the motorway network. The additional €2.9 million funding was vired from within the Department Vote to meet additional costs associated with the HGV initiative and some additional improvements to the road network (including public lighting).

Description	Less/ (more) than provided €000	Explanation
Road safety agencies and expenses	1,502	Savings arose owing to the RSA drawing on their revenue reserves to meet operating costs.
Smarter travel and carbon reduction	4,080	Savings of €2 million arose due to delays in rolling out regional cities bikes schemes. Additional underspends arose in the rural transport programme (€91,000) and smarter travel projects (€2 million) mainly on the Limerick Smarter Travel Area Programme. They encountered a number of problems in relation to planning, with some areas being identified as Special Areas of Conservation and as a result incurred delays to progress.
Miscellaneous services	(152)	Expenditure was more than anticipated due to the payment of subscription arrears to the Organisation for Economic Cooperation and Development (OECD) for 2011 and 2012. The Department of Foreign Affairs, who manage Ireland's OECD subscription, billed the Department in 2013 for the arrears.

		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
C	Maritime transport and safety			
C.1	Administration - pay	11,549	12,535	12,662
C.2	Administration - non pay	2,915	2,992	2,646
C.3	Maritime administration and Irish Coast Guard			
	<i>Original</i>	87,243		
	<i>Supplementary</i>	(1,000)	86,243	82,093
C.4	Miscellaneous services		134	82
		100,841	97,702	70,617

Significant variations

Overall, the expenditure in relation to Programme C was €3.14 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Maritime administration and Irish Coast Guard	4,150	Expenditure was €4.1 million less than provided for in the revised estimate. Funds provided to the Commissioners of Irish Lights was €1.7 million less than estimated due to cost savings and measures introduced by the Commissioners. In addition expenditure on capital works was €3 million less than estimated due to delays in completing projects planned at Baltimore, Kinsale and Arklow harbours. The cost of purchasing a new weather buoy was €60,000 less than estimated and the balance of €300,000 is made up of coastguard underspend mainly relating to lower operating costs on SAR helicopter. €1 million of the savings was vired to B3.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Sports and recreation services			
D.1	Administration - pay	1,740	1,548	1,621
D.2	Administration - non pay	524	583	283
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)	13,500	13,550	19,812
D.4	Grants for provision and renovation of swimming pools	5,600	5,542	7,687
D.5	Irish Sports Council/ National Sports Campus (grant-in-aid) (part funded by National Lottery)	53,258	53,258	50,193
		74,622	74,481	79,596

Significant variations

Overall, the expenditure in relation to Programme D was €141,000 less than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	192	Pay costs for the Department are apportioned across programme headings on a pro-rata basis. The initial estimate for the Sports Programme exceeded its requirements.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Tourism services			
E.1	Administration - pay	1,010	909	920
E.2	Administration - non pay	443	129	137
E.3	Fáilte Ireland - (grant -in-aid)	66,076	66,076	65,291
E.4	Tourism Ireland Limited - grant for administration and general expenses	15,849	15,849	16,496
E.5	Tourism marketing fund (grant-in-aid)	37,245	37,245	39,354
E.6	Tourism product development (grant -in-aid)	19,000	19,000	20,200
—	Shannon Free Airport Development Company Limited (tourism development) (grant -in-aid)	—	—	746
		139,623	139,208	143,144

Significant variations

Overall, the expenditure in relation to Programme E was €415,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	314	The saving of €314,000 was due to lower than anticipated expenditure in relation to travel and consultancy.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated €000	Realised €000	Realised €000
Administration			
1. Receipts from pension-related deduction on public service remuneration	4,631	5,256	4,958
Civil Aviation			
2. Irish Aviation Authority refund of subscriptions to international organisations	6,970	7,006	7,048
3. Irish Aviation Authority recoupment of rents, etc.	415	394	748
4. Irish Aviation Authority payment for associated costs	2,391	2,237	2,391
Land Transport			
5. Road transport licence fees	573	667	848
6. Receipts from Local Government Fund	422,589	421,841	418,475
7. Miscellaneous land transport receipts	—	831	15,152
Maritime Transport and Safety			
8. Receipts under the Merchant Shipping and Wireless Telegraphy Act, 1919	400	550	500
Tourism Services			
9. Tourism Ireland pension receipts	200	188	183
Sports Services			
10. Irish Sports Council pension receipts	58	277	61
Miscellaneous Receipts			
11. Miscellaneous receipts	340	390	177
Total	438,567	439,637	450,541

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	(625)	The increase in pension related deduction receipts is mainly due to the Revised Estimates Volume 2013 (REV) allocation being significantly less than the previous years realised amounts and an increase in levy contributions from public service staff.
Irish Aviation Authority payment for associated costs	154	Costs incurred (and recovered from the Irish Aviation Authority) in respect of insurance and administration costs were less than anticipated.
Miscellaneous land transport receipts	(831)	Receipts were higher than the REV due to National Transport Authority/Commission for Taxi Regulation pension related deductions.

Description	Less/(more) than provided €000	Explanation
Receipts under the Merchant Shipping and Wireless Telegraphy Act, 1919	(150)	These receipts relate to seafarers certificates and ship registrations which are demand led services. Revenue in 2013 exceeded estimate due to the increase demand.
Irish Sports Council pension receipts	(219)	Following the staff of Coaching Ireland joining the Irish Sports Council on 1 January 2013, the actual figure for 2013 was much higher than the estimate. A number of Coaching Ireland staff paid lump sums for arrears of contributions.

4.2 Extra Exchequer Receipts

	2013 €000	2012 €000
Pobal, refund of unspent grants arising from programme savings and efficiencies	—	918
Bus Éireann, proceeds from the disposal of vehicles	—	633
Receipt in respect of rent of lands at National Sports Campus	—	27
Road Safety Authority pension receipts	—	464
Proceeds for completion of sale of premises	12	—
Medical Bureau of Road Safety refund of unspent grant ¹	220	—
Receipt from Bus Eireann for school transport ²	292	—
EU receipt for pre-financing of Dublin interconnector tunnel project ³	359	—
EU receipt for Dart underground project ⁴	3,855	—
Total	4,738	2,042

¹ The Medical Bureau of Road Safety repaid €220,000 in respect of unspent grant monies.

² Bus Eireann charges the Department of Education and Skills an agreed amount for depreciation and interest each year in respect of using own funded vehicles on school transport. A number of Department of Transport, Tourism and Sport funded buses were used in some school fleets. The monies received from Bus Éireann relates to depreciation and interest on these vehicles and was returned to the Department of Transport, Tourism and Sport and credited as an extra Exchequer receipt. The calculation of the refund is in accordance with the summary of accounting arrangements and the audited accounts of the school transport scheme.

³ The first 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.

⁴ The final payment for this 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

	2013	2012
Number of staff at year end (full time equivalents) ¹	448	466
	2013	2012
	€000	€000
Pay	24,461	25,307
Higher, special or additional duties allowance	657	700
Other allowances	489	546
Overtime	647	639
Employer's PRSI	1,453	1,481
Total Pay	27,707	28,673

¹ The staffing figure only relates to the Department's staff and does not include the staff of the Department's agencies who may be funded through the Department's Vote.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	87	46	20,793	59,113
Other allowances	130	1	10,511	7,041
Overtime	83	22	41,274	35,318

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 €98,477. Pension abatement rules were applied where necessary.

6 Miscellaneous

6.1 National Lottery Funding

Total expenditure of €56,998 million (€64,307 million in 2012) 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 and miscellaneous costs totalling €82,560 and ranging from €1,428 to €30,000 were paid in nine cases taken against the Minister.

	2013	2012
	€000	€000
Legal costs	45	98
Compensation costs	38	299
	<u>83</u>	<u>397</u>

6.3 Irregular Payments

There were no irregular payments in 2013.

6.4 Fraud and Suspected Fraud

There were no fraud or suspected frauds in 2013.

6.5 Carryover to 2014

Under the provision of section 91 of the Finance Act 2004, €4.8 million in unspent allocation in respect of capital elements for subheads B.6 and C.3 was carried forward to 2014.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred arrangements established by Section 91 of the Finance Act 2004.

A surplus of €44.94 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €23,000,000 will be carried over for spending in 2014 and €21,935,290 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

Responsibility for the Equality Tribunal transferred to the Department of Jobs, Enterprise and Innovation from the Department of Justice and Equality with effect from 1 January 2013 under the Equality Tribunal (Transfer of Departmental Administration and Ministerial Functions) Order 2012 (SI No 531 of 2012).

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 18 contracts to a total value of €1,322,610 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:
 - o 6 contracts with a total value of €579,145 awarded to a sole supplier;
 - o 9 contracts with a total value of €385,965 rolled over from a previous competitive tender process;
 - o 3 contracts with a total value of €357,500 awarded due to other reasons.

Where applicable, the Department is in the process of putting tenders in place for these services going forward.

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

28 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

30 August 2014

Vote 32 Jobs, Enterprise and Innovation

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Jobs and Enterprise Development			
	<i>Current year provision</i>	366,078		
	<i>Deferred surrender</i>	18,000	384,078	400,505
B	Innovation			
	<i>Current year provision</i>	363,860		
	<i>Deferred surrender</i>	7,000	370,860	376,608
C	Regulation		82,678	73,092
			73,092	73,773
Gross expenditure				
	<i>Current year provision</i>	812,616		
	<i>Deferred surrender</i>	25,000		
			837,616	850,886
	<i>Deduct</i>			
D	Appropriations-in-aid		52,027	51,295
			51,295	50,342
Net expenditure				
	<i>Current year provision</i>	760,589		
	<i>Deferred surrender</i>	25,000		
			785,589	800,544
			740,654	

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.

	2013	2012
	€	€
Surplus	44,935,290	45,863,737
Deferred surrender	23,000,000	25,000,000
Surplus to be surrendered	21,935,290	20,863,737

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,824	21,145	20,674
ii	Travel and subsistence	603	551	451
iii	Training and development and incidental expenses	475	475	497
iv	Postal and telecommunications services	587	458	529
v	Office equipment and external IT services	3,840	3,035	2,933
vi	Office premises expenses	700	629	754
vii	Consultancy services and value for money and policy reviews	166	29	123
viii	Advertising and information resources	261	84	86
ix	EU Presidency	2,238	1,338	619
		29,694	27,744	26,666

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	764,206	824,221
Pay (note 1.3)	21,693	21,047
Non pay	6,050	5,618
Gross expenditure	791,949	850,886
<i>Deduct</i>		
Appropriations-in-aid	51,295	50,342
Net expenditure	740,654	800,544
Changes in capital assets		
Purchases cash	(713)	
Depreciation	2,013	
Loss on Disposals	1	
	1,301	1,784
Changes in assets under development		
Cash payments	(862)	(955)
Changes in net current assets		
Decrease in closing accruals	(325)	
Increase in stock	78	
	(247)	(756)
Direct expenditure	740,846	800,617
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	21,400	21,864
Notional rents (non cash) (note 1.2)	1,667	1,685
Net programme cost	763,913	824,166

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.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 60	255
Vote 12 Superannuation and Retired Allowances	e 14,205	15,394
Vote 13 Office of Public Works	e 6,882	5,962
Central Fund - Ministerial pensions	e 253	253
	21,400	21,864

'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.

1.3 Pay

The difference of €548,000 between the pay figure shown in the Operating Cost Statement (€21,693,000) and the pay figure included at (i) of the administration cost analysis (€21,145,000), relates to pay related expenditure on the EU Presidency, which is included at (ix) of the administration cost analysis. The estimate provision of all costs associated with the EU Presidency was included under a separate heading in the administration cost analysis.

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	6,665	6,637
Capital assets under development	2.3	122	584
		6,787	7,221
Current Assets			
Bank and cash	2.4	23,782	27,929
Stocks	2.5	239	317
Prepayments		826	575
Accrued income		1,248	1,078
Other debit balances	2.6	1,420	1,375
Total current assets		27,515	31,274
Less current liabilities			
Accrued expenses		677	441
Deferred income		1,344	1,484
Other credit balances	2.7	2,245	4,029
Net liability to the Exchequer	2.8	22,958	25,275
Total current liabilities		27,224	31,229
Net current assets		291	45
Net assets		7,078	7,266
Represented by:			
State funding account	2.1	7,078	7,266

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		7,266	7,339
Disbursements from the Vote			
Estimate provision	Account	785,589	
Deferred surrender	Account	(23,000)	
Surplus to be surrendered	Account	(21,935)	
Net vote		740,654	800,544
Net assets transferred from Department Justice and Equality	2.2	5	—
Loss on disposal of assets	2.2	(1)	—
Expenditure (cash) borne elsewhere	1	21,400	21,864
Non cash expenditure – notional rent	1	1,667	1,685
Net programme cost	1	(763,913)	(824,166)
Balance at 31 December		7,078	7,266

2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	34,088	6,642	40,730
Transfers from Department Justice & Equality ¹	41	20	61
Additions	2,004	33	2,037
Disposals	(431)	(16)	(447)
Cost or valuation at 31 December 2013	35,702	6,679	42,381
Accumulated depreciation			
Opening balance at 1 January 2013	27,660	6,433	34,093
Transfers from Department Justice & Equality ¹	36	20	56
Depreciation for the year	1,952	61	2,013
Depreciation on disposals	(430)	(16)	(446)
Cumulative depreciation at 31 December 2013	29,218	6,498	35,716
Net assets at 31 December 2013	6,484	181	6,665
Net assets at 31 December 2012	6,428	209	6,637

¹ ICT assets and furniture and fittings were transferred from the Department of Justice and Equality arising from the transfer of the Equality Tribunal to this Department with effect from 1 January 2013.

2.3 Capital Assets under Development

	In-house computer applications €000
Amounts brought forward at 1 January 2013	584
Cash payments in year ¹	916
Brought into use in year	(1,378)
Balance at 31 December 2013	122

¹ EU funding in the amount of €53,646 was used to acquire ICT assets under the Patent Cooperation Fund projects.

2.4 Bank and Cash

at 31 December

2013 2012**€000 €000**

PMG balances and cash

23,785 27,985

Orders outstanding

(3) (56)

23,782	27,929

2.5 Stocks

at 31 December

2013 2012**€000 €000**

Stationery

164 238

IT supplies

60 60

Cleaning materials

15 19

239	317

2.6 Other Debit Balances

at 31 December

€000**2013 2012****€000 €000**

Advances to OPW

209 217

Miscellaneous debit balances

427 483

Recoupable expenditure:

Recoupable travel

433

Recoupable shared services

184

Recoupable pension lump sums

167

784	675

1,420	1,375

2.7 Other Credit Balances

at 31 December

2013 2012**€000 €000****Amounts due to the State**

Income Tax

53 91

Pay Related Social Insurance

60 65

Income Levy

— (1)

Professional Services Withholding Tax

68 86

Value Added Tax on intra EU acquisitions

8 2

189	243

Miscellaneous credit balances

2,056 3,786

2,245	4,029

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	21,935	20,864
Deferred surrender	23,000	25,000
Exchequer grant undrawn	(21,977)	(20,589)
Net liability to the Exchequer	<u>22,958</u>	<u>25,275</u>

Represented by:**Debtors**

Bank and cash	23,782	27,929
Other debit balances	1,420	1,375
	<u>25,202</u>	<u>29,304</u>

Creditors

Due to State	(189)	(243)
Other credit balances	(2,055)	(3,786)
	<u>(2,244)</u>	<u>(4,029)</u>
	<u>22,958</u>	<u>25,275</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(A) Global commitments

Procurement subheads	2,147	51
Grant subheads ¹	<u>1,309,880</u>	<u>1,082,095</u>

¹ Includes expenditure from own resource income.

(B) Multi-annual capital commitments over €6.35 million

	Cumulative Expenditure to 31 December 2012 ²	Expenditure in 2013	Subsequent years	Projects total 2013	Projects total 2012
	€000	€000	€000	€000	€000
IDA Ireland	266,400	9,000	33,200	308,600	319,600
Enterprise Ireland	116,299	33,001	173,359	322,659	210,159
Science Technology & Development Programme	205,818	77,953	219,845	503,616	306,155
Programme for Research in Third Level Institutions (PRLTI)	82,503	18,193	93,702	194,398	194,399
	<u>671,020</u>	<u>138,147</u>	<u>520,106</u>	<u>1,329,273</u>	<u>1,030,313</u>

² Excludes projects completed by end of 2012.

2.10 Matured Liabilities.

Estimated matured liabilities un-discharged at the year-end were €255,568 (2012: €162,831).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay	7,102	7,428	7,028
A.2	Administration – non pay	2,026	1,551	1,374
A.3	Forfás	47,957	40,076	51,422
A.4	InterTrade Ireland	8,085	8,106	8,164
A.5	IDA Ireland			
	<i>Original</i>	117,447		
	<i>Deferred surrender</i>	7,000		
		124,447	126,360	131,822
A.6	Shannon Free Airport Development Company Limited	10,218	8,117	7,655
A.7	Enterprise Ireland			
	<i>Original</i>	135,841		
	<i>Deferred surrender</i>	11,000		
		146,841	128,041	140,187
A.8	County enterprise development	25,893	29,643	30,320
A.9	Monitoring and evaluation of EU programmes	89	—	—
A.10	INTERREG enterprise development	3,000	2,000	5,999
A.11	National Standards Authority of Ireland - grant for administration and general expenses	5,641	5,641	6,245
A.12	Temporary Loan Guarantee Scheme	500	269	239
A.13	Subscriptions to international organisations, etc.	1,949	1,882	29
A.14	Commissions, committees and special inquiries	1	1	1
A.15	Legal costs and other services	312	11	11
A.16	Export Credit Insurance - refund to the Exchequer	17	17	9
—	<i>Microfinance Loan Fund</i>	—	—	10,000
		384,078	359,143	400,505

Significant variations

Overall, the expenditure in relation to Programme A was €24.94 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Forfás	7,881	The savings were €5,998,000 on pay and pensions and €1,880,000 on non-pay. The savings on pay arose due to late or non-filling of staff vacancies. Savings on pensions arose as the number who retired was significantly below the levels anticipated when the estimates were compiled. This resulted in a saving of €4,500,000 on lump sums and a related saving of €1,300,000 on pensions. The non-pay savings arose due to the fact that Forfas's property function transferred to IDA Ireland from 1 July 2013. €1,800,000 was vired to IDA (Subhead A5) to allow IDA meet expenditure on their property obligations following the transfer of the property portfolio.

Description	Less/(more) than provided €000	Explanation
Shannon Free Airport Development Company Limited	2,101	The amount provided to Shannon Development was less than anticipated for the following reasons; (i) expenditure on pensions which included a once-off provision for voluntary retirement and redundancy schemes was some €247,000 less than estimated as less staff retired during the year than expected and no staff availed of the voluntary early retirement scheme; (ii) €1,854,000 provided in relation to grants to industry payable by Shannon Development was not required as a number of large claims originally anticipated were not received before year end.
Enterprise Ireland	18,800	Savings of €18,800,000 arose due to the following factors: (i) during 2013, Enterprise Ireland earned additional own resource income of €11,400,000 from the sale/redemption of equity and venture capital investments. This additional income was used instead of Oireachtas grant to fund financial support to industry; (ii) the level of investment by SMEs is recovering more slowly than expected which has resulted in the level of co-funding required under the various schemes being slower than anticipated. There was an under drawdown from the Seed and Venture Capital Programmes amounting to €7,000,000 due to fundraising difficulties experience by venture funds under the International Fund Ireland and Development Capital programmes. This in turn led to delays in finalising legal agreements and the timing of drawdowns; (iii) a saving of €400,000 on capital building operations mainly relating to lower expenditure on buildings, IT infrastructure and maintenance/upgrade of the regional and overseas office networks.
County enterprise development	(3,750)	The variance reflects the balance of changes in current and capital expenditure levels. The current outturn represents an increase of €569,000 due to the additional requirement to meet retirement pension payments of €354,000 and a shortfall in pay allocation of €440,000, which were partially off-set by savings of €225,000 on non-pay. In relation to capital, DPER sanctioned an additional capital allocation of €3,180,000 for the County Enterprise Boards (CEBs) bringing the total capital allocation to €18,180,000 which was utilised to support enterprise development and to pipeline micro-enterprise projects with the capacity to create additional jobs.
INTERREG enterprise development	1,000	Due to projects running late there was a saving of €1,000,000 in the 2013 allocation. Over 20 projects are involved and it is very difficult to ensure that anticipated timelines can be adhered to, due to various delays such as planning, logistical and administrative issues which impact on the managing authority for the programme.
Temporary Loan Guarantee Scheme	231	The estimate was based on the maximum amount of €150,000,000 being lent and guaranteed under the Credit Guarantee Scheme. The estimate covers the cost of operating the scheme, as well as claims by participating lenders on the 75% guarantee. The reasons for the under spend are; (i) lower than anticipated take-up of the scheme, and (ii) there were no claims under the scheme in 2013.
Legal costs and other services	301	Allowance is made under this subhead for payment of any legal costs arising from personnel related issues. In 2013 there were no legal costs, so the allocation was not needed. It is not possible to accurately predict the number of cases, if any, that will arise from year to year given the unpredictable nature of legal expenses and consequently it is difficult to estimate the amount of funding required.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Innovation			
B.1	Administration – pay	4,811	4,950	4,654
B.2	Administration – non pay	2,319	1,738	1,585
B.3	Patents Office	2,874	2,400	3,165
B.4	Science and Technology Development Programme			
	<i>Original</i>	289,993		
	<i>Deferred surrender</i>	7,000		
		296,993	286,243	294,867
B.5	Programme for Research in Third Level Institutions (PRTL)	44,340	45,203	54,705
B.6	Subscriptions to international organisations, etc.	19,179	19,178	16,254
B.7	Commissions, committees and special inquiries	1	1	1
B.8	Legal costs and other services	343	1	27
—	<i>Dublin - City of Science</i>	—	—	1,350
		370,860	359,714	376,608

Significant variations

Overall, the expenditure in relation to Programme B was €11.15 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	581	Overall the non-pay expenditure across the three programmes was €2,131,279 less than estimated with expenditure on Programme B being 25% less than estimate. The main savings were in the ICT area, the EU Presidency, postal and telecommunication services, consultancy services and advertising and information resources. These savings were largely achieved in the context of continuing to reduce operating costs while meeting essential business needs.
Patents Office	474	There was a pay saving of €240,000 due to some vacancies and unforeseen reductions in staff numbers and also the post of the Controller being filled by a serving official of the Department. There was a non-pay saving of €234,000 relating to office equipment and external IT supplies, as certain planned developments works were funded by the Office of Harmonisation in the Internal Market (OHIM) which gave rise to savings in the estimate.
Science and Technology Development Programme	10,750	Expenditure on in company research and development grants was €2 million lower than anticipated due to insufficient claims submitted by client companies in relation to grant approvals. Expenditure on high potential start up equity investments was lower than anticipated by €3 million due to lower value of equity approvals during the year. A further €5 million in savings arose due to a capital commitment management process, introduced by the Department of Public Expenditure and Reform in 2010. This restricted Enterprise Ireland from making its normal level of project approvals across a range of innovation and R&D funding areas. A saving of €750,000 arose due to pay and non-pay underspends in Science Foundation Ireland.

Description	Less/(more) than provided €000	Explanation
Legal costs and other services	342	This subhead 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 one off in nature and where the timing of expenditure is not certain.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Regulation			
C.1	Administration – pay	9,600	9,315	9,365
C.2	Administration – non pay	3,836	2,761	2,659
C.3	Workplace Relations Programme	19,484	18,159	17,650
C.4	Grants for trade union education and advisory services – cash-limited	944	944	944
C.5	Workplace Innovation Fund promotion of partnership	226	28	67
C.6	Trade union amalgamations	10	30	—
C.7	Office of the Director of Corporate Enforcement	5,330	3,124	3,436
C.8	Competition Authority	5,127	4,478	3,871
C.9	National Consumer Agency	7,360	5,501	5,752
C.10	Consumer support	45	45	47
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,210	6,689	6,990
C.12	Irish Auditing and Accounting Supervisory Authority (grant-in-aid)	1,568	1,445	1,476
C.13	Personal Injuries Assessment Board	55	55	55
C.14	Health and Safety Authority - grant for administration and general expenses	18,730	18,730	19,006
C.15	Research including manpower surveys	280	1	24
C.16	Subscriptions to international organisations, etc.	1,564	1,534	1,568
C.17	Commissions, committees and special inquiries	315	165	319
C.18	Legal costs and other services	994	88	544
		82,678	73,092	73,773

Significant variations

Overall, the expenditure in relation to Programme C was €9.59 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	1,075	Overall the non-pay expenditure across the three programmes was €2,131,279 less than estimated with expenditure on Programme C being 28% less than estimate. The main savings were in the ICT area, the EU Presidency, postal and telecommunication services, consultancy services and advertising and information resources. These savings were largely achieved in the context of continuing to reduce operating costs while meeting essential business needs.

Description	Less/(more) than provided €000	Explanation
Workplace Relations Programme	1,325	The total underspend for C3 is made up of the following: (i) €421,000 in respect of provision made for 2 members of Labour Court who were eligible for retirement but did not retire in 2013 and further pay savings of €104,000 in the Labour Court; (ii) €479,000 in respect of the Labour Relations Commission, broken down for pay of €160,000 arising due to retirement and transfer of staff and non-pay of €318,000 saving, principally in the areas of room hire, travel and subsistence, refurbishment and ICT costs; and (iii) €320,000 in respect of the Equality Tribunal arising from pay savings due to staff reductions and non-pay savings arising in the area of legal costs and office premises expenditure.
Workplace Innovation Fund promotion of partnership	198	The estimate constituted expected drawdown of funds by Enterprise Ireland (EI). Approval by EI for projects commenced in April 2007 and ended in 2009. It was anticipated from the start that the projects would take time to develop. While provision had to be made to meet the liabilities for grants already approved, the uncertain economic climate meant that some companies that had been approved for grants under the scheme did not take up the offer. EI confirmed that the drawdown of €28,000 made by them in April 2013 would be the last one it would be making. All commitments under the scheme expired at the end of 2013.
Office of the Director of Corporate Enforcement	2,206	The under spend arose primarily on the non-pay side with a small underspend on the pay side of €81,000. The non-pay allocation of €2,855,000 included funding in respect of several ongoing cases before the Courts. The timing and outcome of cases is largely outside the control of the Office and as a result, it is extremely difficult to anticipate the timing or level of costs which the Office may have to bear. Some of those cases concluded in 2013 and were successful for the Office, much reducing the anticipated amount to be paid in relation to costs for those particular cases. As there are other cases that remain to be determined, the Office continues to face the prospect of large legal costs falling due for payment in 2014 or later years.
Competition Authority	649	The variation arises from a lower than anticipated expenditure on both pay and non-pay. The savings on pay of €324,000 arises from the staggered filling of ten additional posts during 2013 which were sanctioned for the Authority in 2012 but for which the competition to fill the posts was not held until November 2012. The savings on non-pay of €325,000 resulted mainly from lower than anticipated legal costs arising from a contingent liability of an award of legal costs against the Competition Authority in a High Court case. This liability did not materialise in 2013 as the Authority's Supreme Court appeal was not heard. It is likely to be heard in 2014.
National Consumer Agency	1,859	The financial services function of the Agency is funded by a levy imposed by the NCA. The levy is collected mid year and the Department prefunds the Agency on the proviso that it is reimbursed by way of appropriations-in-aid before year end. An estimate of €1.2 million provided was not in fact required (see 4.1 (15)) since the Agency spent €400,000 less than anticipated in relation to pay due to ten sanctioned financial services posts being vacant during 2013 and the fact that the levy collected in 2012 was in excess of 2012 expenditure which was used to fund programme expenditure of some €800,000 up to April 2013. In addition, the Agency required €600,000 less than anticipated in relation to its grant in respect of administrative and general expenses. This was due to staff levels being below ECF for part of the year (€300,000) and lower than anticipated expenditure in relation to legal fees, IT and facility costs.

Description	Less/(more) than provided €000	Explanation
Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	521	A saving of €114,000 was achieved on the pay allocation due to staff leaving the CRO without immediate replacement. The saving of €401,000 on the non-pay budget arose mainly because funds allocated towards preparations for the implementation of the new Companies Bill (advertising, promotion, training etc.) were not spent as the Bill did not progress through the Houses of Oireachtas as quickly as had been anticipated. Enactment of the Bill during 2014 is now likely. In addition, during 2013, the CRO continued to implement cost-saving measures such as an improved electronic system for incorporating new companies, enhanced e-filing and auto-registration options and more cost-effective CRO and RFS services to on-line customers. Other initiatives included re-tendering for a range of services and achieving further reductions in cost.
Irish Auditing and Accounting Supervisory Authority (grant-in- aid)	123	IAASA is part funded by the Department and the 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 under spend, the 2013 estimate was premised upon the Authority having a full staff complement. However, IAASA had a difficulty in filling a vacancy as Head of Regulatory and Monitoring Supervision for most of 2013, along with other vacancies.
Research including manpower surveys	279	The estimate was based on an anticipated increase in requests for funding including provision for €150,000 to undertake a study to examine the potential opportunities and economic and other impacts on Ireland of a Transatlantic Trade and Investment Partnership Agreement (TTIP). However, due to the complex nature of that proposed project, the contract negotiations were only concluded late in the year and no expenditure was incurred in 2013. Two other minor projects to the value of €10,000 did not proceed as expected.
Commissions, committees and special inquiries	150	The variation arose due to: (i) €85,000 arising from a cessation of Joint Labour Committee activity due to a High Court ruling; (ii) €14,000 on small research projects and travel expenses relating to a High Level Group on Business Regulation; (iii) €20,000 saving on health and safety partnership projects in the construction and agricultural sections with reference to the promotion of workplace safety; (iv) €14,000 saving under the operating costs of the Sales Law Review Group and (v) other miscellaneous savings.
Legal costs and other services	906	Expenditure from this subhead is not possible to accurately predict as the purpose of the subhead is to cover potential legal costs which may arise. Such costs during 2013 were not significant.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated €000	Realised €000	Realised €000
Employment Rights and Industrial Relations			
1. Receipts from the Social Insurance Fund	600	987	1,083
2. Work permit fees	3,000	3,242	2,631
3. Employment agency licences	210	205	243
Insurance and Company Law			
4. Companies Registration Office	18,750	19,337	19,802
5. Registry of Friendly Societies	80	57	94
Trade, Competition and Market Rights			
6. Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,000	8,434	8,588
7. Occasional trading licences	3	3	2
8. National Consumer Agency	361	408	420
9. Merger notifications	280	288	240
Other			
10. ODCE legal	50	178	31
11. County Enterprise Development	100	66	103
12. Miscellaneous	104	2,037	243
13. Competition Authority receipts	—	—	—
14. Enterprise policy (InterTrade Ireland)	44	28	50
15. NCA - grant for financial information and educational functions	2,125	925	834
16. IAASA pay refund	376	507	549
17. PIAB pay and superannuation	1,299	1,241	1,243
18. HSA superannuation	645	599	511
19. IDA Ireland - Pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	1,700	1,722	1,931
20. SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	1,000	703	1,073
21. Temporary Loan Guarantee Scheme	3,000	76	2
22. Receipts from pension - related deduction on public service remuneration	10,300	10,252	10,669
Total	52,027	51,295	50,342

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	(387)	The cost of administering redundancy appeals which is carried out by this Department is recovered from the Social Insurance Fund. This was negotiated with the Department of Social Protection on the basis of two possible rates, 20% and 30% of the total costs of Employment Appeal Tribunal costs. The estimate was based on a recovery rate of 20%. The Department of Social Protection reimbursed this Department at 30% of total costs reflecting the fact that during 2013, redundancy and insolvency cases accounted for a higher proportion of total costs.

Description	Less/(more) than estimated €000	Explanation
Work permit fees	(242)	In the course of 2013 there was an increase in the number of permits issued, particularly to the IT sector. In addition, changes were made to the required Garda National Immigration Bureau (GNIB) status of employees seeking Green Cards. As a result, there was an increase in the number of permits issued.
Receipts under the Trade Marks Act 1963 and Patents Act 1964	(434)	The variation is largely due to increased income from renewal fees from international trade marks protected in Ireland and from European patent applications which have been validated in Ireland. At any time it is difficult to accurately forecast fee income which is subject to companies taking commercial business decisions on applying for and maintaining intellectual property rights.
ODCE legal	(128)	The figure of €50,000 was a notional figure as such receipts are difficult to ascertain in advance as they are not in respect of services provided by the Office but rather are costs awarded to the Office. Some receipts are in respect of costs awarded in criminal cases and such costs are collected by the Courts Service on behalf of the ODCE. As such, the Office has no control over their collection. Further receipts are in respect of civil cases, in which costs are 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	(1,933)	By its nature, it is difficult to predict what level of income will be received under this category. The significant amounts included are as follows: (i) An amount of €1,200,000 refunded by Enterprise Ireland in respect of its capital allocation drawn down instead of utilising own resource income. Enterprise Ireland had previously received sanction from the Department of Public Expenditure and Reform, to retain the own resource income; (ii) CEBs refund of €354,000 which represents unused grant drawdowns; (iii) Employers PRSI refunds €162,000 which arose in respect of the reclassification of the rates of such contributions payable by a number of office holders employed by the Department (defined as such for the purposes of PRSI contributions by SCOPE Section of DSP); (iv) Reconciliation of balances on suspense accounts of €171,000; (v) €82,000 in respect of the Equality Tribunal which transferred from the Department of Justice in January 2013 which relates to re-imbursement of costs associated with a High Court judicial review; (vi) NERA Legal amount of €15,000 and (vii) various other miscellaneous amounts of €52,000.
NCA - grant for financial information and educational functions	1,200	The financial services function of the Agency is funded by a levy imposed by the NCA. The levy is collected mid year and the Department prefunds the Agency on the proviso that it is reimbursed by way of appropriations-in-aid before year end. An estimate of €1.2 million provided was not in fact required (see C.9). As a result there was no requirement for the NCA to reimburse the Department in respect of this amount.
IAASA pay refund	(131)	IAASA is part funded by the Department and the accountancy bodies. The Department processes salary and related payments on behalf of IAASA. As the aggregate of these payments exceeds the Exchequer's liability, a refund is made to the Department at year end. The amount expended by the Department on salaries and related payments was €1,445,000 and the Exchequer liability to IAASA in 2013 amounted to €936,000. A gross refund of €514,000 was due to be refunded to the Department of which €507,000 was refunded. The increase reflects the fact that the 2013 estimate was premised upon the Authority having a full staff complement for the full year.

Description	Less/(more) than estimated €000	Explanation
SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act 2009	297	During 2013, 33 staff availed of a voluntary redundancy scheme. As a result contributions collected were lower than estimated.
Temporary Loan Guarantee Scheme	2,924	The temporary loan guarantee scheme provides that borrowers will pay a 2% premium to the Minister. The estimate of €3,000,000 for 2013 was based on the maximum amount of €150,000,000 being lent and guaranteed in 2013. During 2013, facilities were sanctioned in respect of €12,107,500. At the end of 2013, a total of €6,258,500 had been drawn down by borrowers. As a result receipts under the scheme are much lower than expected.

4.2 Extra receipts payable to the Exchequer

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
Export credit - recoveries from Iraq/Nigeria	50	2,370	869
Enterprise Ireland - current (A7, A8, B4)	249	249	990
Enterprise Ireland - capital (A7, A8, B4)	1,090	3,006	29,738
Forfás – current	341	341	623
Forfás – surplus own resource income	147	147	—
Science Foundation Ireland - capital (B4)	630	630	428
CEBs - grant refund	10	10	—
Shannon Development – grant refund	—	249	—
Miscellaneous	—	18	6
<i>IDA Ireland - interconnectivity project receipts</i>	—	—	22
<i>IDA Ireland – current</i>	—	—	201
	2,517	7,020	32,877

Export Credit – recoveries from Iraq

In 1998 the State withdrew from the provision of Export Credit Insurance. Since then the Department has continued to pursue debts which arose from policies issued under the scheme. Arising from one such case involving debt in Iraq, the Department made a substantial recovery of over €2,300,000 in 2013. As is required under legislation, this money was remitted to the Central Fund.

Enterprise Ireland - capital

At the time of publication of the revised estimates, €1,090,000 had been received from Enterprise Ireland, therefore this amount was disclosed for publication in the estimate. At that time, the Department was not aware of any further 'windfall' receipts from Enterprise Ireland.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents) ¹		
Department	803	789
Agencies	1,723	1,872
	2,526	2,661

¹ These figures include employees of the Personal Injuries Assessment Board, a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2013 €000	2012 €000
Pay	159,354	168,446
Higher, special or additional duties allowance	983	873
Other allowances	1,853	1,833
Overtime	575	567
Employer's PRSI	10,158	10,701
Total pay	172,923	182,420

The remuneration arrangements refer to the pay element of Subheads A1, A3, A4, A5, A6, A7, A8, A11, B1, B3, B4, C1, C3, C7, C8, C9, C11, C12 and C14.

5.1 Department

	2013 €000	2012 €000
Pay ²	37,565	36,183
Higher, special or additional duties allowance	597	579
Other allowances	529	619
Overtime	341	300
Employer's PRSI	2,129	2,051
Total pay	41,161	39,732

² Includes pension payments to 29 former members of Labour Court and Competition Authority.

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	90	4	28,164	20,727
Other Allowances	122	15	48,394	92,826
Overtime	155	4	13,968	13,996

Certain individuals received extra remuneration in more than one category.

5.2 Agencies

	2013	2012
	€000	€000
Pay	121,789	132,263
Higher, special or additional duties allowance	386	294
Other allowances	1,324	1,214
Overtime	234	267
Employer's PRSI	8,029	8,650
Total pay	131,762	142,688

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	88	11	16,703	36,053
Other Allowances	423	29	42,728	42,728
Overtime	90	6	26,851	32,086

Certain individuals received extra remuneration in more than one category.

The agencies included above are County and City Enterprise Boards, Competition Authority, Enterprise Ireland, Forfás, Health and Safety Authority, Industrial Development Authority, Labour Relations Commission, National Consumer Agency, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority, Science Foundation Ireland and Shannon Development.

5.3 Performance and merit payments

A total of €400 was paid, by way of vouchers, to two employees of an agency of the Department in 2013.

5.4 Other remuneration arrangements

A total of €84,237 was paid to five retired civil servants who were re-engaged in various duties during 2013.

A company car was provided to the CEO of four agencies of the Department.

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 2013 as shown below:

Subhead	Description	2013 Outturn €	2012 Outturn €
A.6	SFADCo	87,470	399,078
B.3	Patents Office	183,416	—
B.4	Science Foundation Ireland	115,000	716,685
C.14	Health & Safety Authority	222,344	—
B.5	Forfas	—	329,450
		<u>608,230</u>	<u>1,445,213</u>

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	Cumulative expenditure to end 2013 €	2013 Outturn €	2012 Outturn €
Joint Labour Committees ¹	1946	1,265,769	23,237	8,335
Company Law Inquiries	1994	2,193,034	16,614	71,770
Company Law Review Group	2000	957,091	68,069	87,947
Business Regulation Group	2006	175,493	5,332	8,299
Workplace Safety	2002	2,722,590	50,000	140,000
Departmental Audit Committee	2004	25,614	3,600	3,150
Sales Law Review Group	2009	20,120	391	1,202
		<u>7,359,711</u>	<u>167,243</u>	<u>320,703</u>

¹ 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

	2013 €	2012 €
Legal costs paid during the year are categorised as follows:		
Legal fees	330,906	967,260
Compensation	45,594	142,332
	<u>376,500</u>	<u>1,109,592</u>

Of the total of €376,500 in legal costs in 2013, €160,658 (43%) relates to the National Employment Rights Authority and €95,690 (25%) relates to the Office of the Director of Corporate Enforcement.

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 2013 €	Total for the year ended 31 December 2012 €
Received by Minister for Jobs, Enterprise and Innovation	191,880	338,005
Paid by Minister for Jobs, Enterprise and Innovation into the Exchequer	191,880	338,005

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 Partial Credit Guarantee Scheme was established in November 2012. Under this scheme the Government will partially guarantee loans by traditional lenders to viable businesses that are at the margins of commercial lending decisions and have difficulties accessing credit for either of two distinct reasons: (i) insufficient collateral, (ii) the lender does not have the skills or experience to carry out a proper assessment of the proposition, due to a lack of knowledge of new sectors, markets or technologies. Loans are guaranteed for 3 years and no liability arose in 2013. The maximum exposure arising from loans guaranteed in 2012 and 2013 is €513,863.

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. At 31 December 2013, the Minister's aggregate liability under the scheme was assessed at €328,331.

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 Fraud, Suspected Fraud or Suspected Irregularity

The Department has incurred no losses due to reported cases of fraud, suspected fraud or suspected irregularity in 2013.

6.7 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €23,000,000 of unspent allocation in respect of subheads A.5, A.7 and B.4 was carried forward to 2014.



Appropriation Account 2013

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 2013 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 grants-in-aid.

The expenditure outturn is compared with the sums

- a) granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- b) provided for capital supply services in 2013 out of unspent 2012 appropriations under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €1.6 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;

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, and
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative Controls and Management Reporting

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

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

Seosamh Ó hÁghmaill

Accounting Officer

Department of Arts, Heritage and the Gaeltacht

31 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

13 August 2014

Vote 33 Arts, Heritage and the Gaeltacht

Appropriation Account 2013

		Estimate provision	2013 Outturn	2012 Outturn
	€000	€000	€000	€000
Programme expenditure				
A	Arts, Culture and Film	125,479	125,445	133,073
B	Heritage			
	<i>Current year provision</i>	47,031		
	<i>Deferred surrender</i>	1,200	48,231	48,146
C	Irish Language, Gaeltacht and Islands	41,960	41,849	44,012
D	North-South Co-Operation	40,290	40,172	42,696
Gross expenditure				
	<i>Current year provision</i>	254,760		
	<i>Deferred surrender</i>	1,200		
		255,960	255,612	265,783
Deduct				
E	Appropriations-in-aid	4,525	5,778	5,938
Net expenditure				
	<i>Current year provision</i>	250,235		
	<i>Deferred surrender</i>	1,200		
		251,435	249,834	259,845

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.

	2013	2012
	€	€
Surplus	1,601,228	3,927,344
Deferred surrender	—	(1,200,000)
Surplus to be surrendered	<u>1,601,228</u>	<u>2,727,344</u>

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	29,599	30,183	30,513
ii	Travel and subsistence	1,414	1,104	1,238
iii	Training and development and incidental expenses	955	462	493
iv	Postal and telecommunications services	639	535	552
v	Office equipment and external IT services	2,255	2,020	973
vi	Office premises expenses	693	809	726
vii	Consultancy services and value for money and policy reviews	124	61	45
viii	EU Presidency	510	387	270
		36,189	35,561	34,810

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	220,050	230,974
Pay ¹	30,486	30,783
Non pay	5,076	4,026
Gross expenditure	255,612	265,783
<i>Deduct</i>		
Appropriations-in-aid	5,778	5,938
Net expenditure	249,834	259,845
Changes in capital assets		
Purchases cash	(2,770)	
Depreciation	1,119	
Loss on disposals	198	
	(1,453)	26
Changes in capital assets under development		
Cash payments	(19)	(9)
Changes in net current assets		
Decrease in closing accruals	(426)	
Increase in stock	(113)	
	(539)	(266)
Direct expenditure	247,823	259,596
Expenditure borne elsewhere		
Net allied services expenditure (Note 1.1)	9,862	9,706
Notional rents	4,179	4,206
Net programme cost	261,864	273,508

¹ The pay figure for 2013 includes salaries for the EU Presidency amounting to €303,000 (2012:€270,000).

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.

		2013	2012
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	30	—
Vote 12 Superannuation and Retired Allowances	e	3,602	3,646
Vote 13 Office of Public Works	e	5,438	5,285
Vote 24 Justice & Equality - Financial Shared Services Centre	e	605	620
Central Fund – Ministerial pensions	e	187	155
		<u>9,862</u>	<u>9,706</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	50,077	40,172
Capital assets under development	2.3	—	8,607
		50,077	48,779
Current assets			
Bank and cash	2.4	832	1,096
Stocks	2.5	338	225
Prepayments		2,417	2,167
Accrued income		242	181
Other debit balances	2.6	1,895	2,039
Total current assets		5,724	5,708
Less current liabilities			
Accrued expenses		1,426	1,541
Other credit balances	2.7	2,543	1,603
Net liability to the Exchequer	2.8	184	1,532
Total current liabilities		4,153	4,676
Net current assets		1,571	1,032
Net assets		51,648	49,811
Represented by:			
State funding account	2.1	51,648	49,811

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		49,811	49,688
Disbursements from the Vote			
Estimate provision	Account	251,435	
Surplus to be surrendered	Account	(1,601)	
Net vote		249,834	259,845
Other non cash items			
Transfer to other departments		—	(5)
Adjustment for assets less than €1,000		(397)	(121)
Net adjustment for assets not previously recorded		223	—
Expenditure (cash) borne elsewhere	1	9,862	9,706
Non cash expenditure – notional rent	1	4,179	4,206
Net programme cost	1	(261,864)	(273,508)
Balance at 31 December		51,648	49,811

2.2 Capital Assets

	Land and buildings	Plant and machinery	Office and IT equipment ¹	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2013	36,241	8,771	6,423	4,445	55,880
Additions	9,485	32	1,813	66	11,396
Asset adjustment ²	—	502	137	269	908
Asset adjustment ³	—	—	—	(397)	(397)
Reclassification of assets	—	(2)	2	—	—
Disposals	(9)	(1,691)	(255)	(326)	(2,281)
Cost or valuation at 31 December 2013	45,717	7,612	8,120	4,057	65,506
Accumulated depreciation					
Opening balance at 1 January 2013	191	7,660	5,598	2,259	15,708
Depreciation for the year	83	252	628	156	1,119
Asset adjustment ²	—	496	124	65	685
Adjustments for Reclassification	—	(1)	1	—	—
Depreciation on disposals	(1)	(1,635)	(243)	(204)	(2,083)
Cumulative depreciation at 31 December 2013	273	6,772	6,108	2,276	15,429
Net assets at 31 December 2013	45,444	840	2,012	1,781	50,077
Net assets at 31 December 2012	36,050	1,111	825	2,186	40,172

¹ The Department of 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 Environment, Community and Local Government will commence 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 This adjustment arose following an inventory of all assets under the control of the National Parks and Wildlife Service which identified certain assets not previously recorded on the asset register.

³ This adjustment arose as a result of a review of heritage assets which had been previously valued in Killarney House and which had a cost value of less than €1,000. These assets did not attract depreciation and were removed from the asset register in compliance with the Department of Finance Circular 02/04 requiring capitalisation of assets of €1,000 or more.

2.3 Capital Assets under Development

at 31 December	Airstrips under development €000
Amounts brought forward at 1 January 2013	8,607
Cash payments in year	19
Transferred to asset register	(8,626)
Balance at 31 December 2013	—

2.4 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	835	1,110
Orders outstanding	(3)	(14)
	832	1,096

2.5 Stocks

at 31 December	2013 €000	2012 €000
Building material and small plant	64	59
Fuels and fertilizers	33	34
Stationery	25	33
Equipment consumables	10	11
Janitorial supplies and first aid	11	10
IT consumables	35	20
Miscellaneous	113	58
Livestock	47	—
	338	225

2.6 Other Debit Balances

at 31 December	2013 €000	2012 €000
Environment Fund	1,059	1,203
Office of Public Works	19	270
Native Woodland Scheme	42	256
Other debit suspense items	775	310
	1,895	2,039

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Income Tax	430	445
Pay Related Social Insurance	208	206
Professional Services Withholding Tax	156	153
Value Added Tax	130	87
Pension deductions	10	12

934	903

Crowley Bequest Fund (Note 7.2)	411	411

Aran LIFE	865	—

Other	333	289

2,543	1,603

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	1,601	2,727

Deferred surrender	—	1,200

Exchequer grant undrawn	(1,417)	(2,395)

Net liability to the Exchequer	184	1,532

Represented by:

Debtors

Bank and cash	832	1,096

Debit balances: suspense	1,895	2,039

2,727	3,135

Creditors

Due to State	(934)	(903)

Credit balances: suspense	(1,609)	(700)

(2,543)	(1,603)

184	1,532

2.9 Commitments **2013** **2012**
€000 **€000**
 at 31 December

(a) Global commitments

Total of legally enforceable commitments 30,908 29,422

(b) Multi-annual capital commitments

	Expenditure 2003-2012	Expenditure 2013	Subsequent years	Total 2013	Total 2012
Project	€000	€000	€000	€000	€000
ACCESS (cultural development grants) ¹	13,105	2,110	5,665	20,880	18,973
Other arts capital projects	51,710	1,249	2,358	55,317	53,638
Cill Ronáin Pier	43,578	—	256	43,834	43,833
Turf Compensation Scheme ²	1,269	2,042	17,661	20,972	—
	109,662	5,401	25,940	141,003	116,444

¹ ACCESS (Arts and Culture Capital Enhancement Support Scheme) has been in place since 2001. It is designed to assist the provision of high standard arts and culture infrastructure and prioritise the enhancement and maintenance of existing facilities, while also providing support for new builds. A total of eleven projects received capital funding of some €2 million under the scheme in 2013. No single commitment increased by more than €500,000 from 2012 to 2013.

² In April 2011, the Government announced a compensation package for turf cutters affected by the cessation of turf cutting in raised bog special areas of conservation. Since the Government approved scheme of compensation was established, a total of 5,199 compensation payments and 503 deliveries of turf have been made to date. 2,028 of these payments and 247 turf deliveries were made in 2013. There was no commitment arising on this scheme at end-2012, pending the signing of legal agreements by each applicant with the Minister indemnifying against any future claims for compensation by third parties.

2.10 Matured Liabilities

The estimate of matured liabilities not discharged at year-end amounted to €98,546 (2012: €8,031).

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Arts, Culture and Film			
A.1	Administration – pay	4,639	4,967	4,985
A.2	Administration – non pay	1,337	1,017	905
A.3	Payments to match resources generated by the National Archives	53	48	40
A.4	General expenses of the National Archives and National Archives Advisory Council	1,280	1,195	1,547
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (grant-in-aid)	11,070	11,070	11,870
A.6	Regional museums, galleries, cultural centres and projects	3,942	3,894	4,164
A.7	Cultural infrastructure and development	5,290	5,362	6,367
A.8	Culture Ireland	3,166	3,207	3,560
A.9	An Chomhairle Ealaíon (part funded by National Lottery) (grant-in-aid)	60,602	60,602	63,241
A.10	General expenses of the National Museum of Ireland (grant-in-aid)	11,674	11,674	12,585
A.11	General expenses of the National Library of Ireland (grant-in-aid)	6,605	6,605	7,120
A.12	Irish Film Board (grant-in-aid)	14,858	14,858	15,690
A.13	EU Presidency – cultural programme	963	946	999
		125,479	125,445	133,073

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Heritage			
B.1	Administration – pay	22,117	22,355	22,376
B.2	Administration – non pay	3,932	3,284	2,301
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	4,446	4,446	4,811
B.4	Built heritage	2,539	2,535	2,828
B.5	Natural heritage (National Parks and Wildlife Service)			
	<i>Current year provision</i>	13,644		
	<i>Deferred Surrender</i>	1,200	14,844	15,173
B.6	Irish Heritage Trust		353	373
		48,231	48,146	46,002

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Irish Language, Gaeltacht and Islands			
C.1	Administration – pay	2,981	2,938	3,256
C.2	Administration – non pay	969	734	786
C.3	Gaeltacht support schemes	8,223	8,266	8,789
C.4	Irish language support schemes (part funded by National Lottery)	4,200	4,327	4,612
C.5	An Coimisinéir Teanga	599	596	607
C.6	Údarás na Gaeltachta - administration	9,009	9,009	9,871
C.7	Údarás na Gaeltachta - current programme expenditure	3,400	3,400	3,273
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises	6,000	6,000	5,938
C.9	Islands	6,579	6,579	6,880
		41,960	41,849	44,012

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	North-South Co-Operation			
D.1	Administration – pay	162	226	166
D.2	Administration – non pay	52	40	34
D.3	An Foras Teanga	14,613	14,443	15,397
D.4	Waterways Ireland	25,463	25,463	27,099
		40,290	40,172	42,696

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. National Archives	53	48	40
2. Miscellaneous receipts	350	742	956
3. Rents (including receipts from letting of fishing rights etc.)	130	191	92
4. Sales of property	—	4	8
5. Services and charges at national parks and wildlife sites	365	971	684
6. Airstrip related fees/charges	—	—	4
7. Receipts from pension-related deduction on public service remuneration	3,627	3,822	4,154
Total	4,525	5,778	5,938

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	392	The level of pension receipts for superannuation deductions from agencies of €664,000 was greater than the amount of €275,000 estimated by the Department.
Services and charges at national parks and wildlife sites	606	The estimates figure is historic and the excess realised receipts reflects this. The Department has committed to review the estimate.
Receipts from pension-related deduction on public service remuneration	195	The surplus arose due to a greater than estimated intake of pension related deductions.

4.2 Extra Exchequer Receipts

The Department paid €13,138 to the Exchequer (2012: €21,010). This primarily comprises of principal and interest repayments in respect of loans for Gaeltacht housing.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full-time equivalents)		
Department	566	576
Agencies	928	981
	<u>1,494</u>	<u>1,557</u>
	2013	2012
	€000	€000
Pay	64,021	65,289
Higher, special or additional duties allowance	158	129
Other allowances	939	1,021
Overtime	1,842	2,263
Employer's PRSI	5,407	5,412
Total Pay	<u>72,367</u>	<u>74,114</u>

The total pay figure includes elements of pay from the following subheads: A1, A5, A9, A10, A11, A12, B1, B3, C1, C5, C6, D1, D3, D4.

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 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	62	3	12,090	12,565
Other allowances	698	5	24,803	35,952
Overtime	609	47	20,110	21,422

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

Six retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €52,616.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2013		2012
		Estimate €000	Outturn €000	Outturn €000
A.9	An Chomhairle Ealaíon (part funded by National Lottery) (grant-in-aid)	60,602	60,602	63,241
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	4,446	4,446	4,811
C.4	Irish language support schemes (part funded by National Lottery)	4,200	4,327	4,612
		69,248	69,375	72,664

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

	2013 €000	2012 €000
Legal fees	23	109
Compensation costs	128	57
	151	166

6.3 Write Off

Sanction was obtained from the Department of Public Expenditure and Reform to write-off a legacy debit balance of €213,818 in respect of the Native Woodland Scheme suspense account, which dates back to pre-2002.

6.4 Settlement with the Revenue Commissioners

Following an internal review and an unprompted voluntary disclosure, a payment of €102,179 was made to the Revenue Commissioners in 2014. This was in respect of a benefit in kind liability for the period 2011-13 relating primarily to persons living in residential accommodation in or adjacent to national parks.

6.5 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.

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).

	2013	2012
	€000	€000
Payments		
Irish Museum of Modern Art	4,948	5,392
Chester Beatty Library	2,411	2,598
National Concert Hall	2,514	2,627
Crawford Gallery, Cork	1,197	1,253
	<u>11,070</u>	<u>11,870</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 2013

	2013	2012
	€000	€000
Balance on 1 January	411	459
Receipts	67	—
Payments	(67)	(48)
Balance at 31 December	<u>411</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:

	2013	2012
€000	€000	€000
Opening balance on 1 January	207	218
Annual penal interest accrued	5	4
Write-off of loans	—	—
Interest written off	(2)	(2)
Repayments		
Principal	(5)	
Interest	<u>(4)</u>	(13)
Closing balance on 31 December	<u>201</u>	<u>207</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.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €90,358 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.

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, six contracts with a total value of €270,072 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. Each of these contracts will be subject to a competitive tendering process in 2014.
- Security procedures for safeguarding the collection are reviewed regularly.

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

20 February 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 34 National Gallery for the year ended 31 December 2013.

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

Reporting on matters arising from audit

Chapter 9 of my report on the accounts of the public services for 2013 refers to certain other matters relating to Vote 34.

Seamus McCarthy

Comptroller and Auditor General

9 September 2014

Vote 34 National Gallery

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	National Gallery	7,930	7,843	8,446
Gross expenditure		7,930	7,843	8,446
<i>Deduct</i>				
B	Appropriations-in-aid	253	256	307
Net expenditure		7,677	7,587	8,139

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	90,358	196,295

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,918	4,836	5,215
ii	Travel and subsistence	32	38	58
iii	Security and incidental expenses	657	597	712
iv	Postal and telecommunications services	108	100	110
v	Office equipment and external IT services	284	230	263
vi	Office premises expenses	694	803	746
vii	Consultancy services and value for money and policy reviews	331	333	322
		7,024	6,937	7,426

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	906	1,020
Pay	4,836	5,215
Non pay	2,101	2,211
Gross expenditure	7,843	8,446
<i>Deduct</i>		
Appropriations-in-aid	256	307
Net expenditure	7,587	8,139
Changes in capital assets		
Purchases cash	(49)	
Depreciation	213	
	164	191
Changes in net current assets		
Decrease in closing accruals	(105)	
Increase in stock	(1)	
	(106)	38
Direct expenditure	7,645	8,368
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	952	966
Net programme cost	8,597	9,334

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	283	277
Vote 13 Office of Public Works	669	689
	952	966

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 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	518	683
Current assets			
Bank and cash		4,183	3,330
Stocks	2.3	6	5
Prepayments		90	108
Other debit balances	2.4	30	25
Net Exchequer funding due	2.6	823	863
Total current assets		5,132	4,331
Less current liabilities			
Accrued expenses		126	250
Other credit balances	2.5	5,036	4,218
Total current liabilities		5,162	4,468
Net current assets		(30)	(137)
Net assets		488	546
Represented by:			
State funding account	2.1	488	546

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		546	775
Disbursements from the Vote			
Estimate provision	Account	7,677	
Surplus to be surrendered	Account	(90)	
Net vote		7,587	8,139
Expenditure (cash) borne elsewhere	1	952	966
Net programme cost	1	(8,597)	(9,334)
Balance at 31 December		488	546

2.2 Capital Assets

	Office equipment and motor vehicles	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2013	2,553	1,765	4,318
Additions	21	27	48
Cost or valuation at 31 December 2013	2,574	1,792	4,366
Accumulated depreciation			
Opening balance at 1 January 2013	2,392	1,243	3,635
Depreciation for the year	113	100	213
Cumulative depreciation at 31 December 2013	2,505	1,343	3,848
Net assets at 31 December 2013	69	449	518
Net assets at 31 December 2012	161	522	683

2.3 Stocks

	2013	2012
at 31 December	€000	€000
Stationery	5	2
Cleaning materials	1	3
	6	5

2.4 Other Debit Balances

	2013	2012
at 31 December	€000	€000
Redundancy rebates	—	5
Miscellaneous	30	20
	30	25

2.5 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Grant-in-aid fund for acquisitions, refurbishment and conservation	4,841	4,000

National Gallery Jesuit Fellowship grant-in-aid fund	187	207

Value Added Tax	8	11

	<u>5,036</u>	<u>4,218</u>

2.6 Net Exchequer funding due	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	90	196

Exchequer grant undrawn	(913)	(1,059)

Net Exchequer funding due	<u>(823)</u>	<u>(863)</u>

Represented by:

Debtors

Bank and cash	4,183	3,330

Debit balances: suspense	30	25

	<u>4,213</u>	<u>3,355</u>

Creditors

Credit balances: suspense	(5,036)	(4,218)

	<u>(823)</u>	<u>(863)</u>

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	National Gallery			
A.1	Administration - pay	4,918	4,836	5,215
A.2	Administration - non pay	2,106	2,101	2,211
A.3	Grant-in-aid fund for acquisitions, refurbishment and conservation	905	905	1,000
A.4	National Gallery Jesuit Fellowship (grant-in-aid)	1	1	20
		<u>7,930</u>	<u>7,843</u>	<u>8,446</u>

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	1	2	31
2.	Receipts from pension-related deductions on public service remuneration	252	254	276
		<u>253</u>	<u>256</u>	<u>307</u>

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 financial statements.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	95	108
	2013	2012
	€000	€000
Pay	4,378	4,693
Higher, special or additional duties allowances	10	12
Other allowances	2	3
Overtime	37	64
Employer's PRSI	409	443
Total Pay	4,836	5,215

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 (3 in 2012) at the year end from its own resources, at a cost of €143,094 in the year (€75,210 in 2012).

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	4	—	3,489	4,912
Other allowances	31	—	220	304
Overtime	37	1	10,451	11,219

5.2 Reinstatement of Staff Members

The final stage of payments due to the six employees reinstated on Contracts of Indefinite Duration in 2012 amounting to €15,000 in compensation payments was paid in 2013. Therefore, the total additional pay-related costs in 2012 and 2013 for these staff amounted to €296,426.

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

	2013 €000	2012 €000
Legal costs paid during the year	125	159
Compensation paid during the year	15	—
	<u>140</u>	<u>159</u>

Legal costs mainly comprised legal advice and representation at various industrial hearings in respect of claims taken by several staff members.

6.3 Other Expenditure

Due to Government budget cutbacks the Board of Governors and Guardians approved expenditure on operating costs totaling €298,090 in 2013 (2012: €156,500) from Gallery own resources.

7 Miscellaneous Accounts

7.1 Grant-in-Aid Fund for Acquisitions, Refurbishment and Conservation

	Purchase and repair of pictures	Refurbishment	Conservation of works of art	Purchase of books and journals	2013	2012
	€000	€000	€000	€000	€000	€000
Balance at 1 January	3,003	940	22	35	4,000	3,106
Grant-in-aid (Subhead A3)	-	858	37	10	905	1,000
Expenditure	-	-	(39)	(25)	(64)	(106)
Balance at 31 December	3,003	1,798	20	20	4,841	4,000

This grant-in-aid has been expanded to provide for expenditure on the refurbishment of the Gallery's historic wings under the Master Development Plan. The Master Development Plan is a major refurbishment project comprising the complete renovation of the Gallery's two oldest wings. Phases 2 and 3 of the project commenced in January 2014 and are expected to be completed in Spring 2016.

7.2 Grant-in-Aid Fund for the National Gallery Jesuit Fellowship

	2013	2012
	€000	€000
Balance at 1 January	207	211
Grant-in-aid (Subhead A4)	1	20
Expenditure	(21)	(24)
Balance at 31 December	187	207



Appropriation Account 2013

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 2013 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 2013 including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €201,545 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
- 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.

Maurice Quinn
Accounting Officer
Department of Defence

27 February 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

29 August 2014

Vote 35 Army Pensions

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision for Defence Forces' pension benefits			
	<i>Original</i>	214,812		
	<i>Supplementary</i>	9,000	223,812	223,667
				243,849
Gross expenditure				
	<i>Original</i>	214,812		
	<i>Supplementary</i>	9,000	223,812	223,667
				243,849
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	6,000		
	<i>Supplementary</i>	(400)	5,600	5,657
				5,940
Net expenditure				
	<i>Original</i>	208,812		
	<i>Supplementary</i>	9,400		
			218,212	218,010
				237,909

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	201,545	4,732

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	103		
	<i>Supplementary</i>	(20)	83	80
				81
			83	80
				81

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	223,587	243,768
Pay	69	69
Non pay	11	12
Gross expenditure	223,667	243,849
<i>Deduct</i>		
Appropriations-in-aid	5,657	5,940
Direct expenditure	218,010	237,909
Net allied services expenditure (note 1.1)	1,851	1,738
Net programme cost	219,861	239,647

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 151	—
Vote 36 Defence	e 1,700	1,738
	<u>1,851</u>	<u>1,738</u>

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Current assets			
Bank and cash	2.2	237	5
Other debit balances	2.3	2	9
Total current assets		239	14
Less current liabilities			
Other credit balances	2.4	38	10
Net liability to the Exchequer	2.5	201	4
Total current liabilities		239	14
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	218,212	
Surplus to be surrendered	Account	(202)	
Net vote		218,010	237,909
Expenditure (cash) borne elsewhere	1.1	1,851	1,738
Net programme cost	1	(219,861)	(239,647)
Balance at 31 December		—	—

2.2 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	239	414
Orders outstanding	(2)	(409)
	<u>237</u>	<u>5</u>

2.3 Other Debit Balances	2013	2012
at 31 December	€000	€000
Other debit suspense items	2	9
	<u>2</u>	<u>9</u>

2.4 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	6	4
	<u>6</u>	<u>4</u>
Payroll deductions held in suspense	32	6
	<u>38</u>	<u>10</u>

2.5 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	202	5
Exchequer grant undrawn	(1)	(1)
Net liability to the Exchequer	<u>201</u>	<u>4</u>

Represented by:**Debtors**

Bank and cash	237	5
Debit balances: suspense	2	9
	<u>239</u>	<u>14</u>

Creditors

Due to State	(6)	(4)
Credit balances: suspense	(32)	(6)
	<u>(38)</u>	<u>(10)</u>
	<u>201</u>	<u>4</u>

3 Programme Expenditure by Subhead

				2013	2012
		Estimate	Provision	Outturn	Outturn
		€000	€000	€000	€000
A	Provision for Defence Forces' pension benefits				
A.1	Administration - pay				
	<i>Original</i>	103			
	<i>Supplementary</i>	(20)	83	80	81
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service				
	<i>Original</i>	204,409			
	<i>Supplementary</i>	9,880	214,289	214,184	233,953
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
	<i>Original</i>	9,210			
	<i>Supplementary</i>	(545)	8,665	8,635	8,816
A.4	Payments to dependents of veterans of the War of Independence				
	<i>Original</i>	790			
	<i>Supplementary</i>	(65)	725	724	926
A.5	Compensation payments				
	<i>Original</i>	200			
	<i>Supplementary</i>	(190)	10	6	8
A.6	Medical appliances and travelling and incidental expenses				
	<i>Original</i>	100			
	<i>Supplementary</i>	(60)	40	38	65
			223,812	223,667	243,849

Significant variations

A supplementary estimate of €9.88 million was required on Subhead A2 to meet the costs of increased numbers of Army pensioners. This was partly offset by savings of €880,000 on the other subheads. Overall, net expenditure in relation to the programme was €201,545 lower than provided when the surplus of €57,000 on appropriation-in-aid is taken into consideration.

The average number of pensions in payment in 2013 was 11,947.

4 Receipts

4.1 Appropriations-in-aid

		2013		2013	2012
		Estimated	Realised	Realised	
		€000	€000	€000	€000
1.	Contributions to Defence Forces Spouses' and Children's Pension Schemes				
	<i>Original</i>	4,447			
	<i>Supplementary</i>	(422)	4,025	4,122	4,406
2.	Contributions to Defence Forces Contributory (Main) Pensions Schemes				
	<i>Original</i>	1,400			
	<i>Supplementary</i>	75	1,475	1,476	1,447
3.	Recoveries of overpayments		40	33	55
4.	Payments received in respect of transferred service				
	<i>Original</i>	40			
	<i>Supplementary</i>	(35)	5	2	7
5.	Miscellaneous				
	<i>Original</i>	70			
	<i>Supplementary</i>	(18)	52	21	22
6.	Receipts from pension-related deduction on public service remuneration		3	3	3
Total			5,600	5,657	5,940

Explanation of significant variations

A negative supplementary estimate of €400,000 was required to reduce the original estimate because of a shortfall which was mainly due to reduced numbers contributing to Defence Forces Spouses and Children's Pension Schemes.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	2	2
	2013	2012
	€000	€000
Pay	67	67
Employer's PRSI	2	2
Total Pay	69	69

The two staff members are administrative support to the Army Pensions Board. In addition to these payroll costs, €10,947 was paid in respect of travel and subsistence in 2013.

26.7 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.

6 Miscellaneous

6.1 Overpayments

There are currently 77 overpayment cases on hand amounting to €46,015, of which €31,650 relates to previous years. Overpayments of €84,351 came to light in 2013 of which €68,053 was recovered and €1,933 written off. Efforts are ongoing to recover the outstanding amounts.

	€	€
Opening balance		233,072
Identified overpayment 2013		84,351
		<u>317,423</u>
Recouped		
2013	68,053	
Pre-2013	<u>56,069</u>	
		<u>124,122</u>
		<u>193,301</u>
Written off		
2013	1,933	
Pre-2013	<u>145,353</u>	
		<u>147,286</u>
Closing balance		<u>46,015</u>

A total of 225 overpayments were identified during 2013. There were a total of 77 overpayments outstanding at year end of which 48 relate to 2013 and 29 relate to pre 2013.

6.2 Irrecoverable Overpayments

Overpayments of €147,286 were written off in respect of 2013 and previous years (2012 - €4,118) in accordance with sanction S4.11.62 as they were deemed irrecoverable. The write-offs related to 41 cases where gross overpayments of €206,951 occurred, of which €59,665 was recovered. The 41 cases involved included 2 cases totalling €136,208.



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €20.23 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, including those dealing with contracts awarded without a competitive tender.

Internal Audit and Audit Committee

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

Maurice Quinn

Accounting Officer

Department of Defence

27 March 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

8 September 2014

Vote 36 Defence

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs			
	<i>Current year provision</i>	680,432		
	<i>Deferred surrender</i>	900		
		681,332	666,963	657,141
Gross expenditure				
	<i>Current year provision</i>	680,432		
	<i>Deferred surrender</i>	900		
		681,332	666,963	657,141
<i>Deduct</i>				
B	Appropriations-in-aid	41,675	48,436	46,140
Net expenditure				
	<i>Current year provision</i>	638,757		
	<i>Deferred surrender</i>	900		
		639,657	618,527	611,001

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.

	2013	2012
	€	€
Surplus	21,130,320	36,519,313
Deferred surrender	900,000	900,000
Surplus to be surrendered	20,230,320	35,619,313

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,078	17,246	16,002
ii	Travel and subsistence	523	484	415
iii	Training and development and incidental expenses	205	171	165
iv	Postal and telecommunications services	784	624	554
v	Office equipment and external IT services	2,195	1,865	2,090
vi	Office premises expenses	1,370	972	1,203
vii	Consultancy services and value for money and policy reviews	25	13	9
viii	EU Presidency	269	154	35
		23,449	21,529	20,473

1. The 2013 figures include Civil Defence administration costs. The Civil Defence Board was dissolved on 31 December 2012.

2. EU Presidency costs of €154,000 includes pay costs of €72,000 and non-pay costs of €82,000.

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		645,434	636,668
Pay		17,318	16,037
Non pay		4,211	4,436
Gross expenditure		666,963	657,141
<i>Deduct</i>			
Appropriations-in-aid		48,436	46,140
Net expenditure		618,527	611,001
Changes in capital assets			
Purchases cash	(15,738)		
Depreciation	39,833		
Loss on disposals	6,857		
Disposals cash	865		
		31,817	21,440
Changes in assets under development			
Cash payments		(5,940)	(5,528)
Changes in net current assets			
Decrease in closing accruals	(35,059)		
Decrease in stock	777		
		(34,282)	(20,715)
Direct expenditure		610,122	606,198
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		7,393	7,667
Notional rents		1,949	2,054
Net programme cost		619,464	615,919

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 the vote in respect of other services.

		2013	2012
		€000	€000
Vote 1 President's Establishment	e	(389)	(400)
Vote 2 Department of the Taoiseach	e	(50)	(75)
Vote 7 Revenue Commissioners	e	1	—
Vote 12 Superannuation and Retired Allowances	e	8,501	9,075
Vote 13 Office of Public Works	e	844	650
Vote 35 Army Pensions	e	(1,700)	(1,738)
Central Fund – Ministerial pensions	e	186	155
		7,393	7,667

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	316,959	342,100
Capital assets under development	2.3	3,068	1,668
		320,027	343,768
Current assets			
Bank and cash	2.4	8,075	751
Stocks	2.5	265,068	265,845
Prepayments	2.6	108,431	73,821
Accrued income		1,855	2,326
Other debit balances	2.7	892	1,060
Total current assets		384,321	343,803
Less current liabilities			
Accrued expenses		2,029	2,997
Deferred income		22	49
Other credit balances	2.8	4,066	190
Net liability to the Exchequer	2.9	4,901	1,621
Total current liabilities		11,018	4,857
Net current assets		373,303	338,946
Net assets		693,330	682,714
Represented by:			
State funding account	2.1	693,330	682,714

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		682,714	685,341
Disbursements from the Vote			
Estimate provision	Account	639,657	
Deferred surrender	Account	(900)	
Surplus to be surrendered	Account	(20,230)	
Net vote		618,527	611,001
Expenditure (cash) borne elsewhere	1	7,393	7,667
Non cash expenditure – notional rent	1	1,949	2,054
Transfers – capital assets under development	2.3	(4,540)	(7,430)
Asset adjustment		4,820	—
Transfers from Civil Defence Board	2.2	1,931	—
Net programme cost	1	(619,464)	(615,919)
Balance at 31 December		693,330	682,714

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 2013	881,244	—	41,854	3,617	926,715
Transfers from Civil Defence Board ¹	—	1,888	17	26	1,931
Reclassification from stock ²	4,080	—	—	—	4,080
Adjustment ³	(2,517)	—	—	—	(2,517)
Additions	13,545	424	1,626	68	15,663
Disposals	(60,552)	(63)	(1,542)	(67)	(62,224)
Cost or valuation at 31 December 2013	835,800	2,249	41,955	3,644	883,648
Accumulated depreciation					
Opening balance at 1 January 2013	545,584	—	36,968	2,063	584,615
Depreciation on reclassified items ²	1,448	—	—	—	1,448
Adjustment ³	(4,705)	—	—	—	(4,705)
Depreciation for the year	37,486	440	1,681	226	39,833
Depreciation on disposals	(53,003)	(3)	(1,433)	(63)	(54,502)
Cumulative depreciation at 31 December 2013	526,810	437	37,216	2,226	566,689
Net assets at 31 December 2013	308,990	1,812	4,739	1,418	316,959
Net assets at 31 December 2012	335,660	—	4,886	1,554	342,100

¹ The Civil Defence Board was dissolved on 31 December 2012 and assets held at that date were transferred to the Department of Defence.

² Arising from a review of the inventory system, certain items which were previously recorded as stock have been reclassified as capital assets.

³ The adjustment arose following a review of the categorisation of asset items.

The Department of Defence administers land (approx. 8,400 hectares) and buildings at 100 different locations, as well as 19 properties outside of barracks which serve as married quarters. It is expected that the disposal of the married quarters will be progressed in 2014. 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 2013	1,668
Cash payments in year	5,940
Transferred to asset register ¹	(4,540)
Balance at 31 December 2013	3,068

¹ Notional transfer to asset register.

2.4 Bank and Cash	2013	2012
at 31 December	€000	€000
PMG balances and cash	8,075	1,091
Orders outstanding	—	(340)
	<u>8,075</u>	<u>751</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Military stocks		
Opening balance 1 January	265,777	269,550
Purchases during the year	44,538	42,837
Issues during the year	(43,888)	(26,785)
Write-offs, obsolete stock, etc. ¹	(3,928)	—
Adjustment ²	6,029	—
Reclassification to fixed assets ³	(4,080)	(19,825)
	<u>264,448</u>	<u>265,777</u>
Civil Defence ⁴	566	—
Stationery	28	34
IT consumables	26	34
	<u>265,068</u>	<u>265,845</u>

¹ Work is ongoing to identify and remove slow moving and obsolete military stock items.

² The adjustment arose following a review of the categorisation of stock items.

³ Some military stock items were reclassified as assets in 2013 (see note 2.2).

⁴ The Civil Defence Board was dissolved on 31 December 2012 and stock valued at that date of some €574,000 was transferred to the Department of Defence.

2.6 Prepayments	2013	2012
at 31 December	€000	€000
Naval vessels construction (note 2.10 (c))	84,230	59,630
Other	24,201	14,191
	<u>108,431</u>	<u>73,821</u>

€84 million represents the cumulative advance payments on the naval vessels replacement project from 2010-2013. A further €48 million will be paid by March 2016.

2.7 Other Debit Balances	2013	2012
at 31 December	€000	€000
Suspense	892	1,060
	<u>892</u>	<u>1,060</u>

2.8 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State

Professional Services Withholding Tax	103	90
Pay Related Social Insurance	(39)	(20)
Income Tax	33	81
Relevant Contracts Tax	29	—
Pension contributions	21	9
Universal Social Charge	(15)	(12)
Value Added Tax	3,833	—
	3,965	148
Payroll deductions	15	6
Suspense	86	36
	4,066	190

2.9 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	20,230	35,619
Deferred surrender	900	900
Exchequer grant undrawn	(16,229)	(34,898)
Net liability to the Exchequer	4,901	1,621

Represented by:**Debtors**

Bank and cash	8,075	751
Debit balances: suspense	892	1,060
	8,967	1,811

Creditors

Due to State	(3,965)	(148)
Credit balances: suspense	(101)	(42)
	(4,066)	(190)
	4,901	1,621

2.10 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	72,695	96,455

(A) Global commitments

The figure of €72.7 million includes €48 million for the naval vessel replacement programme, €17 million for the purchase of defensive equipment and €4 million for a number of building projects.

(B) Multi-annual capital commitments

Expenditure in 2013 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:

	2013	2012
	€000	€000
Expenditure	5,940	5,528
Commitments to be met in subsequent years	3,260	1,628

(C) Major projects

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

	Expenditure to 31 December 2012	Expenditure 2013	Subsequent years	Total
Project	€000	€000	€000	€000
Naval vessels replacement project	59,630	24,600	47,970	132,200

The Department entered into a contract in 2014 to procure a third vessel.

2.11 Matured Liabilities

Matured liabilities outstanding at year end amounted to €484,776.

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Defence policy and support, military capabilities and operational outputs			
A.1	Administration - pay	18,158	17,318	16,037
A.2	Administration - non pay	5,291	4,211	4,436
A.3	Permanent Defence Force: pay	423,251	413,394	394,846
A.4	Permanent Defence Force: allowances	39,621	40,074	43,280
A.5	Reserve Defence Force: pay, etc.	3,325	1,909	3,679
A.6	Chaplains and officiating clergymen: pay and allowances	1,225	1,108	1,128
A.7	Civilians attached to units: pay, etc.	33,075	29,251	30,823
A.8	Defensive equipment	26,500	26,931	29,150
A.9	Air Corps: equipment and expenses	14,100	17,653	16,287
A.10	Military transport	11,950	10,437	12,573
A.11	Naval Service: equipment and expenses	31,400	35,800	33,558
A.12	Barrack expenses and engineering equipment	13,800	15,505	14,344
A.13	Buildings			
	Current year provision	13,700		
	Deferred surrender	900		
		14,600	12,613	12,032
A.14	Ordnance, clothing and catering	15,730	11,784	15,062
A.15	Communications and information technology	6,480	7,166	6,561
A.16	Military training	2,000	1,998	2,289
A.17	Travel and freight services	2,168	2,074	2,368
A.18	Medical expenses	2,800	2,776	2,904
A.19	Lands	1,000	1,540	1,651
A.20	Equitation	860	874	909
A.21	Compensation and associated costs	5,000	3,798	3,144
A.22	Miscellaneous expenditure	3,066	2,700	2,937
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	820	828	689
A.24	Civil Defence	4,243	4,352	5,585
A.25	Irish Red Cross Society (grant-in-aid)	869	869	869
Total		681,332	666,963	657,141

Significant variations

Overall, the expenditure in relation to the Programme A was €14,368,931 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Reserve Defence Force: pay, etc.	1,416	The saving is mainly due to lower than anticipated uptake of paid training by reservists.
Chaplains and officiating clergymen: pay and allowances	117	The saving is mainly due to a number of retirements of chaplains.
Civilians attached to units: pay, etc.	3,824	The saving is mainly due to a reduction in the number of civilian employees.
Air Corps: equipment and expenses	(3,553)	The excess relates mainly to additional aircraft maintenance requirements and also additional demand for fuel for increased operational requirements.
Military transport	1,513	The saving is mainly due to a delay in the return of armoured vehicles from overseas missions which led to a delay in their planned rebuild. In addition maintenance requirements were lower than expected. These savings were partly offset by a requirement for additional recovery vehicles and increased demand for fuel.
Naval Service: equipment and expenses	(4,400)	The excess is mainly due to higher than projected fuel requirements and additional operational maintenance and equipment costs.
Barrack expenses and engineering equipment	(1,705)	The excess arose from early delivery on engineering equipment projects and a requirement for some additional cleaning equipment and furniture and was partly offset by reduced utility expenditure.
Buildings	1,987	The saving is mainly due to slower than anticipated progress on some projects including the upgrading of the ammunition storage depot at the Curragh Camp.
Ordnance, clothing and catering	3,946	The saving is mainly due to rationalisation of stores.
Communications and information technology	(686)	The excess is due to the requirement to enhance communication and network systems to support operational requirements.
Lands	(540)	The excess is due to additional security and maintenance costs of military premises, following closure.
Compensation and associated costs	1,202	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	366	The saving is due mainly to lower than anticipated consultancy costs and other smaller miscellaneous savings.

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from United Nations in respect of overseas allowances, etc.	6,000	8,529	9,204
2.	Receipts from EU in respect of fishery protection costs	50	63	—
3.	Receipts from banks and other organisations	8,500	8,439	8,717
4.	Receipts from occupation of official quarters	165	240	222
5.	Receipts from rations on repayment	500	1,030	804
6.	Receipts from other issues on repayment	60	48	41
7.	Receipts for aviation fuel	70	191	394
8.	Receipts on discharge by purchase	50	40	39
9.	Lands and premises			
	(a) rents, etc.	350	600	470
	(b) sales	1,250	1,422	250
10.	Sale of surplus stores	200	899	444
11.	Refunds in respect of services of seconded personnel	80	232	39
12.	Miscellaneous	400	1,400	825
13.	Receipts from pension-related deduction on public service remuneration	24,000	25,303	24,691
Total		41,675	48,436	46,140

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.	(2,529)	The surplus is due to higher than anticipated UN receipts and receipt in 2013 of some amounts due in 2012.
Receipts from rations on repayment	(530)	The surplus is due to higher than anticipated numbers of personnel availing of rations.
Receipts for aviation fuel	(121)	The surplus is due to higher than anticipated demand for uplift of aviation fuel by visiting aircraft.
Lands and premises (a) Rents, etc	(250)	The surplus is due to an increase in rent fees.
Lands and premises (b) Sales	(172)	The surplus is due to an increase in the sale of properties in 2013.
Sale of surplus stores	(699)	The surplus is mainly due to the sale of a decommissioned naval service ship and obsolete military equipment. The value of such sales can be difficult to predict.

Description	Less/(more) than provided €000	Explanation
Refunds in respect of services of seconded personnel	(152)	The surplus is due to receipts in 2013 for expenses incurred in previous years and more secondments than originally projected.
Miscellaneous	(1,000)	The surplus is due to higher than anticipated receipts in respect of the Emergency Aeromedical Support Service.
Receipts from Pension-related deduction on Public Service Remuneration	(1,303)	The surplus is due mainly to deductions made from arrears paid in 2013.

4.2 Extra receipts payable to the Exchequer

	2013 €000	2012 €000
1. Balance on closure of Coiste an Asgard sail training account	111	—
2. Balance on dissolution of Civil Defence Board	103	—
	<u>214</u>	<u>—</u>

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	10,134	10,298
	2013	2012
	€000	€000
Pay	417,166	400,241
Higher, special or additional duties allowance	256	349
Overtime	472	590
Shift and roster allowance	215	289
Military and other allowances	34,184	36,247
Employer's PRSI	38,089	36,447
Total Pay	490,382	474,163

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for three personnel and total pay of €171,224. This office produces a separate account.

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

5.1 Civil Servants

	2013	2012
Number of staff at year end (full time equivalents)	339	321
	2013	2012
	€000	€000
Pay	16,494	15,240
Higher, special or additional duties allowances	81	107
Overtime	100	124
Other allowances	5	6
Employer's PRSI	638	560
Total Pay	17,318	16,037

The 2013 figures reflect the increased staff numbers and costs arising from the dissolution of the Civil Defence Board on 31 December 2012 and the transfer of its staff to the Department of Defence.

The pay figure includes severance and redundancy payments totalling €107,758 which was paid to two civil servants in 2013.

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	19	4	17,690	19,585
Overtime	80	—	7,430	10,959
Other allowances	12	—	1,737	1,547

Certain individuals received extra remuneration in more than one category.

5.2 Civilian Employees

	2013	2012
Number of staff at year end (full time equivalents)	534	593
	2013	2012
	€000	€000
Pay	21,480	22,595
Higher, special or additional duties allowances	175	242
Overtime	372	466
Shift and roster allowance	215	289
Travel time allowance	590	600
Tool and other allowances	325	375
Employer's PRSI	2,163	2,341
Total Pay	25,320	26,908

The pay figure includes severance and redundancy payments totalling €1,408,119 which was paid to 33 civilian employees in 2013.

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	95	—	7,220	10,847
Overtime	155	4	27,014	24,631
Shift and roster allowance	37	4	17,446	17,035
Travel time allowance	94	10	12,030	12,030
Tool and other allowances	351	—	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)

	2013	2012
Number of staff at year end (full time equivalents)	9,261	9,384
	2013	2012
	€000	€000
Pay and military service allowance	379,192	362,406
Overseas allowances	15,023	15,254
Security duty allowances	9,786	10,886
Border duty allowance	3,499	3,976
Patrol duty allowance	3,165	3,338
Miscellaneous allowances	1,791	1,812
Employer's PRSI	35,288	33,546
Total pay	447,744	431,218

Allowances	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Overseas allowances	1,336	773	40,811	41,376
Security duty allowances	7,574	27	13,527	19,996
Border duty allowance	834	2	24,468	47,495
Patrol duty allowance	801	2	10,455	11,294
Miscellaneous allowances	1,004	1	11,823	13,628

Certain individuals received allowances in more than one category.

The maximum individual payment for border duty allowance in 2013 includes arrears of €20,764 from 2009 to 2012.

5.4 Special Payments

A claim was made by a representative body in light of the terms of 93/104/EC-Working Time Directive and the sum of €11,462,792 was paid in 2013. Payment arrears were made to serving Permanent Defence Force personnel and certain discharged personnel in respect of arrears of their entitlement to holiday pay. The arrears cover the period January 2007 to September 2013.

The sum of €66,028 was paid to three nursing personnel as compensation for loss of earnings due to the introduction of new roster arrangements, in respect of 2011 and 2012.

6 Miscellaneous

6.1 Overseas Mission

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:

	2013	2012
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	27,029	32,474
UNDOF (Golan Heights)	2,381	—
KFOR (Kosovo)	1,209	1,270
EUFOR (Bosnia Herzegovina)	747	869
Other UN and EU Missions	4,293	3,837
	35,659	38,450
Other:		
Military representatives and advisors	1,999	1,807
EU Battle Group	47	990
Organisation for Security and Co-operation in Europe	462	691
Total	38,167	41,938

Of the sum of €36m for UN and EU missions, €6m relates to missions the full costs of which are borne by the State. The remaining €30m 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 2013 was €8.5m (Note 4.1), of which €3.8m related to personnel costs and €4.7m to equipment costs. The amount outstanding at year end was €1.3m (€0.7m personnel costs for UNIFIL and UNDOF and €0.6m 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 €488,398 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Seconded Staff

This account includes a total of €105,169 in respect of the remuneration of military personnel and a civil servant on secondment.

6.4 Write-offs – damage to military vehicles

Two hundred and sixty three cases of damage to military vehicles resulted in the sum of €179,641 being written off.

6.5 Carryover to 2014

Under the provisions of section 91 of the Finance Act 2004, €900,000 of unspent allocation in respect of the capital element of Subhead A.13 was carried forward to 2014.

6.6 Personal Injury and Employment Case Claims

at 31 December	2013	2012
Settled claims:		
State Claims Agency	137	159
Other	22	54
Claims on hand:	330	359
Of which referred to State Claims Agency	273	310

6.7 Legal Costs

Expenditure for the year ended 31 December	2013	2012
	€000	€000
Legal fees	1,549	1,499
Compensation	2,260	1,617
	<u>3,809</u>	<u>3,116</u>

The above figures in respect of legal fees and compensation refer primarily to the claims disclosed in note 6.6.

6.8 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.

6.9 EU Funding

Appropriations-in-aid of €63,000 were received from the EU Fishery Protection Surveillance Programme in respect of expenditure incurred for the conservation and management of fishery resources under subhead A.11.

6.10 Donations of Equipment

A donation of equipment valued at €65,152 was made to GOAL for the humanitarian relief effort in the Philippines.

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

Property	Area (Acres)¹
Carlow	
RDF Premises, Mhuine Beag	0.44
Clare	
Knockalisheen Camp	166.5
Lahinch Camp	5.19
Kilrush, Ballyurra	0.6
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
RDF Premises, Middleton	0.5
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	
Rockhill House, Letterkenny	30
Military Post, Lifford	2.6
RDF Premises, Mullins	0.25
Dublin	
Casement Aerodrome, Baldonnel including sewage farm & land adjacent	685
Esplanade, Collins Barracks	0.5
Site at Islandbridge, Dublin 8.	1
RDF Premises, Swords	0.6
Galway	
Oranmore Rifle Range	534
Oranmore By-Pass	0.75
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaolíosa, Galway	74
RDF Premises, Ballinasloe	0.5
RDF Premises, Loughrea	0.23
Kerry	
Ballymullen Barracks, Tralee	15
Fort Shannon, Tarbert	2

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

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

Property	Area (Acres)¹
RDF Premises, Listowel	0.22
RDF Premises, Killorglin	0.25
RDF Premises, Dingle	—
RDF Premises, Killarney	0.2
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.	65
Lands at Blackrath, Curragh.	35.5
Kilkenny	
Stephens' Barracks, Kilkenny	14
Leitrim	
RDF Premises, Manorhamilton	—
Louth	
Red Barns Rifle Range, Dundalk	13.50
RDF Premises, Drogheda	0.40
Mayo	
RDF Premises, Westport - Leased	0.50
Meath	
Gormanston Camp and Aerodrome	261
RDF Premises, Navan	0.50
RDF Premises, Kells	—
Offaly	
Former Military Barracks, Birr	4.90
Roscommon	
Rifle Range, Carna	283
RDF Premises, Roscommon	0.80
Tipperary	
Rifle Range, Kilcoran	13.50
RDF Premises, Thurles	0.19
Barnane Rifle Range, Templemore	—
Waterford	
Military Barracks, Waterford	0.80
RDF Premises, Dungarvan - Leased	0.10

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

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

Property	Area (Acres)¹
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

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

**Schedule of Land and Buildings
Vested in the Minister for Finance**

Property	Area (Acres)¹
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 ²	84
Fort Davis, Whitegate	74
Fort Templebreedy, Crosshaven	37
Fitzgerald Camp, Fermoy	2.5
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	—
Galway	
RDF Premises, Gort	0.2
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

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

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

**Schedule of Land and Buildings
Vested in the Minister for Finance**

Property	Area (Acres)¹
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

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



Appropriation Account 2013

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 2013 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

- (a) granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- (b) provided for capital supply services in 2013 out of unspent 2012 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €228.56 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:

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.

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 (CAUD) with the amounts recorded in the appropriation account, a fixed asset working group was established in 2013 to address the issues raised. The main focus of the group is on the maintenance of the asset registers. Work to end 2013 has resulted in the identification of assets for retirement together with the requirement to carry out physical inventories on an ongoing basis. Physical inventories of assets with a value of €37,000 were conducted in two locations in 2013 and separate desk examinations of 100 old high value assets (total value of €64.7 million) were also carried out, resulting in the retirement of assets with a value of €9.4 million for 2013. As part of the normal business activity assets with a value of €4 million were separately retired. The Department has assets located in 453 locations. The group will also address issues with CAUD. It is envisaged that the group will continue with its work throughout 2014.

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 22 contracts to the value of €2 million which were not subject to a competitive procurement process. These exceptions occurred for various reasons including business continuity, sole/limited supplier availability and multiple low value purchases which with aggregation exceed the procurement threshold.

The Department is taking remedial action in respect of these contracts including the initiating of formal procurement exercises where practicable. In 17 out of the 22 cases procurements have completed or are under way. The outstanding items are under active review. Details of all these contracts are included in the Department's annual Circular 40/2002 return to 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 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

12 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 37 Social Protection for the year ended 31 December 2013.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013.

Regularity of expenditure

Chapter 10 of my report on the accounts of the public services for 2013 relates to welfare payments in excess of entitlement included in the 2013 account for Vote 37. I consider the estimated level of irregular payment to be material.

Reporting on matters arising from audit

Chapters 11 and 12 of my report on the accounts of the public services for 2013 refer to certain other matters relating to Vote 37.

Seamus McCarthy

Comptroller and Auditor General

16 September 2014

Vote 37 Social Protection

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund				
Administration				
	<i>Current year provision</i>	484,613		
	<i>Deferred surrender</i>	<u>1,050</u>	485,663	472,373
				476,000
Pensions			957,300	952,457
Working age – income supports			4,408,570	4,395,017
Working age – employment supports			1,047,850	985,053
Illness, disability and carers			1,882,150	1,934,757
Children			2,232,430	2,251,807
Supplementary payments			821,797	802,139
Subvention to the Social Insurance Fund			1,486,177	1,314,130
Gross expenditure				
	<i>Current year provision</i>	13,320,887		
	<i>Deferred surrender</i>	<u>1,050</u>		
			13,321,937	13,107,733
				14,126,589
Deduct				
Appropriations-in-aid			235,651	250,003
				244,824
Net expenditure				
	<i>Current year provision</i>	13,085,236		
	<i>Deferred surrender</i>	<u>1,050</u>		
			13,086,286	12,857,730
				13,881,765

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.

	2013	2012
	€	€
Surplus	228,556,326	201,170,217
Deferred surrender	—	(1,050,000)
Surplus to be surrendered	<u>228,556,326</u>	<u>200,120,217</u>

Analysis of administration expenditure

			2013	2012
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
i. Salaries, wages and allowances		299,809	301,091	303,369
ii. Travel and subsistence		5,692	4,897	5,088
iii. Training and development and incidental expenses		12,449	4,456	14,489
iv. Postal and telecommunications services		20,500	20,137	21,690
v. Office equipment and external IT services		32,004	25,585	25,413
vi. Office premises expenses				
	<i>Current year provision</i>	27,165		
	<i>Deferred surrender</i>	1,050		
		28,215	31,462	18,548
vii. Consultancy services		1,600	1,145	1,085
viii. Payments for agency services		77,562	76,901	83,358
ix. eGovernment related projects		7,400	6,371	2,938
x. EU Presidency		432	328	22
		485,663	472,373	476,000

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost	12,635,360		13,650,589
Pay	301,091		303,369
Non pay	171,282		172,631
Gross expenditure	13,107,733		14,126,589
<i>Deduct</i>			
Appropriations-in-aid	250,003		244,824
Net expenditure	12,857,730		13,881,765
Changes in capital assets			
Purchases cash	(12,342)		
Depreciation	10,002		
Loss on disposals	1	(2,339)	5,542
Changes in assets under development			
Cash payments		(3,744)	(2,555)
Changes in net current assets			
Decrease in closing accruals	(491)		
Decrease in stock	68		
		(423)	3,754
Direct expenditure	12,851,224		13,888,506
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	35,670		36,187
Notional rents	10,770		10,985
Net programme cost	12,897,664		13,935,678

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.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 24,922	28,054
Vote 13 Office of Public Works	e 10,743	8,128
Central Fund - Ministerial pensions	e 5	5
	35,670	36,187

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	54,336	50,507
Capital assets under development	2.3	<u>15,705</u>	<u>13,364</u>
		70,041	63,871
Current assets			
Stocks	2.5	471	539
Prepayments		53,080	50,866
Social Insurance Fund suspense account ¹		205,660	129,790
Other debit balances	2.6	<u>32,376</u>	<u>38,625</u>
Total current assets		291,587	219,820
Less current liabilities			
Bank and cash	2.4	219,350	76,729
Accrued expenses		69,287	67,564
Other credit balances	2.7	12,155	15,574
Net liability to the Exchequer	2.8	<u>6,531</u>	<u>76,112</u>
Total current liabilities		307,323	235,979
Net current liabilities		<u>(15,736)</u>	<u>(16,159)</u>
Net assets		54,305	47,712
Represented by:			
State funding account	2.1	<u>54,305</u>	<u>47,712</u>

¹ Represents advances from Vote 37 to the Social Insurance Fund (SIF) subvention suspense account which were not expended by year end.

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		47,712	56,958
Adjustment ¹		87	(2,958)
Disbursements from the Vote			
Estimate provision	Account	13,086,286	
Surplus to be surrendered	Account	<u>(228,556)</u>	
Net Vote		12,857,730	13,881,765
FAS net asset transfer		—	453
Expenditure (cash) borne elsewhere	1	35,670	36,187
Non cash expenditure – notional rent	1	10,770	10,985
Net programme cost	1	<u>(12,897,664)</u>	<u>(13,935,678)</u>
Balance at 31 December		54,305	47,712

¹ Adjustment in respect of cash payments in previous years on assets being developed not previously included.

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	287,563	32,752	320,315
Adjustment ¹	1,123	—	1,123
Additions	10,865	1,844	12,709
Disposals	(12,959)	(417)	(13,376)
Cost or valuation at 31 December 2013	286,592	34,179	320,771
Accumulated depreciation			
Opening balance at 1 January 2013	243,259	26,549	269,808
Adjustment ²	(2,054)	—	(2,054)
Depreciation for the year	10,554	1,502	12,056
Depreciation on disposals	(12,959)	(416)	(13,375)
Cumulative depreciation at 31 December 2013	238,800	27,635	266,435
Net assets at 31 December 2013	47,792	6,544	54,336
Net assets at 31 December 2012	44,304	6,203	50,507

¹ Adjustment arose from capital assets under development which were completed in previous years and capitalised in 2013.

² Adjustment refers to a change in depreciation on software assets from 5 years to 10 years together with a depreciation charge for assets included in adjustment¹ above.

2.3 Capital Assets under Development

at 31 December

	In-house computer applications €000
Amounts brought forward at 1 January 2013	13,364
Adjustment ¹	87
Cash payments for the year ²	3,744
Transferred to asset register	(1,490)
Balance at 31 December 2013	15,705

¹ Adjustment refers to accounting for cash payments in previous years not previously included.

² 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	2013	2012
	€000	€000
An Post balances	134,043	157,020
PMG balances	(388,568)	(364,601)
Other bank and cash	35,170	131,001
Orders outstanding	5	(149)
	<u>(219,350)</u>	<u>(76,729)</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 2013 the combined balance held by An Post in respect of Vote 37 and the SIF was €243,576,310. The combined corresponding balance at the end of 2012 was €184,131,631.

During 2012, a settlement was reached by the Department (DSP) with An Post in regard to historic differences regarding lost and missing manual payment vouchers. In 2013 and early 2014, settlement was reached with An Post with the approval of the Department of Public Expenditure and Reform (DPER) in regard to differences in respect of electronic payments going back to 2009. This resolution resulted in a reduction in expenditure of €95,948 to DSP's books of account of which €61,984 was Vote related and €33,964 was SIF related.

Following detailed internal investigations carried out by the Department, the sum of €55,348 was adjusted in DSP's books of account in 2013 to address historic bank differences being carried forward each year since 2009. €12,450 of this amount is Vote related and €42,898 is SIF related. In addition, an amount of €124,017 in respect of bank differences carried forward from 2009 in two Payment and Agency Reconciliation Platform (PARP) suspense accounts were also cleared, of which €56,733 was Vote related (see note 2.6) and €67,284 was SIF related. These adjustments increased expenditure in the year, were sanctioned by DPER and address bank related differences referenced by the Comptroller and Auditor General in previous audits.

2.5 Stocks

at 31 December	2013	2012
	€000	€000
Stationery	453	521
IT consumables	18	18
	<u>471</u>	<u>539</u>

2.6 Other Debit Balances

at 31 December	2013	2012
	€000	€000
Advances to An Post for postage expenditure	933	1,014
Advances to OPW for office furniture, building and electrical work	4,315	5,707
Payment and Agency Reconciliation Platform suspense	—	57
Advances to Pobal	7,700	6,785
Scheme Prepayments ¹	16,333	23,093
Other debit suspense	169	500
Due from Social Insurance Fund (SIF) in respect of SIF schemes	2,926	1,469
	32,376	38,625

¹ At 31 December 2013 there were prepayments for Vote schemes of €16,332,606 of which €6,270,036 were made via An Post and €10,062,570 were made via bank EFT.

2.7 Other Credit Balances

at 31 December	2013	2012
	€000	€000
Amounts due to the State		
Income Tax	2,739	2,776
Superannuation contributions	593	659
Pay Related Social Insurance	1,808	1,777
Interstat Value Added Tax	103	65
Professional Services Withholding Tax	377	142
Local Property Tax ¹	47	—
Extra Exchequer receipts	8	1
	5,675	5,420
Payroll deductions	2,776	2,843
Due to SIF in respect of Vote schemes	2,289	6,306
Other credit suspense items	1,415	1,005
	12,155	15,574

¹ 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 Liability to the Exchequer

at 31 December	2013	2012
	€000	€000
Surplus to be surrendered	228,556	200,120
Deferred surrender	—	1,050
	228,556	201,170
Exchequer grant undrawn	(222,025)	(125,058)
Net liability to the Exchequer	6,531	76,112

Represented by:**Debtors**

Debit balances: suspense	238,036	168,415

Creditors

Banks and cash	(219,350)	(76,729)
Due to State	(5,675)	(5,420)
Credit balances: suspense	(6,480)	(10,154)
	(231,505)	(92,303)
	6,531	76,112

2.9 Commitments

at 31 December	2013	2012
	€000	€000
Total of legally enforceable commitments	33,844	32,370

Multi-annual Capital Commitments

Project	Expenditure to end 2012	Expenditure in 2013	Subsequent Years	Total 2013	Total 2012
	€000	€000	€000	€000	€000
Public Services Card	6,025	3,830	17,942	27,797	27,797

Expenditure figures for 2012 and prior years relate only to projects with future legally binding commitments. Expenditure to end of 2012 has been adjusted to reflect amounts not previously included that were identified during a review of expenditure.

2.10 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2013 was €67,949.

3 Programme Expenditure by Subhead

A. Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Administration – pay	299,809	301,091	303,369
A.2	Administration – non pay			
	<i>Current year provision</i>	184,804		
	<i>Deferred surrender</i>	<u>1,050</u>	171,282	172,631
Pensions				
A.3	State Pension (Non-Contributory)	957,300	952,457	963,211
Working Age – Income Supports				
A.4	Jobseeker's Allowance	3,098,210	3,108,974	3,054,741
A.5	One-Parent Family Payment	934,700	977,960	1,057,753
A.6	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension	16,400	16,735	17,670
A.7	Deserted Wife's Allowance	2,960	2,876	3,546
A.8	Basic Supplementary Welfare Allowance Payments	161,400	108,315	180,291
A.9	Farm Assist	99,450	99,178	108,170
A.10	Pre-retirement Allowance	33,100	34,555	46,091
A.11	Other Working Age – income supports	62,350	46,424	64,667
Working Age - Employment Supports				
A.12	Community Employment Programme	351,550	341,250	330,399
A.13	Rural Social Scheme	45,000	44,203	45,242
A.14	Tús – Community Work Placement Scheme	96,200	92,060	67,055
A.15	Jobs Initiative	25,100	24,924	25,794
A.16	Community Services Programme	46,060	44,853	45,390
A.17	Back to Work Allowance	126,400	119,505	127,203
A.18	National Internship Scheme – JobBridge	81,760	67,688	54,739
A.19	Back To Education Allowance	189,300	186,879	199,567
A.20	Other Working Age – Employment Supports	86,480	63,691	56,529

		2013	2012
		Estimate provision	Outturn
		€000	€000
Illness, Disability And Carers			
A.21	Disability Allowance	1,115,200	1,140,916
A.22	Blind Pension	15,300	14,823
A.23	Carer's Allowance	534,200	554,801
A.24	Domiciliary Care Allowance	106,800	104,272
A.25	Respite Care Grant	110,650	119,945
Children			
A.26	Child Benefit	1,911,720	1,899,922
A.27	Family Income Supplement	229,600	261,758
A.28	Back-To-School Clothing And Footwear Allowance	48,800	47,976
A.29	School Meals Schemes	37,000	36,775
A.30	Child Related Payments	5,310	5,376
Supplementary Payments			
A.31	Rent Supplement	403,400	372,909
A.32	Mortgage Interest Supplement	41,820	35,063
A.33	Household Benefits Package	107,485	113,130
A.34	Free Travel	77,000	75,477
A.35	Fuel Allowance	142,000	155,599
A.36	Grant to the Citizens Information Board	47,310	46,387
A.37	Office of the Pensions Ombudsman	1,005	974
A.38	Miscellaneous services	1,777	2,600
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	1,486,177	1,314,130
Total		13,321,937	13,107,733
			14,126,589

Significant variations

Overall, the expenditure was €214.2 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)	7,993	There were savings on advertising and staff training. This subhead included a contingency provision for 2013 that was not required
Consultancy Services (A.2.vii)	455	Anticipated expenditure on some consultancy did not occur.
Basic Supplementary Welfare Allowance Payments (A.8)	53,085	Improved processing times on primary schemes resulted in less recourse to SWA Basic Payments.
Other Working Age – income supports (A.11)	15,926	(i) Exceptional Needs Payments: The estimate provided for a fall in the number of once-off payments of 19,000 (10%) arising from a review and standardisation of ENP payments across the country. The number of payments was 69,000 (35%) lower than estimated because the impact of standardisation was greater than anticipated. (ii) Other Supplements: There has been a trend decline in claims since 2011. The estimate provided for a fall in the number of payments of 6,750 (2%) on the basis of emerging trends at the time of preparation of the estimate. In the event, the number of payments was 55,805 (15%) lower than the estimate. (iii) Humanitarian Aid: Expenditure on this scheme is subject to the timing of submission of claims for assistance following natural disasters. It is difficult to predict the timing of claims and payments arising from humanitarian aid initiatives confirmed by Government. In the event, there was a lower level of payments, mainly for relocation expenses, than provided for in the estimate.
Back to Work Allowance (A.17)	6,895	The estimate provided for a fall in the number of recipients of 125 (1%) on the basis of analysis of trend data available at the time of preparation of the estimate. In the event, the number of recipients was 770 (6%) lower than estimated because the trend reduction in recipient numbers was faster than provided for in the estimate.
National Internship Scheme – JobBridge (A.18)	14,072	The average numbers were approximately 1,100 (16.5%) lower than the expected uptake of places provided for in Budget 2013.

Description	Less/ (more) than provided €000	Explanation
Other Working Age – Employment Supports (A.20)	22,789	Gateway: This was a new scheme introduced in 2013 and was slower to come on stream than provided for in the estimate. Only €0.25 million of an allocation of €15.74 million was realised in 2013, accounting for just under €15.5 million of the total A.20 subhead variance. Technical Assistance Training (TAT) towards training for Back To Work Allowance participants: The estimate provided for an increase in expenditure of €1.0 million (30%) but the outturn showed decrease of €0.2 million (6%). In the event, expenditure was €1.2 million lower than estimated because take-up was lower than provided for in the estimate. Technical Employment Support Grant: The estimate provided for an increase in expenditure of €1.65 million (38%) but the outturn showed decrease of €0.08 million (1.7%). In the event, expenditure was €1.73 million lower than estimated because take-up was lower than provided for in the estimate. JobsPlus: This was a new scheme introduced in 2013 that was slower to come on stream than provided for in the estimate. Only €1 million of an allocation of €2 million was realised in 2013. Disability Activation and Employment Supports: This scheme was expected to show a significant increase in activation levels but was slower to come on stream than provided for in the estimate. Only €2.8 million of an allocation of €5.2 million was spent in 2013.
Respite Care Grant (A.25)	(9,295)	The estimate provided for a small increase in the number of recipients of 270 (0.3%) on the basis of analysis of trend data available at the time of preparation of the estimate. In the event, the number of recipients was 6,200 (7.7%) higher than estimated because the trend increase in recipient numbers was faster than provided for in the estimate.
Family Income Supplement (A.27)	(32,158)	Backlogs were cleared much quicker than expected leading to higher recipient numbers.
Rent Supplement (A.31)	30,491	The estimate provided for an average of 87,200 recipients in payment. The outturn averaged at 80,475 recipients in payment. This was due to a number of factors including a lower Live Register than provided for in the estimate and the impact of U25 budget reduction measures on Rent Supplement.
Mortgage Interest Supplement (A.32)	6,757	The average numbers were 750 (7.1%) lower than expected. The average weekly values were €7.80 lower than expected because of the greater than expected effect of previous budget measures increasing the minimum contribution and deferring payment of this scheme.

Description	Less/ (more) than provided €000	Explanation
Household Benefits Package (A.33)	(5,645)	Electricity allowance was €4 million over budget because the Budget 2013 restructuring measure did not reduce average values as much as expected. Telephone allowance was €3 million over budget because the reduction in average values did not occur as quickly as expected.
Fuel Allowance (A.35)	(13,599)	An additional week was paid in April to alleviate hardship caused by an unseasonably cold spring. Higher than expected recipient numbers (2,880) and higher than expected average payment values also contributed to the variance.
Miscellaneous services (A.38)	(823)	In December 2013, the Government decided to provide additional grants to three voluntary organisations - €770,000 to St. Vincent de Paul, €100,000 to Crosscare and €130,000 to Protestant Aid to assist these organisations to meet the increased demand for services for those most in need.
Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005 (A.39)	172,047	Social Insurance Fund (SIF) income was €205 million higher than expected due to higher PRSI receipts. This was partially offset by expenditure on SIF schemes being €34 million higher than expected. Consequently, the Exchequer Subvention to the Social Insurance Fund was €172 million lower than expected.

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		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	177,600	177,600
Appropriations-in-aid: Other				
2.	Recoveries of Social Assistance overpaid	16,500	31,377	21,477
3.	Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance	9,200	10,515	9,256
4.	Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare (Consolidation) Act 2005	400	393	435
5.	Receipts from the General Register Office	500	558	567
6.	Receipts from European Social Fund for activation and participation of people with disabilities	250	14	—
7.	Receipts from pension-related deduction on public service remuneration	17,165	16,672	16,820
8.	Receipts from EURES European Job Mobility Fund	460	—	223
9.	Receipts from National Training Fund (Community Employment)	7,400	7,400	5,919
10.	Receipts from Pensions Board – staff superannuation	650	801	861
11.	Receipts from Department of Health – Drugs Task Force supports (Employment Programme)	1,225	1,095	1,308
12.	Homeless Unit operational costs – contributions from external agencies	240	163	—
13.	Miscellaneous	4,381	3,415	3,813
—	Receipts from the European Globalisation Fund	—	—	6,354
—	Dormant Accounts Receipts	—	—	191
Total		235,651	250,003	244,824

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	(14,877)	Improved recovery procedures introduced in Budget 2013.
Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance	(1,315)	The 2013 estimate was constructed having regard to the emerging outturn for 2012 and it is difficult to accurately predict receipts in any year.
Receipts from European Social Fund for activation and participation of people with disabilities	236	The claim schedule was not available when the estimates were constructed. Activity carried out in 2012 and 2013 will now be claimed for in 2014.
Receipts from Pensions Board – staff superannuation	(151)	€134,000 of receipts were expected to be received in 2014 but were received in December 2013.

Description	Less/ (more) than provided €000	Explanation
Receipts from EURES European Job Mobility Fund	460	The EURES activity year is usually from June to the end of May. However, EURES funding is due to come to an end in 2014, thus the activity year is of 18 months duration until the end of December 2014. No receipts were received in 2013; the final grant is due to be received in June 2015.
Receipts from Department of Health – Drugs Task Force supports (Employment Programme)	130	Not as much claimed as expected due to the fact that four projects estimated to be funded in 2013 were funded in 2012.
Miscellaneous	966	Outturn was broadly in line with the 2012 outturn. However, receipts in the first 10 months of 2012, on which the 2013 estimate was based, suggested a higher outturn for 2012 than what eventually materialised.

4.2 Extra receipts payable to the Exchequer

	2013 €000	2012 €000
Conscience money	19	9
Witness expenses	3	6
Pensions Board fines	28	74
	<u>50</u>	<u>89</u>

Table shows amounts received and paid to the Exchequer in the year.

Further receipts of €7,613 comprised of €6,000 in Pensions Board fines, €933 in anonymous receipts and €680 in witness expenses were received in 2013 – these were paid to the Exchequer in 2014.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Department	6,660	6,533
Agencies	129	142
	6,789	6,675

The figures for 2012 have been restated to show full time equivalents.

	2013 €000	2012 €000
Pay	304,848	304,904
Higher, special or additional duties allowance	765	686
Other allowances	491	460
Overtime	3,881	5,466
Employer's PRSI	17,238	17,249
Total pay	327,223	328,765

2012 amounts do not include figures for the Office of the Pensions Ombudsman which were borne under subhead A.39.

5.1 Department

	2013 €000	2012 €000
Pay	297,384	297,904
Higher, special or additional duties allowance	747	674
Other allowances	491	460
Overtime	3,880	5,465
Employer's PRSI	16,534	16,592
Total pay	319,036	321,095

The remuneration arrangements refer to the pay element Subheads A.1(i), A.2(viii), A.2(ix), A.2(x).

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	455	12	19,585	19,585
Other allowances	130	17	13,806	13,806
Overtime	2,113	43	21,852	23,985

Certain individuals received extra remuneration in more than one category.

5.2 Agency

	2013	2012
	€000	€000
Pay	7,464	7,000
Higher, special or additional duties allowance	18	12
Other allowances	—	—
Overtime	1	1
Employer's PRSI	704	657
Total pay	8,187	7,670

2012 amounts do not include figures for the Office of the Pensions Ombudsman which were borne under subhead A.39.

Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	8	1	10,872	11,144
Other allowances	—	—	—	—
Overtime	4	—	235	976

The agencies included above are the Citizens Information Board, the Pensions Board and, for 2013, the Pensions Ombudsman.

5.3 Other Remuneration Arrangements

Redundancy payments of €39,025 were paid to 12 staff under the Redundancy Payments Acts 1967 to 2007.

A retired member of staff was re-employed by the Department in the public interest and was paid a salary of €90,306. Pension abatement was applied.

6 Miscellaneous

6.1 Recovery of Overpayments

The summary position on assistance overpayments at 31 December 2013 was as follows:

	2013		2012	
		Outturn		Outturn
	€000	€000	€000	€000
Overpayments outstanding at 1 January		280,614		252,807
Net overpayments recorded				
Fraud	53,927		32,111	
Claimant error	45,023		34,745	
Departmental error	3,488		4,205	
		<u>102,438</u>		<u>71,061</u>
		383,052		323,868
Less:				
Amounts recovered ¹		(54,780)		(40,176)
Amounts written off as irrecoverable		<u>(4,336)</u>		<u>(3,078)</u>
Overpayments outstanding at 31 December		<u><u>323,936</u></u>		<u><u>280,614</u></u>

¹ The amount recovered includes

- €31,377,120 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. These amounts are accounted for under appropriations-in-aid.
- €23,402,882 withheld from assistance entitlements, which is accounted for as a reduction in scheme expenditure.

6.2 Compensation and Legal Costs

Legal costs paid during the year are categorised as follows:

	2013	2012
	€000	€000
Legal fees	407	236
Compensation costs	236	210
	<u>643</u>	<u>446</u>

Compensation and associated legal and miscellaneous costs totalling €153,534 were paid in ten cases of personal injury claims in respect of employees. The payments ranged from €552 to €63,331.

Payments totalling €141,038 and ranging from €207 to €72,065 in respect of legal expenses, damages and costs in thirteen instances were made in relation to personal injuries sustained on Departmental property and other cases.

Total payments of €5,000 were paid in legal costs in relation to one case of alleged bullying in respect of a Departmental employee.

Ex gratia payments, loss of purchasing power payments and legal costs totalling €342,772 and ranging from €13 to €60,764 were made in respect of Child Benefit, Carer's Allowance, Job Seekers Allowance, Supplementary Welfare Allowance Basic Payment, Rent Supplement, Exceptional Needs & Urgent Needs Payments, Domiciliary Care Allowance, Disability Allowance, Jobs Clubs and the Office of the Pensions Ombudsman.

6.3 EU Funds

Funding of €207,987 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, a Social Investment Package (SIP) conference and a meeting of the Irish Presidency Heads of Public Employment Services (PES).

A total of €17,581 in respect of the European Globalisation Fund (EGF) was received from the EU. The EGF provides one-off time limited individual support to people across Ireland in certain companies and sectors that were made redundant as a result of globalisation.

An amount of €14,009 was received from the EU in respect of the Disability Activation Project. The project is a cross agency programme co-funded by the Department and the European Social Fund, Human Capital Investment Operational Programme 2007-2013.

6.4 Late Payment Interest

	2013	2012
	€	€
Total of interest payments due	497	72
Recipients of €10,000 or more	—	—

6.5 Contingent Liabilities

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

Addendum
Department of Social Protection
Summary of Programme Expenditure

	2013	2012
	€m	€m
Vote 37 Gross Expenditure	13,108	14,127
<i>Less Non Scheme Expenditure:</i>		
Administration	(472)	(476)
SIF subvention	(1,314)	(2,084)
Grant to Citizens Information Board	(46)	(46)
Grant to Pensions Ombudsman	(1)	(1)
Miscellaneous services	(3)	(2)
Vote 37 Scheme Expenditure	11,272	11,518
SIF Gross Expenditure	8,949	9,169
<i>Less Non Scheme Expenditure:</i>		
Administration	(273)	(277)
National Training Levy	(317)	(299)
SIF Scheme Expenditure	8,359	8,593
Total Department Scheme Expenditure	19,631	20,111

Scheme Expenditure Breakdown		
	2013	2012
	€m	€m
Payments by Scheme and Category		
Pensions		
State Pensions	5,074	4,912
Widows'/Widowers'/ Surviving Civil Partners' Pension	1,358	1,351
Bereavement Grant	20	20
Total	6,452	6,283
Working Age Income Supports		
Jobseeker's Allowance	3,109	3,055
One Parent Family Payment	978	1,058
Jobseeker's Benefit	560	737
Redundancy and Insolvency Benefit	148	323
Maternity Benefit	293	303
Basic Supplementary Welfare Allowance	108	180
Farm Assist	99	108
Deserted Wife's Benefit	80	84
Other Working Age - Income Supports	46	65
Pre-Retirement Allowance	35	46
Treatment Benefits	33	19
Widows' /Widowers'/ Surviving Civil Partners' Pension (Non Contributory)	17	18
Deserted Wife's Allowance	3	3
Adoptive Benefit	1	—
Health and Safety Benefit	1	1
Total	5,511	6,000
Supplementary Payments		
Rent Supplement	373	423
Household Benefits Package	290	369
Fuel Allowance	229	212
Free Travel	75	75
Mortgage Interest Supplement	35	55
Total	1,002	1,134
Working Age Employment Supports		
Employment Programmes	341	330
Back to Education Allowance	187	200
Back to Work Allowance	119	127
TÚS Community Work Placement Scheme	92	67
National Internship Scheme - JobBridge	68	55
Other Working Age - Employment Supports	64	57
Community Services Programme	45	45
Rural Social Scheme	44	45
Jobs Initiative	25	26
Partial Capacity Benefit	7	2
Total	992	954

	2013 €m	2012 €m
Illness, Disability and Carers		
Disability Allowance	1,141	1,087
Illness Benefit	649	774
Invalidity Pension	708	604
Carer's Payment	577	534
Respite Care Grant	120	136
Domiciliary Care Allowance	104	102
Disablement Benefit	76	77
Blind Pension	15	16
Injury Benefit	15	16
Total	3,405	3,346
Children		
Child Benefit	1,900	2,047
Family Income Supplement	262	224
Back to School Clothing and Footwear Allowance	48	66
School Meals	37	35
Child Related Payments	22	22
Total	2,269	2,394
Net Expenditure on all Schemes	19,631	20,111



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €29.527 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.
- 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 three contracts to the value of €162,559. The Department has provided details of these contracts to 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 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

23 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Health. 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 2013 refers to certain other matters relating to Vote 38.

Seamus McCarthy

Comptroller and Auditor General

24 September 2014

Vote 38 Health

Appropriation Account 2013

Service		Estimate provision	2013 Outturn	2012 Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	24,742	22,176	23,499
A.2	Travel and subsistence	654	499	375
A.3	Training and development and incidental expenses	947	634	552
A.4	Postal and telecommunication services	628	458	434
A.5	Office equipment and external IT services	1,824	1,539	1,519
A.6	Office premises expenses	625	620	886
A.7	Consultancy services and value for money and policy reviews	2,000	1,221	1,563
A.8	EU Presidency	650	568	286
Grants				
B.1	Grants to research bodies and other research grants	36,016	35,746	36,091
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	29,951	29,568	31,475
Other services				
C.	Expenses in connection with the World Health Organisation and other international bodies	2,725	2,676	2,724
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	19,468	8,623	9,462
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	57,294	50,291	47,864
E.2	The Food Safety Promotion Board	5,950	5,950	5,250
E.3	The National Treatment Purchase Fund Board and Special Delivery Unit	13,987	17,387	40,587
E.4	Ireland/Northern Ireland INTERREG	2,190	1,524	1,910

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Other services (continued)				
F.1	Payments in respect of disablement caused by thalidomide	745	420	498
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	21,200	25,300
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,849	3,000	3,250
G.	Dissemination of information, conferences and publications in respect of health and health services	813	537	403
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department	14,527	11,127	7,284
Gross expenditure		247,658	219,050	244,498
<i>Deduct</i>				
I	Appropriations-in-aid	3,916	4,836	5,088
Net expenditure		243,742	214,214	239,410

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	29,527,212	86,470,381

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Expenditure on administration	27,715	29,114
Expenditure on services and programmes	191,335	215,384
Gross expenditure	219,050	244,498
<i>Deduct</i>		
Appropriations-in-aid	4,836	5,088
Net expenditure	214,214	239,410
Changes in capital assets		
Purchases cash	(105)	
Depreciation	170	
Loss on disposals	—	
	65	76
Changes in net current assets		
Decrease in closing accruals	(2,247)	
Increase in stock	(19)	
	(2,266)	(1,343)
Direct expenditure	212,013	238,143
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,228	9,483
Notional rents	2,349	2,359
Net programme cost	223,590	249,985

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.

	2013	2012
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 81	—
Vote 12 Superannuation and Retired Allowances	e 7,231	7,053
Vote 13 Office of Public Works	e 1,640	2,165
Central Fund - Ministerial pensions	e 276	265
	9,228	9,483

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	671	747
Current assets			
Stocks	2.4	82	63
Prepayments		355	310
Accrued income	2.5	8,960	7,236
Other debit balances	2.6	4,123	2,885
Total current assets		13,520	10,494
Less current liabilities			
Accrued expenses		211	689
Other credit balances	2.7	173	349
Bank and cash	2.3	3,333	600
Net liability to the Exchequer	2.8	617	1,936
Total current liabilities		4,334	3,574
Net current assets		9,186	6,920
Net assets		9,857	7,667
Represented by:			
State funding account	2.1	9,857	7,667

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		7,667	6,389
Disbursements from the Vote			
Estimate provision	Account	243,742	
Surplus to be surrendered	Account	(29,528)	
Net vote		214,214	239,410
Expenditure (cash) borne elsewhere	1	9,228	9,483
Non cash expenditure – notional rent	1	2,349	2,359
Other non-cash item – capital accrual		(11)	11
Net programme cost	1	(223,590)	(249,985)
Balance at 31 December		9,857	7,667

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2013	2,469	1,998	4,467
Additions	91	3	94
Disposals	(29)	(39)	(68)
Cost or valuation at 31 December 2013	2,531	1,962	4,493
Accumulated depreciation			
Opening balance at 1 January 2013	1,890	1,830	3,720
Depreciation for the year	110	60	170
Depreciation on disposals	(29)	(39)	(68)
Cumulative depreciation at 31 December 2013	1,971	1,851	3,822
Net assets at 31 December 2013	560	111	671
Net assets at 31 December 2012	579	168	747

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	(3,197)	3,706
Orders outstanding	(136)	(4,306)
	<u>(3,333)</u>	<u>(600)</u>

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	26	21
IT consumables	56	42
	<u>82</u>	<u>63</u>

2.5 Accrued Income

	2013 €000	2012 €000
at 31 December		
Pay related deductions due from IBTS	8,701	7,030
Other	259	206
	<u>8,960</u>	<u>7,236</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000

Advances to OPW	—	94
Recoupable salaries	89	327
Recoupable travel expenditure	31	24
Recoupable travel pass scheme expenditure	134	123
Hepatitis C Compensation Tribunal	3,861	2,309
Other debit suspense items	8	8
	<u>4,123</u>	<u>2,885</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000

Amounts due to the State		
Income Tax and Universal Social Charge	—	23
Pay Related Social Insurance	(3)	(3)
Professional Services Withholding Tax	71	42
Value Added Tax	13	22
Pensions	—	210
	<u>81</u>	<u>294</u>
Other credit suspense items	92	55
	<u>173</u>	<u>349</u>

2.8 Net Liability to the Exchequer	2013	2012
at 31 December	€000	€000

Surplus to be surrendered	29,528	86,470
Exchequer grant undrawn	(28,911)	(84,534)
Net liability to the Exchequer	<u>617</u>	<u>1,936</u>

Represented by:**Debtors**

Debit balances: suspense	4,123	2,885
	<u>4,123</u>	<u>2,885</u>

Creditors

Due to State	(81)	(294)
Bank and cash	(3,333)	(600)
Credit balances: suspense	(92)	(55)
	<u>(3,506)</u>	<u>(949)</u>
	<u>617</u>	<u>1,936</u>

2.9 Commitments	2013	2012
at 31 December	€000	€000

(A) Global Commitments

Non capital commitments likely to arise in subsequent years :

Procurement subheads	10,375	31,131

(B) Multi-Annual Capital Commitments	2013	2012
	€000	€000

1. Legally enforceable capital commitments

Expenditure in year	11,127	7,284
Commitments to be met in subsequent years	31,540	26,769

2. Capital projects over €6.3 million

	Cumulative spend to 31 December 2012	Paid in 2013	To be paid in subsequent years	Total project cost
Health Research Board	€000	€000	€000	€000
Clinical Research Facilities				
St James's Hospital and Dublin Clinical Research Network	5,240	2,109	4,651	12,000
University College Hospital, Galway	—	2,000	6,750	8,750
Clinical Applied Biomedical Science	2,258	3,106	6,018	11,382
Total	7,498	7,215	17,419	32,132

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
Training and development and incidental expenses	A.3	313	Proposals to significantly expand the staff training programme did not commence as planned.
Postal and telecommunication services	A.4	170	The cost of telephone charges was less than anticipated partly due to improved contract prices.
Consultancy services and value for money and policy reviews	A.7	779	Consultancies in relation to the Special Delivery Unit, Universal Health Insurance and Private Health Insurance did not proceed as scheduled.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	D	10,845	The saving on miscellaneous legal settlements and fees arises from the length of time taken to settle cases and claims, including claims under the Lourdes Hospital Payment Scheme. As the Department does not have control over the timing of settlements it is difficult to estimate the number or value of cases which will be settled in a given year.

Description	Sub-head	Less/ (more) than provided €000	Explanation
Development, consultative, supervisory, regulatory and advisory bodies	E.1	7,003	Spending on health agencies, particularly within the two largest agencies funded from this subhead, the Mental Health Commission and the Health Information and Quality Authority (HIQA), was less than anticipated. The Department advances funds to these agencies up to the approved level of expenditure or actual expenditure, whichever is the lesser amount. In respect of the Mental Health Commission the following factors gave rise to a saving of €1.98 million on the Commission's allocation for 2013: • Posts sanctioned for filling through the re-deployment mechanism were filled later than anticipated; • Sanction for vacant posts was received later than anticipated and therefore subsequent recruitment (in accordance with the sanction provided) commenced later than anticipated; • Due to uncertainties surrounding on-going legal matters, the original projected spending on legal fees did not materialise. This arose due to a new contract for legal services with reduced fees, and successful outcomes regarding relevant legal matters. In relation to the Health Information Quality Authority (HIQA), the organisation has continued to take on additional responsibilities in the area of health and social care in line with policy decisions taken by Government for the inspection and regulation of health and social care services. Approval was given to HIQA in May 2012 and April 2013 to recruit additional staff to carry out these functions. The associated financial resources were provided in the HIQA allocation for 2012 and 2013. However, recruitment of the additional staff has progressed much more slowly than anticipated which resulted in savings on HIQA's 2013 allocation. A saving was also achieved on the rental of additional accommodation at the HIQA Offices in Smithfield, Dublin where the higher rental charge did not come into force as early as originally anticipated. Savings of €2.74 million were made in these two areas. Other agency savings for 2013 include: • Food Safety Authority of Ireland €0.126 million – redesign of library postponed and non-purchase of equipment • CORU €0.216 million - delays in recruiting staff and establishing registration boards and their registers • Irish Medicines Board €0.100 million - payroll related savings.
The National Treatment Purchase Fund Board and Special Delivery Unit	E.3	(3,400)	The budget for the National Treatment Purchase Fund & Special Delivery Unit in 2013 was €13.987m. In order to meet all outstanding patient care liabilities by year end a further €3.4m was required. The additional funding requirement relates only to patient care liabilities and not administration costs. The National Treatment Purchase Fund has confirmed that no further patient care liabilities are being incurred.

Description	Sub-head	Less/ (more) than provided €000	Explanation
Ireland/Northern Ireland INTERREG	E.4	666	The saving arose due to delays in approving expenditure under the Programme.
Payments in respect of disablement caused by thalidomide	F.1	325	During 2013, the Department continued to make monthly payments to Irish survivors of thalidomide. In addition, the Department supported a multi-disciplinary clinical team to attend a specialist centre in Sweden to familiarise itself with the clinical and therapeutic needs of thalidomide survivors. The assessment of the needs of individuals by the multi-disciplinary clinical team and the provision of additional health and personal social service supports did not materialise in 2013. The Department remains in discussion with survivors.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunals Act 1997 and 2002	F.3	3,586	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.
Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	F.4	849	A Reparation Fund payment is fixed at 20% of the Tribunal award. The number of awards approved by the Tribunal was less than originally estimated.
Dissemination of information, conferences and publications in respect of health and health service	G	276	When the national health and wellbeing survey project was initially in development, it was envisaged that it would occur over a three year period with costs arising over each of the years. As 2013 was the second year of the project, this survey had not commenced while work continued on finalisation of the Healthy Ireland Framework and development of the research and data needs analysis.
Grants in respect of building and equipping (including ICT) of agencies funded by the Department	H	3,400	Savings were due to timing issues on projects, in particular the construction of the Clinical Research Facility at University College Hospital Galway.

4 Receipts

4.1 Appropriations-in-aid		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	1	217	227
2.	Receipts from pension-related deductions on public service remuneration	3,915	4,619	4,861
Total		3,916	4,836	5,088

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	(216)	As amounts due in any year are difficult to predict, 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	(704)	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.

	2013	2012
Number of staff at year end (full time equivalents)		
Department	351	355
Agencies	1,349	1,433
	<u>1,700</u>	<u>1,788</u>
	2013	2012
	€000	€000
Pay	21,061	22,130
Higher, special or additional duties allowance	144	177
Other allowances	3	7
Overtime	221	243
Employer's PRSI	1,027	1,031
Total pay	<u>22,456</u>	<u>23,588</u>

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	20	5	19,071	20,614
Other Allowances	17	—	337	3,381
Overtime	63	5	27,384	29,384

Certain individuals received extra remuneration in more than one category.

5.2 Re-engaged civil servants

Four retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €97,873. The pensions of these staff were subject to pension abatement rules.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2013		2012
		Estimate	Outturn	Outturn
		€000	€000	€000
B.2	Grants to health agencies and other similar organisations (part funded by National Lottery)	3,286	3,286	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.dohc.gov.ie"

6.2 Legal Costs

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation	8,589	9,287
	<u>8,589</u>	<u>9,287</u>

6.3 Special Obstetrics Investment Fund

The Special Obstetrics Investment Fund is invested by the National Treasury Management Agency for the Minister in respect of payments required as a result of claims arising from historic obstetric incidents against the named participating hospitals.

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 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €31.1 million is liable for surrender to the Exchequer.

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

Tony O'Brien

Accounting Officer
Health Service Executive

10 September 2014

Statement on Internal Financial Control

This statement on internal financial control represents the position for the year ended 31 December 2013.

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. The HSE must comply with directives issued by the Minister for Health under the Act.

The HSE Directorate was established on 25 July 2013, following the enactment of the Health Service Executive (Governance) Act 2013. The new Directorate is accountable to the Minister for Health for the performance of the HSE. The establishment of the Directorate was a step in a much wider process of reform which envisages, as set out in the Programme for Government, the eventual dissolution of the HSE. The HSE (Governance) Act builds on existing accountability arrangements under the Health Act 2004, such as annual service plans and reports, codes of governance and the provision of information to the Minister for Health. The Act 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 (DG). 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 DG's functions include carrying on, managing and controlling generally the administration and business of the Executive. The DG is the Accounting Officer for the HSE. The DG 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. Management at all levels of the HSE is responsible to the DG 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 Chairman of the Directorate and Accounting Officer, make this statement in accordance with the requirements set out in the 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 expenditure of €14 billion incurred by the HSE in 2013 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 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 the review in 2013 of current financial management arrangements reiterated the consensus amongst the finance community in the HSE that the current financial operating model is 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. The Programme is a key element of overall system reform and, following on from reports by Ogden and PA Consulting in 2012, a report recommending a new operating model for Finance, ***Defining Financial Management - A Finance Operating Model for Health in Ireland***, was completed by PA Consulting in 2013. It is expected that the new finance operating model for health, when implemented, will support far reaching and fundamental change in financial management practice and will be an important enabler in wider system reform. Underpinned by a single integrated financial management system and mandated financial management framework, these changes will ensure stability and an improved control environment within a reformed health system and will drive a culture of collective responsibility and cost consciousness. 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* including introducing Hospital Groups and Money Follows the Patient. Phase 1 of the programme is now complete and has made a significant impact in tackling specific challenges in service planning, budgeting and cost-containment. The challenge facing the HSE is how to best transform financial management during a period of unprecedented change across the healthcare system. There is a need to build on what has been achieved in recent months and to deliver an approach to financial management that secures medium term stability and cost containment while allowing sufficient flexibility to support the wider reform agenda. Phase 2 of the Finance Reform Programme commenced in December 2013 and involves the development of a business case to obtain the necessary approval to procure a new integrated financial management system for the health service. This programme is the start of a multi-year project that will ultimately affect all staff within the health system as it will fundamentally transform the way we manage finance, facilitated by a change in culture, systems and processes. The Finance Reform Programme is the single most important non-clinical priority of the Health Service for 2014.

Key Internal Financial Control Procedures

The following is a description of the key processes and procedures, designed to provide effective internal financial control, which are in place across the HSE:

- 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. 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. Ten National Financial Regulations were updated in 2013 to reflect new organisation structures, legislation and best practice. Six new National Financial Regulations were launched during the year, standardising policy and procedures in key HSE operations. 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 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 DG within a formal performance monitoring framework (National Planning and Performance and Assurance Group process), described in further detail below.
- 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 detailed **standardised appraisal process** is conducted for all capital projects 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 & Reform's VFM 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 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 Department of Public Expenditure & Reform's VFM Code (2012). 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 DG, 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 DG must then be submitted to the Directorate for final approval. Any disposal of property below market value requires approval of the Directorate.

- 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. While clinical risk management processes in the HSE are relatively mature, non-clinical and financial risk management processes are subject to ongoing development. 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 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 2013. The SCA provides insurance advices 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.
- The legal framework under which the HSE provides grant funding to non-statutory service providers is set out in the Health Act 2004. The HSE has a formal **national governance framework** with national standardised documentation which governs grant funding provided to non-statutory organisations. The governance framework for the non-statutory sector seeks to ensure the standard, consistent application of good governance principles which are robust and effective to ensure that both the HSE and the agency meet their respective obligations.

All grant funding is now governed by one of four standard document types, depending on the nature of the arrangement, as follows:

- o Section 38 Service Arrangements: these cover all voluntary hospitals and major non-acute voluntary agencies, in total 39 agencies;
- o Section 39 Service Arrangements: cover all other voluntary and community agencies not included above, in receipt of funding over €250k, currently 366 agencies;

- o Section 39 Grant Aid Agreements: cover all agencies in receipt of funding under €250k, the vast majority of agencies fall into this category with some 1,959 agencies currently funded; and
- o For-Profit Service Arrangements cover all agencies in the commercial for-profit sector regardless of funding level, currently some 252 Agencies.

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. Various guides and process control forms are maintained on the HSE's intranet site together with a comprehensive operational manual supporting the recently issued HSE National Financial Regulation, *NFR-31 Grants to Outside Agencies*. 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 advances will allow the HSE to advance the strategies outlined in *Future Health*, and enable the development of a "money follows the patient" funding model.

The Grant Aid Agreement, while a simpler governance control, sets out minimum standards, such as the requirement for a written constitutional document, separate bank account, financial management and tax compliance, which is compulsory for all. Further compliance requirements are also included where appropriate.

The documentation has been reviewed and updated in recent years and changes have been made to ensure the documentation reflects current legislation, regulation and government department directives. In 2013 an additional information return was added to all Section 38 and Section 39 Service Arrangements, requiring agencies to separately report on all individual staff paid at Grade VIII level equivalent or above, detailing their salary including allowances and any other benefits paid. This additional information was required by 31 May 2014. A new Compliance Statement setting out additional assurances in relation to key controls assurances will be required to be signed off in 2014 by the Boards of all Section 38 Agencies.

- **A National Register of Non-Statutory Agencies' Service Arrangements and Grant Aid Agreements**, is in operation. This Register is managed by the National Business Support Unit (NBSU) and has created a unique identifier for each agency allowing the maintenance of key information on each separate funding arrangement which includes both current and historic funding, compliance with national standard governance documentation, and key contact details. This is available on the HSE intranet site as a reference guide for all HSE managers. Monthly performance monitoring statistics and reports are prepared.
- As part of the HSE's Transformation and Change Agenda, a **System Reform Group (SRG)** was established to project manage the HSE Reform Programme. The SRG is led by the National Lead for Transformation and Change. The National Lead leads the HSE Reform Programme on behalf of the DG, providing the strategic vision and driving the change management and benefits focused culture across the organisation. The SRG manages the HSE Reform Portfolio and provides expertise and change management support to the individual programmes.
- As part of the HSE's annual review of the effectiveness of the system of internal controls, all staff at Grade VIII (or equivalent) level and above are required to complete a **Controls Assurance Statement**, confirming their compliance with policies and procedures and attesting to the existence and operation of controls which are in place in their area of responsibility, or identifying where exceptions or weaknesses exist.

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, HSE (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 social care to the people who use HSE services. It includes performance and activity measures which are tracked and reported through the National Planning and Performance and 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 required to meet estimated need and can be delivered within the resources that are available in the year. The 2013 National Service Plan was submitted to Minister for Health on 21 December 2012 and approved on 9 January 2013. 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. This was following an extension of the time-limits, as allowed in legislation, following a request to the Minister by the HSE. The plan was approved by the Minister on 17 December 2013.
 - To underpin the National Service Plan, a **National Operational Plan 2013** was published to support implementation, setting out a national position for each main care group / programme in order to guide the translation of national policy into the four Regional Service Plans and three Hospital Group Plans. 2013 was a year of transition for the health service, moving from a regional governance model to a national Divisional model, with local accountability. The format and structure of all plans and reports will evolve to reflect these new arrangements in 2014.
 - During 2013, as part of the overall planning and performance framework, a National Planning and Performance and Assurance Group (NPPAG) was formally established by the DG and its monthly meetings are chaired by the COO/Deputy DG. The NPPAG is the principal planning and performance assurance group within the HSE and is responsible for:
 - o 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.
 - o Undertaking a monthly review of performance across the organisation, including a detailed financial performance review.
 - o Managing the performance escalation and intervention process.
 - o Participating in the service planning process.
 - o 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.
- The performance management process is managed at local, regional and national levels. Its approach seeks to ensure:
 - o Performance management and responsibility resides at the most appropriate level;
 - o A stronger regional role in managing performance;
 - o Performance management at national level has a dual purpose of providing assurance to the DG and Minister and is an escalation process for addressing underperformance.

To support performance assurance, a robust management process takes place in preparation of the monthly NPPAG meeting, following which the COO/ 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

- Timely and comprehensive reports about how services are performing against various targets, including financial, enable HSE staff and managers to increase service efficiency and effectiveness. These include:
 - o Regional Management Data Reports are produced to assist the performance management process at regional level (Regional Directors Operations / Regional Directors Performance and Integration (RDPI)). These reports are made available to the COO and service Directors;
 - o 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 LHO's. Operational performance across key operational metric areas is reviewed and performance improvement plans are agreed. The forum provides for a resolution focussed approach to improving performance and sharing best practice;
 - o Monthly regional Performance Exception Reports are aggregated to produce a report to inform the COO of regional issues in advance of the NPPAG;
 - o 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:
 - o 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 May each year.
 - o The HSE Appropriation Account - prepared by the HSE and audited by the Comptroller and Auditor General and 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:
 - o I&E financial results: Performance against budget by hospital group, division and national services.
 - o Vote results: A two month rolling view of Vote performance against subhead.
 - o 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:
 - o Acute performance by hospital group and region.
 - o Performance by national division and by region.
 - o Primary Care Reimbursement Service – performance by scheme.
 - o National Services – performance by function.
 - o Corporate – performance by function.
 - o 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 and a monthly vote expenditure 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. The BIU comprises two units:
 - o BIU Acute to manage data streams from 48 acute hospitals;
 - o BIU Non-Acute to manage data streams from all non-acute Divisions: Health and Wellbeing, Primary Care, Social Care, Mental Health and the National Ambulance Services.

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.

Directorate Oversight

- 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. 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. The work of the Internal Audit division is reviewed by the Audit Committee, which reports to the Directorate. Procedures are in place to ensure that the recommendations of Internal Audit are followed up. The National Director of Internal Audit reports to the DG of the HSE through the Chairman of the Audit Committee and has a close working relationship with the DG and is a member of the HSE leadership team. Any instances of fraud or other irregularities identified through management review or audit are addressed by management and, where appropriate, An Garda Síochána are notified. Work is ongoing to increase the resources of the Internal Audit Division.
- An **Audit Committee** with an independent chair, comprising three Board members and one independent member was in place until the dissolution of the Board in July 2013. The Chairman of the Audit Committee was not a member of the HSE Board but reported to the Board on all significant issues considered by the Committee. The Committee operated under agreed Terms of Reference and met on four occasions in 2013. The National Director of Finance and the National Director of Internal Audit attended meetings of the Committee, while the CEO and other members of the executive management team attended when necessary. The external auditors attended as required and had direct access to the Committee Chairman at all times. In accordance with best practice, the Committee met with the National Director of Internal Audit and with the external auditors in the absence of management. A new Audit Committee with an independent chair, comprising one Director and five external members was appointed in January 2014, in accordance with the provisions of the Health Service Executive (Governance) Act, 2013.
- A **Risk Committee** with an independent chair, comprising four Board members, one independent member and three members of HSE senior management was in place until the dissolution of the Board in July 2013. This Committee met on four occasions in 2013. The Chairman of the Risk Committee was not a member of the HSE Board but reported to the Board on all significant issues considered by the Committee. Following the enactment of the Health Service Executive (Governance) Act, 2013, a Risk Committee was established, reporting to the Directorate. This Risk Committee has an independent chair and comprises a Director and four external members. The Risk Committee of the Directorate met on one occasion in 2013. Both Risk Committees operated under agreed Terms of Reference and focused principally on assisting the Board/Directorate in fulfilling its duties by providing an independent and objective review of non-financial risks. The Committees also considered internal audit reports concerning the effectiveness of non-financial internal controls and HIQA reports including the implementation of HIQA recommendations. Liaison will be facilitated by periodic joint meetings of the two committees and regular engagement between the two committee chairs. Minutes of the meetings of each committee will be shared reciprocally.
- **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 Managers in the HSE with responsibility for the development and maintenance of the management control framework. 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 Leadership Team and actions are taken to implement recommendations. Monitoring and review of their implementation is overseen by the Audit Committee.

Significant Breaches of the Control System in 2013

Governance of Section 38-Funded Agencies

In 2013, almost €3.5 billion of the HSE's total expenditure related to grants to voluntary agencies. A condition of these grants is that the individual agencies sign either a Service Agreement or a Grant Aid agreement which sets out the amount of the grant and the services that the agency will deliver. In addition, the agency must comply with public sector pay policy. The HSE has process in place to monitor agencies which includes checks to ensure that agencies are complying with the terms of the Service Agreement and the review of audited accounts from the agency.

Audit work carried out by the Comptroller and Auditor General and the HSE's Internal Audit has identified weaknesses in relation to the HSE's overall monitoring of S38 agencies and in agencies' compliance with public sector pay policy. At the end of 2013, signed governance documentation was in place in relation to 97% of the value of grant funding provided.

In relation to compliance with pay policy:

- The Department of Health drew up a pay policy for the health service with a particular focus on Section 38 Agencies. This was issued to the HSE on 27 September 2013. The Department of Health Circular was issued to the health sector by the National Director of Human Resources by way of HSE HR Circular 016/2013 on 30 September 2013. As part of the ongoing process to reach compliance, organisations seeking to make a business case for the continuation of an unapproved allowance were invited to submit their business cases for consideration by the HSE. Business cases were also required for the continued payment of the allowances which are not encompassed by or in line with the Department of Health Consolidated Salary Scales but may have been sanctioned in the past. A total of 202 business cases were received.
- 143 business cases were received in respect of Senior Managers (i.e. those at salary level of Grade VIII and above) for consideration by the Internal Review Panel. In addition, 59 business cases in respect of salary level below Grade VIII have been reviewed at operational level by the Regional Directors of Performance and Integration with support from Regional HR.
- An Internal Review Panel, comprising of nominated members of the HSE Leadership Team, reviewed each business case in detail and their deliberations were summarised in a report. Agencies that had submitted business cases were advised of the decision of the Internal Review Panel on 8 April 2014 and were also sent a copy of the report of the Internal Review Panel. The report provided details on the criteria the Panel used when assessing the merits of each business case; provided a narrative on the decisions made; and outlined legal considerations to assist when making arrangements to cease payment of the unapproved remuneration. Each agency was also provided with a breakdown of the business cases received in respect of their organisation and the decision made in each case.
- It is now the responsibility of each Agency to implement the recommendations made by the Internal Review Panel as a matter of urgency. A period of up to three months to 1 July 2014 has been set to allow time for Agencies to make the necessary arrangement to cease the payment of all unapproved remuneration and to ensure appropriate risk mitigation measures are put in place to deal with issues as they arise. Agencies were requested to set out the course of action they intend to take to give effect to the decisions of the Internal Review Panel and to respond to the National Director of Human Resources no later than 16 May 2014.

In relation to the HSE's monitoring of agencies to ensure that funds are being applied for the purpose granted and that value for money is being achieved:

- During 2013, the HSE completed a specific project aimed at strengthening the management and governance framework with specific emphasis on the appropriate management processes required to effectively manage its relationship with the non-statutory sector and meet its accountability arrangement. As a result of the project, a number of guidance documents have been developed to assist budget holders in improving their management of the relationship with funded agencies.
- Where agencies did not complete a service agreement (or similar document) in 2013, the HSE has communicated with the agency involved and taken appropriate action, resulting in some cases in the cessation of contracts. In order to ensure continued focus on compliance with service agreements, the rate of compliance with the requirement for grant-funded agencies to sign funding agreements is included as a key performance indicator for both Corporate and Regional reporting.

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.

As the Accounting Officer, I am required in the Statement on Internal Financial Control, to attest to compliance with all relevant procurement procedures during the financial year. In addition, 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 to maintain a register of contracts awarded without a competitive procurement process. Rather, it relies on individual areas to identify and report such non-compliance. As a result of this manual self-assessment process, the HSE was unable to submit the 40/02 return by the required date. The return submitted in July 2014 disclosed during 2013 that goods and/or services totalling €17.8 million (116 cases) had been procured without a competitive process. In the past returns submitted did not include all instances of non-competitive procurement that were appropriate for declaration in the return. The audit identified a significant level of under reporting of non competitive procurement during 2013.

In 2013 and in previous years, audits have identified a significant level of non-compliance with procurement rules. In order to address the weaknesses, during 2013 the HSE assigned responsibility for collating the required information to a designated Assistant National Director of Procurement and ensured that control assurance statements signed by individual managers require a declaration that managers have complied with procurement guidelines. During 2014, the HSE plans to increase the level of communication and training to staff on the requirements of Circular 40/02 and on procurement rules generally, with a view to improving compliance in this area in 2014.

Tax Compliance

The HSE is currently finalising a comprehensive review of tax compliance which was commenced in 2013. The detailed self-review was conducted across all tax heads for which the HSE needs to account and focused in particular on those risk areas identified by the formal tax risk assessment which was conducted with external specialist tax assistance in 2012. Any underpayment of tax identified in the self-review will be the subject of a voluntary disclosure to the Revenue Commissioners in 2014. The HSE has obtained specialist tax advice which indicated that any liability which might arise would not be expected to be material in the context of the HSE's overall annual tax liability. The HSE's tax control framework is immature and requires significant further development from a tax governance, risk management and compliance perspective. A number of initiatives to improve future compliance are underway, such as the establishment, in 2013, of an in-house specialist tax function for the HSE, and the development of a structured ongoing training programme for staff and a rolling programme of

self-review, which will be rolled out during 2014. The HSE remains committed to exemplary compliance with taxation laws.

Recovery of Income from other States

Income from services provided under EU Regulations accrues to the State where

- People from other EU countries access health services in Ireland using a European Health Insurance Card (EHIC) in either an acute hospital, a Local Health Office a pharmacy or from a GP.
- Where people from other states come to live in Ireland and are issued with medical cards by the HSE whilst retaining their social security link to another State.

It has been established that all data necessary for claiming refunds from other EU Member States for these services has not been collected in some cases.

A project has commenced to improve data collection and quality to maximise the income generation potential for this recovery. Notwithstanding the constraints of the manual system, it is anticipated that the HSE will issue its first reimbursement claims in Quarter 2 2014. It is not possible to be specific on the value of such claims until such time as they are finalised.

Control 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 the 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 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 this information sharing for the purposes of control over medical card eligibility continues to develop.

Renewal Notice Reviews

At 1 January 2013 there were almost 1,854,000 full medical cards and just over 131,000 GP visit cards in issue. During 2013, 1,279,000 cards were due to expire in monthly tranches. The full cohort in 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 almost 601,000 persons. Renewal notices were not issued to the remaining 678,000 persons as it was concluded on the basis of the 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 601,000 renewals issued in 2013, 284,000 involved a full review and 317,000 requested the cardholder to self-assess.

As at 7 April 2014, the assessment of eligibility had been concluded in relation to 75% of the cardholders selected for review.

- Continuing eligibility was confirmed in relation to 429,000 cards (71%).
- 22,500 cards (3.75%) were not renewed because the eligibility criteria e.g., income thresholds were not met.
- In 8,000 cases (1.3%) the cardholder was deceased.
- Almost 18% 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 34,000 cards (5.7%).

Targeted reviews

A review is categorised as “targeted” when it is initiated during the eligibility period rather than when the card is due for renewal. During 2013, the HSE issued 44,000 targeted reviews. As at 7 April 2014, the assessment of eligibility had been concluded in relation to 9,200 cardholders.

- Continuing eligibility was confirmed in relation to 6,900 cards (75% of the completed assessments).
- Eligibility was removed in 2,300 cases (25% of the completed assessments) because the eligibility criteria e.g. income thresholds were not met.

In a further 39% 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 17,400 cards and in 192 cases the cardholder was deceased.

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 2013, 102,000 individuals whose medical cards had been inactive for periods of more than 12 months were contacted requesting residence confirmation. As at 28 February 2014, 76,000 individuals (75%) had confirmed residence. Eligibility was removed in relation to 25,403 cards (25%).

Overall ineligibility rate

The non-renewal and ineligibility rates found as a result of risk based and targeted reviews are likely to be higher than those applying to the population of medical cardholders as a whole. The HSE does not currently have a reliable estimate of the level of ineligibility across the population of cardholders. Options for developing a methodology to produce reliable estimates are being examined.

Review of the Effectiveness of the System of Internal Financial Control

The annual review of the effectiveness of the system of internal control of the HSE is directed at enabling the DG 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 2013 a formal **Review of the System of Internal Control** in the HSE was completed by the Finance Directorate with input from the Quality and Patient Safety Directorate, the results of which have informed this Statement on Internal Financial Control. The review was carried out by finance and quality and risk managers with specific expertise in the areas of finance, audit, control, quality 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 2013.

The methodology of the 2013 review involved reference to:

- status of the recommendations of the 2007 - 2012 Reports on the Review of the Effectiveness of the System of Internal Control
- controls assurance statements completed by all senior managers, administrative and clinical, from National Director Level to Grade VIII (or equivalent relevant) level this had regard to the 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
- results and findings of formal structured bilateral interviews with a representative sample of approximately 100 managers and heads of service and their responses to an internal controls questionnaire (ICQ) completed during each interview
- Internal Audit reports, 2013 audit programme
- Audit Committee and Risk Committee minutes/reports
- reports and management letters of the Comptroller and Auditor General
- the 2013 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 Board /Directorate minutes
- Steering Group/Working Group/Implementation Groups minutes etc
- external reviews/reports
- reports of the Committee of Public Accounts
- Health Information and Quality Authority reports
- Mental Health Commission 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 Programme for Government.

The scope of the review has been expanded over previous years to require the completion of Controls Assurance Statements by clinical management, and for Clinical Directors to complete a self-assessment review in the bilateral interview sessions. The content of the Controls Assurance Statement itself was enhanced to include assurances in relation to compliance with Circular 40/02 (procurement) and with the HSE's data protection policies. In addition, managers were required to confirm that they had not issued any letters of comfort in the period under review.

A new requirement in the 2013 review was for line management to co-sign each staff member's Control Assurance Statement to confirm that they had discussed the internal controls framework of the HSE, had examined evidence of non-compliance presented in the statement and risk register, and where appropriate, had agreed action plans to address weaknesses or escalate the risk to a higher level within the organisation.

A further element of the controls assurance process, the internal controls questionnaire (ICQ), was extended in recent years to include Clinical Directors. The ICQ is completed by a sample of senior managers during a formal bilateral interview. This represents a significant integration of clinical and financial risk management to enable a comprehensive assurance process for the HSE Board. Full compliance by staff with the extended controls assurance process in 2013 has not been achieved. Compliance rates, within those divisions that have completed the process, range from 70% to 100%, with an average compliance rate of 92%. While the rate of overall compliance with the process has improved slightly compared with previous years, there are still particular service areas where compliance has been low. The individual National Director Registers identify the staff who have and have not signed a Controls Assurance Statement and the level of non-compliance, while improved, remains unacceptable. The absence of a signed Controls Assurance Statement attesting to the operation of controls in such a large number of

cases gives rise to a concern that corporate risks may not be appropriately identified and addressed.

ICQ interviews were conducted with a sample of over 100 senior managers from across the services, including one Clinical Director. It is necessary to achieve a higher representation of Clinical Directors in this ICQ process and steps are being taken by management to obtain higher levels of participation from this cohort. It was necessary to conclude the 2013 Controls Assurance Process by the end of March 2014, however each Regional Director of Performance and Integration was instructed to conclude the 2013 process to the maximum extent possible by continuing to engage with individual managers who have not signed their statements, to ensure that they do sign.

Conclusion

The report of the Review of the System of Internal Control in the HSE was circulated to the Directorate in May 2014. Their 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 roll out and subsequent extension in scope and depth of the annual controls assurance process in recent years has had the effect of increasing awareness and understanding of the control system throughout the organisation. The monitoring of progress with the implementation of the report's recommendations has improved focus on compliance by managers.

There have been breaches of the control environment of the HSE which are referenced in this statement. These breaches point to the need for continued emphasis on and development of the control environment and a focus on the need to drive a single organisation wide culture of compliance. In summary, notwithstanding control breaches which were identified and are being addressed by management as set out above, the control environment, control and risk management processes and assurance arrangements are improving but are still not totally effective. There are a number of areas where specific action is recommended to increase effectiveness and consolidate on the improvements which have been put in place since the previous report. Structured plans for the implementation of the recommendations of the Review of the System of Internal Control in the Health Service Executive are prepared by management. The implementation of these recommendations by management will be monitored by the Audit Committee during the year and will be reassessed in the 2014 review of the system of internal controls.

Tony O'Brien

Accounting Officer
Health Service Executive

10 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2013. Chapter 14 of my report on the accounts of the public services for 2013 also deals with procurement in the Health Service Executive.

Reporting on matters arising from audit

The Accounting Officer has also disclosed in the statement on internal financial control other significant breaches of the control system in 2013 concerning governance of Section 38 funded agencies, tax compliance, recovery of income from other states and control over medical card eligibility.

Seamus McCarthy

Comptroller and Auditor General

16 September 2014

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 to 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.

Expenditure on Children and Family Service

The 2013 Estimate of the HSE included subhead C.3. (Children and Family Services). The vote outturn for Subhead C.3. was derived from the income and expenditure systems operated by the HSE by identifying cost centres and legal expenses relevant to the Children and Family Service.

Other Apportionments

In addition to Subhead C.2 and C.3, certain expenditure currently administered centrally (e.g. 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 are 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 sales 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 2014 which fell due for payment before 31 December 2013.

Vote 39 Health Service Executive

Appropriation Account 2013

Service				2013	2012
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Administration					
A.1	Salaries, wages and allowances and other administration expenses of Corporate HSE		61,831	62,517	64,819
A.2	Value for money and policy reviews		389	389	389
A.3	Pension lump sum payments				
	Original	154,000			
	Supplementary	(82,000)	72,000	61,185	175,494
HSE Regions and Other Health Agencies					
B.1	HSE-Dublin Mid Leinster Region				
	Original	1,359,558			
	Supplementary	11,000	1,370,558	1,372,529	1,372,716
B.2	HSE-Dublin North East Region				
	Original	1,239,277			
	Supplementary	11,000	1,250,277	1,252,550	1,251,037
B.3	HSE-South Region				
	Original	1,930,883			
	Supplementary	11,000	1,941,883	1,944,463	1,946,459
B.4	HSE-West Region				
	Original	2,146,958			
	Supplementary	11,000	2,157,958	2,160,646	2,164,462
B.5	Grants in respect of certain other health bodies including voluntary and joint board hospitals				
	Original	2,170,306			
	Supplementary	67,000	2,237,306	2,256,030	2,158,954

Service		2013		2012
		Estimate provision		Outturn
		€000	€000	€000
Other services				
B.6	Health agencies and other similar organisations (part funded by National Lottery)	7,513	3,599	4,105
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	14,458	14,921	14,214
B.8	Payment to a special account established under Section 13 of the Health (Repayment Scheme) Act 2006	8,000	—	1,700
B.9	Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme	1,500	900	700
B.10	Service developments and innovative service delivery projects	66,600	27,702	41,500
B.11	Payments to the State Claims Agency			
	Original	96,000		
	Supplementary	37,000	133,000	123,741
				75,668
Care Programme				
C.1	Primary care reimbursement services and community demand led schemes			
	Original	2,520,756		
	Supplementary	104,000	2,624,756	2,637,071
C.2	Long term residential care	974,273	966,324	962,608
C.3	Children and Family Services	541,321	566,794	569,834

Service			2013	2012
	Estimate provision		Outturn	Outturn
	€000	€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			
	<i>Original</i>	329,461		
	<i>Supplementary</i>	(50,000)	279,461	289,302
				308,117
D.2	Building, equipping and furnishing of health facilities (part funded by National Lottery)			
			2,539	2,539
D.3	Information systems and related services for health agencies			
		140,000	126,041	107,516
D.4	Building and equipping mental health and other health facilities (funded from the disposal of surplus assets)			
		8,000	3,587	8,000
Gross expenditure				
	<i>Original</i>	13,773,623		
	<i>Supplementary</i>	120,000		
			13,893,623	13,872,830
				13,987,444
<i>Deduct</i>				
E	Appropriations in aid			
	<i>Original</i>	1,461,152		
	<i>Supplementary</i>	(99,000)		
			1,362,152	1,372,433
				1,489,345
Net expenditure				
	<i>Original</i>	12,312,471		
	<i>Supplementary</i>	219,000		
			12,531,471	12,500,397
				12,498,099

Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	31,074,196	22,833,999

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Expenditure on HSE corporate administration	62,906	65,208
Expenditure on services and programmes	13,809,924	13,922,236
Gross expenditure	13,872,830	13,987,444
<i>Deduct</i>		
Appropriations-in-aid	1,372,433	1,489,345
Net expenditure	12,500,397	12,498,099
 Changes in capital assets		
Purchases cash	(181,073)	
Depreciation	179,429	
Asset transfers/disposals	3,995	
Disposals cash	2,465	
Loss on disposals	4,712	
	9,528	346,428
 Changes in net current assets		
Increase in closing accruals	18,254	
Increase in stock	(4,587)	
	13,667	100,271
 Net programme cost	12,523,592	12,944,798

1.1 Net Revenue and Capital Vote Outturn

Category	2013 REV estimate €'000	Supplementary estimate €'000	Final 2013 estimate €'000	2013 outturn €'000	Surplus / (deficit) €'000
Gross revenue	13,392,623	170,000	13,562,623	13,537,828	24,795
Gross capital	381,000	(50,000)	331,000	335,002	(4,002)
Total gross vote	13,773,623	120,000	13,893,623	13,872,830	20,793
<i>Appropriations-in-aid</i>					
Revenue receipts	(1,453,152)	99,000	(1,354,152)	(1,366,167)	12,015
Capital receipts	(8,000)	—	(8,000)	(6,266)	(1,734)
Total appropriations-in-aid	(1,461,152)	99,000	(1,362,152)	(1,372,433)	10,281
Net vote	12,312,471	219,000	12,531,471	12,500,397	31,074
Net revenue	11,939,471	269,000	12,208,471	12,171,661	36,810
Net capital	373,000	(50,000)	323,000	328,736	(5,736)
Net vote	12,312,471	219,000	12,531,471	12,500,397	31,074

1.2 Reconciliation of operating cost to expenditure recognised in the Annual Financial Statements (AFS)

	2013	2012¹
	€000	€000
Net programme cost	12,523,592	12,944,798
Expenditure met from other income	1,470,594	1,493,476
Purchases cash	181,073	145,670
Depreciation	(179,429)	(178,853)
Land transfers/ disposals	(3,995)	(307,727)
Disposals cash	(2,465)	(5,135)
(Loss) on disposals	(4,712)	(383)
Expenditure per AFS income and expenditure accounts	13,984,658	14,091,846
Revenue expenditure per revenue income and expenditure account	13,642,431	13,784,400
Capital expenditure per capital income and expenditure account	342,227	307,446
Expenditure per AFS income and expenditure accounts	13,984,658	14,091,846
Analysed as follows		
	2013	2012
	€000	€000
Revenue pay and pensions		
Clinical	2,789,900	2,825,541
Non-clinical	901,068	910,032
Other client/patient services	614,208	631,832
Superannuation	566,203	656,375
Sub-total pay and pensions	4,871,379	5,023,780
Revenue non-pay		
Clinical	856,264	836,019
Patient transport and ambulance services	56,682	55,601
Primary care and medical card schemes	2,901,490	3,032,397
Other client/patient services	64,866	65,729
Grants to outside agencies	3,477,148	3,464,212
Housekeeping	232,970	227,362
Office and administrative expenses	408,534	386,723
Long stay charges repaid to patients	230	1,149
Hepatitis C insurance scheme	1,209	911
Clinical indemnity scheme payments	135,874	75,668
Nursing home support scheme (Fair Deal)	591,386	570,041
Other operating expenses	44,399	44,808
Sub-total non pay	8,771,052	8,760,620
Capital expenditure		
Capital grants to outside agencies	68,875	98,357
Capital expenditure on HSE projects	273,352	209,089
Sub-total capital	342,227	307,446
Total expenditure per AFS income and expenditure accounts	13,984,658	14,091,846

¹ Certain prior year amounts have been re-classified on the same basis as those applying in the current year.

2 Balance Sheet as at 31 December 2013

		2013	2012
	Note	€000	€000
Capital assets	2.2	4,910,238	4,919,766
Financial assets		3	3
		4,910,241	4,919,769
Current assets			
Bank, cash and PMG	2.3	143,989	128,552
Stocks	2.4	122,852	118,265
Debtors and prepayments	2.5	217,526	165,375
Other debit balances	2.6	45,268	54,629
Total current assets		529,635	466,821
Less current liabilities			
Creditors		148,053	149,468
Accrued expenses		1,329,183	1,259,305
Deferred income		10,440	9,755
Other credit balances	2.7	172,032	165,823
Net liability to the Exchequer	2.8	17,225	17,359
Total current liabilities		1,676,933	1,601,710
Net current assets		(1,147,298)	(1,134,889)
Net assets		3,762,943	3,784,880
Represented by:			
State funding account	2.1	3,762,943	3,784,880

2.1 State Funding Account	Note	2013	2012
		€000	€000
Balance at 1 January		3,784,880	4,230,587
Disbursements from the Vote			
Estimate provision	Account	12,531,471	
Surplus to be surrendered	Account	(31,074)	
Net vote		12,500,397	12,498,099
Non cash expenditure – reserves ¹		1,258	992
Net programme cost		(12,523,592)	(12,944,798)
Balance at 31 December		3,762,943	3,784,880

¹ Revenue reserves from Aontacht Phobail Teoranta and Drug Treatment Centre Board.

2.2 Capital Assets

	Land	Buildings	Work in progress	Equipment	Motor vehicles	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2013	1,714,188	3,588,142	224,877	1,218,006	91,982	6,837,195
Additions	9,457	17,183	82,613	63,655	8,165	181,073
Transfers (from work in progress)	48	183,700	(185,040)	—	1,292	—
Transfers/disposals	(2,009)	(9,701)	(3,995)	(20,010)	(9,364)	(45,079)
Cost or valuation at 31 December 2013	1,721,684	3,779,324	118,455	1,261,651	92,075	6,973,189
Accumulated depreciation						
Opening balance at 1 January 2013	—	862,550	—	972,993	81,886	1,917,429
Depreciation for the year	—	95,465	—	77,533	6,431	179,429
Depreciation on transfers/disposals	—	(5,896)	—	(19,129)	(8,882)	(33,907)
Cumulative depreciation at 31 December 2013	—	952,119	—	1,031,397	79,435	2,062,951
Net assets at 31 December 2013	1,721,684	2,827,205	118,455	230,254	12,640	4,910,238
Net assets at 31 December 2012	1,714,188	2,725,592	224,877	245,013	10,096	4,919,766

2.3 Bank, Cash and PMG

at 31 December	2013	2012
	€000	€000
Officers imprest/petty cash balances	673	630
Commercial bank account balances	48,370	29,680
PMG balance	94,946	98,242
	<u>143,989</u>	<u>128,552</u>

2.4 Stocks

at 31 December	2013	2012
	€000	€000
Medical, dental and surgical supplies	31,719	33,156
Laboratory supplies	6,449	6,260
Pharmacy supplies	18,179	16,873
High tech pharmacy stocks	33,780	32,603
Pharmacy dispensing stocks	1,066	1,306
Blood and blood products	1,250	1,421
Vaccine stocks	19,638	15,984
Household services	8,074	8,010
Stationery and office supplies	2,016	2,063
Sundries	681	589
	<u>122,852</u>	<u>118,265</u>

The HSE, in accordance with the Department of Public Expenditure and Reform letter of sanction, wrote off stock amounting to €0.7 million in 2013.

2.5 Debtors and Prepayments

at 31 December	2013	2012
	€000	€000
Patient debtors – private facilities in public hospitals ¹	110,783	53,283
Patient debtors – public inpatient charges	13,840	12,530
Patient debtors – long stay charges	8,200	8,450
Prepayments and accrued income	18,598	20,037
Pharmaceutical manufacturers	15,294	27,674
Pension levy deductions from staff/service providers	10,549	11,314
Statutory redundancy claim	6,021	9,844
Voluntary hospitals re: national medical device service contracts	11,145	8,425
Sundry debtors	23,096	13,818
	<u>217,526</u>	<u>165,375</u>

¹ The primary reason for the increase in the level of patient debtors in 2013 is that at the end of 2012 the HSE received accelerated payments totalling €49.8 million representing the insurers' estimate of amounts due to the HSE where the claim process had not been finalised. The amounts paid to the HSE during 2013 (as the relevant claims were finalised) were reduced to take account of the accelerated payments received at the end of 2012. No such accelerated payments were received from the insurance companies at the end of 2013.

Debt Write-Offs and Provisions

During 2013, the HSE, in accordance with the Department of Public Expenditure and Reform letter of sanction, wrote off bad debts amounting to €14.5 million and increased the provision for bad debts by €3.7 million as follows:

	Debts written off		Movement in provision	
	2013	2012	2013	2012
	€m	€m	€m	€m
Private charges	4.9	4.9	4.7	2.3
In-patient charges	2.9	2.2	0.6	1.5
Emergency department charges	3.6	2.7	(1.4)	(0.5)
Road traffic accidents	2.0	2.0	(1.5)	(3.7)
Long-stay	0.2	0.2	1.8	1.7
Non-patient related debts	0.9	(1.4)	(0.5)	0.6
Total	14.5	10.6	3.7	1.9

2.6 Other Debit Balances

at 31 December	2013	2012
	€000	€000
Payroll overpayments	4,275	5,008
Advances to pharmacists	—	231
Secondments	3,011	3,664
Payroll technical adjustment ¹	30,350	31,593
National Treatment Purchase	94	3,602
Fund/Special Delivery Unit		
Local authorities	2,292	3,241
Other debit balances	5,246	7,290
	45,268	54,629

¹ Payroll technical adjustments relate to payments made to staff arising from payroll rationalisation. The payments are repayable by staff involved.

2.7 Other Credit Balances

at 31 December	2013	2012
	€000	€000
Amounts due to the State		
Income Tax	56,994	59,402
Pay Related Social Insurance	37,173	36,570
Professional Services Withholding Tax	18,924	18,412
Value Added Tax	9,035	6,412
Due to the State	122,126	120,796
Payroll deductions and other credit balances	17,513	17,877
Special income and expenditure balances	32,393	27,150
	172,032	165,823

2.8 Net Liability to the Exchequer

at 31 December	2013	2012
	€000	€000
Surplus to be surrendered	31,074	22,834
Exchequer grant undrawn	(13,849)	(5,475)
Net liability to the Exchequer	17,225	17,359

Represented by:**Debtors**

Bank, cash and PMG	143,989	128,553
Other debit balances	45,268	54,629
	189,257	183,182

Creditors

Due to State	(122,126)	(120,796)
Payroll deductions and other credit balances	(17,513)	(17,877)
Special income and expenditure balances	(32,393)	(27,150)
	(172,032)	(165,823)
	17,225	17,359

2.9 Commitments

at 31 December	2013	2012
	€000	€000

Global Commitments

Commitments likely to arise in subsequent years for:

Procurement and grant subheads	268,090	280,397
Operating leases	41,039	40,546
Finance leases	36,035	37,048

Capital Commitments¹

	Cumulative spend to 31 December 2012	Expenditure in 2013	Commitments 2014-2017	Total
	€m	€m	€m	€m
Hospital Services				
National Paediatric Hospital Development Board	36.35	1.20	195.24	232.79
National Maternity Hospital Holles Street	—	—	85.00	85.00
St James Hospital – Centre of Excellence for Ageing	0.01	1.00	30.69	31.70
St Luke's Hospital Kilkenny – Phase 1 of redevelopment	2.40	6.10	8.47	16.97
Our Lady of Lourdes Hospital – Phase 2	0.03	0.35	15.52	15.90
National Ambulance Control Centre	3.96	0.80	7.20	11.96
Mercy University Hospital	—	0.10	11.10	11.20
University College Hospital Galway	0.02	0.20	7.98	8.20
University Hospital Limerick – Fit-out of Emergency Department	0.40	0.20	7.40	8.00
Sub-total hospital services	43.17	9.95	368.60	421.72

Capital Commitments¹	Cumulative spend to 31 December 2012	Expenditure in 2013	Commitments 2014-2017	Total
	€m	€m	€m	€m
Community Services				
Central Mental Hospital – Phase 1 National Forensic Central Hospital	0.04	1.38	80.05	81.47
National Rehabilitation Hospital – Phase 1 redevelopment/replacement of existing facility	9.42	1.20	23.60	34.22
Primary Care Centre – Cork City North West	—	—	16.90	16.90
Cork University Hospital – replacement acute mental health unit	0.06	4.54	7.94	12.54
University College Hospital Galway – replacement acute mental health unit	0.08	0.20	13.72	14.00
Our Lady Of Lourdes Hospital –new acute mental health unit.	0.18	0.70	11.62	12.50
Sacred Heart Hospital Castlebar – refurbishment and extension of long-stay wards.	—	0.10	10.90	11.00
Cherry Orchard Hospital – child and adolescent residential unit	0.30	0.26	10.17	10.73
Killarney mental health residential unit	—	0.46	10.24	10.70
Primary care centre – Dublin North Inner City	0.01	1.00	8.69	9.70
Primary care centre – Monaghan Town	—	0.25	9.25	9.50
Primary care centre – Rowlagh /North Clondalkin	—	1.00	8.50	9.50
Primary Care Centre – Finglas	—	0.38	8.82	9.20
Tullamore Hospital - refurbishment	—	1.00	7.00	8.00
Primary Care Centre – Corduff	—	0.50	6.70	7.20
Sligo General Hospital – acute mental health unit	0.60	0.20	13.95	14.75
Sub-total community services	10.69	13.17	248.05	271.91
Total capital commitments	53.86	23.12	616.65	693.63

¹ The HSE has a multi-annual capital investment plan which prioritises expenditure on capital projects in line with strategic objectives in the capital plan and the annual service plan. The commitments identified above are in respect of the total cost of projects for which specific funding budgets have been approved at year end. These commitments may involve costs in years after 2013 for which budgets have yet to be approved. This includes non contractual commitments in respect of projects planned but yet to be approved in order to provide for healthcare infrastructural deficits including the National Children's Hospital, HIQA compliance and the new Forensic Mental Health Facility.

2.10 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2013 was €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	10,815	The 2013 service plan anticipated a reduction in staff numbers of almost 4,000 WTEs (4,705 leavers). The number of leavers from the Health Service Executive in 2013 was 1,900. The average gross lump sum was €31,793.
B.5 Grants in respect of certain other health bodies including voluntary and joint board hospitals	(18,724)	The supplementary estimate was required to address service pressures and shortfall in income collection. The legislation to charge private patients in public beds was not passed in 2013.
B.6 Health agencies and other similar organisations (part funded by National Lottery)	3,914	National Lottery grants are not paid until the conditions of the grant are fulfilled.
B.8 Payment to a special account established under Section 13 of the Health (Repayment Scheme) Act 2006	8,000	Following the withdrawal of a High Court appeal brought by the HSE & 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. The service providers were not in a position to submit the relevant details in time for payment by the end of 2013.
B.9 Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme	600	The Estimate was based on actuarial projections of insurance policyholders. The outturn was less than the actuarial projection.
B.10 Service developments and innovative service delivery projects	38,898	The savings are once-off time-related savings primarily within the 2013 mental health allocation relating to the recruitment of staff where the recruitment process was not finalised before year end.

Description	Less/(more) than provided €000	Explanation
B.11 Payments to the State Claims Agency	9,259	The original estimate was prepared on the basis that the High Court began to agree to settlements in respect of catastrophic injuries on a periodic payment basis, in anticipation of proposed legislation. Periodic payment orders (PPO) allow for catastrophic injury cases to be settled on the basis of an initial lump sum to deal with upfront costs such as general damages, home alterations, specialist equipment etc and thereafter an annual amount is paid, to meet on-going care costs. The estimate was subsequently revised upwards due to a change in approach by the High Court in respect to the settlement of catastrophic injury cases which occurred in late 2012. In the absence of PPO legislation, the High Court in a number of cases has converted the settlements back to traditional lump sum settlements, where they had previously settled on an interim basis. Final payments made were less than the post supplementary estimate, due to the timing and nature of settlements and reimbursement of claims from the State Claims Agency.
C.1 Primary care reimbursement services and community demand led schemes	(12,315)	The 2013 service plan provided for a reduction of €383 million in funding available for community demand led schemes. A supplementary estimate of €104 million was required due to the timing of the FEMPI regulations which reduced the fees paid to doctors and pharmacists and a shortfall in other savings targets.
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.	(9,841)	The procurement of design teams and contractors took longer than anticipated resulting in delays in site commencement by contractors.
D.3 Information systems and related services for health agencies	13,959	The saving relates to revenue ICT expenditure which is charged to Subhead D.3. Expenditure on revenue ICT has reduced from €98 million in 2010 to €87 million in 2013.
D.4 Building and equipping mental health and other health facilities (funded from the disposal of surplus assets)	4,413	The HSE raised €6.03 million from the sale of surplus assets in 2013. 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.

4 Receipts

4.1 Appropriations-in-aid

		2013		2012
		Estimated	Realised	Realised
		€000	€000	€000
1.	Recovery of cost of health services provided under regulations of the European Community	211,000	220,000	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	5,042	—
4.	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	3,000	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>	401,546		
	<i>Supplementary</i>	(99,000)		
6.	Superannuation	181,086	181,655	195,611
7.	Miscellaneous receipts	115,759	103,011	103,511
8.	Receipts from the disposal of mental health and other health facilities.	8,000	6,027	4,479
9.	PCRS rebate receipts	27,000	40,168	37,316
10.	Receipts from pension-related deduction on public service remuneration	343,156	344,452	351,988
Total				
	<i>Original</i>	1,461,152		
	<i>Supplementary</i>	(99,000)		
		1,362,152	1,372,433	1,489,345

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
Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund	(2,042)	The detailed statistical analysis required to calculate the payment to the HSE was not finalised for payment in 2012. €5.042 million was received in 2013.
Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	(6,706)	The detailed statistical analysis required to calculate the payment to the HSE was not finalised for payment in 2012. €9.706 million was received in 2013.

Description	Less/(more) than provided €000	Explanation
Statutory charges in public hospitals, long-stay charges and charges for maintenance in private and semi-private accommodation in public hospitals	7,779	The estimate allocation included €31.2 million in respect of proposed legislation to provide for the charging of private patients in public beds. The legislation was not passed in 2013 and the HSE was therefore unable to raise these charges. In December 2012 the HSE statutory hospitals received accelerated payments totalling €49.8 million representing the insurers' estimate of amounts due to the HSE where the claim process had not been finalised. The amounts paid to the HSE during 2013 (as the relevant claims were finalised) were reduced to take account of the accelerated payments received at the end of 2012. The estimate allocation was based on the assumption that a similar arrangement would apply in 2013. No such accelerated payments were received from the insurance companies at the end of 2013. The remaining shortfall for the most part arises as a result of an increase in debtors days in 2013 when compared to 2012.
Miscellaneous receipts	12,748	The Estimate provision includes variable and once-off receipts which did not materialise in 2013.
Receipts from the disposal of mental health and other health facilities.	1,973	All vacant properties not required for future service use are offered for sale on the open market. The HSE will only sell if it is believed the offer represents value for money and represents market value. In recent years the market for such properties that the HSE has an interest in disposing of has been limited.
PCRS rebate receipts	(13,168)	Pharmaceutical manufacturers rebate receipts were more than anticipated due to the extension of the rebate scheme to the drug payment schemes.

4.2 Extra Receipts Payable to the Exchequer

	2013		2012
	Payable	Paid	Total
	€000	€000	€000
1. Statutory Redundancy Rebate	5,281	—	—

4.3 Reconciliation of Income per the Annual Financial Statements to Appropriations-in-aid

			2013
	Revenue	Capital	Total
	€000	€000	€000
Total per annual financial statements	13,635,283	335,708	13,970,991
Less Exchequer grants	12,171,661	328,736	12,500,397
Total other income per annual financial statements	1,463,622	6,972	1,470,594
Less income credited to suspense			
Department of Health			(21,770)
Department of Children and Youth Affairs			(1,074)
Department of Social Protection and other State sources			(1,022)
Agency services			(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 ¹			(76,357)
Movement in other non-Vote debtors and other cash receipts.			11,261
Appropriations-in-aid			1,372,433

¹ The primary reason for the difference between patient cash receipts and patient income in 2013 is that at the end of 2012 the HSE received accelerated payments totalling €49.8 million representing the insurers' estimate of amounts due to the HSE where the claim process had not been finalised. The amounts paid to the HSE during 2013 (as the relevant claims were finalised) were reduced to take account of the accelerated payments received at the end of 2012. No such accelerated payments were received from the insurance companies at the end of 2013.

5 Employee Numbers and Pay

Whole Time Equivalents	2013	2012
HSE employees	64,923	65,687
Voluntary sector employees	35,036	35,819
Other directly employed non employment control framework personnel	4,123	3,746
Total employees	104,082	105,252

Summary analysis of pay and pension costs	2013 €000	2012 €000
Basic pay	3,226,840	3,283,355
Allowances	115,546	119,371
Overtime	134,519	157,164
Night duty	67,547	70,711
Weekends	166,819	176,355
On-call	48,248	55,190
Arrears	17,229	17,992
Employer PRSI	315,486	322,472
Superannuation	566,203	656,375
HSE pay	4,658,437	4,858,985
Agency pay	212,942	164,795
Total pay	4,871,379	5,023,780

5.1 Allowances and Overtime Payments¹

	Number of recipients ²	Recipients of €10,000 or more	Maximum individual payment ³ 2013 €	Maximum individual payment 2012 €
Allowances	34,273	1,250	150,765	129,361
Overtime	19,148	3,893	154,549	167,288
Night duty	31,588	159	18,403	17,389
Weekends	45,747	513	16,638	18,119
On-call	7,045	1,465	117,299	85,906
Other ⁴	11,599	141	67,186	92,482

¹ Payments relate to HSE employees only

² Certain individuals received extra remuneration in more than one category

³ The maximum individual allowance and overtime payments may include amounts paid in 2013 in respect of previous years.

⁴ Other includes sessional payments accounted for as payroll costs and pay arrears.

5.2 Performance and Merit Payments

Arrears of performance related pay paid in 2013 was €14,265 (2012: €252,366).

Gratuities paid in 2013 amounts to €3.68 million (2012: €3.67 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 2013 amounted to €8.5 million (€12 million in 2012) and relates to salary and interviewer payments to retired HSE staff (excludes payments to agency staff).

Payments of €1.9 million were made in 2013 arising from Labour Relations Commission/Rights Commissioners awards (2012: €1 million).

The cost of severance awards paid in 2013 totalled €91,618 (2012: €5,500).

6 Miscellaneous

6.1 National Lottery Funding

A total of €3.6 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).

Block Allocations to the HSE Regions

	2013	2012
	€000	€000
Dublin Mid Leinster Region	1,202	1,205
Dublin North East Region	337	1,208
South Region	1,049	1,041
West Region	1,011	651
Total	3,599	4,105

HSE capital expenditure funded from the National Lottery in 2013 amounted to €2.5 million (2012: €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	2013	2012
	€000	€000
Legal fees paid	44,454	45,877
Legal compensation costs paid	306	990
Total	44,760	46,867

The HSE paid a further €282,000 in respect of various claims brought against it and settled in 2013 which were not covered under insurance.

Redundancy payments of €41,000 were paid in 2013.

Other ex-gratia payments made during 2013 amounted to €117,000 and other miscellaneous payments amounted to €203,000.

There were a total of 359 outstanding claims against the HSE with HSE Insurers at the end of 2013.

The HSE had 204 outstanding claims for compensation at 31 December 2013 which are not covered by the HSE insurance policy.

Insurance

Prior to 1 January 2001, the 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 2013 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.

Clinical Indemnity Scheme

Since 1 July 2009, the HSE is funded by the Exchequer for claims processed by the State Claims Agency on behalf of the HSE 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 2013, the estimated liability incurred to that date under the Clinical Indemnity Scheme and State indemnity was €1,084 million. Of this €1,084 million, approximately €1,009 million relates to the Clinical Indemnity Scheme, with the balance of the estimated liability relating to non clinical claims. In 2013, €124 million (2012: €76 million) was charged to the appropriation account.

There were a total of 4,133 outstanding claims against the HSE with the State Claims Agency at 2 January 2014.

6.3 Prompt Payment of Account Interest

Prompt payment interest paid by the HSE in 2013 was €197,000 (2012: €204,000).

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 accounts.

6.5 Other

The HSE paid €4 million in respect of insurance premia in 2013 (2012: €3.8 million) and this is reflected in the outturn for Subhead A.1 and B.1 to B.4.



Appropriation Account 2013

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 2013 for the salaries and expenses of the Department of Children and Youth Affairs, for certain services administered by the Department, and for the payment of certain grants.

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

A surplus of €29.69 million is liable to for surrender to the Exchequer.

Structure of Vote

The structure of Vote 40 in 2013 was similar to 2012 in line with performance budgeting arrangements to align Subhead allocations with high level objectives. The Vote was divided into three main programme areas each of which had identified outputs and context and impact indicators.

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.

Multi-Annual Capital Commitments

Legally enforceable capital commitments exceeding €6.349m are reported on under Commitments.

Agency Payments

The charge under subhead B.9 relates to payments to the Department of Social Protection in respect of the Early Childcare Payment Scheme. The amount charged to the subhead is the amount paid to that Department in 2013.

Payments were also made to Pobal in respect of the delivery of certain services. The total sum paid to Pobal in this respect was charged against subheads B.3, B.4, B.5, B.6, B.8 and C.5.

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.

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.

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 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 to the value of €104,000. This contract was previously awarded under a competitive process but expired before new tendering arrangements were put in place for the relevant service. The Department has provided details of this contract to the Office of the Comptroller and Auditor General separate of the Circular 40/2002 return and is currently in the process of putting tenders in place for the service in 2014.

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 departmental financial procedures document was produced during 2013. 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. This relatively high level document will be supplemented in 2014 by more detailed guidance notes to set out financial procedures down to individual Unit level.
- During 2013, the Department of Children and Youth Affairs was restructured following a strategic review of its capacity to meet its functions. As part of the restructuring, an additional MAC member was recruited to lead in the area of governance and performance. A key consideration in this regard was to meet the Department's role in monitoring and overseeing the work of the newly established Child and Family Agency in addition to managing on-going improvements to internal corporate governance processes.
- A key component of the Departmental restructuring was the centralising of the Finance function in the Department. This included the addition of two professional accountants to the staff of the Finance Unit, one of which was a transfer from the Youth Justice area of the Department.
- 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 who is currently pursuing an audit qualification. The Internal Audit Unit operates under the direction and control of the Internal Audit & Risk Committee (IARC) and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the IARC periodically. The minutes and annual report of the IARC 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 2014 business planning and review cycle.

Jim Breslin

Accounting Officer

Department of Children and Youth Affairs

10 September 2014

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 2013 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration 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 2013.

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

Seamus McCarthy

Comptroller and Auditor General

12 September 2014

Vote 40 Children and Youth Affairs

Appropriation Account 2013

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Children and Family Support Programme	102,667	81,812	81,264
B	Sectoral Programmes for Children and Young People	320,264	310,086	323,050
C	Policy and Legislation Programme	16,175	15,262	18,052
Gross expenditure		439,106	407,160	422,366
<i>Deduct</i>				
D	Appropriations-in-aid	5,034	5,351	12,387
Net expenditure		434,072	401,809	409,979

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.

	2013	2012
	€	€
Surplus	32,263,216	4,777,586
Deferred surrender	2,576,000	—
Surplus to be surrendered	29,687,216	4,777,586

Analysis of administration expenditure

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
I	Salaries, wages and allowances	8,500	8,114	8,166
lii	Travel and subsistence	180	136	102
lii	Training and development and incidental expenses	191	171	175
Iv	Postal and telecommunications services	115	113	93
V	Office equipment and external IT services	265	171	164
Vi	Office premises expenses	363	367	357
vii	Consultancy services and value for money and policy reviews	123	97	14
viii	EU Presidency	200	162 ¹	3
		9,937	9,331	9,074

¹ Includes €48,000 in respect of salaries, wages and allowances.

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Programme cost		397,829	413,293
Pay		8,162	8,169
Non pay		1,169	904
Gross expenditure		407,160	422,366
<i>Deduct</i>			
Appropriations-in-aid		5,351	12,387
Net expenditure		401,809	409,979
Changes in capital assets			
Purchases cash	(3,388)		
Depreciation	129		
		(3,259)	4,204
Changes in net current assets			
Increase in closing accruals	585		
Decrease in stock	10		
		595	8,388
Direct expenditure		399,145	422,571
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,431	1,811
Net programme cost		401,576	424,382

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.

		2013	2012
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	177	173
Vote 13 Office of Public Works	e	2,239	1,638
Vote 9 Office of the Revenue Commissioners	e	15	—
		2,431	1,811

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

2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
Capital assets	2.2	6,599	3,340
Current assets			
Bank and cash		479	588
Stocks	2.3	30	40
Prepayments		2,522	958
Accrued income		4	2,075
Other debit balances	2.4	9,496	24
Total current assets		12,531	3,685
Less current liabilities			
Accrued expenses		238	160
Other credit balances	2.5	139	504
Net liability to the Exchequer	2.6	9,836	108
Total current liabilities		10,213	772
Net current assets		2,318	2,913
Net assets		8,917	6,253
Represented by:			
State funding account	2.1	8,917	6,253

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		6,253	11,597
Disbursements from the Vote			
Estimate provision	Account	434,072	
Deferred surrender	Account	(2,576)	
Surplus to be surrendered	Account	(29,687)	
Net vote		401,809	409,979
Expenditure (cash) borne elsewhere	1	2,431	1,811
Non cash expenditure		—	7,248
Net programme cost	1	(401,576)	(424,382)
Balance at 31 December		8,917	6,253

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 2013	3,081	631	566	4,278
Additions	3,363	25	—	3,388
Cost or valuation at 31 December 2013	6,444	656	566	7,666
Accumulated depreciation				
Opening balance at 1 January 2013	—	519	419	938
Depreciation for the year	—	76	53	129
Cumulative depreciation at 31 December 2013	—	595	472	1,067
Net assets at 31 December 2013	6,444	61	94	6,599
Net assets at 31 December 2012	3,081	112	147	3,340

2.3 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	6	13
IT consumables	24	26
Janitorial	—	1
	30	40

2.4 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Advances to OPW	6,985	22
Income Tax	4	(2)
Other debit suspense items	2,507	4
	9,496	24

2.5 Other Credit Balances

	2013 €000	2012 €000
at 31 December		
Amounts due to the State		
Professional Services Withholding Tax	57	29
Relevant Contractors Tax	2	1
Value Added Tax	16	2
Recoupable travel pass scheme expenditure	4	4
Pensions	—	408
	79	444
Payroll deductions held in suspense	—	—
Other credit suspense items	60	60
	139	504

2.6 Net Liability to the Exchequer

at 31 December

2013

€000

2012

€000

Surplus to be surrendered	29,687	4,778
Deferred surrender	2,576	—
Exchequer grant undrawn	(22,427)	(4,670)
Net liability to the Exchequer	9,836	108

Represented by:

Debtors

Bank and cash	479	588
Debit balances: suspense	9,496	24
	<u>9,975</u>	<u>612</u>

Creditors

Due to State	(79)	(444)
Credit balances: suspense	(60)	(60)
	<u>(139)</u>	<u>(504)</u>

9,836 108

2.7 Commitments

at 31 December

2013

€000

2012

€000

Commitments likely to arise in subsequent years for

(a) Global commitments

Procurement subheads	2,508	2,140
Grant subheads	585	1,937
Total commitments	3,093	4,077

(b) Multi-annual capital commitments

(projects costing €6,348,690 or more)

	Expenditure to 31 December 2012	Expenditure in 2013	Subsequent Years	Total
Project	€000	€000	€000	€000
National Children Detention Facility	1,000	3,363	52,077	56,440

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Children and Family Support Programme			
A.1	Administration – pay	2,330	2,219	2,206
A.2	Administration - non pay	338	312	244
A.3	Family Support Agency	24,294	24,152	25,966
A.4	National Education Welfare Board	8,753	8,753	8,253
A.5	School Completion Programme	26,456	26,443	26,892
A.6	Child and Family Support Programme	4,160	640	449
A.7	Youth Justice – Children Detention Schools	36,336	19,293	17,254
		102,667	81,812	81,264

Significant variations

Overall, the expenditure in relation to Programme A was €20.855 million less than provided. In the latter part of 2013, 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
Child and Family Support Programme	3,520	Savings under the subhead are attributable to lower than anticipated expenditure on costs associated with the provision of specialist expertise, advice and support to assist in the start-up and establishment of the Child and Family Agency.
Youth Justice – Children Detention Schools	17,043	The variance arises primarily as a result of a delay in finalising procurement and contractual arrangements for the commencement of the construction work on the National Children Detention Facility at Oberstown, Lusk Co. Dublin.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Sectoral Programmes for Children and Young People			
B.1	Administration - pay	2,330	2,211	2,206
B.2	Administration - non pay	338	229	244
B.3	ECCE preschool year programme	175,000	174,112	175,768
B.4	General childcare programmes	74,098	76,121	85,682
B.5	School age childcare initiative (cash-limited)	11,500	18	—
B.6	Youth organisations and services (part funded by the National Lottery)	53,498	53,895	57,030
B.7	Early intervention programme for children (part funded by the Dormant Accounts Fund)	800	800	1,945
B.8	Child poverty initiative	2,500	2,500	—
B.9	Early childcare payment	200	200	175
		320,264	310,086	323,050

Significant variations

Overall, the expenditure in relation to Programme B was €10.178 million less than provided. In the latter part of 2013 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
Administration – non pay	109	The variance arose due to non-pay administrative costs associated with running the Department, particularly in relation to Training and Development and Incidental Expenses as well as Consultancy Services and Value for Money and Policy Reviews being lower than expected.
School age childcare initiative (cash-limited)	11,482	The variance arose because the number of qualifying social welfare recipients, identified by the Department of Social Protection for this scheme, was lower than originally projected.

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Policy and Legislation Programme			
C.1	Administration - pay	3,875	3,732	3,758
C.2	Administration - non pay	726	628	416
C.3	Miscellaneous legal fees and settlements	848	220	186
C.4	National Longitudinal Study	3,515	3,434	4,020
C.5	National Children's Strategy and other programmes	2,175	1,965	1,970
C.6	Grants to organisations (part funded by the National Lottery)	500	500	500
C.7	Adoption Authority of Ireland	2,648	2,895	2,265
C.8	Office of the Ombudsman for Children	1,888	1,888	2,000
	<i>Cost in connection with the holding of a constitutional referendum on children's rights</i>	—	—	2,937
		16,175	15,262	18,052

Significant variations

Overall, the expenditure in relation to Programme C was €913,000 less than provided. In the latter part of 2013 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	628	Payments associated with legal proceedings are difficult to predict and were significantly less than estimated.
National Children's Strategy and other programmes	210	This subhead supports a range of activities. The underspend arose primarily in relation to costs associated with the UNCRC Report and the development of the Children and Young People's Policy Framework which were below the anticipated expenditure levels.
Adoption Authority of Ireland	(247)	The excess costs principally relate to legal costs incurred by the Adoption Authority of Ireland.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. EU receipts – Equal Opportunities Childcare Programme	1,853	1,853	8,092
2. Dormant Accounts Funding	800	800	1,599
3. Superannuation scheme - National Education Welfare Board	266	289	280
4. Superannuation scheme for non-teaching staff of Children Detention Schools	420	498	559
5. Superannuation scheme – Family Support Agency	63	18	—
6. Superannuation scheme – Adoption Authority of Ireland	1	—	—
7. Superannuation scheme – Office of the Ombudsman for Children	2	—	—
8. Miscellaneous	1	15	2
9. Receipts from pension related deduction on public service remuneration	1,628	1,878	1,855
Total	5,034	5,351	12,387

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 pension related deduction on public service remuneration	(250)	The estimate for 2013 was determined on the basis of the information available at the time of framing it. The amount to be received in respect of pension related deductions on public service remuneration was undervalued, yielding surplus receipts over the 2013 estimate particularly in relation to the School Completion Programme and to a lesser extent the Children Detention Schools.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €374,469 were transferred to the Exchequer during the year. These related to an unspent balance of €193,478 surrendered by the Referendum Commission relating to the Children's Referendum and €180,991 in relation to pre-2013 superannuation deductions in respect of the Family Support Agency.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)		
Department	135	132
Agencies	330	342
	2013	2012
	€000	€000
Pay	7,535	7,608
Higher, special or additional duties allowance	135	109
Other allowances	1	1
Overtime	60	70
Employer's PRSI	431	381
Total pay	8,162	8,169

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	18	4	18,773	20,614
Other allowances	6	—	225	337
Overtime	24	1	14,665	16,914

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.

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. Such 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.

5.2 Agency Staff

	2013	2012
Number of staff at year end (full time equivalents)		
Family Support Agency	14	14
National Education Welfare Board	93	91
Children Detention Schools	189	203
Adoption Authority of Ireland	24	24
Office of the Ombudsman for Children	10	10
Total	330	342

Pay	2013	2012
	€000	€000
Family Support Agency	1,070	768
National Education Welfare Board	5,312	5,229
Children Detention Schools	12,507	13,007
Adoption Authority of Ireland ¹	1,642	1,220
Office of the Ombudsman for Children	744	730
Total pay	21,275	20,954

¹ Includes €312,788 for 2013 in respect of employer pension contributions for seconded civil servants. The corresponding amount for 2012 was €275,797 bringing overall payroll costs in that year to €1.496 million.

6 Miscellaneous

6.1 National Lottery Funding

		2013	2012
		€000	€000
Sub-head	Description		
B.6	Youth organisations and services (part funded by the National Lottery)	53,895	57,030
C.6	Grants to organisations (part funded by the National Lottery)	500	500

A list of the recipients of the funding and the amounts paid is available on the Department's website www.dcyv.gov.ie

6.2 Agency Services

Agency services are provided by the Department of Social Protection in respect of Subhead B.9. A total of €200,000 was paid to the Department of Social Protection in respect of the early childhood payment programme. This was the amount charged to the subhead in 2013.

Agency services are provided by Pobal in respect of certain services charged to Subheads B.3, B.4 B.5, B.6, B.8 and C.5. A total of €100.583 million was paid to Pobal which represented the overall sum charged to the six subheads in this respect.

6.3 Legal Costs

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	49	78
Compensation	290	—
	<u>339</u>	<u>78</u>

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 Carryover of Funding

Under the provision of Section 91 of the Finance Act 2004, €2,576,000 of unspent allocation in respect of the capital elements of Subhead A.7 was carried forward to 2014.