



Comptroller and Auditor General

Appropriation Accounts 2012

September 2013

Appropriation Accounts 2012

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 2012.

Seamus McCarthy
Comptroller and Auditor General

27 September 2013

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Part 1 — Preface

Background to the Appropriation Accounts

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

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

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

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

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

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

Accountability and Audit Arrangements

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

Duties of Accounting Officers in relation to Appropriation Accounts

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

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

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

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for 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 2012 are set out in a separate report entitled *Report on the Accounts of the Public Services 2012*. 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 2012

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 2012.

Receipts

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).

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).

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.

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

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 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 €1,270.

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

Contingent Liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on the Exchequer funds in the future. Contingent liabilities are not recognised in the account but are disclosed by way of note unless the possibility of an outflow of resources is remote.

Public Private Partnerships (PPP)

PPP's 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.

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. 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.

Commissions and Inquiries

Where appropriate, Miscellaneous Notes (Note 6) include 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.

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 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system in the Office of the President's Establishment.

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 and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Martin Fraser
Accounting Officer

28 March 2013

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 2012 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 accounts.

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 examination 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 1 President's Establishment for the year ended 31 December 2012.

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

5 September 2013

Vote 1 President's Establishment

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	President's Establishment	2,054	2,059	1,973
B	Centenarians' bounty	1,040	1,006	966
Gross expenditure		3,094	3,065	2,939
<i>Deduct</i>				
C	Appropriations-in-aid	92	104	84
Net expenditure		3,002	2,961	2,855

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	41,107	206,369

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,663	1,622	1,670
ii	Travel and subsistence	85	128	60
iii	Training and development and incidental expenses	151	154	119
iv	Postal and telecommunications services	100	86	93
v	Office machinery and other supplies and related services	110	121	79
		2,109	2,111	2,021

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	954	918
Pay	1,622	1,670
Non pay	489	351
Gross expenditure	3,065	2,939
<i>Deduct</i>		
Appropriations-in-aid	(104)	(84)
Net expenditure	2,961	2,855
Changes in capital assets		
Purchases cash	(15)	
Depreciation	16	
	1	14
Changes in net current assets		
Increase in closing accruals	6	
Increase in stock	(7)	
	(1)	46
Direct expenditure	2,961	2,915
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,448	4,460
Net programme cost	7,409	7,375

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Office of the Minister for Finance	30	14
Vote 12 Superannuation and Retired Allowances	490	470
Vote 13 Office of Public Works	2,261	2,067
Vote 20 Garda Síochána	193	257
Vote 24 Justice and Equality	—	213
Vote 28 Foreign Affairs and Trade	272	132
Vote 36 Defence	400	413
Central Fund (Emoluments and allowances of President and pensions of former Presidents and/or widows of former Presidents).	802	894
	4,448	4,460

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	25	26
Current assets			
Stocks	2.5	74	67
Prepayments		41	45
Accrued income		13	—
Net liability from the Exchequer	2.7	64	7
Total current assets		192	119
Less current liabilities			
Bank and cash	2.4	23	(41)
Accrued expenses		53	38
Other credit balances	2.6	41	48
Total current liabilities		117	45
Net current assets		75	74
Net assets		100	100
Represented by:			
State funding account	2.1	100	100

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		100	163
Funding drawn down	2.2	7,409	7,315
Prior year adjustment		—	(3)
Net programme cost	1	(7,409)	(7,375)
Balance at 31 December		100	100

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	3,002	3,061
Surplus to be surrendered	Account	(41)	(206)
		2,961	2,855
Expenditure (cash) borne elsewhere	1	4,448	4,460
Total funding drawn down		7,409	7,315

2.3 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	237	93	330
Additions	15	—	15
Disposals	—	—	—
Cost or valuation at 31 December 2012	252	93	345
Accumulated depreciation			
Opening balance at 1 January 2012	215	89	304
Depreciation for the year	13	3	16
Depreciation on disposals	—	—	—
Cumulative depreciation at 31 December 2012	228	92	320
Net assets at 31 December 2012	24	1	25
Net assets at 31 December 2011	22	4	26

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	48	91
Orders outstanding	(71)	(50)
	(23)	41

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	70	62
IT consumables	4	5
	74	67

2.6 Other Credit Balances

	2012 €000	2011 €000
at 31 December		
Amounts due to the State		
Income Tax	19	21
Pay Related Social Insurance	6	6
Pension Levy	—	9
Universal Social Charge	6	6
Income Levy	—	—
Pension subscriptions contributions	2	—
	33	42
Payroll deductions held in suspense	8	6
	41	48

2.7 Net Liability from the Exchequer	2012	2011

at 31 December	€000	€000

Surplus to be surrendered	41	206
Exchequer grant undrawn	(105)	(213)
Net liability from the Exchequer	<u>(64)</u>	<u>(7)</u>

Represented by:

Creditors

Due to State	(33)	(42)
Net PMG position and cash	(23)	41
Credit balances: suspense	(8)	(6)
	<u>(64)</u>	<u>(7)</u>

2.8 Commitments	2012	2011

at 31 December	€000	€000

Total of legally enforceable commitments	29	44

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	President's Establishment			
A.1	Administration – pay	1,623	1,585	1,637
A.2	Administration - non pay	431	474	336
		<u>2,054</u>	<u>2,059</u>	<u>1,973</u>
B	Centenarians' bounty			
B.1	Administration – pay	40	37	33
B.2	Administration - non pay	15	15	15
B.3	Centenarians' bounty	985	954	918
		<u>1,040</u>	<u>1,006</u>	<u>966</u>

Significant variations

Overall, the expenditure in relation to the Programme B.3 was €31,000 lower than provided. This was mainly due payment of Centenarian's Bounty to fewer centenarians than anticipated.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	92	89	84
2.	Miscellaneous receipts	—	15	—
		<u>92</u>	<u>104</u>	<u>84</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 2012.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	25	21
	2012	2011
	€000	€000
Pay	1,483	1,540
Higher, special or additional duties allowance	59	59
Overtime	29	14
Employer's PRSI	51	57
Total Pay	1,622	1,670

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	14	3	19,108	19,108
Overtime	15	—	4,193	3,506

Certain individuals received extra remuneration in more than one category.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

26 March 2013

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

I have audited the appropriation account for Vote 2 Department of the Taoiseach for the year ended 31 December 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 2 Department of the Taoiseach for the year ended 31 December 2012.

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

28 June 2013

Vote 2 Department of the Taoiseach

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Supporting the work of the Taoiseach and Government	24,539	22,362	18,436
	Gross expenditure	24,539	22,362	18,436
<i>Deduct</i>				
B	Appropriations-in-aid	912	881	837
	Net expenditure	23,627	21,481	17,599

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	2,146,203	3,440,502

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	12,100	11,266	11,307
ii	Travel and subsistence	325	333	227
iii	Training and development and incidental expenses	783	664	1,360
iv	Postal and telecommunications services	360	355	310
v	Office equipment and external IT services	971	695	792
vi	Office premises expenses	410	390	470
vii	Consultancy services and value for money and policy reviews	20	1	13
viii	EU Presidency	2,200	1,351	—
		17,169	15,055	14,479

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	7,307	3,957
Pay ¹	11,685	11,307
Non pay	3,370	3,172
Gross expenditure	22,362	18,436
<i>Deduct</i>		
Appropriations-in-aid	881	837
Net expenditure	21,481	17,599
Changes in capital assets		
Purchases cash	(134)	
Depreciation	122	
	(12)	51
Changes in net current assets		
Decrease in closing accruals	(83)	
Decrease in stock	16	
	(67)	(104)
Direct expenditure	21,402	17,546
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,418	5,147
Notional rents	1,076	1,083
Net programme cost	26,896	23,776

¹ The pay figure for 2012 includes salaries for the EU Presidency amounting to €418,791

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.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	2,529	3,020
Vote 13 Office of Public Works	713	580
Vote 20 Garda Síochána	187	805
Vote 24 Justice and Equality	228	257
Vote 36 Defence	75	75
Taoisigh, Ministerial etc. pensions (Central Fund)	688	410
Services provided to President's Establishment (Vote 1)	(2)	—
	4,418	5,147

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	383	371
Current assets			
Bank and cash	2.4	273	469
Stocks	2.5	118	134
Prepayments		353	274
Other debit balances	2.6	71	253
Net liability from the Exchequer	2.8	107	(379)
Total current assets		922	751
Less current liabilities			
Accrued expenses		105	109
Other credit balances	2.7	451	343
Total current liabilities		556	452
Net current assets		366	299
Net assets		749	670
Represented by:			
State funding account	2.1	749	670

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		670	617
Funding drawn down	2.2	25,899	22,746
Non cash expenditure – notional rent	1	1,076	1,083
Net programme cost	1	(26,896)	(23,776)
Balance at 31 December		749	670

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	23,627	21,039
Surplus to be surrendered	Account	(2,146)	(3,440)
		21,481	17,599
Expenditure (cash) borne elsewhere	1	4,418	5,147
Total funding drawn down		25,899	22,746

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	3,052	574	3,626
Additions	110	24	134
Disposals	(106)	(3)	(109)
Cost or valuation at 31 December 2012	3,056	595	3,651
Accumulated depreciation			
Opening balance at 1 January 2012	2,821	434	3,255
Depreciation for the year	85	37	122
Depreciation on disposals	(106)	(3)	(109)
Cumulative depreciation at 31 December 2012	2,800	468	3,268
Net assets at 31 December 2012	256	127	383
Net assets at 31 December 2011	231	140	371

2.4 Bank and Cash

at 31 December

	2012 €000	2011 €000
PMG balances and cash	303	737
Orders outstanding	(30)	(268)
	273	469

2.5 Stocks

at 31 December

	2012 €000	2011 €000
Gifts	10	11
Stationery	42	46
Publications	41	46
Consumables etc	25	31
	118	134

2.6 Other Debit Balances

at 31 December

	2012 €000	2011 €000
Payroll suspense account	—	195
Recoupment of travel pass scheme	65	54
Other	6	4
	71	253

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	217	184
Pay Related Social Insurance	74	60
Value Added Tax	6	4
Retention Tax	35	4
	332	252
Payroll deductions held in suspense	75	90
Other	44	1
	451	343

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	2,146	3,440
Exchequer grant undrawn	(2,253)	(3,061)
Net liability from the Exchequer	(107)	379

Represented by:

Debtors

Bank and cash	273	469
Debit balances: suspense	71	253
	344	722

Creditors

Due to State	(332)	(252)
Credit balances: suspense	(119)	(91)
	(451)	(343)
	(107)	379

2.9 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	16	10

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Supporting the work of the Taoiseach and Government			
A.1	Administration - pay	13,100	11,685	11,307
A.2	Administration - non pay	4,069	3,370	3,172
A.3	National Economic and Social Council (grant-in-aid)	2,220	2,027	2,280
A.4	Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	650	1,593	1,601
A.5	Constitutional Convention	300	216	—
A.6	Referendum on EU Fiscal Stability Treaty	4,200	3,471	—
—	<i>Commemoration initiatives</i>	—	—	76
		24,539	22,362	18,436

Significant variations

Overall, the gross expenditure in relation to the programme was €2,177,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
National Economic and Social Council (grant-in-aid)	193	Savings in 2012 were, in the main, due to a review of commercial rates and the redeployment of NESC staff to work on policy issues in the Department of Finance.
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	(943)	Variance principally due to payment of third party costs amounting to €501,679 which were not budgeted for in 2012 and costs of €300,800 for judicial reviews which took place in 2010.
Referendum on EU Fiscal Stability Treaty	729	Variance due to under spend by the Referendum Commission (€146,573) and by the Department (€582,242) on the Government Information Campaign. (See Note 6.5)

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	812	852	808
2.	Miscellaneous	100	29	29
Total		912	881	837

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	215	183
	2012	2011
	€000	€000
Pay	12,092	11,820
Higher, special or additional duties allowance	401	392
Overtime and extra attendance	477	486
Employer's PRSI	757	638
Total Pay	13,727	13,336

The 2012 figures in the table above include staff from the Department (174), National Economic and Social Council (NESC) (19), the Constitutional Convention (3), the Tribunal of Inquiry (1) and temporary EU presidency staff (18).

The 2011 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 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	47	14	28,430	28,312
Overtime and extra attendance	75	14	26,746	28,121

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.

5.2 Other Remuneration Arrangements

Ex-gratia payments of €1,390 (2011 - €9,062) and €29,681 (2011 - €29,682) were made in respect of agreed retired benefits to two former employees.

Ex-gratia payments of €2,539 each were made in 2012 to three staff members of the Tribunal of Inquiry.

6 Miscellaneous

6.1 Commissions and Inquiries

Commission, Committee or Special Inquiry

	Year of appointment	2012 €000	2011 €000
Tribunal of Inquiry (Payments to Messrs Haughey and Lowry)	1997	1,593	1,601

Cumulative expenditure to the end of December 2012 was €44.6 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 €3,997 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2012. (€8,480- 2011).

6.3 Other

In addition to expenditure in the Account the following amounts were received in 2012:

The account includes €11,367 (2011: €10,460) received from Vote 7, Office of the Minister for Finance for a co-funded Multisite Library project which provides enhanced library and information services to both departments.

6.4 Legal Costs

Legal costs paid during the year are categorised as follows:

	2012	2011
Legal Fees	241,676	43,535
Compensation costs	—	—
	<u>241,676</u>	<u>43,535</u>

The Department paid €175,126 in respect of costs in a High Court case taken against the Government about the holding of a by-election in Donegal South-West, and €66,550 in respect of costs relating to the appeal to the Supreme Court. This appeal was withdrawn in November 2011.

6.5 Referendum on EU Fiscal Stability Treaty

The Referendum on the Stability Treaty was held on 31 May 2012 and was carried. A budget of €2,200,000 was allocated for the Referendum Commission. The outturn was €2,053,427 and a balance of €146,573 was returned.

A budget of €2,000,000 was provided for a Government Information campaign. Expenditure was €1,417,758.

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



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for system of Internal Financial Control

As Accounting Officer I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the 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 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 Information and Communications Technology systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Office is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

6 September 2013

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

I have audited the appropriation account for Vote 3 Office of the Attorney General for the year ended 31 December 2012 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 accounts.

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 3 Office of the Attorney General for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

9 September 2013

Vote 3 Office of the Attorney General

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Delivery of professional legal services to Government, Departments and Offices	15,785	14,271	14,056
	Gross expenditure	15,785	14,271	14,056
	<i>Deduct</i>			
B	Appropriations-in-aid	788	820	778
	Net expenditure	14,997	13,451	13,278

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	1,546,375	1,082,325

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	10,929	10,094	9,995
ii	Travel and subsistence	120	107	98
iii	Training and development and incidental expenses	660	573	584
iv	Postal and telecommunications services	100	64	79
v	Office equipment and external IT services	557	480	491
vi	Office premises expenses	203	273	170
vii	Consultancy services and value for money and policy reviews	20	17	4
viii	Contract legal expertise	765	376	487
		13,354	11,984	11,908

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	2,287	2,148
Pay	10,094	9,995
Non pay	1,890	1,913
Gross expenditure	14,271	14,056
<i>Deduct</i>		
Appropriations-in-aid	820	778
Net expenditure	13,451	13,278
Changes in capital assets		
Purchases cash	(220)	
Depreciation	223	
Loss on disposals	1	
	4	168
Changes in assets under Development		
Cash payments	(14)	(39)
Changes in net current assets		
Decrease in closing accruals	(18)	
Decrease in stock	1	
	(17)	17
Direct expenditure	13,424	13,424
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,175	2,027
Notional rents	556	560
Net programme cost	15,155	16,011

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Office of the Minister of Finance	42	54
Vote 12 Superannuation and Retired Allowances	516	950
Vote 13 Office of Public Works	191	313
Vote 20 Garda Síochána	—	64
Central Fund - Pensions in respect of former Attorney General and widow of former Attorney General	426	646
	1,175	2,027

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	496	500
Capital assets under development	2.4	53	39
		549	539
Current assets			
Stocks	2.6	29	30
Prepayments		206	207
Accrued income		19	5
Other debit balances	2.7	290	168
Total current assets		544	410
Less current liabilities			
Bank and cash	2.5	264	(388)
Accrued expenses		31	36
Other credit balances	2.8	66	311
Net liability to the Exchequer	2.9	(40)	245
Total current liabilities		321	204
Net current assets		223	206
Net assets		772	745
Represented by:			
State funding account	2.1	772	745

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		745	891
Funding drawn down	2.2	14,626	15,305
Non cash expenditure – notional rent	1	556	560
Net programme cost	1	(15,155)	(16,011)
Balance at 31 December		772	745

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	14,997	14,360
Surplus to be surrendered	Account	(1,546)	(1,082)
		13,451	13,278
Expenditure (cash) borne elsewhere	1	1,175	2,027
Total funding drawn down		14,626	15,305

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	4,350	1,599	5,949
Additions	100	120	220
Disposals	(130)	(37)	(167)
Transfers	(19)	—	(19)
Cost or valuation at 31 December 2012	4,301	1,682	5,983
Accumulated depreciation			
Opening balance at 1 January 2012	4,077	1,372	5,449
Depreciation for the year	157	66	223
Depreciation on disposals	(130)	(36)	(166)
Depreciation on transfers	(19)	—	(19)
Cumulative depreciation at 31 December 2012	4,085	1,402	5,487
Net assets at 31 December 2012	216	280	496
Net assets at 31 December 2011	273	227	500

2.4 Capital Assets under Development

	In-house computer applications 2012 €000
at 31 December	
Opening balance at 1 January	39
Cash payments for the year	14
Balance at 31 December	53

2.5 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	(264)	450
Orders outstanding	—	(62)
	(264)	388

2.6 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	19	5
IT consumables	10	25
	29	30

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000

Office of Public Works	40	120
Recoupable shared costs	5	—
Salaries Control Account	194	—
Travel Pass Scheme	49	—
Miscellaneous	2	48
	<u>290</u>	<u>168</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	—	197
Pay Related Social Insurance	(1)	73
Pension contributions	—	(43)
Professional Services Withholding Tax	11	15
Value Added Tax	56	43
	<u>66</u>	<u>285</u>
Payroll deductions held in suspense	—	26
	<u>66</u>	<u>311</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	1,546	1,082
Exchequer grant undrawn	(1,586)	(837)
Net liability to the Exchequer	<u>(40)</u>	<u>245</u>

Represented by:

Debtors

Debit balances: suspense	290	168
	<u>290</u>	<u>168</u>

Creditors

Bank and cash	(264)	388
Due to State	(66)	(285)
Credit balances: suspense	—	(26)
	<u>(330)</u>	<u>77</u>
	<u>(40)</u>	<u>245</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	91	266

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of professional legal services to Government, Departments and Offices			
A.1	Administration - pay	10,929	10,094	9,995
A.2	Administration - non pay	2,425	1,890	1,913
A.3	Contributions to international organisations	39	39	—
A.4	Law Reform Commission (grant-in-aid)	2,342	2,218	2,132
A.5	General law expenses	50	30	16
		<u>15,785</u>	<u>14,271</u>	<u>14,056</u>

Significant variations

Overall, the expenditure in relation to Programme A was €1,514,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	835	Due to the significant numbers of candidates applying, the two recruitment competitions took longer to complete than anticipated so the arrival (and payment) of new entrants was later in the year than originally budgeted and this gave rise to the majority of the savings. In addition, a senior member of staff transferred from the Office early in 2012 resulting in savings on their budgeted salary throughout the remainder of the year.
Contract legal expertise	389	Savings were achieved as additional sanctioned consultant Parliamentary Counsel positions were not filled in 2012.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	8	83	14
2. Receipts from pension-related deductions on public service remuneration	780	737	764
Total	788	820	778

The miscellaneous figure includes an amount of €79,359 refunded by the Law Reform Commission in respect of the overestimation of lump sum and pension entitlements of staff who retired during the year.

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 2012.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	150	141
	2012	2011
	€000	€000
Pay	9,329	9,276
Higher, special or additional duties allowance	102	100
Overtime	1	2
Employer's PRSI	662	617
Total Pay	10,094	9,995

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	20	5	30,002	24,310
Overtime and extra attendance	3	—	373	420

One individual received extra remuneration in more than one category.

6 Miscellaneous

6.1 Write-Offs

Sanction was conveyed by the Department of Public Expenditure and Reform to write-off historic suspense account balances in the total sum of €2,249.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

A census of population was taken in 2011 and therefore expenditure in that year (€74.7 million) was substantially higher than in 2012 (€41.2 million).

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the account except for:

Depreciation

Assets that cost €3.214 million and were employed during the 2011 Census of Population are being depreciated over a two year period (2011-2012).

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Note 6 outlines a salary overpayment to one individual. The Office has thoroughly reviewed the circumstances of this overpayment and has implemented new and more thorough procedures in relation to staff assigned to work in other Civil or Public Service bodies. The principal steps taken include:

- an immediate examination of all external assignments from the Office to confirm that pay arrangements for other relevant staff were in order and did not involve any overpayment;
- the implementation of stronger communications protocols between Office's HR and Payroll sections, with tracking and confirmation of all payroll instructions
- the introduction of regular cross-checks of the staff lists on the HR and Payroll systems
- seconded staff are now paid directly by the organisation to which they are assigned and not by the Office.

Internal Audit and Audit Committee

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

Pádraig Dalton
Accounting Officer
Central Statistics Office

21 March 2013

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 2012 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 by his Office and for the regularity and propriety of all transactions in the appropriation accounts.

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 4 Central Statistics Office for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Duplicate salary payment

Note 6 to the appropriation account refers to a salary overpayment to one individual. The Statement on Internal Financial Control outlines the steps taken by the Office in relation to the matter. Chapter 4 of my report on the accounts of the public services for 2012 outlines the circumstances of the case.

Seamus McCarthy
Comptroller and Auditor General

13 September 2013

Vote 4 Central Statistics Office

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Delivery of annual statistical programme	45,402	41,223	74,700
	Gross expenditure	45,402	41,223	74,700
<i>Deduct</i>				
B	Appropriations-in-aid	1,900	3,633	2,574
	Net expenditure	43,502	37,590	72,126

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	5,911,939	7,941,176

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	34,789	33,963	37,490
ii	Travel and subsistence	894	941	913
iii	Training and development and incidental expenses	1,673	1,087	2,977
iv	Postal and telecommunications services	1,100	687	1,506
v	Office equipment and external IT services	3,760	2,433	5,553
vi	Office premises expenses	1,575	1,081	1,135
vii	Consultancy services and value for money and policy reviews	61	26	17
viii	Collection of statistics	1,550	1,005	25,109
		45,402	41,223	74,700

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	33,963	37,490
Non pay	7,260	37,210
Gross expenditure	41,223	74,700
<i>Deduct</i>		
Appropriations-in-aid	3,633	2,574
Net expenditure	37,590	72,126
Changes in capital assets		
Purchases cash	(315)	
Loss on disposals	2	
Depreciation	5,324	
	5,011	5,013
Changes in assets under development		
Cash payments	(1,299)	(1,822)
Changes in net current assets		
Increase in closing accruals	870	
Decrease in stock	33	
	903	(777)
Direct expenditure	42,205	74,540
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6,678	6,948
Notional rents	1,405	1,347
Net programme cost	50,288	82,835

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	2,505	3,210
Vote 12 Superannuation and Retired Allowances	3,161	2,569
Vote 13 Office of Public Works	1,012	1,169
	6,678	6,948

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	14,895	18,558
Capital assets under development	2.4	487	923
		15,382	19,481
Current assets			
Stocks	2.6	100	133
Prepayments		814	937
Accrued income		674	1,183
Other debit balances		810	121
Net liability from the Exchequer	2.8	610	1,162
Total current assets		3,008	3,536
Less current liabilities			
Bank and cash	2.5	345	(136)
Accrued expenses		197	164
Deferred income		250	53
Other credit balances	2.7	1,075	1,419
Total current liabilities		1,867	1,500
Net current assets		1,141	2,036
Net assets		16,523	21,517
Represented by:			
State funding account	2.1	16,523	21,517

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		21,517	24,124
Adjustments ¹		(379)	(16)
Funding drawn down	2.2	44,268	79,074
Non cash expenditure – notional rent	1	1,405	1,347
Transfers		—	(177)
Net programme cost	1	(50,288)	(82,835)
Balance at 31 December		16,523	21,517
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	43,502	80,067
Surplus to be surrendered	Account	(5,912)	(7,941)
		37,590	72,126
Expenditure (cash) borne elsewhere	1	6,678	6,948
Total funding drawn down		44,268	79,074

¹ Less adjustments in Capital Assets and Capital Assets under Development in notes 2.3 and 2.4.

2.3 Capital Assets

	Land and buildings €000	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	34	57,197	3,447	60,678
Additions	—	1,668	11	1,679
Disposals	—	(589)	(13)	(602)
Assets transferred ¹	—	(25)	—	(25)
Cost or valuation at 31 December 2012	34	58,251	3,445	61,730
Accumulated depreciation				
Opening balance at 1 January 2012	34	39,159	2,927	42,120
Depreciation for the year	—	5,200	124	5,324
Depreciation on disposals	—	(590)	(9)	(599)
Depreciation on transfers	—	(10)	—	(10)
Cumulative depreciation at 31 December 2012	34	43,759	3,042	46,835
Net assets at 31 December 2012	—	14,492	403	14,895
Net assets at 31 December 2011	—	18,038	520	18,558

¹ 30 laptop computers that had been used in the collection of the 2011 Census of Population were transferred to two Government departments in 2012.

2.4 Capital Assets under Development

	In-house computer applications
at 31 December	2012
	€000
Amounts brought forward at 1 January	923
Adjustments in respect of short-term projects ²	(364)
Cash payments for the year	1,299
Transferred to asset register	(1,371)
Balance at 31 December	487

² All systems under development with a short-term life span for example, one-off survey forms and short duration surveys will no longer be transferred to the asset register.

2.5 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	(338)	146
Orders outstanding	(7)	(10)
	(345)	136

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery	61	90
IT consumables	33	37
Publications	6	6
	<u>100</u>	<u>133</u>

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	338	418
Pay Related Social Insurance	213	273
Professional Services Withholding Tax	—	93
Value Added Tax	4	16
Pension contributions	89	83
Universal Social Charge	129	138
	<u>773</u>	<u>1,021</u>
Payroll deductions held in suspense	193	224
Other credit suspense items	109	174
	<u>1,075</u>	<u>1,419</u>

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	5,912	7,941
Exchequer grant undrawn	(6,522)	(9,103)
Net liability from the Exchequer	<u>(610)</u>	<u>(1,162)</u>

Represented by:**Debtors**

Debit balances: suspense	810	121
	<u>810</u>	<u>121</u>

Creditors

Bank and cash	(345)	136
Due to State	(773)	(1,021)
Credit balances: suspense	(302)	(398)
	<u>(1,420)</u>	<u>(1,283)</u>
	<u>(610)</u>	<u>(1,162)</u>

2.9 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	6,761	815

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Delivery of annual statistical programme			
A.1	Administration - pay	34,789	33,963	37,490
A.2	Administration - non pay	10,613	7,260	37,210
		<u>45,402</u>	<u>41,223</u>	<u>74,700</u>

Significant variations

Overall, the expenditure in relation to Programme A was € 4,179,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Training and development and incidental expenses	586	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	413	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 2012 and fewer reminder letters issued.
Office equipment and external IT services	1,327	The saving arose because of continued control of all IT and office machinery related costs in 2012. External IT services were much reduced in 2012.
Office premises expenses	494	The saving was due to lower than expected office premises costs in all three CSO premises during 2012. The decision not to fully vacate the Census premises in Swords meant that expected costs associated with the hand back of the premises were not incurred.
Collection of statistics	545	The saving arose because of continued tight control of all field costs associated with CSO surveys in 2012.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. European Union receipts	130	1,565	453
2. Miscellaneous	70	200	94
3. Receipts from pension-related deductions on public service remuneration	1,700	1,868	2,027
Total	1,900	3,633	2,574

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
European Union receipts	(1,435)	Receipts from European Union contracts were higher than expected in 2012 due to the receipt of balancing payments of €1,085,000. These were in respect of contracts relating to two agricultural surveys in 2005 and 2007, following a review by Eurostat of the interpretation of the regulation governing the eligible costs.
Miscellaneous	(130)	Miscellaneous receipts were higher than expected in 2012 because of a partial recoupment of a salary overpayment that occurred between 2006 and 2012. The overpayment was discovered in 2012.
Receipts from pension-related deductions on public service remuneration	(168)	Receipts from the pension related deduction were higher than expected because of the higher numbers of staff employed; primarily as a result of the processing work associated with the 2011 Census of Population.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	648	808
	2012	2011
	€000	€000
Pay	31,601	34,828
Higher, special or additional duties allowance	126	217
Other allowances	61	63
Overtime	120	155
Employer's PRSI	2,055	2,227
Total Pay	33,963	37,490

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	116	—	—	10,354
Overtime and extra attendance	51	2	13,649	13,096
Shift and roster allowances	11	—	—	—

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 2012 as part of the second John Hooper Medal for Statistics Competition. This competition was open to senior cycle second level students in Ireland.

6.2 Salary Overpayment

A salary overpayment to one individual, amounting to €206,000 over a period from 2006 to 2012, was discovered in October 2012. To date, the individual has voluntarily refunded over €201,000 of this amount and the CSO is seeking recovery of the remaining balance of approximately €4,800.

6.3 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	27	1
Compensation costs	50	—
	<u>77</u>	<u>1</u>

Legal Fees include medical, engineer and investigator fees.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

28 March 2013

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 2012 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 by his Office and for the regularity and propriety of all transactions in the appropriation accounts.

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 5 Office of the Director of Public Prosecutions for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

17 September 2013

Vote 5 Office of the Director of Public Prosecutions Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Provision of prosecution service	40,528	39,890	37,820
	Gross expenditure	40,528	39,890	37,820
<i>Deduct</i>				
B	Appropriations-in-aid	975	1,043	1,043
	Net expenditure	39,553	38,847	36,777

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	706,295	6,485,688

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	13,750	13,321	13,230
ii	Travel and subsistence	109	97	101
iii	Training and development and incidental expenses	1,016	965	850
iv	Postal and telecommunications services	270	287	241
v	Office equipment and external IT services	841	607	438
vi	Office premises expenses	802	747	509
vii	Consultancy services and value for money and policy reviews	37	34	25
		16,825	16,058	15,394

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	23,832	22,426
Pay	13,321	13,230
Non pay	2,737	2,164
Gross expenditure	39,890	37,820
<i>Deduct</i>		
Appropriations-in-aid	1,043	1,043
Net expenditure	38,847	36,777
Changes in capital assets		
Purchases cash	(117)	
Depreciation	515	
Loss on disposals	41	
	439	466
Changes in net current assets		
Decrease in closing accruals	(458)	
Decrease in stock	7	
	(451)	(2,628)
Direct expenditure	38,835	34,615
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	3,197	3,451
Notional rents	238	240
Net programme cost	42,270	38,306

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Finance	60	98
Vote 12 Superannuation and Retired Allowances	1,121	1,400
Vote 13 Office of Public Works	1,829	1,765
Vote 20 Garda Síochána	187	188
	3,197	3,451

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	681	1,120
Current assets			
Bank and cash	2.4	338	785
Stocks	2.5	70	77
Prepayments		149	122
Other debit balances		443	160
Net liability from the Exchequer	2.7	69	37
Total current assets		1,069	1,181
Less current liabilities			
Accrued expenses		2,590	3,021
Other credit balances	2.6	850	982
Total current liabilities		3,440	4,003
Net current assets		(2,371)	(2,822)
Net assets		(1,690)	(1,702)
Represented by:			
State funding account	2.1	(1,690)	(1,702)

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		(1,702)	(3,864)
Funding drawn down	2.2	42,044	40,228
Non cash expenditure – notional rent	1	238	240
Net programme cost	1	(42,270)	(38,306)
Balance at 31 December		(1,690)	(1,702)

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	39,553	43,263
Surplus to be surrendered	Account	(706)	(6,486)
		38,847	36,777
Expenditure (cash) borne elsewhere	1	3,197	3,451
Total funding drawn down		42,044	40,228

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	3,669	1,196	4,865
Additions	102	15	117
Disposals	(116)	(322)	(438)
Cost or valuation at 31 December 2012	3,655	889	4,544
Accumulated depreciation			
Opening balance at 1 January 2012	3,038	707	3,745
Depreciation for the year	424	91	515
Depreciation on disposals	(112)	(285)	(397)
Cumulative depreciation at 31 December 2012	3,350	513	3,863
Net assets at 31 December 2012	305	376	681
Net assets at 31 December 2011	631	489	1,120

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	338	785

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	43	49
IT consumables	27	28
	70	77

2.6 Other Credit Balances

	2012 €000	2011 €000
at 31 December		
Amounts due to the State		
Income Tax	455	453
Pay Related Social Insurance	120	120
Professional Services Withholding Tax	236	301
Value Added Tax	38	23
	849	897
Payroll deductions held in suspense	—	85
Other credit suspense items	1	—
	850	982

2.7 Net Liability from the Exchequer

at 31 December

	2012	2011
	€000	€000
Surplus to be surrendered	706	6,486
Exchequer grant undrawn	(775)	(6,523)
Net liability from the Exchequer	(69)	(37)

Represented by:

Debtors

Bank and cash	338	785
Debit balances: suspense	443	160
	781	945

Creditors

Due to State	(849)	(897)
Credit balances: suspense	(1)	(85)
	(850)	(982)
	(69)	(37)

2.8 Commitments

The Office had commitments in respect of legal fees at the year end, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and status of outstanding cases. The Office had no other legally enforceable commitments at 31 December 2012 (2011 : nil).

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a Prosecution Service			
A.1	Administration - pay	13,750	13,321	13,230
A.2	Administration - non pay	3,075	2,737	2,164
A.3	Fees to counsel	13,000	12,277	13,501
A.4	General law expenses	4,348	5,118	2,622
A.5	Local state solicitor service	6,355	6,437	6,303
		40,528	39,890	37,820

Significant variations

Overall, programme expenditure was €638,000 lower than provided. This was the net result of variances on a number of subheads, as follows.

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	338	Savings arose because costs associated with occupying new accommodation were less than expected.
Fees to counsel	723	Savings arose as a result of cuts in the rates of fees paid to counsel.
General law expenses	(770)	The excess expenditure is due to a small number of expensive cases where the Office was required to pay cost awards.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	80	156	170
2.	Receipts from pension-related deductions on public service remuneration	895	887	873
Total		975	1,043	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 2012.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €233,758 arising from forfeitures ordered by the courts were lodged to the Exchequer.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	191	196
	2012	2011
	€000	€000
Pay	12,172	12,144
Higher, special or additional duties allowance	193	202
Overtime	38	1
Employer's PRSI	918	883
Total Pay	13,321	13,230

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	62	6	51,846	51,664
Overtime and extra attendance	31	—	3,571	269

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €265,484 in respect of two officers who were serving outside the Office for all or part of 2012 and whose salaries were paid from Subhead A.1.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

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.

The firewall systems were upgraded in 2011 and continue to function effectively.

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
- There were a number of instances where goods and services had not been tendered for or where quotations had not been sought from a number of suppliers. The value of the related payments in the year amounted to €663,267. The Office did not have a dedicated Procurement Officer in place during 2012. This situation has been resolved and the Office has commenced a review process in order to ensure full compliance with public procurement 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.

Eileen Creedon
Accounting Officer
Office of the Chief State Solicitor

27 March 2013

Comptroller and Auditor General

Report for 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 2012 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 her control, for the efficiency and economy of administration by her Office and for the regularity and propriety of all transactions in the appropriation accounts.

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 6 Office of the Chief State Solicitor for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Non-compliance with public procurement rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that there were material instances of non-compliance with national procurement guidelines in respect of contracts that operated in the year.

Seamus McCarthy
Comptroller and Auditor General

17 September 2013

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Provision of legal services	34,812	30,679	32,915
	Gross expenditure	34,812	30,679	32,915
<i>Deduct</i>				
B	Appropriations-in-aid	1,860	1,876	2,332
	Net expenditure	32,952	28,803	30,583

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	4,148,587	3,605,195

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,843	14,245	14,404
ii	Travel and subsistence	61	65	61
iii	Training and development and incidental expenses	1,055	919	991
iv	Postal and telecommunications services	350	344	339
v	Office Equipment and external IT services	750	579	716
vi	Office premises expenses	410	171	445
vii	Consultancy services and value for money policy reviews	29	11	20
		17,498	16,334	16,976

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	14,345	15,939
Pay	14,245	14,404
Non pay	2,089	2,572
Gross expenditure	30,679	32,915
<i>Deduct</i>		
Appropriations-in-aid	1,876	2,332
Net expenditure	28,803	30,583
Changes in capital assets		
Purchases cash	(169)	
Depreciation	302	
	133	71
Changes in assets under development		
Cash payments	(38)	(25)
Changes in net current assets		
Decrease in closing accruals	(897)	
Decrease in stock	18	
	(879)	(2,086)
Direct expenditure	28,019	28,543
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,084	2,136
Notional rents	821	826
Net programme cost	30,924	31,505

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Finance	61	98
Vote 12 Superannuation and Retired Allowances	1,085	1,410
Vote 13 Office of Public Works	938	628
	<u>2,084</u>	<u>2,136</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	767	900
Capital assets under development	2.4	63	25
		830	925
Current assets			
Bank and cash	2.5	1,377	(215)
Stocks	2.6	49	67
Prepayments		188	154
Accrued income		9,122	8,637
Other debit balances	2.7	397	129
Net liability from the Exchequer	2.9	702	1,996
Total current assets		11,835	10,768
Less current liabilities			
Accrued expenses		1,024	1,402
Other credit balances	2.8	2,476	1,910
Total current liabilities		3,500	3,312
Net current assets		8,335	7,456
Net assets		9,165	8,381
Represented by:			
State funding account	2.1	9,165	8,381

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		8,381	6,341
Funding drawn down	2.2	30,887	32,719
Non cash expenditure – notional rent	1	821	826
Net programme cost	1	(30,924)	(31,505)
Balance at 31 December		9,165	8,381

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	32,952	34,188
Surplus to be surrendered	Account	(4,149)	(3,605)
		28,803	30,583
Expenditure (cash) borne elsewhere	1	2,084	2,136
Total funding drawn down		30,887	32,719

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	3,811	1,695	5,506
Additions	141	28	169
Disposals	(117)	(9)	(126)
Cost or valuation at 31 December 2012	3,835	1,714	5,549
Accumulated depreciation			
Opening balance at 1 January 2012	3,423	1,183	4,606
Depreciation for the year	213	89	302
Depreciation on disposals	(117)	(9)	(126)
Cumulative depreciation at 31 December 2012	3,519	1,263	4,782
Net assets at 31 December 2012	316	451	767
Net assets at 31 December 2011	388	512	900

2.4 Capital Assets under Development

at 31 December	Computer applications €000
Amounts brought forward at 1 January 2012	25
Cash payments in year	38
Transferred to asset register	—
Balance at 31 December 2012	63

2.5 Bank and Cash

at 31 December	2012 €000	2011 €000
PMG balances and cash	1,569	23
Orders outstanding	(192)	(238)
	1,377	(215)

2.6 Stocks

at 31 December	2012 €000	2011 €000
Stationery	49	67

2.7 Other Debit Balances

at 31 December	2012 €000	2011 €000
Miscellaneous	397	129

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	242	248
Pay Related Social Insurance	108	107
Professional Services Withholding Tax	244	410
Value Added Tax	10	7
Pension contributions	51	52
	655	824
Payroll deductions held in suspense	51	55
Other credit suspense items	1,770	1,031
	2,476	1,910

2.9 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	4,149	3,605
Exchequer grant undrawn	(4,851)	(5,601)
Net liability from the Exchequer	(702)	(1,996)

Represented by:

Debtors

Bank and cash	397	129
Debit balances: suspense	1,377	(215)
	1,774	(86)

Creditors

Due to State	(655)	(824)
Credit balances: suspense	(1,821)	(1,086)
	(2,476)	(1,910)
	(702)	(1,996)

2.10 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	868	893

While the Office did have commitments in respect of legal fees at the year end, these are not quantifiable in a significant sense and are subject to inherent uncertainties and unpredictable factors associated generally with legal costs forecasts. They are, however, also subject to controls directed at the administration of costs and the observation of budgetary limits.

2.11 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2012 amounted to €18,425.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of legal services			
A.1	Administration - pay	14,843	14,245	14,404
A.2	Administration - non -pay	2,655	2,089	2,572
A.3	External legal services	248	142	147
A.4	Fees to counsel	12,550	9,528	10,268
A.5	General law expenses	4,516	4,675	5,524
		<u>34,812</u>	<u>30,679</u>	<u>32,915</u>

Significant variations

Overall, the expenditure in relation to Programme A was €4,133,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
External legal services	106	This subhead provides for the use of local State solicitors to handle cases in courts outside Dublin. It is very difficult to predict the number of such cases that will arise in a particular year or the fees if the case is out of the ordinary range of work.
Fees to counsel	3,022	Expenditure on counsels' fees is dependent on the level of activity in the courts and as such is difficult to forecast. The management of expenditure on counsels' fees is a key activity for the Chief State Solicitor's Office and the Office has achieved further savings during 2012. The Office continues to manage this Subhead actively to secure greater economy.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated €000	Realised €000	Realised €000
1. Costs and fees received by the Office of the Chief State Solicitor	1,000	960	1,382
2. Receipts from pension-related deductions on public service remuneration	860	916	950
	1,860	1,876	2,332

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%. No outturn of the Vote met these criteria in 2012.

4.2 Extra receipts payable to the Exchequer

A total of €13,813 was lodged to the Exchequer under the State Property Act, 1954.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	217	223
	2012	2011
	€000	€000
Pay	13,144	13,326
Higher, special or additional duties allowance	80	87
Other allowances	8	13
Overtime	20	28
Employer's PRSI	993	950
Total Pay	14,245	14,404

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	32	—	9,280	10,914
Other Allowances	5	—	1,783	6,873
Overtime	18	—	5,464	5,401

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 Legal Costs	2012	2011
	€000	€000

Legal costs paid during the year are categorised as follows:

Fees to counsel	9,529	10,268
General law expenses	1,135	1,436
Attorney General's scheme	3,540	4,088
External legal services	142	147
Compensation paid	—	—
	14,346	15,939

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 2012 is €4.456 million.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

25 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 7 Office of the Minister for Finance for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

9 September 2013

Vote 7 Office of the Minister for Finance

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Budget and Economic Policy	6,812	5,107	6,803
B	Financial Services and Taxation Policy	8,860	6,457	7,641
C	Banking Sector Policy	9,870	6,843	—
D	Provision of Shared Services	7,794	7,788	9,950
Gross expenditure		33,336	26,195	24,394
<i>Deduct</i>				
E	Appropriations-in-aid	1,254	1,564	1,812
Net expenditure		32,082	24,631	22,582

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	7,450,784	3,275,382

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,484	16,874	17,478
ii	Travel and subsistence	384	392	299
iii	Training and development and incidental expenses	612	650	666
iv	Postal and telecommunications services	540	632	708
v	Office equipment and external IT services	1,040	1,314	982
vi	Office premises expenses	666	884	825
vii	Consultancy and other services	25	—	—
viii	EU Presidency	1,995	791	—
		25,746	21,537	20,958

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	4,443	3,350
Pay	17,732	17,564
Non pay	4,020	3,480
Gross expenditure	26,195	24,394
<i>Deduct</i>		
Appropriations-in-aid	1,564	1,812
Net expenditure	24,631	22,582
Changes in capital assets¹		
Purchases cash	(638)	
Depreciation	1,046	
	408	1,046
Changes in net current assets		
Decrease in closing accruals	(151)	
Decrease in stock ¹	6	
	(145)	254
Direct expenditure	24,894	23,882
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	13,016	14,559
Notional rents	1,432	1,454
Net programme cost	39,342	39,895

¹ The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks. 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 changes in capital assets are also allocated on the basis of staff numbers.

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 3 Attorney General	42	—
Vote 12 Superannuation and Retired Allowances	12,497	12,850
Vote 13 Office of Public Works	1,080	2,009
Vote 20 Garda Síochána	—	62
Central Fund – Ministerial pensions	231	163
	13,850	15,084
Apportioned cost of shared payroll and accounting support for other Votes	(834)	(525)
	13,016	14,559

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	1,143	1,191
Current assets			
Bank and cash	2.4	505	585
Stocks	2.5	17	23
Prepayments		427	353
Accrued income		282	—
Other debit balances	2.6	230	120
Payroll shared services bank account		713	8
Total current assets		2,174	1,089
Less current liabilities			
Accrued expenses		346	141
Other credit balances	2.7	821	692
Net liability to the Exchequer	2.8	(86)	13
Payroll shared services		713	8
Total current liabilities		1,794	854
Net current assets		380	235
Net assets		1,523	1,426
Represented by:			
State funding account	2.1	1,523	1,426

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		1,426	6,011
Funding drawn down	2.2	37,647	37,141
Non cash expenditure – notional rent	1	1,432	1,454
Other non-cash items – capital assets ¹		(358)	(30)
Other non-cash items – depreciation ¹		718	885
Capital assets transferred gross		—	(24,343)
Capital assets transferred depreciation		—	20,389
Capital assets under development transferred		—	(186)
Net programme cost	1	(39,342)	(39,895)
Balance at 31 December		1,523	1,426

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 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	32,082	25,857
Surplus to be surrendered	Account	(7,451)	(3,275)
		24,631	22,582
Expenditure (cash) borne elsewhere	1	13,016	14,559
Total funding drawn down		37,647	37,141

2.3 Capital Assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	—	5,272	2,369	7,641
Additions	218	57	6	281
Cost or valuation at 31 December 2012	218	5,329	2,375	7,922
Accumulated depreciation				
Opening balance at 1 January 2012	—	4,211	2,239	6,450
Depreciation for the year	44	233	52	329
Cumulative depreciation at 31 December 2012	44	4,444	2,291	6,779
Net assets at 31 December 2012	174	885	84	1,143
Net assets at 31 December 2011	—	1,061	130	1,191

Up to 31 December 2010, all capital assets were 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 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 which were for its exclusive use and the depreciation in respect of these is not apportioned.

2.4 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	506	586
Orders outstanding	(1)	(1)
	505	585

2.5 Stocks	2012	2011
at 31 December	€000	€000
Stationery	12	17
IT consumables	5	6
	<u>17</u>	<u>23</u>

2.6 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable salaries	52	—
Recoupable travel expenditure	73	43
Travel Imprests	1	—
Recoupable travel pass scheme expenditure	83	71
Other debit suspense items	21	6
	<u>230</u>	<u>120</u>

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	233	264
Pay Related Social Insurance	113	117
Professional Services Withholding Tax	254	46
Value Added Tax	24	22
Pension contributions	44	45
Universal Social Charge	75	78
	<u>743</u>	<u>572</u>
Payroll deductions held in suspense	77	84
Recoupable salaries	—	30
Due for OPW managed services	—	1
Other credit suspense items	1	5
	<u>821</u>	<u>692</u>

2.8 Net Liability from the Exchequer	2012	2011

at 31 December	€000	€000

Surplus to be surrendered	7,451	3,275
Exchequer grant undrawn	(7,537)	(3,262)
Net liability from the Exchequer	(86)	13

Represented by:

Debtors

Bank and cash	505	585
Debit balances: suspense	230	120
	735	705

Creditors

Due to State	(743)	(572)
Credit balances: suspense	(78)	(120)
	(821)	(692)
	(86)	13

2.9 Commitments	2012	2011

at 31 December	€000	€000

Total of legally enforceable commitments	4	30

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Budget and Economic Policy			
A.1	Administration – pay	5,343	3,960	5,966
A.2	Administration – non pay	744	664	270
A.3	Committees and commissions	—	—	326
A.4	Consultancy and other services	75	74	17
A.5	Fiscal Advisory Council (grant-in-aid)	650	409	222
A.6	Commissions and special inquiries	—	—	2
		6,812	5,107	6,803

Significant variations

Overall, the expenditure in relation to the Programme A was €1,705,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,383	The savings arose from the use of pro-bono staff in a number of key senior posts, delays in making appointments to other posts and lower than anticipated starting salaries for certain grades.
Fiscal Advisory Council (grant-in-aid)	241	The savings arose due to the unanticipated delay in the establishment of the Fiscal Advisory Council.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Financial Services and Taxation Policy			
B.1	Administration – pay	6,875	5,240	4,585
B.2	Administration – non pay	790	773	188
B.3	Committees and commissions	351	352	26
B.4	Consultancy and other services	830	77	2,213
B.5	Commissions and special inquiries	14	15	629
		8,860	6,457	7,641

Significant variations

Overall, the expenditure in relation to the Programme B was €2,403,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Consultancy and other services	753	The savings arose from the deferral of planned consultancy costs.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Banking Sector Policy			
C.1	Administration – pay	3,813	2,679	—
C.2	Administration – non pay	387	433	—
C.3	Consultancy and other services	5,670	3,731	—
		9,870	6,843	—

Significant variations

Overall, the expenditure in relation to the Programme C was €3,027,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,134	The savings arose from the use of pro-bono staff in a number of key senior posts, delays in making appointments to other posts and lower than anticipated starting salaries for certain grades.
Consultancy and other services	1,939	The savings arose from lower than expected legal advisory fees arising from the postponement of bank and debt restructuring projects.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Provision of Shared Services			
D.1	Administration – pay	6,053	5,638	6,927
D.2	Administration - non pay	1,741	2,150	3,023
		7,794	7,788	9,950

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 25%. No outturn of programme D met these criteria in 2012.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Recoupment of certain expenses in relation to the stabilisation of the banking sector	250	387	532
2. Receipts from pension-related deductions on public service remuneration	998	1,085	1,158
3. Miscellaneous	6	92	122
Total	1,254	1,564	1,812

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	(137)	The costs recoupable under the scheme are difficult to predict.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €90,677 were transferred to the Exchequer during the year in respect of monies received in 2011 and 2012 which were not proper to the Vote. A figure of €90,005 is in respect of recoupment of costs incurred for service officers shared with a Government office. A figure of €672 is in respect of overtime costs recouped from a Government department.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	319	272
	2012	2011
	€000	€000
Pay ¹	16,298	15,927
Redundancy	—	145
Higher, special or additional duties allowance	119	166
Other allowances	50	117
Overtime	314	352
Employer's PRSI	951	857
Total Pay	17,732	17,564

¹ The total pay figure is inclusive of pay in subheads A.1, A.5, B.1, C.1, D.1.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	35	2	15,401	15,934
Other allowances	69	—	6,229	89,038
Overtime	95	13	28,398	28,672

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-engaged on a fee basis at a total cost of €5,314.

This account includes expenditure of €541,659 in respect of 11 officers who were serving outside the Department for all or part of 2012 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 €000	2011 €000
Credit Union Advisory Committee	1967	21	26
Disabled Drivers Appeals Board	1989	331	326
Independent Review Panel on the Department of Finance	2010	—	2
Commission of Investigation into the banking sector in Ireland	2010	—	629
		352	983

The total costs incurred in respect of committees and commissions whose work is complete is as follows

The Independent Review Panel on the Department of Finance was €213,507.

The Commission of Investigation into the banking sector in Ireland was €1,348,311.

6.3 Other Payments

The Department has paid 50% of the dilapidation costs following the vacation of leased accommodation, which amounted to €175,000. The remaining costs were borne by Vote 11 Office of the Minister for Public Expenditure and Reform.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

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

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 and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

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

15 March 2013

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. The accounting policies and notes form part of the account.

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 2012.

Seamus McCarthy
Comptroller and Auditor General

21 June 2013

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 2012.

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 payments 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 Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2012 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.

6 June 2013

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Audit and Reporting	12,466	10,920	11,487
	Gross expenditure	12,466	10,920	11,487
<i>Deduct</i>				
B	Appropriations-in-aid	5,875	5,897	7,171
	Net expenditure	6,591	5,023	4,316

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	1,568,168	2,528,030

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,970	9,161	9,407
ii	Travel and subsistence	546	444	469
iii	Training and development and incidental expenses	328	153	297
iv	Postal and telecommunications services	100	85	150
v	Office equipment and external IT services	443	399	410
vi	Office premises expenses	260	248	233
vii	Consultancy services	350	2	103
viii	Legal fees	45	21	12
ix	Contract audit services	424	407	406
		12,466	10,920	11,487

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	9,161	9,407
Non pay	1,759	2,080
Gross expenditure	10,920	11,487
<i>Deduct</i>		
Appropriations-in-aid	5,897	7,171
Net expenditure	5,023	4,316
Changes in capital assets		
Purchases cash	(159)	
Depreciation	171	
	12	74
Changes in net current assets		
Decrease in closing accruals	38	
Decrease in stock	8	
	46	75
Direct expenditure	5,081	4,465
Decrease in value of work-in-progress	33	477
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,489	3,018
Notional rents	202	203
Net programme cost	7,805	8,163

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 8 borne elsewhere.

	2012	2011
	€000	€000
Vote 4 Central Statistics Office	—	14
Vote 12 Superannuation and Retired Allowances	1,315	1,885
Vote 13 Office of Public Works	664	652
Account of the Central Fund of the Exchequer	510	467
	<u>2,489</u>	<u>3,018</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	413	425
Work-in-progress	2.4	578	611
		991	1,036
Current Assets			
Bank and cash	2.5	68	—
Stocks		21	29
Prepaid expenses		76	85
Audit fee debtors		479	726
Accrued audit fee income	2.6	531	297
Other debit balances	2.7	107	155
Net liability to the Exchequer	2.9	121	209
Total current assets		1,403	1,501
Less current liabilities			
Bank and cash	2.5	—	40
Accrued expenses		55	39
Other credit balances	2.8	296	324
Total current liabilities		351	403
Net current assets		1,052	1,098
Net assets		2,043	2,134
Represented by:			
State funding account	2.1	2,043	2,134

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		2,134	2,746
Funding drawn down	2.2	7,512	7,334
Non cash expenditure – notional rent	1	202	203
Transfers		—	14
Net programme cost	1	(7,805)	(8,163)
Balance at 31 December		2,043	2,134

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	6,591	6,844
Surplus to be surrendered	Account	(1,568)	(2,528)
		5,023	4,316
Expenditure (cash) borne elsewhere	1	2,489	3,018
Total funding drawn down		7,512	7,334

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	1,843	343	2,186
Additions	147	12	159
Disposals	(4)	(12)	(16)
Cost or valuation at 31 December 2012	1,986	343	2,329
Accumulated depreciation			
Opening balance at 1 January 2012	1,539	222	1,761
Depreciation for the year	137	34	171
Depreciation on disposals	(4)	(12)	(16)
Cumulative depreciation at 31 December 2012	1,672	244	1,916
Net assets at 31 December 2012	314	99	413
Net assets at 31 December 2011	304	121	425

2.4 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	2012 €000	2011 €000
Cleared for Certification	90%	117	188
Audit Review Stage	75%	177	66
Fieldwork Complete	60%	75	47
Final Audit in Progress	30%	41	5
Interim Audit Completed	15%	109	154
Interim Audit in Progress	10%	59	151
		578	611

2.5 Bank and Cash

at 31 December	2012 €000	2011 €000
PMG balances and cash	68	(40)
Orders outstanding	—	—
	68	(40)

2.6 Accrued Audit Fee Income

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

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	70	60
Recoupable expenditure from co-tenants	37	86
Advances to OPW	—	9
	<u>107</u>	<u>155</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	108	118
Pay Related Social Insurance	63	66
Income Levy	36	40
Professional Services Withholding Tax	6	24
Value Added Tax	9	11
Pension contributions	24	24
	<u>246</u>	<u>283</u>
Owed to OPW	11	—
Payroll deductions held in suspense	38	41
Other credit suspense items	1	—
	<u>296</u>	<u>324</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	1,568	2,528
Exchequer grant undrawn	(1,689)	(2,737)
Net liability to the Exchequer	<u>(121)</u>	<u>(209)</u>

Represented by:**Debtors**

Bank and cash	68	—
Debit balances: suspense	107	155
	<u>175</u>	<u>155</u>

Creditors

Due to State	(246)	(283)
Credit balances: suspense	(50)	(41)
Bank and cash	—	(40)
	<u>(296)</u>	<u>(364)</u>
	<u>(121)</u>	<u>(209)</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	91	1

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Audit and Reporting			
A.1	Administration - pay	9,970	9,161	9,407
A.2	Administration - non pay	2,496	1,759	2,080
		<u>12,466</u>	<u>10,920</u>	<u>11,487</u>

Significant variations

Overall, the main savings on the programme arose from temporary gaps in the number of staff employed during the year, resulting in reduced pay expenditure and other consequential savings. These savings were offset to some extent by the cost of employing contracted-in accountants on a temporary basis to fill some of the gaps.

Expenditure was significantly less than provided for in the following areas.

Training and development, and incidental expenses

The estimate provision for training and development and incidental expenses was €328,000. The outturn was €153,000. The savings arose mainly due to less use being made of external training providers and translation services than anticipated.

Consultancy services

The estimate provision for consultancy services was €350,000. Only €2,000 was spent. Savings arose mainly because a provision of €200,000 had been made for National Asset Management Agency (NAMA) related consultancy. There was also a saving of €148,000 on general consultancy as the examinations undertaken during the year required less external expert input than originally estimated.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Audit fees	5,275	5,327	6,570
2.	Receipts from pension-related deductions on public service remuneration	600	570	601
		5,875	5,897	7,171

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	136	146
	2012	2011
	€000	€000
Pay	8,483	8,738
Higher, special or additional duties allowance	58	57
Other allowances	—	1
Overtime	—	—
Employer's PRSI	620	611
Total Pay	9,161	9,407

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	14	1	11,825	10,395
Overtime and extra attendance	—	—	—	233

5.2 Remuneration of Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid 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 2012 in relation to the remuneration of the Comptroller and Auditor General was €143,700. There was a vacancy in the position for three months during 2012. As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2012 in relation to the remuneration of the Accounting Officer was €146,421.

5.4 Other Remuneration Arrangements

Eleven staff received acting up allowances for taking on the roles of higher grades. The total cost was €40,462.

As part of their pay structure, some Trainee Auditors received additional remuneration totalling €4,321 (€47,520 in 2011), following their qualification as accountants and their assumption of the responsibilities attaching to the Auditor grade. This is included in the pay figure above.

6 Miscellaneous

6.1 Audit Committee costs amounted to €4,000 (€6,000 in 2011).



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

New Function

The Finance (Local Property Tax) Act 2012 imposed an annual tax in respect of certain residential properties and for the establishment and maintenance of a register of residential properties in the State by the Revenue Commissioners.

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 to 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

25 March 2013

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 2012 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 her control, for the efficiency and economy of administration in her Office and for the regularity and propriety of all transactions in the appropriation accounts.

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 9 Office of the Revenue Commissioners for the year ended 31 December 2012.

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

30 August 2013

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Administration and collection of taxes and duties, and frontier management	382,145	381,474	391,892
	Gross expenditure	382,145	381,474	391,892
	<i>Deduct</i>			
B	Appropriations-in-aid	70,167	73,347	74,335
	Net expenditure	311,978	308,127	317,557

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	3,850,808	7,614,739

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	282,027	282,580	293,598
ii	Travel and subsistence	3,300	3,192	3,325
iii	Training and development and incidental expenses	14,400	12,357	13,163
iv	Postal and telecommunications services	11,000	9,186	11,001
v	Office equipment and external IT services	44,950	49,179	43,559
vi	Office premises expenses	7,700	8,775	7,674
vii	Consultancy services and value for money and policy reviews	106	35	107
viii	Motor vehicles and equipment maintenance	2,212	2,064	2,231
ix	Law charges, fees and rewards	15,900	13,675	17,074
x	Compensation and losses	550	431	160
		382,145	381,474	391,892

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	282,580	293,598
Non pay	98,894	98,294
Gross expenditure	381,474	391,892
<i>Deduct</i>		
Appropriations-in-aid	(73,347)	(74,335)
Net expenditure	308,127	317,557
Changes in capital assets		
Purchases cash	(5,789)	
Depreciation	17,324	
Disposals cash	29	
Loss on disposals	35	
	11,599	20,667
Changes in assets under development		
Cash payments	(16,829)	(16,580)
Changes in net current assets		
Increase in closing accruals	1,878	
Increase in stock	(194)	
	1,684	7,592
Direct expenditure	304,581	329,236
Expenditure borne elsewhere		
Net allied services expenditure (cash) (note 1.1)	74,330	71,769
Notional rents (non cash)	11,378	11,019
Net programme cost	390,289	412,024

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	63,983	57,840
Vote 13 Office of Public Works	18,235	22,342
	82,218	80,182
Services rendered by Revenue without charge	(7,888)	(8,413)
	74,330	71,769

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	56,968	55,276
Capital assets under development	2.4	6,199	2,734
		63,167	58,010
Current assets			
Bank and cash	2.5	9,929	10,466
Stocks	2.6	1,659	1,465
Prepayments		12,684	15,233
Accrued income		2,126	1,303
Other debit balances	2.7	1,104	530
Total current assets		27,502	28,997
Less current liabilities			
Accrued expenses		3,214	3,131
Deferred income		37	89
Other credit balances	2.8	11,355	10,711
Net liability due (from)/to the Exchequer	2.9	(322)	285
Total current liabilities		14,284	14,216
Net current assets		13,218	14,781
Net assets		76,385	72,791
Represented by:			
State funding account	2.1	76,385	72,791

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		72,791	84,352
Funding drawn down	2.2	382,457	389,326
Non cash expenditure – notional rent	1	11,378	11,019
Seized vehicles		48	76
Prior year adjustment		—	42
Net programme cost	1	(390,289)	(412,024)
Balance at 31 December		76,385	72,791
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	311,978	325,172
Surplus to be surrendered	Account	(3,851)	(7,615)
		308,127	317,557
Expenditure (cash) borne elsewhere	1	74,330	71,769
Total funding drawn down		382,457	389,326

2.3 Capital Assets

	Vehicles and equipment €000	Office/IT equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	13,175	409,712	53,066	475,953
Adjustment ¹	—	(54,062)	—	(54,062)
Additions	295	18,267	470	19,032
Seized vehicles appropriated to Revenue	48	—	—	48
Disposals	(228)	(1,094)	(99)	(1,421)
Cost or valuation at 31 December 2012	13,290	372,823	53,437	439,550
Accumulated depreciation				
Opening balance at 1 January 2012	9,645	363,617	47,415	420,677
Adjustment ¹	—	(54,062)	—	(54,062)
Depreciation for the year	760	15,098	1,466	17,324
Depreciation on disposals	(228)	(1,093)	(36)	(1,357)
Cumulative depreciation at 31 December 2012	10,177	323,560	48,845	382,582
Net assets at 31 December 2012	3,113	49,263	4,592	56,968
Net assets at 31 December 2011	3,530	46,095	5,651	55,276

¹ The balances at 1 January 2012 in respect of cost and accumulated depreciation for office/IT equipment have been adjusted by €54 million in respect of fully depreciated pre-2000 computer equipment that was obsolete and no longer in use at that date.

2.4 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2012	2,734
Cash payments for the year	16,829
Transferred to asset register	(13,364)
Amounts carried forward at 31 December 2012	6,199

2.5 Bank and Cash

at 31 December	2012 €000	2011 €000
PMG balances and cash	10,011	10,577
Orders outstanding	(82)	(111)
	9,929	10,466

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery and small stores	772	865
IT consumables	542	524
Equipment/clothing/miscellaneous	345	76
	<u>1,659</u>	<u>1,465</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Shared buildings advances	238	190
Advances for travel and subsistence purposes	13	14
Miscellaneous suspense	749	222
Vote 10 Appeal Commissioners	104	104
	<u>1,104</u>	<u>530</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,148	4,444
Pay Related Social Insurance	1,335	1,483
Professional Services Withholding Tax	1,508	1,189
Value Added Tax	359	317
Relevant Contracts Tax	2	—
Pension contributions	549	691
Extra exchequer receipts	137	1,028
	<u>8,038</u>	<u>9,152</u>
Payroll deductions held in suspense	2,818	3,074
Amounts due to OPW for building works etc.	143	(593)
Recoupable expenditure in advance	336	(1,185)
Other credit suspense items	20	263
	<u>11,355</u>	<u>10,711</u>

2.9 Net Liability (from)/to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	3,851	7,615
Exchequer grant undrawn	(4,173)	(7,330)
Net liability (from)/to the Exchequer	<u>(322)</u>	<u>285</u>

Represented by:**Debtors**

Bank and cash	9,929	10,466
Other debit balances	1,104	530
	<u>11,033</u>	<u>10,996</u>

Creditors

Due to State	(8,038)	(9,152)
Other credit balances	(3,317)	(1,559)
	<u>(11,355)</u>	<u>(10,711)</u>
	<u>(322)</u>	<u>285</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	852	166

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Administration and collection of taxes, duties and frontier management			
A.1	Administration - pay	282,027	282,580	293,598
A.2	Administration - non pay	100,118	98,894	98,294
		382,145	381,474	391,892

Explanation of significant variations

Overall, the expenditure in relation to Programme A was €671,000 lower than provided.
Expenditure outturn on all headings was not significantly different from the amounts provided.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		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	4,500	3,892	4,155
3.	Cherished numbers	50	55	166
4.	Receipts in respect of Environmental Levy collection	400	402	399
5.	Miscellaneous	11,380	15,481	15,379
6.	Receipts from pension-related deductions on public service remuneration	16,400	16,080	16,799
Total		70,167	73,347	74,335

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	608	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
Miscellaneous	(4,101)	€14 million of miscellaneous appropriations-in-aid relates to collection costs in respect of Customs duties, which are determined by the type and volume of imports. It is difficult to estimate these receipts accurately.

4.2 Extra receipts payable to the Exchequer

	2012 Realised €000	2011 Realised €000
Forfeited cash ¹	2,012	520
Anti-counterfeit/contraband operations ²	695	1,529
Bank interest ³	189	478
Voluntary salary surrender ⁴	16	8
	2,912	2,535

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

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

	2012	2011
Number of staff at year end (full time equivalents)	5,715	5,957

	2012 €000	2011 €000
Pay	263,641	274,249
Higher, special or additional duties allowance	3,993	4,332
Overtime	2,805	2,987
Employer's PRSI	12,141	12,030
Total Pay	282,580	293,598

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	442	18	19,568	18,589
Overtime and extra attendance	1,941	82	18,465	21,409
Shift and roster allowances	174	26	22,435	19,466
Miscellaneous	67	4	15,925	18,828

Certain individuals received extra remuneration in more than one category.

5.2 Performance Awards

A total of €165,077 was spent on exceptional performance awards i.e. 1,088 individual awards, ranging from €25 to €2,000, and four team awards ranging from €630 to €1,750.

5.3 Other Remuneration Arrangements

The cost of Revenue staff on loan to other departments/agencies without recoupment was €345,559.

6 Miscellaneous

6.1 Write-off

Obsolete stock to the value of €110,000 was written off in the year.

6.2 EU Funding

Two grants totalling €57,484 were received from the European Anti-fraud Office towards the purchase of a scan van and towards the purchase and training of a tobacco detection dog.

6.3 Legal Costs, Other Fees and Rewards

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	4,994	4,839
Counsel fees	2,223	1,750
Other fees and costs charged to subhead A(ix):		
Bankruptcy/liquidation costs	3,204	3,732
Court fees	2,478	5,926
Miscellaneous costs and rewards	776	827
	<u>13,675</u>	<u>17,074</u>

6.4 Compensation Costs

	2012	2011
	€000	€000
Compensation costs	431	160

Compensation of €392,007 was paid in respect of legal action taken by members of the public.

A total of €33,828 was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

6.5 Contingent Liability

Revenue has contingent liabilities of €580,000.



Appropriation Account 2012

Vote 10

Office of the Appeal Commissioners

Introduction

As Accounting Officer for Vote10, 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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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 2012, 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

22 March 2013

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 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 accounts.

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 2012.

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

Seamus McCarthy
Comptroller and Auditor General

28 June 2013

Vote 10 Office of the Appeal Commissioners

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Facilitation of hearing tax appeals	509	478	464
	Gross expenditure	509	478	464
<i>Deduct</i>				
B	Appropriations-in-aid	32	33	32
	Net expenditure	477	445	432

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	32,335	45,441

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	450	425	421
ii	Travel and subsistence	19	12	13
iii	Training and development and incidental expenses	22	25	16
iv	Postal and telecommunications services	8	6	6
v	Office equipment and external IT services	7	9	6
vi	Office premises expenses	3	1	2
		509	478	464

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	425	421
Non pay	53	43
Gross expenditure	478	464
<i>Deduct</i>		
Appropriations-in-aid	(33)	(32)
Net expenditure	445	432
Changes in capital assets		
Purchases cash	(5)	
Depreciation	8	
	3	6
Changes in net current assets		
Increase / (decrease) in closing accruals	10	
	10	(2)
Direct expenditure	458	436
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	246	241
Net programme cost	704	677

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 13 Office of Public Works	246	241
	246	241

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	25	28
Current Assets			
Paymaster General Account balance		108	103
Prepayments		5	5
Total current assets		113	108
Less current liabilities			
Accrued expenses		11	1
Vote 9 Revenue Commissioners		104	104
Net liability due to/(from) the Exchequer	2.4	4	(1)
Total current liabilities		119	104
Net current assets		(6)	4
Net assets		19	32
Represented by:			
State funding account	2.1	19	32

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		32	36
Funding drawn down	2.2	691	673
Net programme cost	1	(704)	(677)
Balance at 31 December		19	32

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	477	477
Surplus to be surrendered	Account	(32)	(45)
		445	432
Expenditure (cash) borne elsewhere	1	246	241
Total funding drawn down		691	673

2.3 Capital Assets

	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	63	40	103
Additions	—	5	5
Disposals	—	(19)	(19)
Cost or valuation at 31 December 2012	63	26	89
Accumulated depreciation			
Opening balance at 1 January 2012	37	38	75
Depreciation for the year	5	3	8
Depreciation on disposals	—	(19)	(19)
Cumulative depreciation at 31 December 2012	42	22	64
Net assets at 31 December 2012	21	4	25
Net assets at 31 December 2011	26	2	28

2.4 Net Liability to/(from) the Exchequer

	2012 €000	2011 €000
at 31 December		
Surplus to be surrendered	32	45
Exchequer grant undrawn	(28)	(46)
Net liability to/(from) the Exchequer	4	(1)

Represented by:**Debtors**

Paymaster General Account balance	108	103
	108	103

Creditors

Vote 9 Revenue Commissioners	(104)	(104)
	4	(1)

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Facilitation of hearing of tax appeals			
A.1	Administration - pay	450	425	421
A.2	Administration - non pay	59	53	43
		<u>509</u>	<u>478</u>	<u>464</u>

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	32	33	32
		<u>32</u>	<u>33</u>	<u>32</u>

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	5	5
	2012	2011
	€000	€000
Pay	409	405
Allowances and overtime	—	—
Employer's PRSI	16	16
Total Pay	<u>425</u>	<u>421</u>



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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 Public Expenditure and Reform

25 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

9 September 2013

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Public expenditure and sectoral policy	20,926	18,761	17,079
B	Public service management and reform	26,079	23,842	18,019
	Gross expenditure	47,005	42,603	35,098
<i>Deduct</i>				
C	Appropriations-in-aid	5,274	5,461	5,047
	Net expenditure	41,731	37,142	30,051

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	4,589,218	4,790,181

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,530	18,655	19,544
ii	Travel and subsistence	128	150	119
iii	Training and development and incidental expenses	488	465	217
iv	Postal and telecommunications services	305	327	70
v	Office equipment and external IT services	449	446	613
vi	Office premises expenses	476	633	7
vii	Consultancy and other services	5	—	4
viii	EU Presidency	343	85	—
		22,724	20,761	20,574

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	19,063	13,062
Pay	21,433	21,006
Non pay	2,107	1,030
Gross expenditure	42,603	35,098
<i>Deduct</i>		
Appropriations-in-aid	5,461	5,047
Net expenditure	37,142	30,051
Changes in capital assets		
Purchases cash	(1,232)	
Depreciation	1,241	
	9	1,086
Changes in assets under development		
Cash payments	(3)	(43)
Changes in net current assets		
Decrease in closing accruals	(343)	
Decrease in stock ¹	6	
	(337)	(361)
Direct expenditure	36,811	30,733
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,512	784
Notional rents	1,551	1,513
Net programme cost	39,874	33,030

¹ The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks. For efficiency and convenience reasons, spend on stationery and 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.

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Finance	335	143
Vote 12 Superannuation and Retired Allowances	388	450
Vote 13 Office of Public Works	789	—
Vote 20 Garda Síochána	—	29
Central Fund – Ministerial pensions	—	162
	<u>1,512</u>	<u>784</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	1,769	2,110
Capital assets under development	2.4	—	132
		1,769	2,242
Current assets			
Bank and cash	2.5	1,873	717
Stocks	2.6	19	25
Prepayments		704	355
Accrued income		31	—
Other debit balances	2.7	143	125
Total current assets		2,770	1,222
Less current liabilities			
Accrued expenses		55	19
Other credit balances	2.8	1,824	716
Net liability to the Exchequer	2.9	192	126
Total current liabilities		2,071	861
Net current assets		699	361
Net assets		2,468	2,603
Represented by:			
State funding account	2.1	2,468	2,603

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		2,603	—
Funding drawn down	2.2	38,654	30,835
Non cash expenditure – notional rent	1	1,551	1,513
Other non-cash items capital assets ¹		374	30
Other non-cash items depreciation ¹		(718)	(885)
Capital assets transferred gross		—	24,343
Capital assets transferred depreciation		—	(20,389)
Capital assets under development transferred		—	186
Other non-cash items capital assets under development		(122)	—
Net programme cost	1	(39,874)	(33,030)
Balance at 31 December		2,468	2,603

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 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	41,731	34,841
Surplus to be surrendered	Account	(4,589)	(4,790)
		37,142	30,051
Expenditure (cash) borne elsewhere	1	1,512	784
Total funding drawn down		38,654	30,835

2.3 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	24,618	2	24,620
Additions	1,618	—	1,618
Cost or valuation at 31 December 2012	26,236	2	26,238
Accumulated depreciation			
Opening balance at 1 January 2012	22,510	—	22,510
Depreciation for the year	1,958	1	1,959
Cumulative depreciation at 31 December 2012	24,468	1	24,469
Net assets at 31 December 2012	1,768	1	1,769
Net assets at 31 December 2011	2,108	2	2,110

Up to 31 December 2010, all capital assets were 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 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 Public Expenditure and Reform purchased certain assets in 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

2.4 Capital Assets under Development

at 31 December	In-house computer applications
	€000
Amounts brought forward at 1 January 2012	132
Cash payments for the year	3
Transferred to asset register	(13)
Amount written off during 2012	(122)
Balance at 31 December 2012	—

Following a review of development projects a number of small historical projects were identified as not likely to proceed to deployment, due to organisational changes or the projects having delivered pilots not leading to subsequent development. All of the associated costs were pay costs for staff time and have been written off.

2.5 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	1,873	718
Orders outstanding	—	(1)
	1,873	717

2.6 Stocks

	2012	2011
at 31 December	€000	€000
Stationery	14	18
IT consumables	5	7
	19	25

2.7 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Recoupable travel expenditure	23	4
Recoupable travel pass scheme expenditure	92	77
Other debit suspense items	28	44
	143	125

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	332	295
Pay Related Social Insurance	121	98
Professional Services Withholding Tax	177	16
Value Added Tax	20	2
Pension contributions	48	26
Universal Social Charge	100	87

	798	524

Recoupable salaries	53	42
Payroll deductions held in suspense	99	91
Other credit suspense items	874	59
	<u>1,824</u>	<u>716</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	4,589	4,790
Exchequer grant undrawn	(4,397)	(4,664)
Net liability to the Exchequer	<u>192</u>	<u>126</u>

Represented by:

Debtors

Bank and cash	1,873	717
Debit balances: suspense	143	125
	<u>2,016</u>	<u>842</u>

Creditors

Due to State	(798)	(524)
Credit balances: suspense	(1,026)	(192)
	<u>(1,824)</u>	<u>(716)</u>

	192	126

2.10 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	21	40

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Budget and Economic Policy			
A.1	Administration - pay	8,177	7,779	7,637
A.2	Administration - non pay	731	814	155
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	844	791
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	690	581	657
A.6	Peace Programme/ Northern Ireland INTERREG	5,895	4,124	3,573
A.7	Special EU Programmes Body	1,197	1,226	1,168
A.8	Ireland/ Wales and transnational INTERREG	385	384	384
A.9	Procurement management reform	140	1	—
A.10	Consultancy and other services	176	308	14
		20,926	18,761	17,079

Significant variations

Overall, the expenditure in relation to the programme was €2,165,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Technical assistance costs of Regional Assemblies (grant-in-aid)	109	The savings arose from the rationalisation of costs associated with travel, information and publicity.
Peace Programme/ Northern Ireland INTERREG	1,771	Variances arise as start dates and drawdown demands for the projects are difficult to estimate with accuracy.
Procurement management reform	139	The savings arose from the delay of costs associated with the review of public works contracts, the Construction Contracts Bill 2010 and further development of the construction procurement reform website.
Consultancy and other services	(132)	The excess arose from greater than anticipated consultancy costs associated with the planned sale of the licence for the National Lottery.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Public Service Management and Reform			
B.1	Administration - pay	12,596	10,876	11,907
B.2	Administration - non pay	1,220	1,293	875
B.3	Institute of Public Administration (grant-in-aid)	2,750	2,750	3,000
B.4	Gaeleagras na Serbhíse Poiblí	45	19	40
B.5	Civil service arbitration and appeals procedure	50	34	35
B.6	Review Body of Higher Remuneration in the Public Service	1	—	—
B.7	Public service benchmarking body	1	—	—
B.8	Committee for performance awards	1	—	—
B.9	Civil service childcare initiative	25	8	8
B.10	Consultancy and other services	100	195	41
B.11	Centre for Management and Organisation Development	1,380	1,685	1,090
B.12	Reform Agenda	1,730	617	354
B.13	Human Resources Shared Services Centre	4,630	5,338	—
B.14	Employee Assistance Officer Shared service	1,515	995	—
B.15	Referendum Commission	35	32	669
		26,079	23,842	18,019

Significant variations

Overall, the expenditure in relation to the Programme B was €2,237,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Centre for Management and Organisation Development	(305)	The excess arose from the purchase of IT equipment and services in order to establish the HR Shared Services Centre.
Reform Agenda	1,113	The savings arose from delay to start dates of key projects, less than anticipated expenditure on training programmes and delays in making appointments to the reform and delivery office.
Human Resources Shared Services Centre	(708)	The excess arose in relation to additional IT equipment and licensing requirements.
Employee Assistance Officer Shared service	520	The savings arose due to delayed start date and lower than anticipated staffing.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from departments in respect of foreign language classes	—	12	19
2.	EU programmes	2,635	2,393	2,229
3.	Pension cashflow surpluses	500	796	613
4.	Receipts from pension-related deduction on public service remuneration	2,087	2,213	2,155
5.	Miscellaneous	52	47	31
Total		5,274	5,461	5,047

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	242	The amount was less than projected due to some delays in expenditure on projects and consequent later reimbursements from the EU Commission.
Pension cashflow surpluses	(296)	Variance arose due to higher than anticipated pension surplus from IPA.
Receipts from pension-related deduction on public service remuneration	(126)	It is not possible to estimate accurately the level of receipts as they vary depending on the number of staff employed and the percentage deduction varies depending on the salary level of the individual employees.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €28,644 were transferred to the Exchequer during the year in respect of monies received in 2012 which were not proper to the Vote. An amount of €25,834 is in respect of monies received from the SIPTU National Health and Local Authority Fund. An amount of €606 is in respect of the balance of a bank account closed during 2012. An amount of €2,204 is in respect of costs incurred in attendance at a hearing recouped from a Government Office.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	341	281
	2012	2011
	€000	€000
Pay ¹	20,187	19,938
Higher, special or additional duties allowance	174	131
Redundancy	79	—
Other allowances	45	92
Overtime	36	46
Employer's PRSI	912	799
Total Pay	21,433	21,006

¹ The total pay figure is inclusive of pay in headings A.1, A.4, A.7, B.1, B.4, B.5, B.11, B.12, B.13, B.14.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	36	5	11,937	19,877
Other Allowances	39	—	6,395	3,975
Overtime	21	—	6,102	12,393

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €95,758 in respect of three officers who were serving outside the Department for all or part of 2012 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% PCW restructuring agreement, 33 officers received a total of €67,722 in respect of Seniority Allowances.

Six retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €48,243.

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	2012 Estimate €000	2012 Outturn €000	2011 Outturn €000
A.4	Structural funds technical assistance and other costs	629	632	791
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	690	581	657
A.6	Peace Programme/Northern Ireland Interreg	5,895	4,123	3,573
		<u>7,214</u>	<u>5,336</u>	<u>5,021</u>

6.2 Committees and Commissions

	Year of appointment	2012 €000	2011 €000
Civil Service Arbitration Board	1950/51	12	35
Review Body on Higher Remuneration in the Public Service	1969/70	—	—
		<u>12</u>	<u>35</u>

The total costs incurred in respect of Review Body on Higher Remuneration in the Public Service whose work is complete was €3,249,541.

6.3 Other Payments

The Department has paid 50% of the dilapidation costs following the vacation of leased accommodation, which amounted to €175,000. The remaining costs were borne by Vote 7 Office of the Minister for Finance.



Appropriation Account 2012

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 2012 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; payments in respect of Pensions Benefit System, miscellaneous payments, etc.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

1 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 12 Superannuation and Retired Allowances for the year ended 31 December 2012.

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 accounts.

Seamus McCarthy

Comptroller and Auditor General

18 September 2013

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Superannuation and retired allowances			
	<i>Original</i>	500,375		
	<i>Supplementary</i>	25,000	525,375	520,454
				432,560
	Gross expenditure		525,375	520,454
	<i>Deduct</i>			
B	Appropriations-in-aid		82,100	87,944
				87,315
	Net expenditure		443,275	432,510
				345,245

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	10,765,301	22,530,394

Notes to the Appropriation Account

1 Operating Cost Statement 2012

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 2012

	Note	2012 €000	2011 €000
Current Assets			
Bank and cash	2.3	17,302	8,559
Other debit balances	2.4	295	111
Total current assets		17,597	8,670
Less current liabilities			
Other credit balances	2.5	9,396	7,556
Net liability to the Exchequer	2.6	8,201	1,114
Total current liabilities		17,597	8,670
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		—	—
Funding drawn down	2.2	432,510	345,245
Non cash expenditure – notional rent		—	—
Net programme cost		(432,510)	(345,245)
Balance at 31 December		—	—

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	443,275	367,775
Surplus to be surrendered	Account	(10,765)	(22,530)
		432,510	345,245
Expenditure (cash) borne elsewhere	1	—	—
Total funding drawn down		432,510	345,245

2.3 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	18,636	10,238
Orders outstanding	(1,334)	(1,679)
	<u>17,302</u>	<u>8,559</u>

2.4 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable pensions owed by other Departments	294	111
Other debit suspense items	1	—
	<u>295</u>	<u>111</u>

2.5 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,620	3,875
Universal Social Charge	1,820	1,502
	<u>6,440</u>	<u>5,377</u>
Voluntary pension deductions held in suspense	2,702	2,179
Other credit suspense items	254	—
	<u>9,396</u>	<u>7,556</u>

2.6 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	10,765	22,530
Exchequer grant undrawn	(2,564)	(21,416)
Net liability to the Exchequer	<u>8,201</u>	<u>1,114</u>

Represented by:**Debtors**

Bank and cash	17,302	8,559
Debit balances: suspense	295	111
	<u>17,597</u>	<u>8,670</u>

Creditors

Due to State	(6,440)	(5,377)
Credit balances: suspense	(2,956)	(2,179)
	<u>(9,396)</u>	<u>(7,556)</u>
	<u>8,201</u>	<u>1,114</u>

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Superannuation and Retired Allowances			
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	315,000	313,435	284,194
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	42,800	41,570	41,670
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	1,000	967	1,092
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service			
	<i>Original</i>	116,000		
	<i>Supplementary</i>	25,000		
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	24,900	23,419	21,721
A.6	Injury grants and medical fees	550	329	349
A.7	Fees to Pensions Board	60	58	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	60	52	53
		525,375	520,454	432,560

Significant variations

Overall, the expenditure in relation to Programme A was €4,920,772 lower than provided. This was mainly due to the following:

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	1,481	The number of unestablished officers put into payment in 2012, was slightly lower than estimated.
Injury grants and medical fees	221	Costs of injury grants were less than estimated.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated €000	Realised €000	Realised €000
1. Receipt under the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff	28,000	28,000	30,000
2. Receipts in respect of pension liability of staff on loan, etc.	2,400	1,826	2,443
3. Contributions to spouses' and children's pension scheme for civil servants and others	21,600	22,672	21,657
4. Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	26,000	27,927	25,681
5. Repayment of gratuities, etc.	1,000	1,237	1,276
6. Purchase of notional service	3,000	5,688	5,964
7. Miscellaneous	100	594	294
Total	82,100	87,944	87,315

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.	574	The numbers of staff on loan can vary significantly from year to year making estimation difficult.
Contributions to spouses' and children's pension scheme for civil servants and others	(1,072)	Contributions to Spouses' and Children's Pension Scheme for Civil Servants and others were higher than estimated.
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(1,927)	The numbers paying full pension contributions exceeded the estimate for established Civil Servants appointed on or after 6 April 1995.
Repayment of gratuities, etc.	(237)	It is difficult to predict the number of gratuities that will be repaid.
Purchase of notional service	(2,688)	It is difficult to predict the numbers purchasing service for pension purposes.
Miscellaneous	(494)	By their nature it is difficult to predict 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.

		2012	2011
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	12,391	11,014
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,797	2,795
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	67	73
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	4,716	4,732
A.9	Pension liabilities of former public service bodies payable under statute	3	3
		<u>19,974</u>	<u>18,617</u>

6 Miscellaneous

6.1 Abatement of Pensions

The Pensions (Abatement) Act, 1965 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 Act also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

For administrative convenience, the normal practice in the case of short term arrangements, is that, rather than abate the pension, the level of fee is set at a level to ensure that the combination of the fee and pension payment does not exceed the salary the officer would have received if he/she were still in employment.



Appropriation Account 2012

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 2012 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

- (a) granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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. In 2012, 53 properties in various Dublin postal districts were revalued. The application of this revised methodology will continue in 2013.
- (ii) For a large part of the portfolio, estimates are based on current building cost norms and notional site values. These building cost norms and notional site values were updated in 2012.
- (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) Estimates have not been included for a small number of miscellaneous properties and sites whose total value is not significant in the context of the overall OPW property portfolio.
- (vi) National historic properties and national monuments are not included in the valuation.

(b) Capital Assets under Development

Construction projects are valued on practical completion, therefore construction projects ongoing at 31 December 2012 are not shown as capital assets under development.

(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 one contract in excess of €500k. Service continued to be provided beyond the original contract end-date without competitive procurement. The details of this contract were reported to the Comptroller and Auditor General in the 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.

C McGrath

Accounting Officer
Office of Public Works

26 March 2013

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 2012 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. The accounting policies and notes form part of the account.

Responsibility of the Accounting Officer

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

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

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 13 Office of Public Works for the year ended 31 December 2012.

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.

Land swap arrangements in the provision of affordable housing

Chapter 6 of my report on the accounts of the public services for 2012 refers to certain matters relating to land swap arrangements on which I considered it appropriate to report in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

Non Compliance with Procurement Rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that a material instance of non-compliance with national procurement rules occurred in respect of a contract that operated in 2012.

Seamus McCarthy
Comptroller and Auditor General

17 September 2013

Vote 13 Office of Public Works

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Flood Risk Management		70,558	61,216
B	National Procurement Service (NPS)		4,898	4,266
C	Estate Portfolio Management			
	<i>Current year provision</i>	309,468		
	<i>Deferred surrender</i>	8,000		
			317,468	336,169
Gross expenditure				
	<i>Current year provision</i>	384,924		
	<i>Deferred surrender</i>	8,000		
			392,924	401,651
	<i>Deduct</i>			
D	Appropriations-in-aid		26,231	26,928
Net expenditure				
	<i>Current year provision</i>	358,693		
	<i>Deferred surrender</i>	8,000		
			366,693	374,723

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.

	2012	2011
	€	€
Surplus	406,486	9,029,810
Deferred surrender	—	8,000,000
Surplus to be surrendered	406,486	1,029,810

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	36,372	34,417	36,460
ii	Travel and subsistence	1,083	886	859
iii	Training and development and incidental expenses	725	639	765
iv	Postal and telecommunications services	1,770	2,087	2,015
v	Office equipment and external IT services	2,334	2,785	2,993
vi	Office premises expenses	1,434	1,424	1,307
vii	Consultancy services and value for money and policy reviews	54	9	11
		43,772	42,247	44,410

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	350,423	357,241
Pay	34,417	36,460
Non pay	7,830	7,950
Gross expenditure¹	392,670	401,651
<i>Deduct</i>		
Appropriations-in-aid	26,384	26,928
Net expenditure	366,286	374,723
Changes in capital assets		
Purchases cash	(8,711)	
Disposals cash ²	93	
Depreciation	6,300	
Gain on disposals	(30)	
	(2,348)	(2,844)
Changes in assets under development		
Cash payments	—	(32)
Changes in net current assets		
Increase in closing accruals	8,292	
Decrease in stock	272	
	8,564	5,755
Direct expenditure	372,502	377,602
Expenditure on services provided free to other Departments (allied services)	(129,734)	(166,653)
Expenditure on services where OPW acts as client ³	(122,375)	(102,543)
Direct expenditure (excluding allied services and services where OPW acts as client)	120,393	108,406
Expenditure borne elsewhere		
Vote 12 - Superannuation and retired allowances	17,907	17,360
Total operating cost⁴	138,300	125,766

- ¹ This figure is derived from the gross outturn on Vote 13 only (€392.670 million) whereas the total financial transactions of the OPW during 2012, including direct expenditure incurred by OPW and charged to other Votes amounted to €471.722 million
- ² The disposals cash figure does not include proceeds from the sale of property in 2012, to the value of €0.14 million which was lodged directly to the Exchequer (Note 4.2 refers)
- ³ The direct expenditure figure has been reduced by an amount of €122m 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.
- ⁴ 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 €73m. Notional rents payable by OPW are estimated at €2.8m.
 - (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 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	2,874,310	3,046,978
Capital assets under development	2.4	—	64
		2,874,310	3,047,042
Current assets			
Bank and cash	2.5	37,225	48,310
Stocks	2.6	2,089	2,361
Prepayments		26,510	25,505
Accrued income		2,958	3,216
Other debit balances	2.7	90	912
Total current assets		68,872	80,304
Less current liabilities			
Accrued expenses		16,713	6,945
Deferred income		223	149
Other credit balances	2.8	37,159	40,781
Net liability to the Exchequer	2.9	156	8,441
Total current liabilities		54,251	56,316
Net current assets		14,621	23,988
Net assets		2,888,931	3,071,030
Represented by:			
State funding account	2.1	2,888,931	3,071,030

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		3,071,030	3,298,482
Funding drawn down	2.2	132,085	122,887
Non cash expenditure – notional rent	1	—	—
Net programme cost	1	(138,300)	(125,766)
Adjustment		(175,884)	(224,573)
Balance at 31 December		2,888,931	3,071,030

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	366,693	383,753
Surplus to be surrendered	Account	(406)	(9,030)
		366,287	374,723
Expenditure (cash) borne elsewhere	1	17,907	17,360
Allied Services		(129,734)	(166,653)
Client Services		(122,375)	(102,543)
Total funding drawn down		132,085	122,887

2.3 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 2012	3,022,837	40,657	22,178	19,189	3,104,861
Additions	18,081	1,735	2,597	990	23,403
Disposals	—	(1,308)	(450)	(88)	(1,846)
Revaluations	(189,679)	—	—	—	(189,679)
Cost or valuation at 31 December 2012	2,851,239	41,084	24,325	20,091	2,936,739
Accumulated depreciation					
Opening balance at 1 January 2012	—	28,364	17,325	12,194	57,883
Depreciation for the year	—	3,294	2,055	951	6,300
Depreciation on disposals	—	(1,270)	(404)	(80)	(1,754)
Cumulative depreciation at 31 December 2012	—	30,388	18,976	13,065	62,429
Net assets at 31 December 2012	2,851,239	10,696	5,349	7,026	2,874,310
Net assets at 31 December 2011	3,022,837	12,293	4,853	6,995	3,046,978

2.4 Capital Assets under Development

at 31 December 2012

Plant and machinery
€000

Amounts brought forward at 1 January 2012	64
Cash payments in year	—
Transferred to asset register	(64)
Balance at 31 December 2012	—

2.5 Bank and Cash

at 31 December

2012
€000**2011**
€000

Bank balances	39,543	51,801
Orders outstanding	(2,318)	(3,491)
	37,225	48,310

2.6 Stocks

at 31 December

2012
€000**2011**
€000

Engineering stocks	924	1,126
Heritage depot stocks	806	709
Building materials	255	403
Paper and stationery	76	87
Miscellaneous stocks	28	36
	2,089	2,361

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000

Pension refunds due from the Department of Public Expenditure and Reform	9	753
Other debit suspense items	81	159
	<u>90</u>	<u>912</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State		
Income Tax	823	999
Universal Social Charge	340	392
Pay Related Social Insurance	687	849
Professional Services Withholding Tax	757	957
Value Added Tax	3,035	7,578
Pension contributions	191	284
Receipts from sales of State property	162	76
Loan repayments	8	34
	<u>6,003</u>	<u>11,169</u>

Sundry works accounts	17,641	14,934
Property management accounts	5,700	—
Per cent for art scheme	2,128	2,573
Maintenance accounts	2,280	1,067
Furniture services	1,116	1,186
Payroll deductions held in suspense	804	949
Other credit suspense items	1,487	8,903
	<u>37,159</u>	<u>40,781</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	406	1,030
Deferred surrender	—	8,000
Exchequer grant undrawn	(250)	(589)
Net liability to the Exchequer	<u>156</u>	<u>8,441</u>

Represented by:**Debtors**

Bank and cash	37,225	48,310
Debit balances: suspense	90	912
	<u>37,315</u>	<u>49,222</u>

Creditors

Due to State	(6,003)	(11,169)
Credit balances: suspense	(31,156)	(29,612)
	<u>(37,159)</u>	<u>(40,781)</u>

156	8,441

2.10 Commitments

at 31 December

(A) Non capital commitments

The figure for non-capital commitments likely to arise in 2013 and subsequent years is estimated to be €8,476,638 excluding the Convention Centre Dublin (see below).

In addition, there were commitments outstanding at the end of 2012 in respect of rental of leased properties - longer term leases would normally have a specific provision or minimum notice period for early termination. Such commitments are estimated to be €108 million in 2013.

(B) Multi-annual capital commitments

The following table details expenditure in 2012 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2012.

	€
Expenditure in 2012	104,041,552
Commitments to be met in subsequent years (2013 – 2016)	150,082,774

(C) Major capital projects

Expenditure was incurred on twelve ongoing major projects during 2012 where the total estimated cost of the individual project will exceed €6.5m. Particulars of these projects are as follows:

Project	Cumulative expenditure to 31 December 2011 €000	Expenditure 2012 €000	Subsequent years €000
Decentralisation projects			
Newbridge	27,223	460	350
Tipperary	5,760	3,614	200
Wexford	19,642	408	401
Flood relief schemes			
Mallow North	18,829	275	475
Mallow South	5,856	3,108	4,892
Clonmel West	21,810	539	1,461
Clonmel North	11,015	3,590	4,109
Ennis Upper	11,645	5	2,049
Fermoy North	6,229	537	563
River Tolka Dublin	18,371	1,897	—
Fermoy South	1,389	5,315	22,066
River Dodder Dublin	9,100	1,803	1,096

(D) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2011	Expenditure in 2012¹	Balance still outstanding on capital cost of project at delivery	Total
	€000	€000	€000	€000
Convention Centre Dublin	45,484	22,320	219,171	286,975

¹ Represents expenditure in the current year on repayment of the capital cost of the asset, excluding the cost of PPP financing, as well as upfront payment of VAT.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Flood Risk Management			
A.1	Administration - pay	6,874	6,885	6,891
A.2	Administration - non pay	1,861	1,892	1,919
A.3	Purchase of engineering plant and machinery	500	718	812
A.4	Hydrometric and hydrological investigation and monitoring	1,042	1,011	925
A.5	Flood risk management	44,500	52,015	34,904
A.6	Drainage maintenance	15,781	15,455	15,765
		70,558	77,976	61,216

Significant variations

Overall, the expenditure in relation to the Programme A was €7.4 million more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Purchase of engineering plant and machinery	(218)	The excess was due to the replacement of essential plant and machinery.
Flood risk management	(7,515)	Additional contractual payments were made on a number of flood relief schemes including Bray, Waterford and Fingal (Tolka River) and on the CFRAM programme. The excess was funded through the virement of funds from other OPW voted subheads.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	National Procurement Service (NPS)			
B.1	Administration - pay	2,740	3,060	2,747
B.2	Administration - non pay	322	327	330
B.3	Government Publication Services	221	197	176
B.4	National Procurement Service (NPS)	1,615	1,190	1,013
		4,898	4,774	4,266

Significant variations

Overall, the expenditure in relation to the Programme B was €124,000 lower than provided.
This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
National Procurement Service (NPS)	425	An underspend arose from additional time required in publishing tenders.

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
C	Estate Portfolio Management			
C.1	Administration - pay		26,758	24,472
C.2	Administration - non pay		5,217	5,610
C.3	President's household staff (pay)		797	779
C.4	Grant to Zoological Society of Ireland		250	400
C.5	Grants for certain refurbishment works		250	250
C.6	Purchase of sites and buildings		500	1,045
C.7	New works, alterations and additions			
	Current year provision	34,450		
	Deferred surrender	8,000	42,450	39,453
C.8	Property maintenance and supplies		36,598	36,095
C.9	Rents, rates etc.		112,052	107,092
C.10	Fuel, electricity and water		1,623	1,614
C.11	Unitary payments		50,600	51,658
C.12	Heritage services		36,373	36,278
C.13	EU Presidency		4,000	5,174
			317,468	309,920
				336,169

Significant variations

Overall, the expenditure in relation to Programme C was €7.5 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Grant to Zoological Society of Ireland	(150)	The additional grant payment in 2012 was funded from 2011 carryover savings.
Purchase of sites and buildings	(545)	An additional payment was made in 2012 for a property acquisition and was funded through the virement of funds from other OPW voted subheads.
New works, alterations and additions	2,997	The saving was due to a number of projects and final accounts not proceeding as planned and the required virement of other subheads.
Rents, rates etc.	4,960	The saving achieved on rental payments was due to the continued office rationalisation and lease surrender programme.
EU Presidency	(1,174)	The excess was due to urgent expenditure requirements in order to have conference facilities in place for the Irish term of the EU Presidency. The excess was funded through the virement of funds from other OPW voted subheads.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated €000	Realised €000	Realised €000
1.	Rents, licence fees, etc.	4,000	4,247	4,117
2.	Events and facilities management	640	1,210	1,197
3.	Receipts for Government publication services	800	1,006	1,050
4.	Recoveries for services carried out on repayment or agency basis	8,281	8,270	8,060
5.	Sales at National Monuments and Historic Properties visitor centres	475	454	482
6.	Admission charges at National Monuments and historic properties	5,113	5,272	5,495
7.	Miscellaneous, including fees, interest and disposals etc	2,007	1,230	1,612
8.	Receipts from pension-related deduction on public service remuneration	4,915	4,695	4,915
Total		26,231	26,384	26,928

Explanation of significant variations

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

Description	Less/ (more) than provided €000	Explanation
Rents, licence fees, etc.	(247)	Rental income was greater than anticipated due to one off receipts.
Events and facilities management	(570)	Additional income resulted from Dublin Castle remaining open for visitors during the EU Presidency works and an increase in visitor numbers.
Receipts for Government publication services	(206)	The unanticipated one off receipts were due to additional sales of publications and higher than expected advertising in Iris Oifigiúil.
Miscellaneous, including fees, interest and disposals etc	777	Income was less due to a reduction in prior year cancelled payable orders and a reduction in bank interest.

4.2 Extra receipts payable to the Exchequer

Proceeds of €0.14 million were realised from the sale of state property.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)		
Civil service grades	604	631
OPW specific grades	1,099	1,126
	1,703	1,757
	2012	2011
	€000	€000
Pay	78,099	81,782
Higher, special or additional duties allowance		
Civil service grades	274	336
OPW specific grades	674	774
Overtime		
Civil service grades	149	138
OPW specific grades	3,827	3,813
Extra attendance, shift and roster		
Civil service grades	—	—
OPW specific grades	1,155	1,107
Employer's PRSI	6,796	6,850
Total Pay	90,974	94,800

The total pay figure is inclusive of pay in programmes A, B & C and includes pay for an additional 430 temporary and seasonal staff in 2012.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties				
Civil service grades	96	2	20,613	14,877
OPW specific grades	932	1	16,472	15,618
Overtime				
Civil service grades	28	7	14,000	14,448
OPW specific grades	777	117	33,831	34,999
Extra attendance, shift and roster				
Civil service grades	—	—	—	—
OPW specific grades	586	3	10,395	12,383

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

12 retired civil servants in receipt of civil service pensions were re-employed and paid directly by OPW at a total cost of €198,790. All of these contracts were completed before 31 December 2012.

6 Miscellaneous

6.1 Affordable Housing Initiative

Payments totalling €5,811,770 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 October 2012).

6.2 Compensation Payments

Compensation totalling €569,797 was paid in relation to thirteen claims in 2012 and associated legal costs were €314,235.

6.3 Administrative Budget Carryover

As agreed with the Department of Public Expenditure and Reform under the delegated administrative budget scheme, a carryover of €0.250m from the Vote for 2012 was included in the Estimate for 2013.

6.4 Provision of Agency Services

In addition to expenditure on Vote 13, the OPW also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2012 was €79m of which the main area of expenditure were major capital works (€29m), maintenance works (€21m), leasing of accommodation (€17m), local loans (€6m).

The OPW 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.

The National Procurement Service (NPS) was established in 2009 and has subsumed all the procurement functions previously performed by the Government Supplies Agency. In 2012, the NPS administered drawdown contracts for other public bodies worth an actual value of €221m.

6.5 Services supplied to Departments and Offices 2012 (Subhead C9 Rents, Rates etc.)

Departments, etc	2012 Estimate provision €000	2012 Outturn €000	2011 Outturn €000
Houses of the Oireachtas	1,555	1,229	1,631
Taoiseach	172	243	180
Finance/Public Expenditure and Reform	1,732	1,636	1,817
Central Statistics Office	1,110	1,009	1,164
Comptroller and Auditor General	591	650	620
Revenue Commissioners	20,918	17,931	21,947
Office of Public Works	3,913	6,005	4,111
Attorney General	101	91	106
Director of Public Prosecutions	1,683	1,812	1,765
Valuation Office	1,748	1,388	1,834
Public Appointments Service	2,058	2,009	2,159
Ombudsman	1,071	1,107	1,123
Chief State Solicitor's Office	542	882	569
Justice and Equality	12,463	12,208	13,077
Garda Síochána	8,117	8,435	8,517
Prisons	80	224	84
Courts Service	1,057	673	1,109
Property Registration Authority	1,092	1,136	1,145
Environment, Community and Local Government	4,807	1,049	5,043
Education and Skills	4,639	4,507	4,867
Foreign Affairs and Trade	4,969	5,056	5,213
Social Protection	14,308	14,523	15,012
Health	2,343	2,087	2,458
Agriculture, Food and the Marine	4,753	3,538	4,987
Jobs, Enterprise and Innovation	6,120	5,846	6,421
Communications, Energy and Natural Resources	3,502	3,748	3,675
Transport, Tourism and Sport	5,321	4,087	5,583
Arts, Heritage and the Gaeltacht	429	1,553	451
National Gallery	104	110	109
Defence	658	580	690
Health Services Executive	96	102	101
Children and Youth Affairs	—	1,638	—
Total	112,052	107,092	117,568



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committees

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

1 March 2013

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 2012 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 her control, for the efficiency and economy of administration in the State Laboratory and for the regularity and propriety of all transactions in the appropriation accounts.

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 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 2012.

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

Seamus McCarthy
Comptroller and Auditor General

24 July 2013

Vote 14 State Laboratory

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Government analytical laboratory and advisory service	9,001	8,305	8,366
	Gross expenditure	9,001	8,305	8,366
	<i>Deduct</i>			
B	Appropriations-in-aid	605	797	896
	Net expenditure	8,396	7,508	7,470

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	888,200	1,179,987

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,216	4,901	5,006
ii	Travel and subsistence	35	22	27
iii	Training and development and incidental expenses	231	184	208
iv	Postal and telecommunications services	70	65	66
v	Office equipment and external IT services	1,947	1,757	1,706
vi	Office premises expenses	1,490	1,362	1,341
vii	Consultancy services and value for money and policy reviews	12	14	12
		9,001	8,305	8,366

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	4,901	5,006
Non pay	3,404	3,360
Gross expenditure	8,305	8,366
<i>Deduct</i>		
Appropriations-in-aid	797	896
Net expenditure	7,508	7,470
Changes in capital assets		
Purchases cash	(444)	
Depreciation	708	
Loss on disposals	2	
	266	285
Changes in net current assets		
Decrease in closing accruals	(32)	
Decrease in stock	57	
	25	14
Direct expenditure	7,799	7,769
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	748	889
Notional rents	1,465	1,345
Total Operating Cost	10,012	10,003

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 7 Finance	23	39
Vote 12 Superannuation and Retired Allowances	725	850
	748	889

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	1,278	1,544
Current assets			
Bank and cash	2.4	48	331
Stocks	2.5	161	218
Prepayments		697	684
Accrued income		61	37
Other debit balances		16	13
Due from Exchequer	2.7	105	—
Total current assets		1,088	1,283
Less current liabilities			
Accrued expenses		86	81
Other credit balances	2.6	169	298
Net liability to the Exchequer	2.7	—	46
Total current liabilities		255	425
Net current assets		833	858
Net assets		2,111	2,402
Represented by:			
State funding account	2.1	2,111	2,402

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		2,402	2,634
Funding drawn down	2.2	8,256	8,359
Non cash expenditure – notional rent	1	1,465	1,345
Prior Year Adjustment		—	67
Net programme cost	1	(10,012)	(10,003)
Balance at 31 December		2,111	2,402

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	8,396	8,650
Surplus to be surrendered	Account	(888)	(1,180)
		7,508	7,470
Expenditure (cash) borne elsewhere	1	748	889
Total funding drawn down		8,256	8,359

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	11,566	538	20	12,124
Additions	444	—	—	444
Disposals	(97)	—	—	(97)
Cost or valuation at 31 December 2012	11,913	538	20	12,471
Accumulated depreciation				
Opening balance at 1 January 2012	10,195	368	17	10,580
Depreciation for the year	651	54	3	708
Depreciation on disposals	(95)	—	—	(95)
Cumulative depreciation at 31 December 2012	10,751	422	20	11,193
Net assets at 31 December 2012	1,162	116	—	1,278
Net assets at 31 December 2011	1,373	167	4	1,544

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	48	331
	48	331

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Chemicals and laboratory consumables	141	197
Stationery and IT consumables	20	21
	161	218

2.6 Other Credit Balances

	2012 €000	2011 €000
at 31 December		
Amounts due to the State		
Income Tax	57	60
Pay Related Social Insurance	29	29
Universal Social Charge	20	20
Relevant Contracts Tax	4	17
Value Added Tax on intra-EU acquisitions	47	93
	157	219
Payroll deductions held in suspense	—	38
Miscellaneous	12	41
	169	298

2.7 Net Liability from the Exchequer

at 31 December

2012 2011**€000 €000**

Surplus to be surrendered

888 1,180

Exchequer grant undrawn

(993) (1,134)

Net liability from the Exchequer

(105) 46

Represented by:**Debtors**

Bank and cash

48 331

Debit balances: suspense

16 13

64 344

Creditors

Due to State

(157) (219)

Credit balances: suspense

(12) (79)

(169) (298)

(105) 46

2.8 Commitments

at 31 December

2012 2011**€000 €000**

Total of legally enforceable commitments

46 54

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Government Analytical Laboratory and Advisory Service			
A.1	Administration - pay	5,216	4,901	5,006
A.2	Administration - non pay	3,785	3,404	3,360
		<u>9,001</u>	<u>8,305</u>	<u>8,366</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 2012.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	300	498	589
2.	Receipts from pension-related deductions on public service remuneration	305	299	307
	Total	<u>605</u>	<u>797</u>	<u>896</u>

Explanation of significant variations

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

Heading	Less/(more) than estimated	Explanation
	€000	
Receipts for various analyses, examinations, tests etc.	(198)	Most of the excess receipts arise from Coroners' fees. As this is a demand led service, it is difficult to accurately predict the income.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	83	85
	2012	2011
	€000	€000
Pay	4,596	4,711
Higher, special or additional duties allowance	26	22
Overtime	4	5
Employer's PRSI	275	268
Total Pay	4,901	5,006

¹ The Employment Control Framework (ECF) ceiling for 2012 was 90 (2011: 91).

² The values for pay and allowances in 2011 has been revised to reflect the 2012 analysis.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	12	—	8,722	10,307
Overtime and extra attendance	3	—	1,644	2,790



Appropriation Account 2012

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 2012 for the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012.

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

21 February 2013

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 2012 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 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 account for 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.

Scope of the Audit

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.

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 expenditure of Vote 15 Secret Service for the year ended 31 December 2012.

Seamus McCarthy
Comptroller and Auditor General

28 June 2013

Vote 15 Secret Service

Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
Secret Service	1,000	515	568
	1,000	515	568

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	484,833	432,362

Notes to the Appropriation Account

1 Operating Cost Statement 2012

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

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Current assets			
Sub-account balances		207	272
Total current assets		207	272
Less current liabilities			
PMG balance		271	389
Other credit balances		—	—
Net liability to the Exchequer	2.3	(64)	(117)
Total current liabilities		207	272
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		—	—
Funding drawn down	2.2	515	568
Net programme cost		(515)	(568)
Balance at 31 December		—	—

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	1,000	1,000
Surplus to be surrendered	Account	485	432
		515	568
Expenditure (cash) borne elsewhere		—	—
Total funding drawn down		515	568

2.3 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	485	432
Exchequer grant undrawn	(549)	(549)
Net liability to the Exchequer	<u>(64)</u>	<u>(117)</u>

Represented by:**Debtors**

Sub-account balances	207	272

Creditors

Net PMG balance	(271)	(389)
Suspense	—	—
	<u>(64)</u>	<u>(117)</u>

3 Variations in Expenditure

The estimate is necessarily conjectural.



Appropriation Account 2012

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 2012 for the salaries and expenses of the Valuation Office.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

The report of the Working Group on the Accountability of Secretaries General and Accounting Officers recommends that Accounting Officers submit with their Appropriation Accounts a descriptive statement on internal financial controls. The report stresses that improving systems of internal financial control is a continuous process and acknowledges that full installation of comprehensive control systems represents a multi-year development agenda.

Against that background, as Accounting Officer I acknowledge my responsibility for ensuring that an effective system of internal financial control is put in place, 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 period. The work of strengthening systems and controls continued throughout 2012.

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
- an Audit Committee operated in the Office in 2012.

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
- capital investment control guidelines and project management disciplines are followed.

Internal Audit

I can confirm that the Valuation Office has an internal audit function, which operates in accordance with a written charter. Part of the internal audit function was outsourced in 2012 to a firm of accountants who reported to the Head of Internal Audit.

Enhancing Internal Control

In line with the Working Group report's recognition that improving systems of internal financial control is a continuous process, I am continuing with the work of improving the control environment in order to fully implement the report's recommendations and to eliminate weaknesses that previously emerged. Accordingly, I have described the actions I have taken or which are planned in relation to the following elements of the system of internal financial control:

- One Internal Audit review was carried out in 2012 and the report of that audit was approved by the Audit Committee. A further audit was commissioned in 2012 and will commence early in 2013. That audit will examine the IT systems in the Office.
- A review of the risk management structures and procedures was finalised and approved by the Audit Committee. The risk register has been updated and processes for dealing with risk have been strengthened. The register is reviewed by the Management Committee on a quarterly basis.
- The Office continues to engage an accountant in a part-time capacity to support the accounting functions in the Office.
- Procedures for regular reconciliation of funds requested from the Paymaster General, paid through payroll software and attributed to general ledger bank account codes were in place and were overseen by the accountant.
- Arrangements to ensure that procurement requirements and guidelines are fully complied with have been strengthened.
- Arrangements were made with customers to accept payments by electronic fund transfer.

Relevant training has been provided for staff working in the financial area and this training will continue in 2013.

John O'Sullivan
Accounting Officer
Valuation Office

27 March 2013

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 2012 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. The accounting policies and notes form part of the account.

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 accounts.

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 16 Valuation Office for the year ended 31 December 2012.

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

11 September 2013

Vote 16 Valuation Office

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Provision of State valuation service	10,148	8,268	8,905
B	Administration services for the Valuation Tribunal	574	617	654
	Gross expenditure	10,722	8,885	9,559
<i>Deduct</i>				
C	Appropriations-in-aid	2,174	1,254	2,427
	Net expenditure	8,548	7,631	7,132

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	916,648	1,075,653

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,549	7,511	7,974
ii	Travel and subsistence	407	106	164
iii	Training and development and incidental expenses	363	228	138
iv	Postal and telecommunications services	180	67	118
v	Office equipment and external IT services	611	514	476
vi	Office premises expenses	211	125	110
vii	Consultancy services and value for money and policy reviews	95	19	84
		9,416	8,570	9,064

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	315	495
Pay	7,511	7,974
Non pay	1,059	1,090
Gross expenditure	8,885	9,559
<i>Deduct</i>		
Appropriations-in-aid	1,254	2,427
Net expenditure	7,631	7,132
Changes in capital assets		
Purchases cash	(63)	
Depreciation	272	
Loss on disposals	1	
	210	246
Changes in assets under development		
Cash payments	(155)	(152)
Changes in net current assets		
Increase in closing accruals	219	
Increase in stock	(7)	
	212	518
Direct expenditure	7,898	7,744
Net allied services expenditure (note 1.1)	5,049	5,754
Net programme cost	12,947	13,498

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	3,661	3,920
Vote 13 Office of Public Works	1,388	1,834
	5,049	5,754

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	474	534
Capital assets under development	2.4	21	16
		495	550
Current assets			
Bank and cash	2.5	—	364
Stocks	2.6	45	38
Prepayments		154	152
Accrued income		12	245
Other debit balances	2.7	134	76
Due from Exchequer	2.9	70	—
Total current assets		415	875
Less current liabilities			
Bank and cash	2.5	33	—
Accrued expenses		72	61
Deferred income		80	103
Other credit balances	2.8	171	199
Net liability to the Exchequer	2.9	—	241
Total current liabilities		356	604
Net current assets		59	271
Net assets		554	821
Represented by:			
State funding account	2.1	554	821

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		821	1,333
Funding drawn down	2.2	12,680	12,886
Fixed assets prior year adjustment		—	100
Net programme cost	1	(12,947)	(13,498)
Balance at 31 December		554	821

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	8,548	8,208
Surplus to be surrendered	Account	(917)	(1,076)
		7,631	7,132
Expenditure (cash) borne elsewhere	1	5,049	5,754
Total funding drawn down		12,680	12,886

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	2,489	1,370	3,859
Additions	211	2	213
Disposals	(64)	—	(64)
Cost or valuation at 31 December 2012	2,636	1,372	4,008
Accumulated depreciation			
Opening balance at 1 January 2012	2,016	1,309	3,325
Depreciation for the year	251	21	272
Depreciation on disposals	(63)	—	(63)
Cumulative depreciation at 31 December 2012	2,204	1,330	3,534
Net assets at 31 December 2012	432	42	474
Net assets at 31 December 2011	473	61	534

2.4 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2012	16
Transferred to capital assets	(150)
Cash payments for the year	155
Amounts carried forward at 31 December 2012	21

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	(31)	378
Orders outstanding	(2)	(14)
	(33)	364

2.6 Stocks	2012	2011
at 31 December	€000	€000
Valuation Office consumable stocks	40	33
Valuation Tribunal consumable stocks	5	5
	<u>45</u>	<u>38</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Debit suspense items	134	76

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	112	121
Pay Related Social Insurance	48	48
Professional Services Withholding Tax	11	28
Pensions	—	(2)
	<u>171</u>	<u>195</u>
Payroll deductions held in suspense	—	4
	<u>171</u>	<u>199</u>

2.9 Net Liability to/ (from) the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	917	1,076
Exchequer grant undrawn	(987)	(835)
Net liability from the Exchequer	<u>(70)</u>	<u>241</u>

Represented by:**Debtors**

Bank and cash	—	364
Debit balances: suspense	134	76
	<u>134</u>	<u>440</u>

Creditors

Bank and cash	(33)	—
Due to State	(171)	(195)
Credit balances: suspense	—	(4)
	<u>(204)</u>	<u>(199)</u>
	<u>(70)</u>	<u>241</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	164	35

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision of a State Valuation Service			
A.1	Administration - pay	7,208	7,209	7,643
A.2	Administration - non pay	1,867	1,059	1,090
A.3	Fees to counsel and other legal expenses	73	—	172
A.4	National revaluation projects	1,000	—	—
		<u>10,148</u>	<u>8,268</u>	<u>8,905</u>

Significant variations

Overall, the gross expenditure in relation to the programme was €1,880,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	808	Non-pay expenditure was less than anticipated due, in large part, to the concentration on revaluation in Dublin and a reduced revision programme around the country.
Fees to counsel and other legal expenses	73	Legal fees only arise where the Office incurs a liability arising from the successful appeal of its valuation and costs are awarded against it. No such liabilities arose in 2012.
National revaluation projects	1,000	Expenditure on specific national revaluation projects in 2012 was contingent on the enactment of enabling legislation. Enabling legislation was not enacted in 2012 and a provision for the same amount under this subhead has been included in the 2013 estimate.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Administration Services for the Valuation Tribunal			
B.1	Administration - pay	341	302	331
B.2	Administration - non pay	—	—	—
B.3	Valuation Tribunal – fees, travel and other expenses	233	315	323
		574	617	654

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 25%. However no outturn satisfied this criteria in 2012.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Valuation Tribunal appeal fees	60	27	126
2. Valuation certificates	158	155	139
3. Valuation revision fees	1,270	600	1,377
4. Fees from appeals to the Commissioner	165	1	233
5. Miscellaneous receipts	65	13	61
6. Receipts from pension related deduction on public service remuneration	456	458	491
Total	2,174	1,254	2,427

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	670	The revision programme and associated revision fee income was lower than anticipated in 2012 due to a concentration of resources on the revaluation programme (on which there is no fee income) in Dublin.
Fees from appeals to the Commissioner	164	Appeal fees arising from revision were lower than anticipated as a result of the reduced revision programme in 2012. Income received of €27,000 was cancelled out by refunds of €26,000 issued in respect of revaluation appeals where either value or list status is amended.

4.2 Extra receipts payable to the Exchequer

There were no extra Exchequer receipts in 2012 (2011: €29,989).

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	131	144
	2012	2011
	€000	€000
Pay	6,925	7,375
Higher, special or additional duties allowance	115	130
Overtime	25	27
Employer's PRSI	446	442
Total Pay	7,511	7,974

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	25	1	11,624	9,093
Overtime and extra attendance	15	—	7,020	10,128

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments totalling €1,540 were made to one retired civil servant who served as an external member on both an office committee and an interview board.

6 Miscellaneous Items

Sanction was obtained from the Department of Public Expenditure and Reform to write off irrecoverable debts in the sum of €35,808 in 2012.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 Service. 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

5 March 2013

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 2012 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 her control, for the efficiency and economy of administration in the Public Appointments Service and for the regularity and propriety of all transactions in the appropriation accounts.

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 17 Public Appointments Service for the year ended 31 December 2012.

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

30 August 2013

Vote 17 Public Appointments Service

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Civil and Public Service - Redeployment/ Recruitment/ Selection	6,880	6,699	7,301
	Gross expenditure	6,880	6,699	7,301
	<i>Deduct</i>			
B	Appropriations-in-aid	254	370	520
	Net expenditure	6,626	6,329	6,781

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	296,869	975,164

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,208	4,415	4,636
ii	Travel and subsistence	80	63	92
iii	Training and development and incidental expenses	112	114	121
iv	Postal and telecommunications services	127	130	159
v	Office equipment and external IT services	1,171	878	1,222
vi	Office premises expenses	313	354	209
vii	Consultancy services and value for money and policy reviews	30	14	175
viii	Accommodation, advertising and purchasing and printing of test papers	415	362	264
ix	Interview and miscellaneous competition costs	424	369	423
		6,880	6,699	7,301

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	—	—
Pay	4,415	4,636
Non pay	2,284	2,665
Gross expenditure	6,699	7,301
<i>Deduct</i>		
Appropriations-in-aid	370	520
Net expenditure	6,329	6,781
Changes in capital assets		
Purchases cash	(81)	
Depreciation	532	
Loss on disposals	—	
	451	549
Changes in net current assets		
Increase in closing accruals	166	
Increase in stock	(70)	
	96	(155)
Direct expenditure	6,876	7,175
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,955	3,182
Net programme cost	9,831	10,357

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.

	2012	2011
	€000	€000
Vote 7 Finance	27	48
Vote 12 Superannuation and Retired Allowances	903	975
Vote 13 Office of Public Works	2,025	2,159
	<u>2,955</u>	<u>3,182</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	2,255	2,613
Current assets			
Stocks	2.5	985	915
Prepayments		312	453
Accrued income		20	55
Other debit balances		72	269
Net liability from the Exchequer	2.6	410	28
Total current assets		1,799	1,720
Less current liabilities			
Bank and cash	2.4	353	138
Accrued expenses		85	96
Other credit balances	2.7	129	159
Total current liabilities		567	393
Net current assets		1,232	1,327
Net assets		3,487	3,940
Represented by:			
State funding account	2.1	3,487	3,940

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		3,940	4,334
Funding drawn down	2.2	9,284	9,963
Fixed assets adjustment and transfer		94	—
Net programme cost	1	(9,831)	(10,357)
Balance at 31 December		3,487	3,940

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	6,626	7,756
Surplus to be surrendered	Account	(297)	(975)
		6,329	6,781
Expenditure (cash) borne elsewhere	1	2,955	3,182
Total funding drawn down		9,284	9,963

2.3 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Building Improvement €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	8,392	587	692	9,671
Adjustment	136	76	—	212
Additions	49	32	—	81
Disposals	(6)	(36)	—	(42)
Cost or valuation at 31 December 2012	8,571	659	692	9,922
Accumulated depreciation				
Opening balance at 1 January 2012	5,827	542	690	7,059
Adjustment	49	67	—	116
Depreciation for the year	511	20	1	532
Depreciation on disposals	(6)	(34)	—	(40)
Cumulative depreciation at 31 December 2012	6,381	595	691	7,667
Net assets at 31 December 2012	2,190	64	1	2,255
Net assets at 31 December 2011	2,565	45	2	2,612

During 2012 an inventory of capital assets was carried out. Assets were identified which were not on the register. An adjustment was required to align the statement of capital assets with the fixed asset register.

The disposal of furniture refers to surplus furniture transferred to the Irish Naturalisation and Immigration Service when they took up office space in Chapter House.

2.4 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	(353)	(138)

2.5 Stocks	2012	2011
at 31 December	€000	€000
Test materials	961	890
IT consumables/stationery	24	25
	<u>985</u>	<u>915</u>

2.6 Net Liability from the Exchequer	2012	2011

at 31 December	€000	€000

Surplus to be surrendered	297	975
Exchequer grant undrawn	(707)	(1,003)
Net liability from the Exchequer	<u>(410)</u>	<u>(28)</u>

Represented by:

Debtors

Bank and cash	(353)	(138)
Debit balances: suspense	72	269
	<u>(281)</u>	<u>131</u>

Creditors

Due to State	(129)	(159)
	<u>(410)</u>	<u>(28)</u>

2.7 Other Credit Balances	2012	2011

at 31 December	€000	€000

Amounts due to the State		
Income Tax	76	82
Pay Related Social Insurance	30	36
Professional Services Withholding Tax	5	16
Value Added Tax	18	25
	<u>129</u>	<u>159</u>

2.8 Commitments	2012	2011

at 31 December	€000	€000

Total of legally enforceable commitments	41	12

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil and Public Service- Redeployment/Recruitment/Selection			
A.1	Administration - pay	4,208	4,415	4,636
A.2	Administration - non pay	2,672	2,284	2,665
		<u>6,880</u>	<u>6,699</u>	<u>7,301</u>

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 25%. However, no outturn on this Vote met these criteria in 2012.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	25	122	224
2.	Receipts from pension-related deductions on public service remuneration	229	248	296
		<u>254</u>	<u>370</u>	<u>520</u>

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 2012.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	86	91
	2012	2011
	€000	€000
Pay	4,078	4,287
Higher, special or additional duties allowance	44	42
Other allowances	—	1
Overtime	22	28
Employer's PRSI	271	278
Total Pay	4,415	4,636

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	17	—	8,101	9,109
Overtime and extra attendance	52	1	12,063	12,693

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €36,978 was paid as fees to four members of the board of PAS in 2012 (2011: €10,786).



Appropriation Account 2012

Vote 18

Office of the Commission for Public Service Appointments

Introduction

As Accounting Officer for Vote 18, 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 2012 for the salaries and expenses of the Office of the Commission for Public Service Appointments.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Amalgamation with Office of the Ombudsman

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.

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 Commission for Public Service Appointments.

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
- the Performance Management and Development System (PMDS) is used to identify staff training needs, including financial management training.

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 and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

The internal auditor carried out a number of audits of the financial accounting procedures and controls in operation on behalf of the Office during 2012. The auditor's conclusions have been adopted and structures have been put in place to address his findings and recommendations.

The Office's audit committee reviews and assesses each internal and external audit. It also provides advice regarding the Office's risk management systems. The committee met twice in 2012.

Responsibility for the internal audit of the Office of the Commission for Public Service Appointments has been taken over by the Audit Committee and Internal Audit function of the Office of the Ombudsman with effect from 1 January 2013.

Andrew Patterson

Accounting Officer

Office of the Commission for Public Service Appointments

11 March 2013

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 Office of the Commission for Public Service Appointments

I have audited the appropriation account for Vote 18 Office for the Commission for Public Service Appointments for the year ended 31 December 2012 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 accounts.

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 18 Office of the Commission for Public Service Appointments for the year ended 31 December 2012.

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 Commission for Public Service Appointments. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

4 September 2013

Vote 18 Office of the Commission for Public Service Appointments

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Regulation and Monitoring of Appointments	814	502	540
	Gross expenditure	814	502	540
	<i>Deduct</i>			
B	Appropriations-in-aid	30	28	31
	Net expenditure	784	474	509

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	310,424	373,875

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	514	431	474
ii	Travel and subsistence	7	1	1
iii	Training and development and incidental expenses	55	12	13
iv	Postal and telecommunications services	28	—	2
v	Office equipment and external IT services	70	51	20
vi	Office premises expenses	20	—	—
vii	Consultancy and value for money and policy reviews	56	6	8
viii	Legal fees	64	1	22
		814	502	540

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	431	474
Non pay	71	66
Gross expenditure	502	540
<i>Deduct</i>		
Appropriations-in-aid	28	31
Net expenditure	474	509
Changes in capital assets		
Purchases cash	(17)	
Depreciation	14	
Loss on disposals	—	
Write down of fixed assets	27	
	24	8
Changes in net current assets		
Decrease in closing accruals	(1)	
Decrease in stock	—	
	(1)	—
Direct expenditure	497	517
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2	3
Net programme cost	499	520

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 18 borne elsewhere.

	2012	2011
	€000	€000
Vote 7 Finance	2	3
	2	3

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	—	24
Current assets			
Bank and cash	2.4	—	15
Stocks	2.5	10	10
Prepayments		8	7
Other debit balances		—	2
Total current assets		18	34
Less current liabilities			
Accrued expenses		—	—
Other credit balances	2.6	1	15
Net liability to/(from) the Exchequer	2.7	(1)	2
Total current liabilities		—	17
Net current assets		18	17
Net assets		18	41
Represented by:			
State funding account	2.1	18	41

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		41	49
Funding drawn down	2.2	476	512
Non cash expenditure – notional rent	1	—	—
Net programme cost	1	(499)	(520)
Balance at 31 December		18	41

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	784	883
Surplus to be surrendered	Account	(310)	(374)
		474	509
Expenditure (cash) borne elsewhere	1	2	3
Total funding drawn down		476	512

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	120	9	129
Additions	17	—	17
Disposals	(16)	—	(16)
Balance written down	(121)	(9)	(130)
Cost or valuation at 31 December 2012	—	—	—
Accumulated depreciation			
Opening balance at 1 January 2012	99	6	105
Depreciation for the year	13	1	14
Depreciation on disposals	(16)	—	(16)
Balance written down	(96)	(7)	(103)
Cumulative depreciation at 31 December 2012	—	—	—
Net assets at 31 December 2012	—	—	—
Net assets at 31 December 2011	21	3	24

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	—	15

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Printing and stationery	10	10

2.6 Other Credit Balances

	2012 €000	2011 €000
at 31 December		
Amounts due to the State		
Income Tax	—	8
Pay Related Social Insurance	—	2
Professional Services Withholding Tax	1	—
Pension contributions	—	1
	1	11
Payroll deductions held in suspense	—	4
	1	15

2.7 Net Liability to/(from) the Exchequer

at 31 December

	2012	2011
	€000	€000
Surplus to be surrendered	310	374
Exchequer grant undrawn	(311)	(372)
Net liability to/(from) the Exchequer	(1)	2

Represented by:

Debtors

Bank and cash	—	15
Debit balances: suspense	—	2
	—	17

Creditors

Due to State	(1)	(11)
Credit balances: suspense	—	(4)
	(1)	(15)
	(1)	2

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Regulation and Monitoring of Appointments			
A.1	Administration - pay	514	431	474
A.2	Administration - non pay	300	71	66
		814	502	540

Significant variations

Overall, the expenditure in relation to Programme A was €312,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	229	The overall savings in Vote 18 is due in part to the impact of the moratorium on the CPSA's core business activity in 2012. However, it is anticipated that this activity will increase as the Commission's remit widens and when the moratorium is loosened. Some savings were also achieved due to the merging of the functions of the two Offices including accounts, personnel and I.T.

4 Receipts

4.1 Appropriations-in-aid		2012	2011
		Estimated	Realised
		€000	€000
1.	Receipts from pension-related deductions on public service remuneration	30	28
			31

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 the criteria in 2012.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	7	8
	2012	2011
	€000	€000
Pay	415	459
Employer's PRSI	16	15
Total Pay	431	474

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Overtime and extra attendance	1	—	505	182

5.2 Performance and Merit Payments

An award of €400 was approved for one member of staff under the scheme for recognition of exceptional performance.

6 Miscellaneous

6.1 Amalgamation with the Office of the Ombudsman

In anticipation of the amalgamation of the CPSA with the Ombudsman and the resultant winding up of the CPSA vote, sanction was received from the Department of Public Expenditure and Reform to write down the book value of the CPSA fixed assets to a nil value prior to the transfer of the assets to the Office of the Ombudsman.

The Commission's fixed assets will be included in the Ombudsman's fixed asset register at zero values, to align with the Ombudsman's policy of only capitalising assets above €1,000. The other Commission assets and liabilities will be carried in the balance sheet of the Ombudsman at current value.



Appropriation Account 2012

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 2012 for the salaries and expenses of the Office of the Ombudsman, 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

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.

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 Secretary 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
- 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. This system was reviewed in 2012 and it is functioning effectively
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Office is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operated under a draft charter in 2012 which I formally 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

28 February 2013

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 2012 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 her control, for the efficiency and economy of administration in her Office and for the regularity and propriety of all transactions in the appropriation accounts.

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 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 2012.

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

4 September 2013

Vote 19 Office of the Ombudsman

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Ombudsman function	4,712	4,174	4,432
B	Standards in Public Office Commission	917	870	861
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	1,466	1,212	1,500
Gross expenditure		7,095	6,256	6,793
<i>Deduct</i>				
D	Appropriations-in-aid	380	360	368
Net expenditure		6,715	5,896	6,425

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	818,785	653,534

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,690	5,403	5,535
ii	Travel and subsistence	53	34	34
iii	Training and development and incidental expenses	445	270	268
iv	Postal and telecommunications services	86	53	67
v	Office equipment and external IT services	189	163	179
vi	Office premises expenses	188	97	205
vii	Consultancy and value for money and policy reviews	181	80	50
viii	Legal fees	263	156	455
		7,095	6,256	6,793

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	5,403	5,535
Non pay	853	1,258
Gross expenditure	6,256	6,793
<i>Deduct</i>		
Appropriations-in-aid	360	368
Net expenditure	5,896	6,425
Changes in capital assets		
Purchases cash	(35)	
Depreciation	81	
Loss on disposals	—	
	46	10
Changes in net current assets		
Decrease in closing accruals	(47)	
Decrease in stock	1	
	(46)	116
Direct expenditure	5,896	6,551
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,575	1,691
Net programme cost	7,471	8,242

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 19 borne elsewhere.

	2012	2011
	€000	€000
Vote 7 Finance	56	74
Vote 12 Superannuation and Retired Allowances	411	490
Vote 13 Office of Public Works	1,108	1,127
	<u>1,575</u>	<u>1,691</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	158	204
Current assets			
Bank and cash	2.4	457	290
Stocks	2.5	16	17
Prepayments		87	79
Other debit balances		18	16
Net liability from the Exchequer	2.7	39	—
Total current assets		617	402
Less current liabilities			
Accrued expenses		19	58
Other credit balances	2.6	514	259
Net liability to the Exchequer	2.7	—	47
Total current liabilities		533	364
Net current assets		84	38
Net assets		242	242
Represented by:			
State funding account	2.1	242	242

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		242	368
Funding drawn down	2.2	7,471	8,116
Non cash expenditure – notional rent	1	—	—
Net programme cost	1	(7,471)	(8,242)
Balance at 31 December		242	242

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	6,715	7,079
Surplus to be surrendered	Account	(819)	(654)
		5,896	6,425
Expenditure (cash) borne elsewhere	1	1,575	1,691
Total funding drawn down		7,471	8,116

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	875	503	1,378
Additions	34	1	35
Disposals	(97)	—	(97)
Cost or valuation at 31 December 2012	812	504	1,316
Accumulated depreciation			
Opening balance at 1 January 2012	768	406	1,174
Depreciation for the year	64	17	81
Depreciation on disposals	(97)	—	(97)
Cumulative depreciation at 31 December 2012	735	423	1,158
Net assets at 31 December 2012	77	81	158
Net assets at 31 December 2011	107	97	204

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	458	290
Other cash balances	(1)	—
	457	290

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	3	4
IT consumables	13	13
	16	17

2.6 Other Credit Balances

	2012 €000	2011 €000
at 31 December		
Amounts due to the State		
Income Tax	99	100
Pay Related Social Insurance	25	26
Professional Services Withholding Tax	39	3
Value Added Tax	—	1
Pension contributions	12	11
	175	141
Payroll deductions held in suspense	39	37
Other credit suspense items	300	81
	514	259

2.7 Net Liability from the Exchequer

at 31 December

2012 2011**€000 €000**

Surplus to be surrendered

819 654

Exchequer grant undrawn

(858) (607)

Net liability from the Exchequer

(39) 47

Represented by:**Debtors**

Bank and cash

457 290

Debit balances: suspense

18 16

475 306

Creditors

Due to State

(175) (141)

Credit balances: suspense

(339) (118)

(514) (259)

(39) 47

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function			
A.1	Administration - pay	4,060	3,806	4,006
A.2	Administration - non pay	652	368	426
		<u>4,712</u>	<u>4,174</u>	<u>4,432</u>

Significant variations

Overall, the expenditure in relation to the Programme A was €538,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	284	More efficient use of resources in conjunction with lower than anticipated spending on training, advertising and consultancy.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Standards in Public Office Commission			
B.1	Administration - pay	620	601	612
B.2	Administration - non pay	297	269	249
		<u>917</u>	<u>870</u>	<u>861</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 25%. However, no outturn on this Programme met these criteria in 2012.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Office of the Information Commissioner			
C.1	Administration - pay	1,010	996	917
C.2	Administration - non pay	456	216	583
		<u>1,466</u>	<u>1,212</u>	<u>1,500</u>

Significant variations

Overall, the gross expenditure in relation to the Programme C was €254,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	240	This was mainly lower than anticipated legal costs arising from appeals of decisions of the Information Commissioner and the Commissioner for Environmental Information to the Courts. The number of legal cases and the cost of each case are difficult to budget for.

4 Receipts

4.1 Appropriations-in-aid

	Estimated €000	2012 Realised	2011 Realised
		€000	€000
1. Miscellaneous	5	5	6
2. Receipts from pension-related deductions on public service remuneration	375	355	362
	380	360	368

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 2012.

4.2 Extra receipts payable to the Exchequer

An amount of €2,780 was transferred to the Exchequer during the year.
This amount was a payover in respect of a voluntary salary deduction.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	85	87
	2012	2011
	€000	€000
Pay	5,139	5,256
Higher, special or additional duties allowance	20	19
Overtime	20	33
Employer's PRSI	224	227
Total Pay	5,403	5,535

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	3	1	10,829	10,493
Overtime and extra attendance	8	1	10,178	10,487

5.2 Performance and Merit Payments

A sum of €7,456 was approved for merit awards in 2012. This comprised of 11 individual and 2 group awards.

6 Miscellaneous

6.1 Amalgamation with the Office of the Commission for Public Service Appointments

The Ombudsman (Amendment) Act, 2012, formalised the merger between the Office of the Commission for Public Service Appointments and the Office of the Ombudsman. The accounting functions were merged with effect from 1 January 2013.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account 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 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 is compliant with all relevant guidelines regarding procurement with the exception of 50 contracts to a value of €5,320,811. These contracts were included on the Circular 40/02 return. 11 contracts to a value of €1,567,467 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. 18 contracts to a value of €2,691,936 in respect of medical services were paid in accordance with Department of Public Expenditure and Reform sanctioned rates for professional services. In the other 21 cases local tender 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 2013 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.

Martin Callinan

Accounting Officer

An Garda Síochána

28 March 2013

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 20 Garda Síochána

I have audited the appropriation account for Vote 20 Garda Síochána for the year ended 31 December 2012 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 by An Garda Síochána and for the regularity and propriety of all transactions in the appropriation accounts.

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 Public Financial Procedures have been complied with.

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 20 Garda Síochána for the year ended 31 December 2012.

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 An Garda Síochána. The appropriation account is in agreement with the books of account.

Management of the Fixed Charge Notice System

Chapters 7 and 8 of my report on the accounts of the public services for 2012 refers to certain matters relating to the management and control of the fixed charge penalty system.

Budget Management and Vote Accounting

Chapters 4 and 5 of my report deal with vote accounting and vote budget management issues. These include sections in relation to Vote 20 Garda Síochána.

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 2012.

Seamus McCarthy
Comptroller and Auditor General

7 September 2013

Vote 20 Garda Síochána

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Working with communities to protect and serve			
	<i>Original</i>	1,445,277		
	<i>Supplementary</i>	22,406	1,467,683	1,465,889
				1,570,963
Gross expenditure				
	<i>Original</i>	1,445,277		
	<i>Supplementary</i>	22,406	1,467,683	1,465,889
				1,570,963
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	119,735		
	<i>Supplementary</i>	13,906		
			133,641	133,386
				133,716
Net expenditure				
	<i>Original</i>	1,325,542		
	<i>Supplementary</i>	8,500		
			1,334,042	1,332,503
				1,437,247

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	1,539,447	2,376,031

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	959,643		
	<i>Supplementary</i>	(3,210)	956,433	1,036,917
ii	Travel and subsistence			
	<i>Original</i>	16,483		
	<i>Supplementary</i>	(2,517)	13,966	20,558
iii	Training and development and incidental expenses			
	<i>Original</i>	17,445		
	<i>Supplementary</i>	(5,076)	12,369	18,986
iv	Postal and telecommunications services			
	<i>Original</i>	34,747		
	<i>Supplementary</i>	8,088	42,835	44,852
v	Office equipment and external IT services			
	<i>Original</i>	19,212		
	<i>Supplementary</i>	(175)	19,037	24,563
vi	Maintenance of Garda premises		6,521	9,534
vii	Consultancy services and value for money and policy reviews			
	<i>Original</i>	218		
	<i>Supplementary</i>	(63)	155	52
viii	Station services			
	<i>Original</i>	16,996		
	<i>Supplementary</i>	1,854	18,850	20,102
ix	Implementation of Garda SMI			
	<i>Original</i>	43		
	<i>Supplementary</i>	135	178	145
x	Garda Reserve			
	<i>Original</i>	760		
	<i>Supplementary</i>	140	900	780
			1,071,244	1,176,489
			1,070,860	

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012		2011
	€000	€000	€000
Programme cost		395,029	394,474
Pay		955,189	1,036,917
Non pay		115,671	139,572
Gross expenditure		1,465,889	1,570,963
<i>Deduct</i>			
Appropriations-in-aid		133,386	133,716
Net expenditure		1,332,503	1,437,247
Changes in capital assets			
Purchases cash	(4,940)		
Depreciation	15,923		
Disposals cash	77		
Gain on disposals	(4)	11,056	9,613
Changes in net current assets			
Increase in closing accruals	1,636		
Decrease in stock	870		
		2,506	6,345
Direct expenditure		1,346,065	1,453,205
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		14,760	13,778
Net programme cost		1,360,825	1,466,983

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

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	541	670
Vote 13 Office of Public Works	10,415	10,514
Vote 24 Justice and Equality - Financial Shared Services Centre	4,934	5,286
Less		
Services provided by An Garda Síochána to other Votes	(1,130)	(2,692)
	<u>14,760</u>	<u>13,778</u>

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 2012 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 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	33,098	44,079
Capital assets under development	2.4	4,570	4,570
		37,668	48,649
Current assets			
Bank and cash	2.5	6,499	6,879
Stocks	2.6	4,661	5,531
Prepayments		4,412	7,213
Accrued income		1,695	1,372
Other debit balances	2.7	16,063	28,525
Net liability from the Exchequer	2.9	461	(376)
Total current assets		33,791	49,144
Less current liabilities			
Accrued expenses		7,603	8,370
Other credit balances	2.8	23,023	35,028
Total current liabilities		30,626	43,398
Net current assets		3,165	5,746
Net assets		40,833	54,395
Represented by:			
State funding account	2.1	40,833	54,395

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		54,395	70,353
Funding drawn down	2.2	1,347,263	1,451,025
Net programme cost	1	(1,360,825)	(1,466,983)
Balance at 31 December		40,833	54,395
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	1,334,042	1,439,623
Surplus to be surrendered	Account	(1,539)	(2,376)
		1,332,503	1,437,247
Expenditure (cash) borne elsewhere	1	14,760	13,778
Total funding drawn down		1,347,263	1,451,025

2.3 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 2012	17,072	1,060	62,609	152,577	5,613	238,931
Additions	—	—	3,544	1,371	101	5,016
Disposals	—	—	(8,097)	(2,318)	(446)	(10,861)
Cost or valuation at 31 December 2012	17,072	1,060	58,056	151,630	5,268	233,086
Accumulated depreciation						
Opening balance at 1 January 2012	8,424	661	57,857	125,328	2,582	194,852
Depreciation for the year	826	72	2,392	12,174	459	15,923
Depreciation on disposals	—	—	(8,029)	(2,312)	(446)	(10,787)
Cumulative depreciation at 31 December 2012	9,250	733	52,220	135,190	2,595	199,988
Net assets at 31 December 2012	7,822	327	5,836	16,440	2,673	33,098
Net assets at 31 December 2011	8,648	399	4,752	27,249	3,031	44,079

2.4 Capital Assets under Development

at 31 December 2012	Schengen Project	MIMS Project	Total
	€000	€000	€000
Amounts brought forward at 1 January 2012	2,676	1,894	4,570
Cash payments for the year	—	—	—
Balance at 31 December 2012	2,676	1,894	4,570

Included in the 2011 multi-annual capital commitments were two large projects Schengen Information System and Major Investigation Management System (MIMS).

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.

The MIMS project has an estimated cost of €28.7 million and a preferred supplier has been sourced after a tender competition. The remaining phases of this project are subject to available funding.

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	9,411	24,710
Orders outstanding	(2,912)	(17,831)
	<u>6,499</u>	<u>6,879</u>

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery	391	465
Telecommunications stock	1,210	1,636
Clothing	1,436	1,487
Technical Bureau	186	153
United Nations stock	72	53
Armoury	978	1,338
Miscellaneous	388	399
	<u>4,661</u>	<u>5,531</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Advances to OPW	640	216
Imprests	784	3,880
Recoupable salaries	13,747	23,393
Cycle to Work scheme	539	786
Other debit suspense items	353	250
	<u>16,063</u>	<u>28,525</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	13,742	19,341
Pay Related Social Insurance	5,408	7,413
Professional Services Withholding Tax	263	696
Value Added Tax	249	638
Road Traffic Act fines	920	420
Tax on pension contribution refunds	2	13
Construction Tax	11	—
	<u>20,595</u>	<u>28,521</u>
Payroll deductions held in suspense	1,756	5,145
Garda Reward Fund	297	283
Other credit suspense items	375	1,079
	<u>23,023</u>	<u>35,028</u>

2.9 Net Liability from the Exchequer	2012	2011

at 31 December	€000	€000

Surplus to be surrendered	1,539	2,376
Exchequer grant undrawn	(2,000)	(2,000)
Net liability from the Exchequer	<u>(461)</u>	<u>376</u>

Represented by:

Debtors

Bank and cash	6,499	6,879
Debit balances: suspense	16,063	28,525
	<u>22,562</u>	<u>35,404</u>

Creditors

Due to State	(20,595)	(28,521)
Credit balances: suspense	(2,428)	(6,507)
	<u>(23,023)</u>	<u>(35,028)</u>

(461)	(376)

2.10 Commitments	2012	2011

at 31 December	€000	€000

Total of legally enforceable commitments	52,943	68,700

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
A	Working with communities to protect and serve			
A.1	Administration - pay			
	<i>Original</i>	959,643		
	<i>Supplementary</i>	(3,210)	956,433	955,189
				1,036,917
A.2	Administration - non pay			
	<i>Original</i>	112,425		
	<i>Supplementary</i>	2,386	114,811	115,671
				139,572
A.3	Clothing and accessories			
	<i>Original</i>	2,764		
	<i>Supplementary</i>	(114)	2,650	2,499
				3,896
A.4	St. Paul's Garda Medical Aid Society (grant-in aid)		124	124
				124
A.5	Transport			
	<i>Original</i>	20,701		
	<i>Supplementary</i>	5,953	26,654	27,018
				26,146
A.6	Communications and other equipment			
	<i>Original</i>	17,772		
	<i>Supplementary</i>	10,194	27,966	28,184
				32,473
A.7	Aircraft			
	<i>Original</i>	1,050		
	<i>Supplementary</i>	200	1,250	1,320
				1,805
A.8	Superannuation, etc.			
	<i>Original</i>	311,173		
	<i>Supplementary</i>	8,500	319,673	317,825
				307,119
A.9	Witnesses' expenses			
	<i>Original</i>	1,805		
	<i>Supplementary</i>	(305)	1,500	1,472
				1,838
A.10	Compensation		16,622	16,587
				20,103
A.11	Witness security programme			
	<i>Original</i>	1,198		
	<i>Supplementary</i>	(1,198)	—	—
				700
			1,467,683	1,465,889
				1,570,963

Significant variations

Overall, the gross expenditure in relation to Programme A was €1,794,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Clothing and accessories	151	The saving arose due to a decrease in the issue of uniform stock following a circularisation of all Garda Members to identify uniform requirements. This replaced the previous practice of a general uniform roll out.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
	€000	€000	€000	€000
1. Contributions to the Garda Síochána spouses' and children's pension schemes				
	<i>Original</i>	13,745		
	<i>Supplementary</i>	169	13,914	14,305
2. Contributions to the Garda Síochána pensions scheme				15,005
	<i>Original</i>	22,103		
	<i>Supplementary</i>	1,031	23,134	23,256
3. Miscellaneous receipts (note 4.2)				23,599
	<i>Original</i>	13,450		
	<i>Supplementary</i>	550	14,000	13,987
4. Receipts from banks in respect of cash escort services				10,823
	<i>Original</i>	4,300		
	<i>Supplementary</i>	(1,400)	2,900	2,220
5. Firearm fees				3,836
	<i>Original</i>	1,607		
	<i>Supplementary</i>	393	2,000	1,926
6. Safety cameras - certain receipts from fixed charges				2,706
	<i>Original</i>	100		
	<i>Supplementary</i>	15,800	15,900	15,805
7. Receipts from pension-related deduction on public service remuneration				10,624
	<i>Original</i>	64,430		
	<i>Supplementary</i>	(2,637)	61,793	61,887
				67,123
			133,641	133,386
				133,716

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 banks in respect of cash escort services	680	The deficit arose due to a delay in receipt of payment from the Irish Banking Federation for cash escorts provided by An Garda Síochána.

4.2 Analysis of Miscellaneous Receipts

	2012	2011
	€000	€000
Payment for non-public duty services rendered by Gardaí	4,125	4,068
Recovery in respect of damage to official vehicles and other Garda property	48	308
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	2,428	852
Fees for accident and malicious damage reports	731	521
Contribution for living quarters	52	62
Recoupment of witnesses' expenses	12	16
Recoupment of salaries	37	—
Percentage charge to insurance companies for collection of insurance premia	112	109
Taxi licence fees	183	197
Road Traffic Act - Section 41 charges	2,441	2,364
Fingerprint fees for employment and visa purposes	41	25
Garda masts	1,535	555
Carrier liability	573	485
Unclassified items	1,669	1,261
	<u>13,987</u>	<u>10,823</u>

4.3 Extra receipts payable to the Exchequer

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
Road Traffic Act fines	7,200	6,188	11,250

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)		
Garda members	13,424	13,894
Civilians	2,028	2,074
	<u>15,452</u>	<u>15,968</u>
	2012	2011
	€000	€000
Pay	647,771	679,453
Higher, special or additional duties allowance	484	363
Other allowances	202,663	213,828
Overtime	42,422	80,937
Employer's PRSI	61,849	62,336
Total Pay	<u>955,189</u>	<u>1,036,917</u>

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	229	7	15,412	10,452
Overtime and extra attendance	13,205	831	41,641	49,372
Shift and roster allowances	13,894	6,389	20,964	39,439
Miscellaneous	14,029	694	35,978	36,304

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €1,040 was paid to one retired civil servant in receipt of a civil service pension, who was re-employed for an interview board during 2012.

5.3 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.

	2012	2011
	€000	€000
Balance brought forward on 1 January	331	336
Receipts for the year ended 31 December	67	68
	398	404
Payments for the year ended 31 December	(53)	(73)
Balance on 31 December	345	331

6 Miscellaneous

6.1 Support for Representative Associations

Included in subhead A.1 is a total of €319,835 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 €139,266 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 €660,956 was received directly by An Garda Síochána in EU funding under Title VI of the treaty of the European Union for a number of policing programmes. An amount for €485,180 relates to a master's degree programme run by the Garda Bureau of Fraud Investigation on cybercrime investigation which is 90% EU funded. The remaining €175,776 relates to a project which brings together an informal network of Law Enforcement and Judicial practitioners to develop alternative strategies across the European Union in relation to the proceeds of criminal activity.

6.3 Statement of Losses (Garda Vehicles, etc.)

A total of 639 accidents involving Garda vehicles were reported in 2012 (2011 – 667). Damage and other costs to official vehicles amounted to €297,467. Compensation totalling €47,643 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.

					2012	2011
	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by members and employees of An Garda Síochána						
Under Garda Síochána Compensation Act 1941-1945	158	7,162	2,262	—	9,424	9,456
Through the State Claims Agency for injuries received while on duty	40 ¹	335	208	22	565	585
Legal actions administered by the Department of Justice & Equality	9	112	136	—	248	585
Ex gratia contributions towards Garda legal costs under Section 49 of the Garda Síochána Act, 2005	1	—	1	—	1	26
Civil claims by members of the public						
Claims arising from actions of Gardai in the performance of their duties	186 ¹	1,296	2,652	24	3,972	6,206
Claims (including by Garda members) resulting from accidents involving Garda vehicles	190 ¹	1,519	366	113	1,998	2,657
Claims in respect of accidents on Garda premises	14 ¹	140	84	6	230	120

At 31 December 2012

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

¹ These may include part payments over a number of years for individual cases.

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



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account 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 Prisons Service is compliant with all relevant guidelines regarding procurement with the exception of ten contracts to a value of €959,300. These were included on the Circular 40/02 return. Two contracts to a value of €484,562 incurred delays due to the public service moratorium and required sanction from the Department of Public Expenditure and Reform. In the other eight cases, local tender arrangements were in place contrary to national procurement guidelines. The Prisons Service has already put contracted arrangements in place for a number of these supplies and is proactively taking steps to put tenders in place in 2013 for the remainder.

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

28 March 2013

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 2012 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 the Prison Service and for the regularity and propriety of all transactions in the appropriation accounts.

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 21 Prisons for the year ended 31 December 2012.

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 public procurement rules

The Accounting Officer has disclosed in the Statement on Internal Financial Control that there were material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in the 2012.

Seamus McCarthy
Comptroller and Auditor General

9 August 2013

Vote 21 Prisons

Appropriation Account 2012

		2012		2011
		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	336,163	334,573	348,415
	Gross expenditure	336,163	334,573	348,415
	<i>Deduct</i>			
B	Appropriations-in-aid	18,348	17,768	18,266
	Net expenditure	317,815	316,805	330,149

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	1,009,846	1,062,388

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	239,705	237,807	242,728
ii	Travel and subsistence	2,016	2,005	2,163
iii	Training and development and incidental expenses	7,650	3,641	3,962
iv	Postal and telecommunications services	3,000	2,752	2,814
v	Office equipment and external IT services	4,980	5,234	4,368
vi	Consultancy services and value for money and policy reviews	140	—	60
		257,491	251,439	256,095

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	83,134	92,320
Pay	237,807	242,728
Non pay	13,632	13,367
Gross expenditure	334,573	348,415
<i>Deduct</i>		
Appropriations-in-aid	17,768	18,266
Net expenditure	316,805	330,149
Changes in capital assets		
Purchases cash	(3,977)	
Depreciation	3,921	
Disposals cash	13	
Profit on disposals	(12)	(389)
Changes in assets under development		
Cash payments	(21,422)	(32,165)
Changes in net current assets		
Decrease in closing accruals	(2,538)	
Decrease in stock	118	
	(2,420)	4,912
Direct expenditure	292,908	302,507
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	39,560	41,193
Net programme cost	332,468	343,700

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	38,003	39,740
Vote 13 Office of Public Works	224	94
Vote 24 Justice and Equality - Financial Shared Services Centre	1,333	1,359
	39,560	41,193

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	822,329	773,068
Capital assets under development	2.4	2,655	30,439
		824,984	803,507
Current assets			
Bank and cash	2.5	7,231	9,616
Stocks	2.6	1,203	1,321
Prepayments		108	367
Accrued income		111	130
Other debit balances	2.7	1,006	1,490
Net liability from the Exchequer	2.9	61	(62)
Total current assets		9,720	12,862
Less current liabilities			
Accrued expenses		4,960	7,776
Other credit balances	2.8	8,298	11,044
Total current liabilities		13,258	18,820
Net current liabilities		(3,538)	(5,958)
Net assets		821,446	797,549
Represented by:			
State funding account	2.1	821,446	797,549

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		797,549	769,907
Funding drawn down	2.2	356,365	371,342
Net programme cost	1	(332,468)	(343,700)
Balance at 31 December		821,446	797,549

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	317,815	331,211
Surplus to be surrendered	Account	(1,010)	(1,062)
		316,805	330,149
Expenditure (cash) borne elsewhere	1.1	39,560	41,193
Total funding drawn down		356,365	371,342

2.3 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 2012	763,631	68,372	775	8,717	841,495
Additions	51,362	1,518	66	237	53,183
Disposals	—	(442)	(11)	(508)	(961)
Cost or valuation at 31 December 2012	814,993	69,448	830	8,446	893,717
Accumulated depreciation					
Opening balance at 1 January 2012	—	61,331	607	6,489	68,427
Depreciation for the year	—	2,939	32	950	3,921
Depreciation on disposals	—	(441)	(11)	(508)	(960)
Cumulative depreciation at 31 December 2012	—	63,829	628	6,931	71,388
Net assets at 31 December 2012	814,993	5,619	202	1,515	822,329
Net assets at 31 December 2011	763,631	7,041	168	2,228	773,068

2.4 Capital Assets under Development

at 31 December	Construction Contracts	
	2012	2011
	€000	€000
Amounts brought forward at 1 January	30,439	15,690
Cash payments for the year	21,422	32,165
Transferred to asset register	(49,206)	(17,416)
Balance at 31 December	2,655	30,439

2.5 Bank and Cash

at 31 December	2012	2011
	€000	€000
PMG balances and cash	7,399	10,265
Orders outstanding	(168)	(649)
	7,231	9,616

2.6 Stocks

at 31 December	2012	2011
	€000	€000
Uniforms and clothing	1,044	1,058
Furniture and maintenance material	58	141
Food	—	17
Miscellaneous	101	105
	1,203	1,321

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Imprests	728	728
Other debit suspense items	278	762
	<u>1,006</u>	<u>1,490</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	3,979	5,682
Pay Related Social Insurance	1,608	2,276
Retention Tax	188	168
Value Added Tax	581	1,077
Construction Tax	3	1
Tax deducted from pension contribution refunds	1	8
Staff pension contributions	—	865
	<u>6,360</u>	<u>10,077</u>
Payroll deductions held in suspense	1,937	851
Other credit suspense items	1	116
	<u>8,298</u>	<u>11,044</u>

2.9 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	1,010	1,062
Exchequer grant undrawn	(1,071)	(1,000)
Net liability from the Exchequer	<u>(61)</u>	<u>62</u>

Represented by:**Debtors**

Bank and cash	7,231	9,616
Debit balances: suspense	<u>1,006</u>	<u>1,490</u>
	8,237	11,106

Creditors

Due to State	(6,360)	(10,077)
Credit balances: suspense	<u>(1,938)</u>	<u>(967)</u>
	(8,298)	(11,044)
	<u>(61)</u>	<u>62</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	4,807	795

2.11 Matured Liabilities

The estimate of matured liabilities not discharged at year end amounted to €6,231 (2011 – Nil).

3 Programme Expenditure by Subhead

		2012		2011
		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	239,705	237,807	242,728
A.2	Administration - non pay	17,786	13,632	13,367
A.3	Buildings and equipment	33,752	35,371	47,181
A.4	Prison services, etc.	39,016	42,504	40,086
A.5	Manufacturing department and farm	629	697	715
A.6	Probation service - services to offenders	—	—	—
A.7	Educational services	1,265	1,234	1,240
A.8	Prison Officers' Medical Aid Society (grant-in-aid)	—	—	—
A.9	Compensation	3,260	3,270	2,869
A.10	Social disadvantage measures (Dormant Accounts fund)	750	58	229
		336,163	334,573	348,415

Significant variations

Overall, the gross expenditure in relation to the Programme was €1,590,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Prison services, etc.	(3,488)	The additional requirement is in respect of the increased prison running costs, including utilities such as heating, electricity and water charges and waste disposal costs: the cost of prisoner meals, prisoner healthcare costs, prisons cleaning and laundry services. €2.3 million of the additional requirement relates directly to prisoner health care costs, which is mainly attributable to increased agency costs because of the delay in the recruitment of medical personnel due to the moratorium on recruitment. Other external factors such as international gas prices and exchange rates impact directly on the additional cost of utilities (€0.7million).
Social disadvantage measures (Dormant Accounts fund)	692	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.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from manufacturing department and farm (including produce used in prisons)	905	1,093	1,028
2. European Social Fund	5	—	—
3. Proceeds from the sale of prison property	—	—	—
4. Miscellaneous	519	381	405
5. Dormant account receipts	750	58	229
6. Receipts from pension - related deduction on public service remuneration	16,169	16,236	16,604
Total	18,348	17,768	18,266

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 manufacturing department and farm (including produce used in prisons)	(188)	Receipts from prison manufacturing activities are difficult to quantify in advance.
Miscellaneous	138	By its nature, it is difficult to predict what level of receipts will be received under this category.
Dormant account receipts	692	Receipts from the Dormant Accounts Fund are linked to expenditure under Subhead A.10 . Because projects did not proceed as planned, higher receipts could not be drawn.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	3,433	3,489

	2012 €000	2011 €000
Pay	139,644	142,364
Higher, special or additional duties allowance	722	653
Other allowances	48,822	49,680
Extra attendance and overtime	33,436	35,415
Employer's PRSI	15,183	14,616
Total Pay	237,807	242,728

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	163	14	16,229	12,565
Extra attendance and overtime	3,267	1,815	26,230	29,870
Shift and roster allowances	3,039	500	17,329	26,205
Miscellaneous	3,395	457	15,915	17,279

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €16,465 was paid to 13 retired civil servants in receipt of civil service pensions, ranging from €151 to €5,776, who were re-employed on various duties during 2012. A total of €5,400 was paid to 9 retired members of An Garda Síochána, who were re-employed on specific duties during 2012.

6 Miscellaneous

6.1 Prison Population

The estimated daily average number of prisoners in 2012 was 4,320 (4,390 in 2011).

6.2 Compensation and Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are as follows		
Legal fees	—	—
Compensation costs	3,267	2,862
	<u>3,267</u>	<u>2,862</u>

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.

				2012	2011
	Number of cases	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000
Claims by prison staff					
Civil claims by prison staff for injuries received while on duty and other issues involving prison staff	145	275	501	776	818
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	74	1,687	—	1,687	999
Claims by prisoners					
Claims taken by prisoners arising out of injuries and other actions involving prisoners	253	271	452	723	818
Claims by members of the public					
Claims taken by civilians	31	32	49	81	227
		<u>2,265</u>	<u>1,002</u>	<u>3,267</u>	<u>2,862</u>

At 31 December 2012, the State Claims Agency recorded 565 claims as outstanding. There were also seven 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 €3,700 were made towards the funeral expenses of two offenders who died while in prison.

6.4 Prisoner Assist Programme Fund

In the course of carrying out its statutory function, the Prison Service and its agents operate certain bank accounts. These accounts are accounted for separately and do not form part of this Account as they do not relate to voted funds.

6.5 Settlement with Revenue Commissioners

A payment totalling €353,678 in respect of a legacy liability covering taxes applicable to plain clothes allowances and expense payments for temporary transfers made to prison service staff was made to the Revenue Commissioners in 2012. The payment included interest of €42,670 and penalties of €14,498.

6.6 Write-offs

As part of a reconciliation of suspense accounts, a number of legacy balances amounting to €105,094 were written off as unrecoverable in 2012. Two of the balances exceeded €10,000 and in total amounted to €21,640. Both cases related to Income Tax and PRSI transactions with the Revenue Commissioners and the Department of Social Protection respectively, which could not be recovered due to the time period which elapsed since they arose.

Appendix

Abstract Statement of the Manufacturing Accounts of the Prisons for the year ended 31 December 2012

	Agriculture	Other industries	Total 31 December 2012	Total 31 December 2011
	€000	€000	€000	€000
Stock on hand at 1 January 2012	7	258	265	245
Purchases	70	634	704	726
Profit	2	434	436	318
	79	1,326	1,405	1,289
Sales	72	1,020	1,092	1,024
Stock on hand at 31 December 2012 ¹	7	306	313	265
	79	1,326	1,405	1,289

¹ The stock on hand at 31 December 2012 comprises materials and manufactured goods totalling €165,984 and tools and manufacturing equipment totalling €147,534.

Reconciliation with Appropriation Account

	2012 €000	2011 €000
Amount due in respect of purchases as at 1 January	12	1
Purchases during year ended 31 December	704	726
	716	727
Amount due in respect of purchases as at 31 December	(19)	(12)
Expenditure from subhead A.5 as per Appropriation Account	697	715
	2012 €000	2011 €000
Amount due in respect of sales as at 1 January	4	8
Sales during year ended 31 December	1,092	1,024
	1,096	1,032
Amount due in respect of sales as at 31 December	(3)	(4)
Receipts under subhead Note 4.1 (1) as per Appropriation Account	1,093	1,028

Brian Purcell
Accounting Officer
Department of Justice and Equality
28 March 2013



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the Account 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.

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

Suspected Irregularity

In early 2013, a suspected irregularity in the receipting of fines payments which occurred in 2012 was identified in one of the Court offices. The net amount involved was in the region of €18,000. The Courts Service informed the Board, the Comptroller & Auditor General, An Garda Síochána and the Department of Justice and Equality of the irregularity. The Courts Service Internal Audit Unit conducted a review of controls in place for the receipting of fines in this office following which additional and enhanced controls were implemented to strengthen the control environment.

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 Court Service is compliant with all relevant guidelines regarding procurement with the exception of 10 contracts to the value of €1,134,153. 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 40/02. The details of these contracts have been reported to the C&AG and the Courts Service is proactively taking steps to put tenders in place for these services in 2013.

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 2013

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 2012 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 the Courts Service and for the regularity and propriety of all transactions in the appropriation accounts.

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 22 Courts Service for the year ended 31 December 2012.

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 Competitive Procurement

I draw attention to the disclosure in the Statement of Internal Financial Control of the circumstances in which services to a value of €1.1 million were procured during 2012 without compliance with procurement guidelines.

Seamus McCarthy
Comptroller and Auditor General

25 July 2013

Vote 22 Courts Service

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Manage the courts and support the judiciary			
	<i>Original</i>	107,090		
	<i>Supplementary</i>	1,000	108,090	107,697
				112,724
Gross expenditure				
	<i>Original</i>	107,090		
	<i>Supplementary</i>	1,000		
			108,090	107,697
				112,724
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	52,315		
	<i>Supplementary</i>	(4,000)		
			48,315	48,541
				50,085
Net expenditure				
	<i>Original</i>	54,775		
	<i>Supplementary</i>	5,000		
			59,775	59,156
				62,639

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	618,810	826,295

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	49,544		
	<i>Supplementary</i>	(24)		
		49,520	49,188	51,358
ii	Travel and subsistence			
	<i>Original</i>	2,713		
	<i>Supplementary</i>	(156)		
		2,557	2,719	2,759
iii	Training and development and incidental expenses			
	<i>Original</i>	8,246		
	<i>Supplementary</i>	(1,467)		
		6,779	6,826	8,707
iv	Postal and telecommunications services			
	<i>Original</i>	2,291		
	<i>Supplementary</i>	259		
		2,550	2,538	2,666
v	Office equipment and external IT services			
	<i>Original</i>	5,581		
	<i>Supplementary</i>	(163)		
		5,418	5,562	6,786
vi	Office premises expenses			
	<i>Original</i>	13,572		
	<i>Supplementary</i>	2,516		
		16,088	15,926	16,056
vii	Consultancy services and value for money and policy reviews			
	<i>Original</i>	100		
	<i>Supplementary</i>	80		
		180	192	213
		83,092	82,951	88,545

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	24,746	24,179
Pay	49,188	51,358
Non pay	33,763	37,187
Gross expenditure	107,697	112,724
<i>Deduct</i>		
Appropriations-in-aid	48,541	50,085
Net expenditure	59,156	62,639
Changes in capital assets		
Purchases cash	(948)	
Assets transferred to Local Authorities	971	
Depreciation	8,230	
	8,253	10,126
Changes in assets under development		
Cash payments	(599)	(2,404)
Changes in net current assets		
Decrease in closing accruals	(1,423)	
Decrease in stock	5	
	(1,418)	909
Direct expenditure	65,392	71,270
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	41,381	44,562
Notional rents	3,314	3,335
Net programme cost	110,087	119,167

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	6,894	9,520
Vote 13 Office of Public Works	1,064	2,016
Vote 20 Garda Síochána	186	195
Vote 24 Justice and Equality - Financial Shared Services Centre	757	831
Central Fund – Judicial salaries and pensions	32,480	32,000
	41,381	44,562

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	213,867	221,896
Capital assets under development	2.4	<u>2,886</u>	<u>2,115</u>
		216,753	224,011
Current assets			
Bank and cash	2.5	1,015	(3,300)
Stocks	2.6	233	238
Prepayments		2,845	3,197
Accrued income		3,304	2,615
Other debit balances	2.7	<u>1,074</u>	<u>5,387</u>
Total current assets		8,471	8,137
Less current liabilities			
Accrued expenses		2,855	3,958
Other credit balances	2.8	1,461	1,401
Net liability to the Exchequer	2.9	<u>628</u>	<u>686</u>
Total current liabilities		4,944	6,045
Net current assets		3,527	2,092
Net assets		220,280	226,103
Represented by:			
State funding account	2.1	<u>220,280</u>	<u>226,103</u>

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		226,103	235,781
Funding drawn down	2.2	100,537	107,201
Non cash expenditure – notional rent	1	3,314	3,335
Other non-cash items		413	(1,047)
Net programme cost	1	<u>(110,087)</u>	<u>(119,167)</u>
Balance at 31 December		220,280	226,103

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	59,775	63,465
Surplus to be surrendered	Account	<u>(619)</u>	<u>(826)</u>
		59,156	62,639
Expenditure (cash) borne elsewhere	1	<u>41,381</u>	<u>44,562</u>
Total funding drawn down		100,537	107,201

2.3 Capital Assets

	Land and Buildings¹	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2012	233,852	38,666	31,534	304,052
Adjustment ²	250	—	—	250
Additions	582	289	60	931
Disposals	—	(63)	—	(63)
Transferred to Local Authorities ³	(1,125)	—	—	(1,125)
Cost or valuation at 31 December 2012	233,559	38,892	31,594	304,045
Accumulated depreciation				
Opening balance at 1 January 2012	22,858	34,310	24,988	82,156
Depreciation for adjustment	9	—	—	9
Depreciation for the year	4,483	1,977	1,770	8,230
Depreciation on disposals	—	(63)	—	(63)
Depreciation on transferred assets	(154)	—	—	(154)
Cumulative depreciation at 31 December 2012	27,196	36,224	26,758	90,178
Net assets at 31 December 2012	206,363	2,668	4,836	213,867
Net assets at 31 December 2011	210,994	4,356	6,546	221,896

¹ The Court Service Act 1988 provides for the transfer to the Court Service of legal title in respect of certain land and buildings. There were no buildings vested in the Court Service in 2012. Vested properties are capitalised when a valuation has been provided by the OPW.

² Following valuation in April 2010, Clonakilty courthouse was added to capital assets in 2012. Valuations are outstanding for five buildings at year end and therefore have not been included in the above figures.

³ Three vested courthouses in Ballinrobe, Thomastown and Castlecomer no longer in use were transferred to the relevant local authorities in 2012 with no exchange of funds.

2.4 Capital Assets under Development

at 31 December 2012

	Construction projects €000	Computer applications €000	Total €000
Amounts brought forward at 1 January 2012	2,115	—	2,115
Adjustments ¹	—	172	172
Cash payments for the year	66	533	599
Transferred to asset register	—	—	—
Balance at 31 December 2012	2,181	705	2,886

¹ Adjustment is made in respect of the re-categorisation of consultant costs on IT projects as capital items.

2.5 Bank and Cash

at 31 December

2012 2011
€000 €000

PMG balances and cash	1,094	(2,250)
Orders outstanding	(79)	(1,050)
	1,015	(3,300)

2.6 Stocks

at 31 December

2012 2011
€000 €000

Stationery	190	178
Consumables	40	48
Miscellaneous	3	12
	233	238

2.7 Other Debit Balances

at 31 December

2012 2011
€000 €000

Advances to OPW	810	4,035
Suspense	245	1,332
Imprests	19	20
	1,074	5,387

at 31 December

€000

€000

Amounts due to the State		
Income Tax	782	827
Professional Services Withholding Tax	44	32
Value Added Tax	29	33
Pay Related Social Insurance	271	302
Fines	—	(157)
	<u>1,126</u>	<u>1,037</u>
Payroll deductions held in suspense	326	364
Other credit suspense items	9	—
	<u>1,461</u>	<u>1,401</u>

at 31 December

€000

€000

Surplus to be surrendered	619	826
Exchequer grant undrawn	9	(140)
Net liability to the Exchequer	628	686

Debtors

Bank and cash	1,015	(3,300)
Debit balances: suspense	1,074	5,387
	<u>2,089</u>	<u>2,087</u>

Creditors

Due to State	(1,126)	(1,037)
Credit balances: suspense	<u>(335)</u>	<u>(364)</u>
	(1,461)	(1,401)
	628	686

2.10 Commitments	2012	2011
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	53,229	60,921

In previous years the commitments figure disclosed related to contractual obligation for the following year only. The commitment figures for both 2011 and 2012 have been adjusted to include commitments for subsequent years.

(b) Multi-annual capital commitments

	Expenditure to 31 December 2011	Expenditure in 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Refurbishment of courthouses	25,065	1,462	17,530	44,057

(c) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Total
	€000	€000	€000	€000
Name of PPP Project				
Criminal Courts Complex	24,483	4,701	147,913	177,097

2.11 Matured Liabilities

There were no matured liabilities undischarged at year end (2011 - €2,160).

3 Programme Expenditure by Subhead

				2012	2011
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A	Manage the Courts and Support the Judiciary				
A.1	Administration - pay				
	<i>Original</i>	49,544			
	<i>Supplementary</i>	(24)	49,520	49,188	51,358
A.2	Administration - non pay				
	<i>Original</i>	32,503			
	<i>Supplementary</i>	1,069	33,572	33,763	37,187
A.3	Courthouses (Capital Works)				
	<i>Original</i>	3,880			
	<i>Supplementary</i>	(1,320)	2,560	2,309	4,679
A.4	PPP costs				
	<i>Original</i>	21,163			
	<i>Supplementary</i>	1,275	22,438	22,437	19,500
			108,090	107,697	112,724

Significant variations

Overall, the gross expenditure in relation to the programme was €393,000 less than provided. This was mainly due to the following.

Description	Less/ (more) than provided €000	Explanation
Courthouses (Capital Works)	251	This underspend was driven mainly by the dependency of the Courts Service on OPW to commence works and to invoice works completed.

4 Receipts

4.1 Appropriations-in-aid				2012	2011
				Estimated	Realised
				€000	€000
1	Courts fees	<i>Original</i>	48,493		
		<i>Supplementary</i>	(4,000)	44,493	43,720
2	Miscellaneous			1,142	1,892
3	Receipts from pension-related deduction on public service remuneration			2,680	2,929
Total				48,315	48,541
					50,085

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	(750)	The increase relates to higher than expected receipts from General Solicitors, who are appointed from within the Court Service by the High Court and are paid a fee to manage the affairs of minors and wards of court. There are also recoupments relating to previous years.
Receipts from pension-related deduction on public service remuneration	(249)	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 vacancies.

4.2 Extra receipts payable to the Exchequer

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
Road Traffic Act fines	9,000	7,626	9,700
Other fines ¹	8,400	4,144	5,230
Prior year fines ²	—	—	2,740
Other receipts ³	—	33	163
	17,400	11,803	17,833

¹ The estimate includes amounts which are not payable directly to the Exchequer but to other departments. The realised amounts are shown in Note 4.3.

² This amount relates to an untransferred legacy balance held in the fines suspense account.

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 2012 receipts relate to funds lodged in 2004.

Fines receipts is dependent on the number of fines imposed, which has fallen in 2012, resulting in a corresponding reduction in fines receipts.

4.3 Fines collected on behalf of other Departments

Direct payments were made to the following departments in respect of fines collected by the Court Service on its behalf in 2012.

	2012	2011
	€000	€000
Revenue Commissioners	2,175	2,003
Department of Communications, Energy and Natural Resources	36	28
Department of Agriculture, Fisheries and Food	196	247
	2,407	2,278

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	945	958

	2012 €000	2011 €000
Pay	45,129	47,222
Higher, special or additional duties allowance	30	22
Other allowances	1,124	1,230
Overtime	403	413
Employer's PRSI	2,502	2,468
Total Pay	49,188	51,355

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	13	—	7,574	6,409
Other Allowances	297	19	20,091	19,585
Overtime	209	9	25,390	27,016

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €3,030 was paid in 2012 to two retired civil servants in receipt of a civil services pension who were engaged for a short period during 2011 and 2012.

5.3 Recouped Costs

Salary costs of €682,998 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 €307,522. These costs are primarily associated with judicial review proceedings where the Courts Service was a party to such proceedings. These payments also include actions dealt with by the State Claims Agency amounting to €85,124.

Legal Costs

Legal costs paid during the year as follows

	2012	2011
	€000	€000
Third party legal costs	308	110
Compensation costs	—	31
	308	141

6.2 Suspected Irregularity

As outlined in the Statement of Internal Financial Control, a suspected irregularity in the receipting of fines payments was discovered in one of the Court offices amounting to approximately €18,000.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

8 March 2013

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 2012 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 the Authority and for the regularity and propriety of all transactions in the appropriation accounts.

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 23 Property Registration Authority for the year ended 31 December 2012.

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

28 June 2013

Vote 23 Property Registration Authority

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Manage the Land Registry and the Registry of Deeds	33,830	32,280	32,838
	Gross expenditure	33,830	32,280	32,838
	<i>Deduct</i>			
B	Appropriations-in-aid	1,169	1,313	1,355
	Net expenditure	32,661	30,967	31,483

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	1,694,060	3,688,530

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	25,868	25,114	26,046
ii	Travel and subsistence	110	88	97
iii	Training and development and incidental expenses	3,918	4,347	3,749
iv	Postal and telecommunications services	1,060	708	794
v	Office equipment and external IT services	2,169	1,283	1,436
vi	Office premises expenses	680	729	696
vii	Consultancy services	25	11	20
		33,830	32,280	32,838

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	—	—
Pay	25,114	26,046
Non pay	7,166	6,792
Gross expenditure	32,280	32,838
<i>Deduct</i>		
Appropriations-in-aid	1,313	1,355
Net expenditure	30,967	31,483
Changes in capital assets		
Purchases cash	(170)	
Depreciation	3,100	
Loss on disposals	4	
	2,934	3,557
Changes in net current assets		
Decrease in closing accruals	(152)	
Decrease in stock	18	
	(134)	4
Direct expenditure	33,767	35,044
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4,968	5,481
Notional rents	2,425	2,385
Net programme cost	41,160	42,910

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.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	3,503	4,030
Vote 13 Office of Public Works	1,199	1,206
Vote 24 Justice and Equality - Financial Shared Services Centre	266	245
	<u>4,968</u>	<u>5,481</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	3,866	6,802
Current assets			
Bank and cash	2.4	131	(330)
Stocks	2.5	305	323
Prepayments		705	635
Accrued income		31	—
Other debit balances	2.6	51	556
Net liability from the Exchequer	2.8	533	483
Total current assets		1,756	1,667
Less current liabilities			
Accrued expenses		104	157
Other credit balances	2.7	715	709
Total current liabilities		819	866
Net current assets		937	801
Net assets		4,803	7,603
Represented by:			
State funding account	2.1	4,803	7,603

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		7,603	11,164
Funding drawn down	2.2	35,935	36,964
Non cash expenditure – notional rent	1	2,425	2,385
Net programme cost	1	(41,160)	(42,910)
Balance at 31 December		4,803	7,603

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	32,661	35,172
Surplus to be surrendered	Account	(1,694)	(3,689)
		30,967	31,483
Expenditure (cash) borne elsewhere	1	4,968	5,481
Total funding drawn down		35,935	36,964

2.3 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	39,882	4,182	44,064
Additions	167	1	168
Disposals	(320)	(21)	(341)
Cost or valuation at 31 December 2012	39,729	4,162	43,891
Accumulated depreciation			
Opening balance at 1 January 2012	33,495	3,767	37,262
Depreciation for the year	3,018	82	3,100
Depreciation on disposals	(319)	(18)	(337)
Cumulative depreciation at 31 December 2012	36,194	3,831	40,025
Net assets at 31 December 2012	3,535	331	3,866
Net assets at 31 December 2011	6,387	415	6,802

2.4 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	131	198
Orders outstanding	—	(528)
	131	(330)

2.5 Stocks

	2012 €000	2011 €000
at 31 December		
Stationery	120	151
Miscellaneous supplies	19	18
IT consumables	166	154
	305	323

2.6 Other Debit Balances

	2012 €000	2011 €000
at 31 December		
Suspense	44	533
Advances to OPW	—	18
Imprests	7	5
	51	556

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	331	343
Retention Tax	—	1
Pay Related Social Insurance	144	160
Value Added Tax	8	21
	483	525
Payroll deductions held in suspense	200	184
Owed to OPW	32	—
	715	709

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	1,694	3,688
Exchequer grant undrawn	(2,227)	(4,171)
Net liability from the Exchequer	(533)	(483)

Represented by:

Debtors

Bank and cash	138	(330)
Debit balances: suspense	44	556
	182	226

Creditors

Due to State	(483)	(525)
Credit balances: suspense	(232)	(184)
	(715)	(709)
	(533)	(483)

2.9 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	6,045	104

The Authority entered into an agreement on 2 July 2012 with Ordnance Survey Ireland as a sole supplier for the provision of mapping data. Under the agreement, the Authority made payments of €3.4 million in 2012 and are scheduled to make further payments of €3 million for each of the years 2013 and 2014. This payment schedule may be subject to review pending the progress made in the merger process as described in Note 6.2.

2.10 Matured Liabilities

There were no matured liabilities undischarged at the year end (2011 - €732).

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Manage the Land Registry and the Registry of Deeds			
A.1	Administration - pay	25,868	25,114	26,046
A.2	Administration - non pay	7,962	7,166	6,792
		<u>33,830</u>	<u>32,280</u>	<u>32,838</u>

Significant variations

Overall, the gross expenditure in relation to the Programme was €1,550,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Postal and telecommunications services	352	Reduced post and telecommunications expenditure was due to reduced level of postal usage and a rationalisation of telephone arrangements.
Office equipment and external IT services	886	ICT expenditure was less than estimated due to lower maintenance costs of €390,000 and the deferral of ICT capital expenditure of some €400,000 for the enhancement of internal core registration and mapping systems.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deductions on public service remuneration	1,169	1,313	1,355

4.2 Extra receipts payable to the Exchequer

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
Land Registry fees	30,000	26,031	23,330
Registry of Deeds fees	1,400	1,140	1,359
Ground rent fees	80	69	77
	31,480	27,240	24,766

Fee income is dependent on the level of activity in the property market.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	544	573

	2012 €000	2011 €000
Pay	23,539	24,481
Higher, special or additional duties allowance	8	—
Other allowances	81	86
Overtime	156	153
Employer's PRSI	1,330	1,326
Total Pay	25,114	26,046

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	1	—	7,721	—
Other Allowances	43	—	7,870	7,870
Overtime	31	3	12,515	13,075

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 Compensation Costs

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. 26 compensation payments (2011 - 32) were paid in 2012, the total costs of which are set out below.

	2012	2011
	€000	€000
Legal fees	—	—
Section 120 compensation costs	58	209
	<u>58</u>	<u>209</u>

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. Discussions are taking place to develop an implementation plan for the merger. As the functions of the Authority will continue in being there is no change anticipated in the carrying value of assets and liabilities stated on the balance sheet.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- b) provided for capital supply services in 2012 out of unspent 2011 appropriations under the deferred surrender arrangement established by section 91 of the Finance Act, 2004.

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

Transfer of Functions

Responsibility for the Children Detention Schools, as provided in the Children Act 2001, transferred from the Department of Justice and Equality to the Department of Children and Youth Affairs with effect from 1 January 2012 under the Remand Centres and Children Detention Schools (Transfer of Departmental Administration and Ministerial Functions) Order 2011 (S.I. No. 668 of 2011).

The Department of Justice and Equality has retained responsibility for Irish Youth Justice Services functions in relation to the funding and administration of community based programmes. These programmes incorporate funding for Garda Youth Diversion projects, which seek to divert young people from becoming involved in anti-social and/or criminal behaviour. In addition, funding is also provided through the Irish Youth Justice Service for Young Persons Probation projects around the country.

Changes to the Vote Structure

The Vote reference has been changed from Vote 19 to Vote 24 in 2012.

The asylum seekers task force legal aid provision in 2012 - previously a separate subhead - is now reflected as part of the grant-in-aid for the Legal Aid Board (Subhead C.2).

The Independent International Commission (Subhead B.2) was established following an agreement in August 1997 between the Irish and British Governments to supervise the decommissioning of paramilitary weapons and explosive materials. It submitted its final report to Government on 28 March 2011 and it was dissolved by orders of the Irish and British Governments with effect from 31 March 2011.

The Independent Monitoring Commission (Subhead B.3) was established by an international agreement between the Irish and British Governments in 2003. It delivered its final report in 12 March 2011 and was dissolved by agreement by the two Governments with effect from 31 March 2011.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 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 2012.

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.

Expenditure on State Pathology Service Building

I draw attention to note 2.4 to the accounts which discloses the fact that expenditure of €2.779 million incurred since 2008 on the development of a new building for the State Pathology Service was ineffective.

Chapter 9 of my report on the accounts of the public services for 2012 outlines the circumstances of the ineffective expenditure.

Seamus McCarthy
Comptroller and Auditor General

9 August 2013

Vote 24 Justice and Equality

Appropriation Account 2012

Service		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	21,017	21,135	20,913
A.2	Travel and subsistence	489	321	301
A.3	Training and development and incidental expenses	4,168	3,218	4,082
A.4	Postal and telecommunications services	1,133	944	1,235
A.5	Office equipment and external IT services	5,985	5,212	7,027
A.6	Office premises expenses	1,817	1,888	2,379
A.7	Consultancy services and value for money and policy reviews	73	506	36
A.8	Research	233	22	13
A.9	Financial shared services	11,213	10,264	10,219
A.10	EU Presidency	1,264	983	—
Commission				
B.1	Commissions and special inquiries	10,499	6,216	9,152
B.2	Independent International Commission (grant-in-aid)	—	—	7
B.3	Independent Monitoring Commission (grant-in-aid)	—	—	444
B.4	Human Rights Commission (grant-in-aid)	1,425	1,425	1,097
Legal-Aid				
C.1	Legal Aid - criminal (no. 12 of 1962)	47,552	50,546	56,118
C.2	Legal Aid Board (grant-in-aid)	32,922	32,922	24,125
C.3	Free legal advice centres	98	98	98
Immigration and Asylum				
D.1	Irish Naturalisation & Immigration Service (INIS)	47,632	43,472	53,036
D.2	Asylum seekers task force - legal aid	—	—	6,245
D.3	Asylum seekers accommodation	63,497	62,330	69,460

Service		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
Other Services				
E.1	Garda Complaints Board	220	185	229
E.2	Office of the Data Protection Commissioner	1,458	1,554	1,450
E.3	Criminal Assets Bureau	7,727	6,409	6,673
E.4	Prisons Inspectorate	413	293	322
E.5	Coroners service	405	335	517
E.6	Parole Board	341	323	364
E.7	Forensic Science Laboratory			
	Current year provision	9,152		
	Deferred surrender	460	9,612	8,681
E.8	State Pathology	3,491	946	945
E.9	Compensation for personal injuries criminally inflicted (cash-limited scheme)	4,237	4,233	4,228
E.10	Funding for services to victims of crime	1,162	1,165	1,178
E.11	Crime prevention measures	157	197	205
E.12	Central authorities (child abduction, child protection and maintenance debtors)	166	77	66
E.13	Garda Ombudsman Commission	8,731	8,327	8,506
E.14	Private Security Authority	2,343	2,130	2,044
E.15	Office of the Garda Inspectorate	1,241	779	1,083
E.16	Irish Film Classification Office	845	766	621
E.17	National Property Services Regulatory Authority (NPSRA)	738	710	637
E.18	Social disadvantage measures (dormant accounts funded)	250	83	176
E.19	Mental Health (Criminal Law) Review Board	477	376	511
E.20	Cosc - domestic, sexual and gender-based violence	2,091	1,697	1,905
E.21	Insolvency Service Ireland	1	84	—
Probation Service				
F.1	Probation service - salaries, wages and allowances	21,992	21,117	21,883
F.2	Probation service - operating expenses	4,723	4,069	4,599
F.3	Probation service - services to offenders	11,172	10,350	9,796
F.4	Community service order scheme	2,284	2,053	2,058

Service		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
Equality, Integration & Disability				
G.1	Equality Authority (grant-in-aid)	2,984	2,941	2,395
G.2	Equality Tribunal	2,225	2,260	1,838
G.3	Grants to women's organisations	350	350	405
G.4	Equality proofing	—	—	150
G.5	Traveller Initiatives	430	246	228
G.6	Positive action for gender equality	2,000	1,647	2,100
G.7	Office for the promotion of migrant integration	2,502	2,402	2,141
G.8	European Refugees Fund	1,500	1,314	1,233
G.9	Disability awareness initiatives	307	194	865
G.10	National Disability Authority	4,550	3,790	3,335
—	<i>Disability projects</i>	—	—	1
Charities				
H.1	Charities regulation	400	25	238
H.2	Charitable Donations and Bequests Office	440	339	202
H.3	Payments to the promoters of certain charitable lotteries (National Lottery funded)	6,000	6,000	6,000
Irish Youth Justice Service				
I.	Irish Youth Justice Service	17,337	17,164	35,062
Gross expenditure				
	<i>Current year provision</i>	377,859		
	<i>Deferred surrender</i>	460	378,319	357,113
				400,451
<i>Deduct</i>				
	Appropriations-in-aid		46,639	51,974
				50,027
Net expenditure				
	<i>Current year provision</i>	331,220		
	<i>Deferred surrender</i>	460		
			331,680	305,139
				350,424

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.

	2012	2011
	€	€
Surplus	26,541,382	4,771,260
Deferred surrender	287,000	460,000
Surplus to be surrendered	<u>26,254,382</u>	<u>4,311,260</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Expenditure on administration	44,493	46,205
Expenditure on services and programmes	312,620	354,246
Gross expenditure	357,113	400,451
<i>Deduct</i>		
Appropriations-in-aid	51,974	50,027
Net expenditure	305,139	350,424
 Changes in capital assets		
Purchases cash	(2,265)	
Depreciation	8,205	
Loss on disposals	36	
Disposals cash	4	
	5,980	7,543
 Changes in assets under development		
Cash payments	(111)	
Loss on disposals	2,779	
	2,668	(4,193)
 Changes in net current assets		
Decrease in closing accruals	(3,129)	
Increase in stock	(41)	
	(3,170)	(5,703)
Direct expenditure	310,617	348,071
 Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	27,283	31,505
Notional rents	4,591	4,514
Total operating cost	342,491	384,090

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.

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	2,541	2,605
Vote 12 Superannuation and Retired Allowances	19,532	23,315
Vote 13 Office of Public Works	12,432	13,295
Vote 20 Garda Síochána	190	198
Central Fund – Ministerial pensions	726	388
	35,421	39,801
Vote 24 Allied services – apportioned cost of Financial Shared Services Centre	(8,138)	(8,296)
	<u>27,283</u>	<u>31,505</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	22,349	35,263
Capital assets under development	2.4	1,170	5,647
		23,519	40,910
Current assets			
Bank and cash	2.5	4,380	3,082
Stocks	2.6	587	546
Prepayments		3,217	3,879
Accrued income		7,504	2,115
Other debit balances	2.7	2,073	3,817
Total current assets		17,761	13,439
Less current liabilities			
Accrued expenses		8,039	6,426
Deferred income		171	186
Other credit balances	2.8	5,125	5,946
Net liability to the Exchequer	2.9	1,328	953
Total current liabilities		14,663	13,511
Net current assets		3,098	(72)
Net assets		26,617	40,838
Represented by:			
State funding account	2.1	26,617	40,838

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		40,838	38,310
Funding drawn down	2.2	332,422	381,929
Non cash expenditure – notional rent	1	4,591	4,514
Other non-cash item		(8,743)	175
Total operating cost	1	(342,491)	(384,090)
Balance at 31 December		26,617	40,838

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	331,680	355,195
Surplus	Account	(26,541)	(4,771)
		305,139	350,424
Expenditure (cash) borne elsewhere	1	27,283	31,505
Total funding drawn down		332,422	381,929

2.3 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 2012	15,000	1,283	94,631	5,286	116,200
Additions	—	177	2,070	18	2,265
Transfer ¹	(5,963)	(232)	(218)	(67)	(6,480)
Adjustment ²	(1,272)	—	—	—	(1,272)
Disposals	—	(75)	(290)	(63)	(428)
Cost or valuation at 31 December 2012	7,765	1,153	96,193	5,174	110,285
Accumulated depreciation					
Opening balance at 1 January 2012	960	930	75,058	3,989	80,937
Depreciation for the year	163	136	7,634	272	8,205
Transfer ¹	(302)	(195)	(166)	(28)	(691)
Adjustment ²	(127)	—	—	—	(127)
Depreciation on disposals	—	(58)	(286)	(44)	(388)
Cumulative depreciation at 31 December 2012	694	813	82,240	4,189	87,936
Net assets at 31 December 2012	7,071	340	13,953	985	22,349
Net assets at 31 December 2011	14,040	353	19,573	1,297	35,263

¹ Assets with a cost of €6,476,014 transferred to the Department of Children and Youth Affairs as a result of the transfer of certain functions from the Irish Youth Justice Service (including Children Detention Schools) with effect from 1st January 2012. There was also one asset with a cost of €3,349 transferred to the Legal Aid Board.

² A payment to Dublin City Council in respect of a project to provide a new State Pathology Laboratory was prematurely capitalised in 2008. As the project was cancelled the capitalisation (and the related depreciation) has been reversed. See note 2.4, where the circumstances are set out in more detail.

2.4 Capital Assets under Development

at 31 December	In-house computer applications €000	Buildings €000	Totals €000
Amounts brought forward at 1 January 2012	—	5,647	5,647
Adjustment	—	1,272	1,272
Cash payments for the year	102	9	111
Transferred to Department of Children and Youth Affairs	—	(3,081)	(3,081)
Cancellation – State Pathology Project	—	(2,779)	(2,779)
Balance at 31 December 2012	102	1,068	1,170

Transfer to Department of Children and Youth Affairs

The transfer of assets under development reflects the transfer of certain functions relating to the Irish Youth Justice Service (including Children Detention Schools) to the Department of Children and Youth Affairs with effect from 1 January 2012.

Cancellation of State Pathology Project in Marino, Dublin

This adjustment relates to expenditure by this Department in relation to the development of facilities for the Office of the State Pathologist in a joint venture with Dublin City Council (DCC) at a site in Marino in Dublin. The expenditure in question relates to this Department's contribution to the construction costs of the project until its cessation in 2010 as a result of the contractor going into receivership. The total expenditure from the Vote amounted to €2.779 million. The cessation of the construction stage of the project, due to the receivership of the main contractor, gave rise to complex legal, public procurement and other considerations. The period also coincided with a significant reduction in the capital budget available to the Justice sector.

As a result, a number of options to progress the project were considered and an alternative site is in the process of being evaluated, which, if suitable will ensure that the current State Pathology and Coroners facilities are replaced at the least additional cost to the State in the shortest time period.

The partially completed structure in Marino had deteriorated due to weathering to the point where it was unstable and represented a health and safety risk. In accordance with professional advice, the building was demolished by DCC in 2013 at a cost of €52,062.

DCC retain funding of €867,668 (including the balance of a security bond paid by the project bondsman) for use in the development and fit-out of the alternative site, two thirds of which relates to funding provided by the Department of Justice and Equality.

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.

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	4,455	7,354
Orders outstanding	(75)	(4,272)
	<u>4,380</u>	<u>3,082</u>

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery	168	178
Forensic consumables	220	172
IT consumables	130	131
Miscellaneous	30	21
Publications	22	25
Equipment/clothing	17	19
	<u>587</u>	<u>546</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Advance to the Office of Public Works	1,412	638
Imprests	86	97
Recoupable salaries	65	113
Recoupment of travel pass scheme	293	257
Criminal Assets Bureau receivership	132	152
Payroll suspense account (Paypath)	2	2,469
Other	83	91
	<u>2,073</u>	<u>3,817</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	2,008	2,090
Pay Related Social Insurance	833	907
Value Added Tax	134	106
Pension contributions	—	1
Professional Service Withholding Tax	1,192	1,838
Construction Tax	—	28
	4,167	4,970
Payroll deductions held in suspense	701	744
Other	257	232
	5,125	5,946

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	26,254	4,311
Deferred surrender	287	460
Exchequer grant undrawn	(25,213)	(3,818)
Net liability to the Exchequer	1,328	953

Represented by:

Debtors

Bank and cash	4,380	3,082
Debit balances: suspense	2,073	3,817
	6,453	6,899

Creditors

Due to State	(4,167)	(4,970)
Credit balances: suspense	(958)	(976)
	(5,125)	(5,946)
	1,328	953

2.10 Commitments	2012	2011
at 31 December	€000	€000

Total of legally enforceable commitments	1,841	2,284

2.11 Matured Liabilities

There were no matured liabilities un-discharged at year end 2012 or in the previous year.

3 Variations in Expenditure

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% (25% in the case of administration subheads).

Description	Less/ (more) than provided €000	Explanation
Travel and subsistence	168	While expenditure in 2012 was marginally higher than the previous year, the saving against budget arose due to less travel than anticipated.
Consultancy services and value for money and policy reviews	(433)	The excess arose mainly due to the necessity to engage external professional advice in relation to the drafting of the insolvency legislation and preparation for the establishment of the new personal insolvency service - Insolvency Service Ireland.
Research	211	The saving arose as no new research projects were approved during 2012.
Commissions and special inquiries	4,283	The saving arose due to less than expected expenditure in third party legal fees in relation to the Morris Tribunal with a number of these costs now likely to fall due for payment in 2013. The Smithwick Tribunal of Inquiry was due to have concluded its work in 2012, and additional provision had been made to cover consequent legal and other costs. As the Tribunal did not conclude its work, these costs did not arise, thus contributing to the saving in this subhead.
Legal Aid - criminal (no. 12 of 1962)	(2,994)	The excess arose due to the number and category of criminal matters coming before the Courts. While it is difficult to predict costs for a demand led scheme of this nature, a reduction of 10% in expenditure was achieved compared with 2011.
Irish Naturalisation & Immigration Service (INIS)	4,160	The saving arose mainly due to less expenditure in legal costs than budgeted and reduced payroll costs due to greater reductions in staff numbers than anticipated.
Criminal Assets Bureau	1,318	The saving arose as a result of anticipated legal costs which did not materialise. In addition, the Bureau continues to monitor expenditure in all areas to obtain value for money and reduce costs to the Exchequer.
Prisons Inspectorate	120	The saving arose as a result of additional staff members not being contracted to the Inspectorate on a per diem basis during 2012.
Forensic Science Laboratory	931	The saving arose as a result of greater efficiencies in the purchase of consumables and other procurement savings through the use of the Health Service Executive framework agreement.
State Pathology	2,545	The saving mainly arose as a result of the capital project for the provision of new facilities for the laboratory not proceeding and also a decrease in expenditure on laboratory supplies and equipment as the service is now partially outsourced. See note 2.4.
Private Security Authority	213	The saving arose because the Private Security Authority was not in a position to introduce licensing to additional security sectors as planned. This arose due to the delay in completion of the necessary secondary legislation.

Description	Less/ (more) than provided €000	Explanation
Office of the Garda Inspectorate	462	The saving arose due to reduced staffing and operational costs arising from recruitment time-lags in replacing staff who left and consequent reduced field work and research.
Social disadvantage measures (dormant accounts funded)	167	The savings arose as a result of slower than anticipated drawdown of funds for local projects administered by Pobal in relation to the Traveller Interagency Fund.
Mental Health (Criminal Law) Review Board	101	The saving arose mainly due to reduced fees paid to Board members and a small reduction in the number of review hearings.
Cosc – domestic, sexual and gender-based violence	394	The saving arose due to the curtailment of expenditure on certain communications and research work, cost of certain programmes being less than budgeted and payroll savings due to staff retirements.
Probation service – operating expenses	654	The savings arose mainly due to the utilisation of more efficient procurement arrangements. These measures included the centralisation of purchasing and the use of shared services opportunities, where possible, such as availing of centralised National Procurement Service and Department of Justice and Equality tenders and framework agreements.
Probation service – services to offenders	822	The savings arose due to a reduction in grant allocations to community based organisations in the year taking into account the amount of funds on hand in the organisations at the end of 2011.
Community service order scheme	231	The savings arose due to a number of vacancies which exist within the Probation Service as well as more efficient operational and procurement processes.
Travellers initiatives	184	The savings arose mainly due to the termination of an administrative contract with Pobal. There was also a slower than expected draw down by Traveller Interagency Groups in relation to funding for a particular initiative.
Positive action for gender equality	353	The saving arose because six Equality for Women Measure projects elected not to accept an offer of further funding under the extension phase of The Equality for Women Measure 2008 – 2013. It was not possible to allocate the remaining funding to any new initiatives.
European Refugees Fund	186	Saving arose in the amount of grant payments under the European Refugee and Integration Funds because the conditions for drawdown were not fulfilled by the beneficiaries in all cases.
Disability awareness initiatives	113	There were savings on legal costs and limited opportunities to commit to multi-annual awareness raising projects, later in 2012, given the uncertainty of budgets in future years.
National Disability Authority	760	The saving arose due to a reduction in staff resources and efficiencies being achieved in administration and other overhead costs.
Charities regulation	375	The saving arose because the establishment of the Charities Regulatory Authority was deferred.
Charitable Donations and Bequests Office	101	The savings arose due to the non-filling of two vacant posts in the Office as a result of the moratorium on recruitment.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Film censorship fees (cash)	2,503	2,188	2,041
2.	Recoupment of salaries	75	—	—
3.	Data protection fees	450	626	584
4.	EU receipts	1,956	2,227	3,796
5.	Miscellaneous receipts	1,183	2,489	3,245
6.	Immigration registration fees	13,347	11,908	12,350
7.	Visa fees	5,800	5,309	7,323
8.	Dormant accounts receipts	250	50	221
9.	Private Security Authority fees	2,364	2,790	2,199
10.	Nationality and citizenship certificates fees	11,650	17,099	9,592
11.	Receipts from pension-related deductions on public service remuneration	7,061	7,288	8,110
—	<i>Contributions to pension scheme for non-teaching staff of centres for young offenders</i>	—	—	566
Total		46,639	51,974	50,027

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 (cash)	315	Despite an increase in revenue in 2012 compared with 2011, a deficit still arises due to a gradual decrease in DVD applications, as a result of back catalogues having been classified and a general world trend of fewer DVDs coming to market.
Data protection fees	(176)	The surplus is accounted for by a targeted pursuit of cases which had gone off the public register of registrations held by the Office of the Data Protection Commissioner in 2012 due to non payment of their renewal fees. The increase can also be accounted for by a better overall awareness of the requirement to register.
EU receipts	(271)	The surplus arose due to a difficulty in predicting exactly when receipts will be received under the various programmes.
Miscellaneous receipts	(1,306)	The surplus is accounted for as a result of registration fees collected by the National Property Services Regulatory Authority following its establishment on a statutory basis during 2012. This category of receipt will have a separate classification within appropriations in-aid in 2013.

Description	Less/ (more) than provided €000	Explanation
Immigration registration fees	1,439	The deficit in immigration registration fees is directly related to the number of applicants being granted citizenship which has resulted in a reduction in the number of persons required to register and pay registration fees.
Visa fees	491	The deficit is primarily due to the reduction in demand for re-entry visas.
Dormant account receipts	200	The deficit arose as projects were not in a position to complete work to a sufficient degree to draw down this funding.
Private Security Authority fees	(426)	The surplus was due to the number of renewal licence applications received by the Private Security Authority being greater than estimated and well in excess of 2011 receipt levels.
Nationality and citizenship certificates fees	(5,449)	The various measures undertaken in 2012 to deal with the backlog and increase the processing of citizenship applications have resulted in increased certification fees for the year.

4.2 Extra receipts payable to the Exchequer

The sum of €275,452 was lodged to the Exchequer in respect of the State's share of forfeited criminal proceeds repatriated to the United States under a treaty on Mutual Legal Assistance in Criminal Matters between the two countries.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	2,295	2,392
	2012	2011
	€000	€000
Pay	120,170	132,061
Higher, special or additional duties allowance	179	181
Other allowances	2,795	5,630
Overtime and extra attendance	1,564	1,924
Employer's PRSI	6,533	7,566
Total Pay	131,241	147,362

The total pay figure included elements of pay from the following subheads:

A1, A9, A10, B1, B4, C2,D1, E1, E2, E3, E4, E5, E6, E7, E8, E9, E13, E14, E15, E16, E17, E19, E20, E21, F1, F4, G1, G2, G7, H2 and I.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	46	6	30,521	19,063
Overtime and extra attendance	265	26	28,616	27,017
Shift and roster allowances	—	—	—	10,712
Miscellaneous	409	46	27,200	38,840

The absence of any shift and roster allowances payable in 2012 is due to the transfer of responsibility of the Children Detention Schools to the Department of Children and Youth Affairs with effect from 1 January 2012.

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total amount of €105,298 was paid to 13 retired civil servants who were in receipt of civil service pensions in 2012. In addition, an amount of €31,772 was paid to five former public servants and €404,451 to six former judiciary members who were engaged in various roles in 2012.

A total amount of €389,507 was paid through payroll to 71 individuals in respect of duties performed in relation to various boards etc.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2012		2011
		Estimate	Outturn	Outturn
			€000	€000
H.3	Payments to promoters of certain National Lottery funding eligible charities part funded by the National Lottery	6,000	6,000	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 outturn in Subhead D.1 and I. includes 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.

Subhead	Description	2012		2011
		Estimate	Outturn	Outturn
			€000	€000
D.1	European Return Fund	596	596	452
I.	ESF- Garda Youth Diversion additional skills and employees	3,700	3,541	1,463
		4,296	4,137	1,915

6.3 Commissions and Inquiries

	Year of appointment	2011 €000	2012 €000	Cumulative expenditure to 31 December 2012 €000
Morris Tribunal	2002	2,865	3,472	64,012
Criminal Injuries Compensation Tribunal	1974	76	88	1,569
Smithwick Tribunal	2005	1,550	2,116	11,493
Rossiter Inquiry	2006	26	—	2,755
Dublin Archdiocese and Diocese of Cloyne Commission	2006	2,618	32	8,791
Location of Victims Remains	2007	1,069	403	4,442
Gary Douch Commission of Investigation	2007	296	105	1,748
Referendum Commission (Judicial Pay)	2011	652	—	652
		9,152	6,216	95,462

6.4 Contingent Liability

There will be further payments associated with the Criminal Injuries Compensation Tribunal, Smithwick Tribunal, Location of Victims Remains Commission and Gary Douch Commission of Investigation. Final costs cannot be determined at this point as the work of these bodies is ongoing.

Expenditure in relation to the Morris Tribunal which concluded its work in 2008 was €64.012 million to the end of 2012. The only remaining costs relate to third party legal fees. The estimated final cost of the Tribunal is in the region of €70 to €72 million but this is a tentative provision pending the quantification of outstanding legal costs.

The work of the Dublin Archdiocese and Diocese of Cloyne Commission has also concluded. The costs to the end of 2012 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, which are either ongoing or in respect of which the fees have yet to be settled. The remaining costs are unlikely to be significant.

6.5 Ex-gratia payments

Ex-gratia payments amounting to €703,892 (2011 - €1,154,129) 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 €887,448 (2011 - €1,171,348) 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 €31,671 (2011 - €355,979) 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 €276,254 (2011 - €317,751) 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

	2012	2011
Legal costs paid during the year are as follows:	€000	€000
Legal fees	274	175
Compensation	7,742	10,021
	<u>8,016</u>	<u>10,196</u>

Of the total of €8.016 million in legal costs, in 2012, €6.489 million (81%) relates to the Irish Naturalisation and Immigration Service.

6.8 State Pathology Debtors

An amount of €246,026 owing to the Department in respect of post mortem fees from local authorities has been written off as unrecoverable. €156,194 of the amount being written off relates to the period prior to 2000 and the balance €89,832 to the period 2000 to 2006. In effect, this is more in the nature of a technical write-off as opposed to a foregoing of revenue from the local authorities. In many cases, it was established that these amounts have been previously recovered but not recorded as State Pathology related income. In other cases, no records exist due to age, to substantiate the accuracy of the amounts outstanding.

6.9 Criminal Injuries Compensation Tribunal

The Criminal Injuries Compensation Tribunal (Subhead E.9) had 107 accepted compensation awards totalling €8,592,099 unpaid at the 31 December 2012. The subhead is cash limited and as a measure of budgetary control and in the interests of fairness, the Tribunal introduced an arrangement whereby it pays awards in date order of the acceptance of the award, subject to the overall level of funding available to the Tribunal in any one year. In certain circumstances, following communication with the claimant, the payment of the award is made in a number of instalments.



Appropriation Account 2012

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 2012 for the salaries and expenses of the Office of the Minister for the Environment, Community and Local Government, including grants to local authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Geraldine Tallon

Accounting Officer

Department of the Environment, Community and Local Government

28 March 2013

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 Environment, Community and Local Government for the year ended 31 December 2012 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 her control, for the efficiency and economy of administration in her Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 25 Environment, Community and Local Government for the year ended 31 December 2012.

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 Environment, Community and Local Government. The appropriation account is in agreement with the books of account.

Reporting on matters arising from audit

Chapters 6,10 and 11 of my report on the accounts of the public services for 2012 refers to certain matters relating to the Department of the Environment, Community and Local Government. Chapter 4 of my report on the accounts of the public services for 2012 deals with the management of voted expenditure by a number of departments and offices. This includes a section in relation to the management of Vote 25 Environment, Community and Local Government.

Seamus McCarthy
Comptroller and Auditor General

8 September 2013

Vote 25 Environment, Community and Local Government

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Housing	691,181	682,566	753,775
B	Water services	380,195	316,368	436,855
C	Environment and waste management	32,243	34,477	47,617
D	Local Government	32,128	31,557	210,704
E	Community and rural development			
	<i>Original</i>	159,065		
	<i>Deferred surrender</i>	34,000		
	<i>Supplementary</i>	8,053	201,118	153,076
F	Planning	15,744	18,293	20,790
G	Met Éireann	17,505	16,089	19,249
Gross expenditure				
	<i>Original</i>	1,328,061		
	<i>Deferred surrender</i>	34,000		
	<i>Supplementary</i>	8,053		
		1,370,114	1,252,426	1,596,742
<i>Deduct</i>				
H	Appropriations-in-aid			
	<i>Original</i>	54,438		
	<i>Supplementary</i>	8,052		
		62,490	70,658	47,917
Net expenditure				
	<i>Original</i>	1,273,623		
	<i>Deferred surrender</i>	34,000		
	<i>Supplementary</i>	1		
		1,307,624	1,181,768	1,548,825

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.

	2012	2011
	€	€
Surplus	125,855,686	60,646,675
Deferred surrender	43,000,000	34,000,000
Surplus to be surrendered	<u>82,855,686</u>	<u>26,646,675</u>

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	49,360	49,474	51,073
ii	Travel and subsistence	2,529	1,708	1,275
iii	Training and development and incidental expenses	1,981	1,089	974
iv	Postal and telecommunications services	1,586	1,137	1,176
v	Office equipment and external IT services	7,748	7,748	6,845
vi	Office premises expenses	1,580	724	732
vii	Consultancy services and value for money and policy reviews	215	160	99
viii	EU Presidency ¹	632	352	—
		<u>65,631</u>	<u>62,392</u>	<u>62,174</u>

¹ The estimate provision and outturn relate to pay costs.

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	1,190,034	1,534,568
Pay	49,826	51,073
Non pay	12,566	11,101
Gross expenditure	1,252,426	1,596,742
<i>Deduct</i>		
Appropriations-in-aid	70,658	47,917
Net expenditure	1,181,768	1,548,825
Changes in capital assets		
Purchases cash	(1,719)	
Depreciation	1,511	
Disposals cash	69	
Loss on disposals	24,439	
	24,300	2,852
Changes in assets under development		
Cash payments	(7)	(17)
Changes in net current assets		
Increase in closing accruals	9,767	
Decrease in stock	129	
	9,896	3,333
Direct expenditure	1,215,957	1,554,993
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	18,422	22,025
Notional rents	2,651	2,565
Net programme cost	1,237,030	1,579,583

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 25 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	16,978	16,430
Vote 13 Office of Public Works	1,231	5,198
Vote 20 Garda Síochána	—	62
Central Fund – Ministerial pensions	213	335
	18,422	22,025

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	4,366	28,851
Capital assets under development	2.4	—	35
		4,366	28,886
Current assets			
Bank and cash	2.5	45,871	37,030
Stocks	2.6	312	441
Prepayments		3,055	2,413
Accrued income		5,659	5,905
Other debit balances	2.7	1,552	976
Total current assets		56,449	46,765
Less current liabilities			
Accrued expenses		13,809	2,748
Deferred income		78	1,058
Other credit balances	2.8	3,336	3,684
Net liability to the Exchequer	2.9	44,087	34,322
Total current liabilities		61,310	41,812
Net current (liabilities)/assets		(4,861)	4,953
Net (liabilities)/assets		(495)	33,839
Represented by:			
State funding account	2.1	(495)	33,839

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		33,839	75,054
Funding drawn down	2.2	1,200,190	1,570,850
Non cash expenditure – notional rent	1	2,651	2,565
Adjustment		(145)	2,239
Transfers		—	(37,286)
Net programme cost	1	(1,237,030)	(1,579,583)
Balance at 31 December		(495)	33,839

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	1,307,624	1,609,472
Deferred surrender	Account	(43,000)	(34,000)
Surplus to be surrendered	Account	(82,856)	(26,647)
		1,181,768	1,548,825
Expenditure (cash) borne elsewhere	1	18,422	22,025
Total funding drawn down		1,200,190	1,570,850

2.3 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 2012	60	206	74,536	3,348	78,150
Adjustments ¹	—	—	(10,808)	(2)	(10,810)
Additions	365	55	1,193	104	1,717
Disposals ²	—	—	(42,074)	—	(42,074)
Cost or valuation at 31 December 2012	425	261	22,847	3,450	26,983
Accumulated depreciation					
Opening balance at 1 January 2012	22	153	46,358	2,766	49,299
Adjustments ¹	—	—	(10,628)	2	(10,626)
Depreciation for the year	1	15	1,355	140	1,511
Depreciation on disposals ²	—	—	(17,567)	—	(17,567)
Cumulative depreciation at 31 December 2012	23	168	19,518	2,908	22,617
Net assets at 31 December 2012³	402	93	3,329	542	4,366
Net assets at 31 December 2011	38	53	28,178	582	28,851

¹ Following a review of the asset register, significant adjustments were required to reflect the historical physical disposal of fully depreciated assets which had not been processed on the asset register. It also includes minor adjustments to reflect the reclassification of two annual software support contracts, and the re-introduction of assets previously recorded as transferred to the Department of Arts, Heritage and Gaeltacht in 2011.

² In June 2012, a contract for the removal and disposal of the electronic voting equipment, with a book value of €24.51 million, was signed and a payment of €69,403 was received from the successful tenderer. These transactions are reflected in the Operating Cost Statement.

³ The Department provides some accommodation and ICT services to the Heritage Division of the Department of Arts, Heritage and the Gaeltacht. The capital assets used in the provision of these services are recorded on this Department's Asset Register. Discussions are on-going between the two Departments as to how best to manage these services going forward.

2.4 Capital Assets under Development **2012**
at 31 December **€000**

Amounts brought forward at 1 January 2012	35
Adjustment ¹	39
Cash payments in year	7
Transferred to asset register	(81)
Balance at 31 December 2012	—

¹ Following a review of capital assets under development this adjustment arose to reflect meteorological equipment that should have been included in the 2011 capital assets under development.

2.5 Bank and Cash **2012** **2011**
at 31 December **€000** **€000**

PMG balances and cash	45,872	37,049
Orders outstanding	(1)	(19)
	<u>45,871</u>	<u>37,030</u>

2.6 Stocks **2012** **2011**
at 31 December **€000** **€000**

Meteorological consumables	197	323
Stationery	40	58
IT consumables	60	52
Cleaning materials	3	1
Other	12	7
	<u>312</u>	<u>441</u>

2.7 Other Debit Balances **2012** **2011**
at 31 December **€000** **€000**

Recoupable salary costs	144	146
Recoupable travel pass scheme	130	120
Recoupable travel costs	82	42
Imprests	17	8
Other debit suspense items	1,179	660
	<u>1,552</u>	<u>976</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	862	940
Pay Related Social Insurance	267	278
Value Added Tax	231	329
Pension contributions	217	282
Professional Services Withholding Tax	34	224

	1,611	2,053

Other credit suspense items

	1,725	1,631

	3,336	3,684

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	82,856	26,647
Deferred surrender	43,000	34,000
Exchequer grant undrawn	(81,769)	(26,325)
Net liability to the Exchequer	44,087	34,322

Represented by:

Debtors

Bank and cash	45,871	37,030
Debit balances: suspense	1,552	976
	47,423	38,006

Creditors

Due to State	(1,611)	(2,053)
Credit balances: suspense	(1,725)	(1,631)
	(3,336)	(3,684)

	44,087	34,322

2.10 Matured Liabilities	2012	2011
at 31 December	€000	€000

Estimate of matured liabilities not discharged at 31 December	12	1

2.11 Commitments **2012** **2011**
at 31 December **€000** **€000**

(a) Global commitments

(i) Procurement subheads	108	118
(ii) Grant subheads	1,055,299	1,170,040
	<u>1,055,407</u>	<u>1,170,158</u>

(b) Multi-annual capital commitments

(Projects costing €12,697,380 or more)

1 Water/Sewage Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Arklow Water Supply Scheme ¹	7,780	423	11,546	19,749
Ashbourne/Ratoath/Kilbride Sewerage Scheme	12,349	424	2,689	15,462
Balbriggan/Skerries Wastewater Treatment Plant Upgrade	26,512	942	—	27,454
Ballina Sewerage Scheme	17,980	—	748	18,728
Ballycoolen Water Supply Scheme (3 elements combined) ¹	63,677	—	548	64,225
Ballymore Eustace Water Treatment Plant Stage 3 ¹	75,421	12,632	—	88,053
Ballyshannon Water Supply Scheme ¹	2,701	158	11,148	14,007
Barrow Abstraction Scheme ¹	14,341	18,282	280	32,903
Boherboy Water Supply Scheme ¹	33,466	4,736	1,058	39,260
Bray Shanganagh Sewerage Scheme	68,552	136	—	68,688
Carlow Town Surface Water Drainage (Main Scheme) ¹	12,325	5,552	1,914	19,791
Carrick-on-Shannon Sewerage Scheme	12,380	300	364	13,044
Castlebar Environs Sewerage Scheme (excl. advance & outfall)	41,330	—	843	42,173
Castleconnell Sewerage Scheme	15,438	—	398	15,836

1 Water/Sewage Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Courtown Riverchapel Sewerage	20,424	—	224	20,648
Donegal Bay Wastewater Treatment Plant - Group A (DBO contract)	26,143	—	1,841	27,984
Dublin Bay Sewerage ¹	446,103	3,489	—	449,592
Dublin Region Watermains Rehabilitation Project - Tranche 1 ^{1,3}	31,776	489	440	32,705
Dublin Region Watermains Rehabilitation Project - Tranche 2 ¹	15,826	6,040	2,432	24,298
Dublin Region Watermains Rehabilitation Project - Tranche 3	—	3,127	12,677	15,804
Dungarvan Sewerage ¹	31,260	155	2,920	34,335
Dunshaughlin Water Supply Scheme	13,244	—	330	13,574
East Waterford Water Supply Scheme Stage 2 Phase 2 ¹	16,132	521	244	16,897
Four Roscommon Regional Water Supply Scheme	10,821	101	29,277	40,199
Galway DBO Bundle No. 2 ¹	16,042	564	1,500	18,106
Gorey Regional Water Supply Scheme ¹	13,605	2,110	4,360	20,075
Kildare Sludge Treatment Centre ¹	16,080	—	1,063	17,143
Kildare Water Supply Strategy, Phase 1 - Trunk Watermains ¹	14,831	4,970	242	20,043
Killybegs Sewerage Scheme	18,399	506	1,084	19,989
Kinsale Sewerage Scheme ¹	19,372	1,646	2,483	23,501
Leitrim Towns and Villages Sewerage Scheme (11 villages) ¹	17,347	629	367	18,343
Leixlip Water Treatment Plant Expansion Scheme	11,921	16,511	5,014	33,446

1 Water/Sewage Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Letterkenny Sewerage Scheme ¹	28,983	7,992	—	36,975
Limerick Main Drainage (Phase 1, 2 & 3) - collection and treatment ^{1,3}	333,919	4,084	1,031	339,034
Limerick Water Network (Southern Ring Main - City & County)	13,219	—	248	13,467
Lough Mask Regional Water Supply (Knock-Ballyhaunis)	30,421	—	650	31,071
Lower Liffey Valley Sewerage Scheme (treatment plant & collection system for Kilcock, Straffan, Celbridge, Maynooth and Leixlip)	13,961	—	3,774	17,735
Meath Grouped Towns and Villages Sewerage Scheme ¹	50,535	2,520	—	53,055
Middleton Sewerage	26,220	77	—	26,297
Navan Mid Meath Water Supply ¹	24,139	—	1,191	25,330
Navan Sewerage	32,766	—	491	33,257
New Ross Sewerage Scheme ¹	14,218	272	1,982	16,472
North Fringe Water Supply Scheme	28,130	467	—	28,597
Portlaoise Main Drainage ¹	47,708	991	—	48,699
Portrane, Donabate, Rush and Lusk Waste Water Treatment Plant ¹	32,552	—	841	33,393
Roscommon Towns & Villages SS (17 Villages) Work started on 4 - Creagh, Cootehall, Tulsk & Lisacul ¹	17,421	1,106	2,945	21,472
Sandyford High Level Water Supply Scheme ¹	15,109	—	593	15,702
Sligo Wastewater Treatment Plant (DBO contract) ¹	19,130	224	136	19,490
Tipperary Grouped DBO & Wastewater Treatment Plants ¹	16,809	1,605	—	18,414

1 Water/Sewage Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Tuam Regional Water Supply Scheme Stage 3	16,815	—	520	17,335
Tuam Regional Water Supply Scheme Ext. to Headford ¹	14,989	—	2,173	17,162
Tuam Water & Sewerage Scheme Network Contract ¹	20,696	407	431	21,534
Tullamore Sewerage Scheme, DBO Contract ^{1,3}	18,368	44	—	18,412
Waterford Grouped Towns & Villages Sewerage Scheme (Ardmore, Tallow, Stradbally, Cappoquin, Dunmore East, Kilmacthomas and Ballyduff/Kilmeadan) ¹	12,124	2,264	29,591	43,979
Waterford Sewerage Scheme Stage 2 ¹	53,490	3,354	71	56,915
Westport Sewerage (excl. advance section)	49,925	—	662	50,587
Wicklow Sewerage Scheme (Wentworth Place Culvert) ¹	23,748	1,598	—	25,346
Wicklow Town Water Supply Scheme	10,235	776	1,965	12,976
Total	2,109,208	112,224	147,329	2,368,761

2 Housing Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
Construction Projects	€000	€000	€000	€000
Balgaddy, Phase E, Lucan, Co. Dublin	16,340	720	—	17,060
Carrickpheirish Upper, Phase 3, Waterford City ¹	18,592	1,084	—	19,676
Fortunestown, Phase B1, Tallaght, Dublin 24	15,857	362	180	16,399
Gooldshill, Mallow, Co. Cork ¹	22,146	620	287	23,053
Pearse Street, Sallynoggin, Co. Dublin	13,799	—	160	13,959
Stag Park, Mitchelstown, Cork ¹	15,784	210	918	16,912
Total	102,518	2,996	1,545	107,059
Turnkey Projects	€000	€000	€000	€000
Tory Top Road, Cork City	15,102	163	—	15,265
Total	15,102	163	—	15,265
Regeneration Projects	€000	€000	€000	€000
Bunratty Road, Maisonettes, Dublin City ¹	13,753	1,151	—	14,904
Knocknaheeny, Block D, Cork City ^{1,3}	33,082	3,788	—	36,870
Liberty House, Dublin City	568	1,528	11,144	13,240
Lourdes House, Dublin City	18,293	835	—	19,128
Regeneration of Ballymun Flats ¹	706,479	30,000	26,000	762,479
Sean Treacy House, Dublin City ¹	13,169	333	347	13,849
Total	785,344	37,635	37,491	860,470

2 Housing Projects	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
	€000	€000	€000	€000
Voluntary Housing				
Respond, Springfield, Tallaght, Dublin 24	21,068	1,127	486	22,681
Catholic Housing Aid, Fr. Scully House, Grenville Street, Dublin 1	1,238	2,018	13,373	16,629
Respond, High Park Convent, Grace Park Road, Dublin 9	12,662	169	115	12,946
Total	34,968	3,314	13,974	52,256

3 Carbon Fund	Cumulative expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
	€000	€000	€000	€000
Purchase of carbon credits	117,009	1,904	3,351	122,264

Notes:

¹ Cost of project updated since 2011.

² Excluded from 2011 account as the then estimated cost of the scheme was under €12.7m.

³ Cumulative expenditure to 31 December 2011 updated.

(c) Water services Public Private Partnership (PPP) projects

Water services related PPP projects are typically in the form of Design Build Operate (DBO) contracts for a water or waste water treatment plant. The DBO contract is between the local authority and the private sector partner. The Department funds a percentage of the capital cost of the contract by way of a grant payment which is paid to the local authority during the construction period (typically 24-30 months duration) of the treatment plant. The operation and maintenance element of the DBO is paid directly by the local authority to the private sector partner. The Department does not make any unitary payments to the local authority or private sector partner over the term of the contract and there is no capital commitment for the Department beyond the construction stage.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Housing			
A.1	Administration - pay	8,783	8,061	9,160
A.2	Administration - non pay	2,916	2,035	1,947
A.3	Local authority housing	267,000	263,123	318,899
A.4	Voluntary and co-operative housing	141,700	135,654	101,664
A.5	Social inclusion	60,120	55,016	64,854
A.6	Estate regeneration - social housing improvements	145,200	149,049	182,177
A.7	Private housing grants	55,000	53,417	62,063
A.8	Subsidies and allowances	6,600	6,418	8,137
A.9	Other services	3,862	9,793	4,874
		691,181	682,566	753,775

Significant variations

Overall, the expenditure in relation to the Programme A was €8,614,536 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	881	Savings were achieved in 2012 in a number of areas of the non-pay administrative budget (such as travel and subsistence, office premises and office services) in the context of continuing efforts to reduce operating costs while meeting essential business needs. These savings were reflected in the outturn on this subhead.
Voluntary and co-operative housing	6,046	There was lower than expected take-up by Approved Housing Bodies of capital assistance available for the purchase of properties to accommodate persons with specific housing needs; in addition, lower interest rates led to reduced expenditure on the Capital Loan and Subsidy Scheme.
Social inclusion	5,104	Savings arose due to efficiencies achieved in the provision of accommodation for the homeless. In addition, some projects relating to the provision of traveller accommodation did not proceed as expected during the year.
Other services	(5,931)	Additional expenditure was incurred 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.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Water Services			
B.1	Administration - pay	5,589	6,142	6,291
B.2	Administration - non pay	1,772	1,314	1,184
B.3	Water services investment programme	331,000	268,157	349,964
B.4	Rural water programme	40,000	39,710	79,000
B.5	Foreshore	1,800	1,045	416
B.6	Other services	34	—	—
		380,195	316,368	436,855

Significant variations

Overall, the expenditure in relation to the Programme B was €63,827,259 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	458	Savings were achieved in 2012 in a number of areas of the non-pay administrative budget (such as travel and subsistence, office premises and office services) in the context of continuing efforts to reduce operating costs while meeting essential business needs. These savings were reflected in the outturn on this subhead.
Water services investment programme	62,843	Local authorities did not achieve the expected level of progress on the Water Services Investment Programme in 2012.
Foreshore	755	Spending in respect of legal costs, valuations and contingencies was less than anticipated.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Environment and Waste Management			
C.1	Administration - pay	6,730	7,165	6,224
C.2	Administration - non pay	2,783	2,537	1,870
C.3	Environmental Protection Agency	17,058	17,150	19,353
C.4	Environmental radiation policy	2,421	2,421	3,398
C.5	Subscriptions to international organisations	—	—	1,622
C.6	Carbon Fund	1,904	1,904	4,140
C.7	International climate change commitments	—	—	10,000
C.8	Landfill remediation	1,300	3,300	1,001
C.9	Other services	47	—	9
		32,243	34,477	47,617

The EU Presidency estimate provision and outturn for the Administration subhead (viii) are reflected against subhead C.1 above.

Significant variations

Overall, the expenditure in relation to the Programme C was €2,233,511 more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Landfill remediation	(2,000)	Claims received were considerably in excess of estimate due to rapid progress on a project - the creation of compensatory wetlands by Waterford County Council.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Local Government			
D.1	Administration - pay	9,001	9,398	9,590
D.2	Administration - non pay	3,024	2,246	2,035
D.3	Local Government Fund	—	—	175,000
D.4	Fire and emergency services	6,792	6,792	13,130
D.5	Local authority library and archive service	6,300	6,300	7,581
D.6	Economic and social disadvantage (Dormant Accounts Fund)	281	279	—
D.7	Franchise	306	278	326
D.8	Other services	6,424	6,264	3,042
		32,128	31,557	210,704

Significant variations

Overall, the expenditure in relation to the Programme D was €571,093 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	778	Savings were achieved in 2012 in a number of areas of the non-pay administrative budget (such as travel and subsistence, office premises and office services) in the context of continuing efforts to reduce operating costs while meeting essential business needs. These savings were reflected in the outturn on this subhead.

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
E	Community and Rural Development			
E.1	Administration - pay	4,791	4,810	3,622
E.2	Administration - non pay	1,000	811	673
E.3	Supports for community and voluntary sector (part funded by National Lottery)	11,832	11,335	7,077
E.4	Local and community development programmes (part funded by National Lottery)	54,888	53,682	33,469
E.5	RAPID	4,150	3,077	3,148
E.6	Dormant accounts measures	3,800	2,457	1,639
E.7	Western Development Commission	1,545	1,387	563
E.8	National rural development schemes	3,150	3,142	2,985
E.9	LEADER – rural economy sub-programme 2007-2013			
	<i>Original</i>	62,793		
	<i>Deferred surrender</i>	34,000		
		96,793	53,244	38,610
E.10	Programme for Peace and Reconciliation			
	<i>Original</i>	7,978		
	<i>Supplementary</i>	8,053		
		16,031	15,847	13,204
E.11	INTERREG programme	2,500	2,409	987
E.12	Tidy Towns Competition	1	1	1
E.13	Irish Water Safety	512	512	512
E.14	Other services	125	362	1,262
		201,118	153,076	107,752

Significant variations

Overall, the expenditure in relation to the Programme E was €48,041,952 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
RAPID	1,073	Savings arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	1,343	The nature of dormant accounts funding results in a large number of voluntary organisations drawing down funding over a two year period. Savings arose due to slower than anticipated claims from beneficiaries.
Western Development Commission	158	Savings arose due to reduced staffing costs in the Western Development Commission.
LEADER – rural economy sub-programme 2007-2013	43,549	Savings arose due to slower than anticipated project spending by the Local Action Groups which deliver the programme.
Other services	(237)	Funding was allocated to allow an additional project to proceed under the Social and Community Facilities Scheme.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
F	Planning			
F.1	Administration - pay	1,597	1,678	2,693
F.2	Administration - non pay	140	106	123
F.3	An Bord Pleanála	12,897	12,897	13,724
F.4	Planning Tribunal	1,000	3,281	4,137
F.5	Other services	110	331	113
		15,744	18,293	20,790

Significant variations

Overall, the expenditure in relation to the Programme F was €2,549,176 more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Planning Tribunal	(2,281)	Additional funding was required to meet third party legal costs of the planning tribunal.
Other services	(221)	Provision is made under this subhead for legal costs and it is not possible to forecast with accuracy the timing and extent of liabilities arising.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
G	Met Éireann			
G.1	Administration - pay	13,501	12,572	13,493
G.2	Administration - non pay	4,004	3,517	3,269
G.3	Subscription to international organisations	—	—	2,487
		17,505	16,089	19,249

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 2012.

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
	€000	€000	€000	€000
1.	Fees payable by local authorities, etc., for audit of their accounts	2,100	2,752	2,499
2.	Receipts from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare (Consolidation)) Act, 2005	740	741	741
3.	Met Éireann receipts	8,500	9,989	9,332
4.	Miscellaneous receipts	200	311	364
5.	Dormant accounts receipts	281	279	—
6.	Foreshore receipts	2,000	1,028	2,192
7.	Rural development schemes	—	—	4,366
8.	LEADER, INTERREG and Peace programme			
	<i>Original</i>	1,000		
	<i>Supplementary</i>	8,052		
		9,052	8,053	2,296
9.	Dormant accounts - administration	850	803	938
10.	Dormant accounts - programme expenditure	2,950	1,653	1,441
11.	LEADER rural economy sub-programme 2007-2013	30,000	38,800	17,208
12.	Receipts from pension-related deductions on public service remuneration	5,817	6,249	6,540
	Total	62,490	70,658	47,917

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	(652)	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	(1,489)	Income was higher than expected due to an increase in revenue from the Irish Aviation Authority and the repayment of VAT credits from July 2010 by the Revenue Commissioners.
Miscellaneous receipts	(111)	Miscellaneous appropriations-in-aid are difficult to estimate and were greater than expected.
Foreshore receipts	972	Foreshore receipts are difficult to predict reliably and were less than expected.
LEADER, INTERREG and Peace programme	999	An expected final payment from the EU due in respect of the Peace II programme 2000-2006 was not received in the year.

Description	Less/ (more) than provided €000	Explanation
Dormant accounts - programme expenditure	1,297	This appropriation-in-aid relates to recoupment from the Dormant Accounts Fund for any expenditure arising under subhead E.6. In the event, expenditure from subhead E.6 was less than anticipated in 2012.
LEADER rural economy sub- programme 2007- 2013	(8,800)	This appropriation-in-aid relates to expenditure from subhead E.9, which is co-financed by the EU. The co-financing rate was increased from 55% to 85% from January 2012 resulting in the increased receipts.
Receipts from pension-related deductions on public service remuneration	(432)	Income from this source was difficult to predict accurately.

4.2 Extra receipts payable to the Exchequer

Miscellaneous receipts payable directly to the Exchequer amounted to €174,196. These were mainly in respect of the disposal of electronic voting equipment, redemption of projects funded under the Voluntary Housing Capital Assistance Scheme and interest from the bank account used for electronic payments.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)		
Department	779	812
Agencies ¹	739	803
	1,518	1,615
	2012	2011
	€000	€000
Pay	44,497	45,568
Higher, special or additional duties allowance	377	360
Other allowances	2,111	2,245
Overtime	486	599
Employer's PRSI	2,431	2,363
Total Pay ²	49,902	51,135

5.1 Allowances and Overtime Payments ²

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	93	8	19,666	19,586
Other Allowances	310	87	22,016	22,016
Overtime	112	19	23,517	22,098

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 €15,319.

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.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads 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 expenditure and actual outturns were as follows:

Subhead	Description	Estimate	2012	2011
			Outturn	Outturn
			€000	€000
B.4	Rural water programme	400	366	5,288
E.9	Leader - Rural economy sub-programme 2007-2013	56,978	38,800	17,208
E.10	Programme for peace and reconciliation	8,052	8,052	8,493
E.11	INTERREG programme	712	712	—
		66,142	47,930	30,989

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2012	2012	2011
		€000	Outturn	Outturn
			€000	€000
Tribunal of Inquiry into certain Planning Matters and Payments	1997	100,633	3,281	4,137

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 2012 was €101 million. On the basis of a tribunal estimate in May 2012 and expenditure to the end of 2012, additional costs of €96 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2012		2011
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Voluntary and co-operative housing	700	700	2,000
A.7	Private housing grants	6,764	6,764	6,375
E.3	Supports for community and voluntary sector (part funded by National Lottery)	6,285	6,285	4,430
E.4	Local and community development programmes (part funded by National Lottery)	7,528	7,528	5,915
		21,277	21,277	18,720

Details are available on the Department's website www.environ.ie

6.4 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation costs	7,257	405
	7,257	405

Details of costs were as follows:-

- Payments totalling €5,664,188 were 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).
- A payment of €908,950 was made to meet an award of damages against the Minister 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 10 April 2012).
- Payments totalling €303,258 were made to meet the costs of the plaintiffs arising from a High Court ruling in a case taken against the Minister regarding the constitutionality of a draft County Development Plan (Department of Public Expenditure and Reform sanction S74/45/00 of 12 July 2012).
- A payment of €283,268 was made to meet the costs of the plaintiffs arising from a Supreme Court ruling concerning section 62 of the Housing Act 1966 (Department of Public Expenditure and Reform sanction S74/45/00 of 17 May 2012).
- A payment of €97,105 was made to meet the costs of the plaintiffs arising from a High Court action taken against the Minister, Ireland and the Attorney General in connection with a requirement on candidates to pay a deposit to be placed on the ballot paper for elections to the Dáil and European Parliament (Department of Public Expenditure and Reform sanction S74/45/00 of 5 March 2012).

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, €43,000,000 of unspent allocation in respect of the capital elements of subheads B.3 and E.9 was carried forward to 2013.

As agreed with the Department of Public Expenditure and Reform under the delegated administrative budget scheme, a carryover of €200,000 from the Vote for 2012 was included in the Estimates for 2013.

6.7 Tidy Towns Funding

In addition to voted money (€1,000), sponsorship totalling €475,166 was administered and expended on the Tidy Towns Competition through a vote suspense account.



Appropriation Account 2012

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote26, 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 2012 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.

Expenditure on education services is accounted for under Vote 26 in seven main subhead categories which covers both current and capital expenditure. Within the Vote the following subhead ranges cater for broad categories of expenditure as follows

- subheads A.1 to A.9 cater for the administrative expenses of the Department
- subheads B.1 to B.20 cater for other costs largely associated with programmes or bodies which apply across different parts of the education system or are particular in nature
- subheads C.1 to C.7 cater principally for first level education costs including relevant salary and superannuation costs
- subheads D.1 to D.10 cater for second and further levels education and include relevant salary and superannuation costs
- subheads E.1 to E.14 cater for funding for third level
- subheads F.1 to F.3 cater for capital expenditure, and
- subheads G.1 to G.8 cater for expenditure associated principally with skills development.

The Department's gross expenditure is offset by appropriations in aid which are brought to account in the range of subheads H.1 to H.6.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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.

Multi-Annual Capital Commitments

Legally enforceable capital commitments are reported on at the threshold of €12.697 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.

In that regard and with specific reference to the SIFC, the following is the position with regard to staff training and induction, specific financial training, risk management and information and communication technology security.

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 Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

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.

Annual audit programmes are prepared under the auspices of the 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 2012, a total of nine audit reports, four ESF and five internal audit, were finalised.

The Audit Committee, the Internal Audit Unit and the European Social Fund Audit Authority operate under separate written Charters.

Staff Training

The Department identifies training and development needs through the business planning and PMDS processes. Training continues to be provided in the areas of financial management, procurement, internal audit, payroll, pensions, Value Added Tax (VAT), Professional Services Withholding Tax (PSWT) and the Department's financial management system (FMS). In 2012 extensive training was provided to support the transfer of the Department's Estimates to the new performance budgeting format and an associated restructure of the Vote.

Information Technology

In 2012, the Department continued to seek to operate to best practice in respect of Information and Communication Technology (ICT) and continues to review, enhance and upgrade its ICT infrastructure. Regular security "health checks" are undertaken by external IT consultants. These assessments cover areas such as database security, remote access control, applications security and penetration testing of external facing web applications. Mitigating actions are taken in response to any issues identified.

Administrative and Financial Controls

During 2012 the Department implemented significant changes to its Financial Management System (FMS), including a re-design of the FMS chart of accounts to meet requirements arising from the 2011 Government decision to introduce performance budgeting. The new chart of accounts allows for alignment of Estimates expenditure with the high level goals as specified in the Department's Statement of Strategy, the matching of financial resources to the achievement of these goals and the streamlined reporting of same. The new chart of accounts has also facilitated enhanced reporting options not previously available. Workshops and information sessions on the changes arising from the performance budget project were provided to all relevant staff in each of the Department's headquarters. Continued guidance on the application of the Public Financial Procedures was also provided during 2012.

Seán Ó Foghlú

Accounting Officer

Department of Education and Skills

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 26 Education and Skills for the year ended 31 December 2012.

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.

Contract Management in Education PPP Projects

Chapter 12 of my report on the accounts of the public services for 2012 refers to certain matters relating to contract management in education PPP projects.

Vote Accounting

Chapter 4 of my report on the accounts of the public services for 2012 deals with the management of voted expenditure by a number of departments and offices. This includes a section in relation to the management of Vote 26 Education and Skills.

Seamus McCarthy
Comptroller and Auditor General

13 September 2013

Vote 26 Education and Skills

Appropriation Account 2012

Service		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	59,889	58,607	60,197
A.2	Travel and subsistence	1,502	1,493	1,420
A.3	Training and development and incidental expenses	1,175	1,024	1,001
A.4	Postal and telecommunications services	2,640	2,078	2,401
A.5	Office equipment and external IT services	4,930	4,796	5,053
A.6	Office premises expenses	2,340	2,237	1,635
A.7	Consultancy services and value for money and policy reviews	100	55	50
A.8	National Educational Psychological Service	18,719	17,261	17,763
A.9	EU Presidency	175	55	—
—	<i>Regional office expenses</i>	—	—	233
Other Services				
B.1	National Qualifications Framework	7,714	7,714	7,918
B.2	Transport services	169,693	168,464	171,483
B.3	International activities	1,019	714	955
B.4	UNESCO contribution and international education exchanges	2,493	2,439	2,172
B.5	Research and development activities	1,586	1,480	2,270
B.6	Teacher education	24,705	23,721	23,453
B.7	Expenses of National Council for Curriculum and Assessment	3,735	3,225	3,447
B.8	Funding of Projects in Drug Task Force areas	411	403	412
B.9	National Council for Special Education	8,750	8,222	8,152
B.10	Educational disadvantage (Dormant Accounts Funding)	1,600	401	1,613
B.11	Occupational health strategy for first and second level teachers	1,750	1,345	1,744
B.12	Residential Institutions Redress	69,880	38,022	44,200
B.13	Royal Irish Academy of Music general expenses (grant-in-aid)	3,427	3,427	3,544
B.14	Grant-in-aid fund for general expenses of cultural, scientific and educational organisations (part funded by National Lottery)	147	146	187

Service		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Other services (continued)				
B.15	North/South Co-operation funding	2,200	831	1,187
B.16	Funding for the promotion of Ireland as an international education centre	100	100	91
B.17	Miscellaneous	4,830	3,943	4,200
B.18	Schools information and communication technologies activities	13,778	10,049	9,566
B.19	Commission on Child Abuse	8,000	1,296	2,173
—	<i>Grant-in-aid fund for general expenses of Adult Education Organisations (part funded by National Lottery)¹</i>	—	—	854
First level education grants and services				
C.1	Salaries, etc., of teachers	2,064,777	2,035,436	2,050,404
C.2	Model schools - miscellaneous expenses	474	469	469
C.3	Capitation grants towards operating costs of national schools	185,342	183,373	186,933
C.4	Salaries etc. of non-teaching staff in national schools including special needs assistants, caretakers and clerical officers	310,793	306,384	300,079
C.5	Other grants and services	51,769	44,537	51,059
C.6	Superannuation, etc., of teachers	493,198	515,209	487,029
C.7	Special education initiatives	3,000	1,897	4,970
Second level and further education grants and services				
D.1	Salaries etc., of teachers in secondary, comprehensive and community schools	1,148,095	1,134,648	1,175,669
D.2	Grants to secondary school authorities and other grants and services in respect of secondary schools	103,800	102,019	104,280
D.3	Salaries, etc., of non-teaching staff in secondary, comprehensive and community schools including special needs assistants and clerical officers	50,345	48,750	49,126
D.4	Superannuation of secondary, comprehensive and community school teachers	351,131	371,424	345,078
D.5	Comprehensive and community schools - running costs	45,492	45,492	46,342
D.6	Annual grants to Vocational Education Committees (excluding certain grants in respect of specialist colleges and student support) ¹	727,245	728,910	926,340
D.7	Payments to local authorities in respect of superannuation charges	219,918	262,263	230,796

Service		2012		2011
		Estimate	Outturn	Outturn
		provision €000	€000	€000
Second level and further education grants and services (continued)				
D.8	Miscellaneous	9,649	9,340	17,929
D.9	State Examinations Commission	54,702	51,996	55,912
—	<i>Special initiatives adult education¹</i>	—	—	43,851
Third level and further education grants and services				
E.1	Student support	336,383	336,351	355,057
E.2	University scholarships	1,700	1,672	1,654
E.3	An tÚdarás um Ard-Oideachas - grant-in-aid for general expenses	5,358	5,358	5,037
E.4	An tÚdarás um Ard-Oideachas - general current grants to universities and colleges, institutes of technology and other designated institutions of higher education (grant-in-aid)	1,118,804	1,118,804	1,177,032
E.5	Training colleges for primary teachers excluding those funded through the Higher Education Authority	11,555	10,997	11,469
E.6	Strategic Innovation Fund	4,000	750	14,000
E.7	Dublin Dental Hospital - dental education grant (grant-in-aid)	11,676	11,676	11,986
E.8	Dublin Institute for Advanced Studies (grant-in-aid)	6,856	6,856	7,020
E.9	Grant in respect of tuition fees to designated non-Higher Education Authority third-level Institutions	5,200	4,595	5,018
E.10	Miscellaneous	300	250	418
E.11	Grants to certain third level institutions	12,350	12,064	17,149
E.12	Alleviation of disadvantage	13,200	16,200	16,000
E.13	Research and development activities	38,500	37,615	38,549
E.14	Grangegorman Development Agency	1,664	1,664	1,276
Capital services				
F.1	Building, equipment and furnishing of national and second level schools	357,000	346,878	455,074
F.2	Public private partnership costs	52,200	50,949	54,632
F.3	Building grants and capital costs for universities and colleges, institutes of technology and designated institutions of higher education	65,000	55,077	77,320

Service		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Skills Development				
G.1	FÁS administration and general expenses	83,466	81,466	85,491
G.2	FÁS training and integration supports	23,057	20,600	40,267
G.3	Miscellaneous expenditure	10	15	—
G.4	FÁS capital	3,000	4,000	4,000
G.5	FÁS- Pension payments arising from the Financial Measures (Miscellaneous Provisions) Act 2009	27,270	29,270	30,500
G.6	European Globalisation Fund	1,060	240	1,055
G.7	Operational programme for human resources development- technical assistance	750	371	578
G.8	Grants to vocational educational committees and certain other organisations in respect of further education programmes ¹	254,266	244,154	—
—	<i>Leonardo Programme</i>	—	—	140
Gross expenditure		8,671,643	8,603,567	8,866,362
Deduct				
H.	Appropriations-in-aid	608,933	580,513	617,483
Net expenditure		8,062,710	8,023,054	8,248,879

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.

	2012	2011
	€	€
Surplus	39,656,013	30,540,004
Deferred surrender	19,000,000	—
Surplus to be surrendered	20,656,013	30,540,004

¹ With effect from January 2012, Subhead G.8 was established to consolidate expenditure appropriate to Further Education paid mainly via the Vocational Educational Committees. This expenditure was previously brought to account in four subheads within Vote 26. Subheads B.1. (Adult Education), part-funded via Subhead D.6. (Annual Grants to VECs), part-funded via subhead D.8. (Miscellaneous subhead) and subhead D.9. (Adult Education Initiatives).

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Expenditure on administration	87,606	89,753
Expenditure on services and programmes	8,515,961	8,776,609
Gross expenditure	8,603,567	8,866,362
<i>Deduct</i>		
Appropriations-in-aid	580,513	617,483
Net expenditure	8,023,054	8,248,879
Changes in capital assets		
Purchases cash	(14,213)	
Depreciation	1,013	
Loss on disposals	6,229	27,105
Changes in assets under development		
Cash payments	(37,398)	(42,641)
Changes in net current assets		
Increase in closing accruals	2,783	
Increase in stock	(22)	
	2,761	20,325
Direct expenditure	7,981,446	8,253,668
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	23,652	23,820
Notional rents	2,566	2,508
Net programme cost	8,007,664	8,279,996

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.

	2012	2011
	€000	€000
Vote 7 Finance	417	50
Vote 12 Superannuation	17,861	17,995
Vote 13 Office of Public Works	5,048	5,253
Vote 20 Garda Síochána	—	63
Central Fund – Ministerial pensions	326	459
	23,652	23,820

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	125,486	118,140
Capital assets under development	2.4	56,738	21,822
		182,224	139,962
Current assets			
Bank and cash	2.5	77,768	56,117
Stocks	2.6	117	95
Prepayments		4,569	7,437
Overpayments for recoupments		3,966	3,150
Recoupment of secondment costs		172	1,235
Accrued income		221	202
Other debit balances	2.7	3,542	6,451
Total current assets		90,355	74,687
Less current liabilities			
Accrued expenses		12,288	12,271
Deferred income		7	91
Pension recoupment to local authorities		—	1,416
Salary recoupment to other departments and agencies		2	5
EU Funds suspense		52,401	49,619
Other credit balances	2.8	1,341	1,988
Net liability to the Exchequer	2.9	27,567	10,961
Total current liabilities		93,606	76,351
Net current assets		(3,251)	(1,664)
Net assets		178,973	138,298
Represented by:			
State funding account	2.1	178,973	138,298

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		138,298	143,087
Funding drawn down	2.2	8,046,706	8,272,699
Non cash expenditure – notional rent	1	2,566	2,508
Total operating cost	1	(8,007,664)	(8,279,996)
Other non cash items		(933)	—
Balance at 31 December		178,973	138,298

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	8,062,710	8,279,419
Deferred surrender	Account	(19,000)	—
Surplus to be surrendered	Account	(20,656)	(30,540)
		8,023,054	8,248,879
Expenditure (cash) borne elsewhere	1	23,652	23,820
Total funding drawn down		8,046,706	8,272,699

2.3 Capital Assets

	Land and buildings €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	116,050	7,761	19,831	143,642
Additions	14,110	3	475	14,588
Disposals	(6,201)	(126)	(2,198)	(8,525)
Cost or valuation at 31 December 2012	123,959	7,638	18,108	149,705
Accumulated depreciation				
Opening balance at 1 January 2012	—	7,130	18,372	25,502
Depreciation for the year	—	224	789	1,013
Depreciation on disposals	—	(121)	(2,175)	(2,296)
Cumulative depreciation at 31 December 2012	—	7,233	16,986	24,219
Net assets at 31 December 2012	123,959	405	1,122	125,486
Net assets at 31 December 2011	116,050	631	1,459	118,140

General Information Note**1. First Level**

- 1.1 44 first-level sites are owned and controlled/managed by the Minister for Education and Skills.

- 1.2.(i) 63 Gaelscoileanna and 26 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 2012 was 3,293. 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. This school will transfer to the Health Service Executive following the completion of all necessary legal procedures. 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 20 sites for second-level schools are owned and controlled/managed by the Minister for Education and Skills.

- 2.2(i) 14 comprehensive schools, 79 community schools and four secondary schools owned by the Minister for Education and Skills are controlled/managed by Boards of Management.

- 2.2(ii) 253 vocational schools are vested in Vocational Education Committees under the Vocational Education Act, 1930.

- 2.2(iii) 371 secondary schools are privately owned.

2.4 Capital Assets under Development

	Construction contracts	In-house computer applications	Totals
	€000	€000	€000
Amounts brought forward at 1 January 2012	20,843	979	21,822
Prior year adjustment	—	(933)	(933)
	20,843	46	20,889
Cash payments for the year	37,266	132	37,398
Transferred to asset register	(1,371)	(178)	(1,549)
Balance at 31 December 2012	56,738	—	56,738

2.5 Bank and Cash

at 31 December	2012	2011
	€000	€000
PMG balances and cash	81,166	61,659
Orders outstanding	(3,398)	(5,542)
	77,768	56,117

2.6 Stocks

at 31 December	2012	2011
	€000	€000
Stationery	76	56
IT consumables	41	39
	117	95

2.7 Other Debit Balances

at 31 December	2012	2011
	€000	€000
Agency payments to OPW	594	1,345
Sub-accountants	107	117
Marriage, retirement and death gratuities	—	310
Salaries recoupable	152	538
Schools Broadband Programme	2,160	3,580
Travel passes	200	151
Due from State - suspense	63	5
Offices shared services recoupment	183	269
Cycle to Work Scheme	48	52
Miscellaneous	35	84
	3,542	6,451

2.8 Other Credit Balances

at 31 December	2012	2011
	€000	€000

Amounts due to the State

Due to the State	298	68
Suspense		
Redress Board	56	681
Pension refund	188	242
Exchequer extra receipts	2	3
Marriage, retirement death gratuity	52	—
Erasmus Smith Endowment	19	127
Energy building programme	454	586
Central Bank	135	173
Spouses & Children's Pension	134	75
Cycle to Work Scheme	1	11
Miscellaneous	2	22
	<u>1,341</u>	<u>1,988</u>

2.9 Net Liability to the Exchequer

at 31 December	2012	2011
	€000	€000

Surplus to be surrendered	39,656	30,540
Exchequer grant undrawn	(12,089)	(19,579)
Net liability to the Exchequer	<u>27,567</u>	<u>10,961</u>

Represented by:**Debtors**

Bank and cash	77,768	56,117
Debit balances: suspense	3,478	6,446
Due from the State – suspense	63	5
	<u>81,309</u>	<u>62,568</u>

Creditors

Due to State	(298)	(68)
EU Funds suspense	(52,401)	(49,619)
Credit balances: suspense	(1,043)	(1,920)
	<u>(53,742)</u>	<u>(51,607)</u>
	<u>27,567</u>	<u>10,961</u>

2.10 Commitments

at 31 December	2012	2011
	€000	€000

A. Global Commitments

Commitments likely to materialise in subsequent years for:

Procurement subheads	254	247
Grant subheads	3,198	2,187

B. Multi-Annual Capital Commitments**1. Legally Enforceable Capital Commitments**

Expenditure in 2012	458,734	593,700
Commitments to be met in subsequent years	1,753,313	1,409,028

Legally Enforceable Capital Commitments

Capital projects involving total expenditure of €12,697,380 or more

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
Subhead F.1.				
1. Malahide C.S.	13,846	14	7	13,867
2. Youghal C.S.	14,580	—	14	14,594
3. Phibblestown C.C. ¹	20,065	14	214	20,293
4. Luttrellstown CC	—	4,324	8,722	13,046
Subhead F.3.				
5. Athlone - Engineering Informatics Building ²	34,209	4,143	1,407	39,759
6. National University of Ireland, Cork – Medicine	20,944	1,602	135	22,681
7. National University of Ireland, Dublin - Science Centre ³	15,561	17,509	27,704	60,774
8. NUI - Maynooth - Library	6,286	11,757	1,948	19,991
9. Trinity College Dublin - Medicine	18,923	1,697	604	21,224
10. Mary Immaculate College Campus Development Phase 1a/ infrastructure	15,546	343	—	15,889
11. Mary Immaculate College Campus Development Phase 1b/c infrastructure	23,350	802	—	24,152
12. St. Patricks Drumcondra - Campus Development ⁴	7,331	—	32,405	39,736
13. University of Limerick - School of Medicine	10,039	2,942	890	13,871

¹ Phibblestown is a combined primary/post primary project. The overall project cost is €24.458 m which is 82.97% funded by the Department of Education and Skills. The remainder is funded by Fingal County Council. The cumulative cost of this project has been updated since 2011.

² The cost of this project has been updated since 2011.

³ The cost of this project has been updated since 2011.

⁴ The contract for St Patrick's College, Drumcondra was re-tendered in 2012 following the liquidation of the original contractor. As at 31 December 2012 a new contractor had not been appointed although provision for

the contract had been made. Difficulties in securing a bond caused the delays in finalising the contract.

C. Capital Costs of Public Private Partnership Projects¹

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Totals
	€000	€000	€000	€000
1. National Maritime College of Ireland PPP	17,782	1,697	46,370	65,849
2. Five Pilot Schools Bundle	21,028	2,262	70,322	93,612
3. Cork School of Music	14,061	1,612	63,049	78,722
4. 1st Bundle PPP Schools	10,450	1,862	72,409	84,721
5. 2 nd Bundle PPP Schools	11,765	2,000	96,750	110,515
6. 3 rd Schools Bundle PPP Schools	—	—	131,236	131,236

¹ Expenditure on the projects is being met from Subhead F.2.

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, 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 on 16 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.

2.11 Matured Liabilities

Due to internal payment processing deadlines to enable the Department meet commercial bank deadlines for electronic funds transfers, it was not possible 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 €15,865 at 31 December 2012. The equivalent sum at 31 December 2011 was €107,029.

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% (25% in the case of administration subheads A.1. - A.9.).

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 2012, as in other years. This allowed for savings on one or more subheads to be used to meet excesses on other subheads. 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 2012 than originally anticipated.

Also, in the case of capital and in accordance with the Capital Envelope Agreement, the Department declared a capital carryover, totalling €19 million which is being carried forward from 2012 to be applied to the capital programme in 2013.

Subhead	Less/ (more) than provided €000	Explanation
Training and development and incidental expenses (A.3)	151	The savings arise mainly due to ongoing efforts to achieve economies in administrative expenditure.
Research and development activities (B.5)	106	The savings principally arise due to a lower allocation for Léargas to reflect decreased staffing costs in that body.
Expenses of National Council for Curriculum and Assessment (B.7)	510	The 2012 savings arose largely due to the delays in filling staff vacancies and linked prioritisation of work.
National Council for Special Education (B.9)	528	The savings arose mainly due to a number of unfilled vacancies, staff being on unpaid leave as well as the impact of retirements.
Educational disadvantage (Dormant Accounts Fund) (B.10)	1,199	The savings arose principally as legislation amending the Dormant Funds Act was passed in mid year 2012, and it was not then possible to progress any new capital and current projects by year end. Lesser savings arose due to final demands for three funded schemes being less than anticipated when the schemes were finally approved.
Occupational health strategy for first and second level teachers (B.11)	405	The saving was achieved due to a reduced contract price when the new Employee Assistance Service provider was selected.
Residential Institutions Redress (B.12)	31,858	The savings in 2012 arose mainly due to the lower than expected number of applications being finalised by the Redress Board.
North/South Co-operation funding (B.15)	1,369	Approximately €1m of the saving arose due to there being no drawdown request for matching George Mitchell Fund payovers from the US- Ireland Alliance. The remainder of the saving arose principally due to lower than anticipated expenditure on North South projects.

Subhead	Less/ (more) than provided €000	Explanation
Miscellaneous (B.17)	887	The saving in this miscellaneous subhead, which in 2012 had seven subdivisions, are net savings and arise principally due to redress, in particular, to lower than anticipated expenditure on the redress memorial. Further savings arose due to a reconfiguration of information and referral service provision.
Schools information and communication technologies activities (B.18)	3,729	The saving arose mainly due to lower than estimated spend by the N.C.T.E due to the operation of the moratorium on public service numbers. Additionally during 2012 there were lower than expected rental costs under the schools broadband programme due to the roll out of new services on a staggered basis during the year.
Commission on Child Abuse (B.19)	6,704	The savings arose in 2012 due to the Commission being unable to finalise as many payments as expected of third party legal representation.
Other grants and services (C.5)	7,232	The savings on this subhead which has thirteen subdivisions are net savings. Circa €4.5m of the savings arise on the temporary accommodation subhead due to nearly 200 less prefabs being rented in 2012 as well as timing issues with bills which made up €1.5m of the €4.5m saving. Additionally expenditure on miscellaneous subheads to support various initiatives including special education initiatives was lower than anticipated.
Superannuation, etc., of teachers (C.6)	(22,011)	The excess on the primary superannuation subhead arose mainly due to 159 staff retiring over and beyond that which was estimated for (880 estimated versus actual retirements of 1,039) ahead of the disregard period of the 29th February 2012. The excess was also attributed to the cumulative effect of increased numbers in receipt of ongoing pension payments.
Special education initiatives (C.7)	1,103	The savings in 2012 mainly arose due to the opening of new schools for autism, whereby associated payroll costs moved from this subhead to the Department's teaching and non teaching payroll subheads.
Superannuation of secondary, comprehensive and community school teachers (D.4)	(20,293)	The excess on the post primary superannuation subhead arose mainly due to 109 staff retiring over and beyond that which was estimated for (700 versus actual retirements of 809) ahead of the disregard period of the 29th February 2012.
Payments to local authorities in respect of superannuation charges (D.7)	(42,345)	The excess on this VEC and Institutes of Technology Superannuation subhead arose due to the increased number of new retirees in 2012 as well as the associated cost of their pension and gratuities, (580 estimated versus actual retirements of 955).
State Examinations Commission (D.9)	2,706	€1.2m of the SEC's savings in 2012 can be attributed to a change in methodology of paying school appointed superintendents from a daily fee model to a session fee model. The remainder of the savings were largely related to measures introduced to reduce expenses for contract staff.

Subhead	Less/ (more) than provided €000	Explanation
Training colleges for primary teachers excluding those funded through the Higher Education Authority (E.5)	558	Approximately €0.4m of the savings arose due to expenditure on certain Initiatives not progressing past the planning stages in 2012. The remainder of the savings arose principally due to lower take up of places on the optional 4th year of the Bachelor of Education programme.
Strategic Innovation Fund (E.6)	3,250	The savings in 2012 arose as a result of delays in establishing a number of SIF national platform projects and the subsequent commencement of their work programmes.
Grant in respect of tuition fees to designated non-Higher Education Authority third-level Institutions (E.9)	605	The saving arose due to a lower than anticipated funding requirement from the free fees initiative and to an increase in the Student Contribution.
Alleviation of disadvantage (E.12)	(3,000)	The excess of €3m arose as a result of an additional €3m being paid to the Student Assistance Fund in 2012 to supplement its core allocation. This additional funding requirement arose in response to the increased level of financial need among higher education students for funding from the fund.
Building grants and capital costs for universities and colleges, institutes of technology and designated institutions of higher education (F.3)	9,923	The savings in 2012 arose due to delays in progressing the St Patrick's College Drumcondra, which had to be re-tendered due to the liquidation of the original builder.
FÁS training and integration supports (G.2)	2,457	The savings arose mainly as a result of the Budget 2012 reductions in the training allowances yielding higher savings than estimated and a less than anticipated take up on certain training programmes, including apprenticeship training.
FÁS capital (G.4)	(1,000)	The excess arose due to the decision to proceed with the upgrade of the apprentice facilities in the Galway Training Centre.

Subhead	Less/ (more) than provided €000	Explanation
FÁS- Pension payments arising from the Financial Measures (Miscellaneous Provisions) Act 2009 (G.5)	(2,000)	The excess arose on the FÁS pensions payment subhead due to higher than anticipated numbers of pensioners retiring in 2012.
European Globalisation Fund (G.6)	820	The saving arose in 2012 as enterprise supports to EGF eligible workers are demand led and are dependent on end-user take up.
Operational programme for human resources development-technical assistance (G.7)	379	The savings arose principally due to a decrease in the staffing expenditure. Additionally some planned expenditure on trans-national activity was deferred pending the managing authority identifying suitable projects.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
H.1. Administration and Other Services Receipts				
1.	Miscellaneous superannuation schemes including the Teaching Council and other miscellaneous bodies	435	432	436
2.	Contributions from the EU for educational activities	665	419	750
3.	Receipts from the European Social Fund	12,900	1,963	28,782
4.	Receipts in respect of Peace Programme	10	—	71
5.	Miscellaneous	651	961	861
6.	Dormant Accounts funding	1,600	401	1,624
H.2. First Level Receipts				
1.	Superannuation, etc., of National Teachers:			
	(i) Refunds of gratuities under superannuation schemes, 1934 to 1958, etc.	460	23	461
	(ii) Contributions to the superannuation schemes	81,890	79,238	80,926
	(iii) Contributions to Teachers' Spouses and Children's Pensions Scheme	29,310	28,073	28,001
2.	Miscellaneous	1,325	3,192	1,876
3.	Contributions to Superannuation Scheme for Special Needs Assistants, Caretakers and Clerical Staff in National Schools (Subhead C.4.)	7,100	7,261	6,979
4.	Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	4,000	4,457	4,262
5.	Handling charge involved in making certain deductions from teachers' salaries	344	331	344
H.3. Second Level and Further Education Receipts				
1.	Superannuation, etc., of secondary, comprehensive and community school teachers:			
	(i) Contributions to secondary teachers' superannuation scheme	58,130	54,700	58,033
	(ii) Contributions to Secondary Teachers' Spouses and Children's Pension Scheme	17,220	16,791	17,212
	(iii) Refund of gratuities under Secondary Teachers' Superannuation Scheme	150	4	151
2.	Repeat Leaving Certificate course fees	115	81	118
3.	Miscellaneous	950	11,317	4,868
4.	Contributions to Superannuation Scheme for Special Needs Assistants and Clerical Assistants in Secondary Schools (Subhead D.3.)	1,200	1,086	1,130
5.	Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	2,700	2,547	2,785
6.	Handling charge involved in making certain deductions from teachers' salaries	175	174	175

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
H.4. FÁS Receipts			
1. FÁS – pensions	3,500	2,267	4,236
2. FÁS - pension related deductions	4,700	2,229	3,963
H.5. Pension Related Deductions			
1. Receipts from pension-related deduction on public service remuneration	377,403	361,014	369,439
H.6. Miscellaneous Capital			
1. Miscellaneous Capital	2,000	1,552	—
	608,933	580,513	617,483

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
H.1. Administration and Other Services Receipts		
Contributions from the EU for educational activities	246	The shortfall in receipts arose due to delays in the receipt of EU Commission funding.
Receipts from the European Social Fund	10,937	The shortfall in EU receipts arises principally from a timing issue in the payover of the receipts.
Miscellaneous	(310)	Surplus receipts in the miscellaneous appropriations in aid subhead arose due to the receipt of EU Commission payovers as well as higher than anticipated levels of receipt of social insurance benefits.
Dormant Accounts funding	1,199	This subhead is used to bring to account receipts associated with expenditure incurred on the Dormant Funds Scheme, under subhead B.10. Income to Subhead H.1.6 is linked to expenditure under subhead B.10 making it Exchequer neutral. A shortfall in receipts arose due to lower than predicted activity on subhead B.10.
H.2. First Level Receipts		
Superannuation, etc., of National Teachers: Refunds of gratuities under superannuation schemes, 1934 to 1958, etc.	437	The receipts under this subhead are generally one-off payments made by primary teachers to repay previous gratuities received so as to restore previous service for pension purposes. Due to the nature of the subhead it is very difficult to ascertain with any degree of accuracy the level of receipts in any given year. The shortfall in 2012 arose due to a lower rate of purchase than anticipated.
Miscellaneous	(1,867)	Surplus receipts arose in 2012 from the recoupment of redundancy rebates (circa €0.9m) social insurance benefits refunds and recoupments of overpayments. As this subhead is adhoc in nature it is difficult to predict receipts levels from year to year.
Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	(457)	Surplus receipts arose on this subhead mainly due to higher than expected levels of receipts from overpayments as well as a higher rate of recovery of outstanding secondment debt.

Description	Less/ (more) than provided €000	Explanation
H.3 Second Level and Further Education Receipts		
Superannuation, etc., of secondary, comprehensive and community school teachers: Contributions to secondary teachers' superannuation scheme	3,430	A shortfall in receipts arose due to lower numbers of teaching posts in 2012 than expected with a consequential reduction in the numbers of once off receipts from retiring teachers.
Miscellaneous	(10,367)	Circa €8m of the surplus arose due to refunds from the European Globalisation Adjustment Fund on foot of the finalisation of claims submitted to Europe. The remainder of the surplus arose from refunds relating to the recoupment of social insurance benefits, refunds of overpayments and other adhoc refunds that are miscellaneous in nature and difficult to estimate.
Contributions to Superannuation Scheme for Special Needs Assistants and Clerical Assistants in Secondary Schools (Subhead D.3)	114	The 2012 shortfall in receipts arose principally due to lower levels of receipts of SNA superannuation than expected
Recoupment of salaries, etc., of teachers on secondment and recovery of overpayments of salary	153	A shortfall in receipts arose due to lower numbers of teachers being on secondment in 2011/12.
H.4 FÁS Receipts		
FÁS – pensions	1,233	The shortfall in receipts arose mainly due to the transfer of staff from FÁS to the Department of Social Protection as well as higher than anticipated numbers of retirements during 2012.
FÁS - pension related deductions	2,471	The shortfall in receipts arose mainly due to the transfer of FÁS staff to the Department of Social Protection.
H.5. Pension Related Deductions		
Receipts from pension-related deduction on public service remuneration	16,389	The shortfall in receipts arose principally due to a reduced level of contributions resulting from the higher number of retirees during 2012 who were replaced by staff on lower salary scale points.

4.2 Extra receipts payable to the Exchequer

	2012	2011
	€000	€000
Exchequer extra receipts	1,824	17,312

During 2012, €1.529 million 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. €154,459 of the receipts arose from the recovery of monies previously misappropriated from the Department.

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies. The 2011 comparative figures have been restated to include those State bodies.

	2012	2011
Number of staff at year end (full time equivalents)	93,492	94,613

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 2012	Pay out-turn as at 31 December 2012 €000
First and second level teachers	C.1.	Teacher Salaries and Supervision payments	32,276	2,035,436
	D.1.	Secondary salaries	16,821	1,134,648
	D.6.	VEC Salaries	10,689	566,665
Teaching sub-total			59,786	3,736,749
First and second level non teaching (including SNAs VECs etc	C.4.	First level Non Teaching Staff pay	8,691	303,422
	D.3.	Second level Non Teaching Staff pay	2,157	48,117
	D.5.	C & C schools pay	441	16,861
	D.6.	VEC schools pay	1,930	95,671
Non – Teaching sub-total			13,219	464,071
Third level	E.3	HEA – General expenses	56	3,860
	E.4.1.	HEA - University Sector	10,132	499,359
	E.4.2.	HEA - Institute of Technology Sector	7,265	306,180
	E.5.	Teacher Training Colleges	27	6,734
	E.7.	Dublin Dental Hospital	126	10,436
	E.8.	Dublin Institute for Advanced Studies	57	5,727
	E.14.	Grangegorman Development Agency	7	562
Third level – sub-total			17,670	832,858

Category of staff remunerated	Subhead from which funds disbursed	Description of subhead	ECF numbers as at 31 December 2012	Pay out-turn as at 31 December 2012 €000
Department Staff	A.1.	Salaries	1,019	58,607
	A.8.	NEPS	187	15,175
Department sub-total			1,206	73,782
Other	D.9.	State Examinations Commission	147	9,687
	G.1.	FÁS Administration	1,096	57,222
	B.7.	National Council for Curriculum and Assessment	26	2,064
	B.9.	National Council for Special Education	103	6,344
	B.12.	Redress Board	22	1,222
	B.13.	Royal Irish Academy of Music	59	3,292
	B.19.	Commission to Inquire into Child Abuse	3	471
	B.1.	National Qualifications Framework	80	3,512
	C.2	Model Schools	8	159
Other sub total			1,544	83,973
Total			93,425	5,191,433

1. 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 67 whole time equivalent staff noted in the ECF have no designated pay subhead.
2. In respect of the B.1.(NQF), B.13 (RIAM), E.3. (HEA expenses) and E.8.(DIAS) subheads a small element of the pay also includes pension costs.
3. The B.19 CICA pay figures includes four contract staff not included in the ECF figures as well as costs for two temporary assignments of staff from the Redress Board.
4. The pay figures for VEC's teaching and non teaching staff (Subhead D.6) are indicative for 2012. With the introduction of a new chart of accounts during 2013, it is envisaged that more definitive pay figures will be provided in future accounts.

5.(b) Exchequer Pay

	2012	2011
	€000	€000
Pay	53,024	54,597
Higher, special or additional duties allowance	314	291
Other allowances	80	104
Overtime	630	724
Employer's PRSI	4,559	4,481
Total pay	58,607	60,197

The financial details in this table relate solely to staff paid from the administrative subhead A.1. Staff Salaries.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	66	8	20,614	19,585
Other allowances	84	—	5,914	5,783
Overtime	263	6	23,023	17,964

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 A.1 and A.9.

5.2 Re-Engaged Civil Servants

Twenty four retired civil servants in receipt of civil servant pensions were re-engaged on a fee basis at a total cost of €113,910.

5.3 Severance/Redundancy

During 2012 1,199 non-teaching staff were paid redundancy sums totalling €10,139,323. 366 payments of redundancy exceeded €10,000. The highest value sum paid in 2012 was €36,363 which included payment for both Statutory and Non Statutory taxable redundancy sums. These staff were paid via the Department's payrolls, in the Department's capacity as paymaster, for certain schools.

6 Miscellaneous

6.1 National Lottery Funding

The subheads in Vote 26 from which the National Lottery sourced funding was paid are noted below. A full list is available on the Department's website (www.education.ie)

Recipients of Funding from National Lottery

	2012 €000	2011 €000
Expenses of Adult Education Organisations ¹	—	854
Cultural activities (Subhead B.14.)	146	187
Total	146	1,041

¹ The general expenses to support adult education organisations subhead, which was designated as subhead B.1. to the end of 2011, was subsumed into a new subhead from 1 January 2012, to reflect the consolidation of further education expenditure. Up to the end of 2011 further education costs were met from a number of subheads including B.1. Adult Education.

6.2 EU Funding

ESF receipts of €1,962,977 from the European Social Fund (ESF) were brought to account in subhead H1.3. 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., and E.12, G.2., G.7 and G.8.

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 2012 was as shown below.

Sub-head	Description	2012 Funding €	2011 Funding €
G.1.	FÁS	292,803	412,062

European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund (EGF) is an European Union funding programme which assists EU member states to provide a personalised package of upskilling, retraining and enterprise supports to workers made redundant as a result of the adverse impacts of globalisation and changing world trade patterns. For approved programmes of measures submitted by member states in the period between May 2009 and December 2011, the EGF provides co-funding of up to 65%, the remaining 35% being met through national funding. A reduced maximum EU co-funding rate of 50% applies to applications submitted from 1 January 2012.

EGF programmes are multi-annual in nature. Under Article 13(2) of Regulation (EC) No. 1927/2006, 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 may be included. Under the Regulation, a member state must submit a final report and expenditure statement to the European Commission not later than six months after programme cessation. The Commission then has a further six month closure period to examine the programme before formally winding it up, elongating the EGF programme lifespan to potentially 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 will be available after the winding up of each individual programme.

Final reports for the Dell, Waterford Crystal and S.R.Technics EGF programmes were submitted by the Department in December 2011, February 2012 and April 2012 respectively and are awaiting final closure by the European Commission. The Department has reimbursed 90% of the unspent EU expenditure for these programmes. It is anticipated that the EU will seek recoupment of the final 10% of the unspent EU monies when the programmes are finally closed.

Final Reports in respect of construction sub-sectors NACE 41('Construction of buildings'), NACE 43 ('Specialised construction activities') and NACE 71 ('Architectural Services') EGF programmes encompassing some 8,000 redundant workers were submitted by the Department on 7 December 2012.

In 2012, Ireland received one payment, at the reduced 50% co-financing rate, from the EGF of €2.696 million in respect of the Talk Talk EGF application encompassing over 580 workers.

A table setting out relevant EGF programme details 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
	€98,607,493		€63,285,933

National co-funding for EGF programmes has been provided to date from

- Department of Education and Skills, subheads E.1 (Student Support), E.4.(Third level Supports for Universities and Institutes of Technology), G.2 (FÁS training and Integration supports), G.6. (enterprise supports) and G.8. (Grants to VEC's for 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)

NQAI and FETAC

Both the NQAI and FETAC were in receipt of EU funding in 2012. The NQAI received funding of €0.103 million in respect of its EUROPASS and EQF activities. FETAC receives funding for its provision of the secretariat for EQAVET. This amounted to €0.411 million in 2012

6.3 Commissions and Enquiries

	Year of appointment	Cumulative Expenditure to 31 December 2012 €000	Expenditure in 2012 €000	Expenditure in 2011 €000
Commission to Inquire into Child Abuse	1999	68,663	1,296	2,173
Residential Institutions Redress Scheme ¹	2002	1,093,437	38,022	44,200
Residential Institutions Review Committee ²	2003	7,214	581	678
Commission on School Accommodation ³	1996	3,518	—	1
Inquiry into Kilkenny City Vocational School ³	2006	328	—	4
Total⁴		1,165,946	39,318	46,378

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 €1,135,696,000. Of this amount there is an end year closing balance of €56,000 in the redress suspense account, with €10,039,000 having been expended pursuant to the 2002 Indemnity Agreement and €1.126 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 work on both the Commission on School Accommodation and the Inquiry into Kilkenny City Vocational School has been concluded.

⁴ 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 Institution Redress Board. Final costs cannot be determined at this point as the work of both bodies is ongoing.

Expenditure for the Commission to Inquire into Child Abuse from inception, to the end of 2012, was €68,662,688. At this point, it is estimated that a provision in the region of €15 - €20 million may be required to meet remaining costs of the Commission. This is a tentative provision, given that the Commission has yet to negotiate on a large volume of third party legal representation costs.

Expenditure associated with the Redress Board to the end of 2012 was €1,125,599,710 at which time some 15,397 applications had been processed out of a total of approximately 16,081 (including 1,866 late applications) received by the Board. The Board also had 709 late submissions to consider. At this point, it is estimated that additional costs of up to some €107 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(a) Legal costs and compensation

Legal costs^{1 & 2}

Legal costs paid during the year are categorised as follows;

	2012
	€000
Legal fees	435
Compensation costs	1,349

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.

² The legal costs for 2012 are indicative. 2011 comparative figures are not available. It is envisaged that, with the introduction of a new chart of accounts during 2013 to take account of the move to performance budgeting, more definitive legal details may be provided in the future.

6.5(b) Legal Costs Exceeding €50,000

The legal costs listed in points 1 to 4 in this note have been paid by the Department and are included in the legal fees and compensation costs as described at point 6.5(a) above.

The legal costs described at point 5 related to Redress and are incurred under Subhead B.12. These costs are excluded from table 6.5(a) as they are categorised as legal costs of other bodies supported by a Voted subhead rather than legal costs paid directly by the Department.

1. Expenditure under Subhead C.5 involves settlement costs of €140,500 relating to 4 special education cases. Legal costs of €172,666 were incurred in three of the four legal cases and in one other case (S18/7/00).
2. Expenditure under Subhead D.8 includes legal costs totalling €200,992 relating to four appeals under Section 29 of the Education Act, 1998.
3. Expenditure under Subhead D.8 includes settlement costs totalling €314,188 and legal fees of €13,625 in respect of a court case taken by a teacher (S18/10/04).
4. Expenditure under Subhead D.8 includes settlement costs of €27,117 in relation to a schools language policy (S18/10/04).
5. Expenditure under Subhead B.12 includes awards totalling €57,500 in respect of two redress cases. Legal costs totalling €388,248 were also incurred in these two cases and eleven other cases. Medical fees totalling €184 were also incurred in one of the legal cases (S18/10/04).

6.6 Write Offs

Arising from a fraud in relation to superannuation payments €48,498 was written off as irrecoverable during 2012 (Sanction reference number 1566).

Suspected Frauds/Irregularities

In respect of the year 2012 the Department was made aware of 19 cases of fraud/suspected irregularities, most of which remain under investigation as of September 2013. The cases under investigation largely arise in regard to the issue of grants or in respect of inappropriate expenditure of Exchequer funding by educational organisations. In those cases for whom financial details of the fraud/irregularity are available, Exchequer funding spent irregularly totalled €159,000 and other funding sources €10,000. In one of these cases where financial details were available it is expected that further irregular sums will be identified as the investigations progress. Investigations are ongoing in respect of 6 of the 19 cases for which financial details are not yet available.

As these cases are ongoing the Department will continue to make every reasonable effort to recover the 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 accounts are 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 €1.044 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.

6.8 Expenditure on Temporary School Accommodation

During 2012 expenditure under Subheads C.5. and D.8. included amounts totalling €24,664,375 in respect of temporary school premises.

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 carryover into 2013.

7. Miscellaneous accounts

7.1 Non Voted Accounts

			2012	2011
	Securities	Cash	Total	Total
	€000	€000	€000	€000
Securities balance on 1 January 2012	548	—	548	548
Securities redeemed	—	—	—	—
Transfer from receipts and payments account	—	—	—	—
Securities purchased	—	—	—	—
Transfer of redemption money	—	—	—	—
Balances on 31 December 2012	548	—	548	548

Receipts and Payments Account for the year ended 31 December

	Total	Total
	2012	2011
Balances on 1 January	149	143
Receipts	25	24
Transfer to Commissioners for Charitable Donations and Bequests ¹	(135)	—
Payments	(19)	(18)
Balances on 31 December	20	149

¹ In line with an agreement with the Office of the Commissioners for Charitable Donations and Bequests the Department's endowment funds and stockholdings are being transferred to the Commissioners on a staggered basis over the years 2010 to 2013.

7.2 Endowed Schools

Account of the Receipts and Payments of the Endowed Schools (constituted under the Educational Endowments (Ireland) Act, 1885) during the year ended 31 December 2012, in respect of Capital and Income.

	2012		2011
	Securities	Cash	Total
	€000	€000	€000
Balance on 1 January	416	—	416
Securities redeemed	—	—	—
Transfer from receipts and payments account	—	—	—
Transfer of funds	—	—	—
Balances on 31 December	416	—	416

Receipts and Payments Account for the year ended 31 December

	2012	2011
	€000	€000
Balances on 1 January	9	13
Receipts	11	16
Transfer to Office of the Commissioners for Charitable Donations and Bequests ¹	(1)	—
Payments	(19)	(20)
Balances on 31 December	—	9

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 are being transferred to the Commissioners on a staggered basis over the years 2010 to 2013.

7.3 Grant in Aid Fund 2012

	2012	2011
	€000	€000
Subhead B.1. - Fund for General Expenses of Adult Education Organisations (National Lottery Funded) ¹	—	854
Subhead B.8. – Payments in respect of Local Drug Task Force Projects ²	—	412
Subhead B.14. - Fund for General Expenses of Cultural, Scientific and Educational Organisations (National Lottery Funded)	146	187
	146	1,453

1 The general expenses to support adult education organisations subhead, which was designated as subhead B.1. to end 2011, was subsumed into a new subhead from 1 January 2012, to reflect the consolidation of further education expenditure. Up to the end of 2011 further education costs were met from a number of subheads including B.1. Adult Education.

2 Funding of projects in Drug Task Force Areas was included in the Vote 26 Accounts up to and including the 2011 Appropriation Accounts and brought to account in Subhead B.8. As Subhead B8's grant in aid designation has been removed from the subhead at end 2010, Subhead B8 has ceased to be reflected in the Grant in Aid Fund table.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

On 19 October, 2012, the Auditor General of Uganda reported a misappropriation of €11.6 million of donor funds within the Peace, Recovery and Development Programme (PRDP). The PRDP is managed by the Office of the Prime Minister of Uganda. €4 million of this total misappropriation related to funding disbursed during 2011 from Vote 27.

On the 27 December 2012 following high level discussions instigated by the Irish Government, the Ugandan Authorities reimbursed in full the €4 million directly to the Irish Embassy in Uganda.

On publication of the Auditor General of Uganda's report, a number of key actions took place in direct response to the misappropriation of funding.

- All Irish funding through Government of Uganda systems was immediately suspended.
- A detailed investigation into the misappropriation was carried out by the Evaluation and Audit Unit of my Department.

The interim report of the unit was published on 15 November 2012. The report found

- There was a sophisticated fraud involving a high level of collusion at senior levels of the Uganda administration, which is considered exceptional and could not normally have been anticipated.
- Some weaknesses in Ugandan treasury and bank systems facilitated the fraud.
- There were some deficiencies in the application of certain controls in Irish Aid systems which reduced the likelihood of earlier detection of the fraud by my Department.
- Given the complexity of aid programmes, a more pro-active approach is required to ensure that programmes have adequate resource capacity including in circumstances where staff changes occur through regular rotation.

In addition to the suspension of funding the report recommended that the Embassy should

- examine the implementation of procedures including disbursement processes and the timeliness of tracking, so that funds disbursed to a partner government have been reflected in their published accounts, and
- ensure that communication structures between internal audit at local level in partner countries and the Department's senior management are operating and that relevant issues are brought to their attention on a timely basis.

The report also made general recommendations regarding the frequency of risk assessments across all programmes and the need for a review of the management arrangements in all programme countries.

Subsequent to the investigation by the Evaluation and Audit unit, I requested all Heads of Mission managing bilateral aid programmes to undertake a comprehensive review of the internal control, risk management and reporting systems and procedures in place at mission level and to strengthen the systems where appropriate. In addition, I have met with the Ambassadors and Heads of Mission to highlight the importance of managing risk within the aid programme.

The Evaluation and Audit Unit is currently carrying out a detailed review of the appropriateness of the internal controls and risk management systems in operation at each mission. A report on this review will be available in early September and I am committed to implementing any recommendations from this review.

I am also committed to ensuring we learn from what has occurred in Uganda and further strengthen our systems of risk identification and management as well as 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

25 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 27 International Co-operation for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Misappropriation of aid funding

As outlined in note 7 to the account, a misappropriation of aid funding was discovered during 2012 in relation to around €4 million of funding disbursed to the Ugandan authorities in 2011. An equivalent sum was reimbursed to the Department by the Ugandan authorities in late 2012.

The Statement on Internal Financial Controls outlines the steps taken by the Department in response to discovery of the misappropriation.

Chapter 13 of my report on the 2012 accounts of the public services refers to the misappropriation of the Ugandan aid and certain other matters relating to Vote 27 which I considered it appropriate to report upon.

Seamus McCarthy
Comptroller and Auditor General

5 September 2013

Vote 27 International Co-operation

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Work on poverty and hunger reduction	514,030	508,721	518,687
	Gross expenditure	514,030	508,721	518,687
<i>Deduct</i>				
B	Appropriations-in-aid	1,153	1,419	1,790
	Net expenditure	512,877	507,302	516,897

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	5,575,080	5,980,013

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	16,962	15,927	16,306
ii	Travel and subsistence	2,500	2,038	2,084
iii	Training and development and incidental expenses	2,490	1,134	1,488
iv	Postal and telecommunications services	1,835	1,527	1,563
v	Office equipment and external IT services	1,840	1,178	1,207
vi	Office premises expenses	3,600	3,355	3,364
vii	Consultancy services and value for money and policy reviews	1,400	588	1,092
viii	Foreign representation and accommodation expenses	1,600	1,174	1,099
		32,227	26,921	28,203

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012		2011
	€000	€000	€000
Programme cost	481,800		490,484
Pay	15,927		16,306
Non pay	10,994		11,897
Gross expenditure	508,721		518,687
<i>Deduct</i>			
Appropriations-in-aid	1,419		1,790
Net expenditure	507,302		516,897
 Changes in capital assets			
Purchases cash	(29)		
Disposals cash	40		
Profit on disposals	(35)		
Depreciation	465		
		441	450
 Changes in net current assets			
Increase in closing accruals	38		
Increase in stock	(5)		
		33	(3,097)
 Net programme cost	507,776		514,250

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 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	9,011	9,452
Current assets			
Bank and cash	2.4	4,590	6,350
Stocks	2.5	20	15
Prepayments ¹		10,238	10,235
Other debit balances	2.6	11	31
Net liability from the Exchequer	2.8	74	(2,061)
Total current assets		14,933	14,570
Less current liabilities			
Accrued expenses		179	138
Other credit balances	2.7	106	164
Bilateral and other co-operation fund (grant-in-aid)	7	4,569	4,156
Total current liabilities		4,854	4,458
Net current assets		10,079	10,112
Net assets		19,090	19,564
Represented by:			
State funding account	2.1	19,090	19,564

¹ Prepayments include €8.9m paid to the European Development Fund as part of Ireland's assessed contribution for 2013.

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		19,564	16,917
Funding drawn down	2.2	507,302	516,897
Non cash expenditure – notional rent	1	—	—
Net programme cost	1	(507,776)	(514,250)
Balance at 31 December		19,090	19,564

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	512,877	522,877
Surplus to be surrendered	Account	(5,575)	(5,980)
		507,302	516,897
Expenditure (cash) borne elsewhere	1	—	—
Total funding drawn down		507,302	516,897

2.3 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 2012	8,308	1,011	721	1,685	2,297	14,022
Additions	—	13	12	4	—	29
Disposals	—	(10)	—	(3)	(142)	(155)
Cost or valuation at 31 December 2012	8,308	1,014	733	1,686	2,155	13,896
Accumulated depreciation						
Opening balance at 1 January 2012	—	857	632	1,169	1,912	4,570
Depreciation for the year	—	115	49	122	179	465
Depreciation on disposals	—	(6)	—	(2)	(142)	(150)
Cumulative depreciation at 31 December 2012	—	966	681	1,289	1,949	4,885
Net assets at 31 December 2012	8,308	48	52	397	206	9,011
Net assets at 31 December 2011	8,308	154	89	516	385	9,452

2.4 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	4,590	6,350
Orders outstanding	—	—
	<u>4,590</u>	<u>6,350</u>

2.5 Stocks

	2012	2011
at 31 December	€000	€000
Stationery	20	15

2.6 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Sundry debtors	11	31

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Professional Services Withholding Tax

Value Added Tax

Other credit balances

68	97
38	19
106	116
—	48
106	164

2.8 Net Liability(from)/to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered

Exchequer grant undrawn

Net liability (from)/to the Exchequer

5,575	5,980
(5,649)	(3,919)
(74)	2,061

Represented by:

Debtors

Bank and cash

Debit balances: suspense

4,590	6,350
11	31
4,601	6,381

Creditors

Due to State

Credit balances: suspense

Bilateral and other co-operation fund (grant-in-aid)

(106)	(116)
—	(48)
(4,569)	(4,156)
(4,675)	(4,320)
(74)	2,061

2.9 Commitments

Due within 12 months	Due between 1 and 5 years

at 31 December

Total of legally enforceable commitments

€000	€000
1,891	1,652

The total figure at 31 December 2012 for commitments likely to materialise relates to contracts under the administration subheads.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Working on poverty and hunger reduction			
A.1	Administration - pay	16,962	15,927	16,306
A.2	Administration - non pay	15,265	10,994	11,897
A.3	Payment to grant-in-aid fund for bilateral and other co-operation (grant-in-aid)	357,303	357,303	365,633
A.4	Emergency humanitarian assistance	51,000	51,000	50,997
A.5	Payments to international funds for the benefit of developing countries	34,000	33,999	34,354
A.6	Contributions to United Nations and other development agencies	39,500	39,498	39,500
		514,030	508,721	518,687

Significant variations

Overall, the gross expenditure in relation to the Programme A was €5,310,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	4,271	Savings were delivered through cost containment on all non pay administration headings but in particular under the travel, incidental expenditure, office supplies and consultancies subheads.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Appropriations-in-aid	300	620	1,018
2. Receipts from pension-related deductions on public service remuneration	853	799	772
Total	1,153	1,419	1,790

Explanation of significant variations

An explanation is provided below in the case of one receipt 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
Appropriations-in-aid	(320)	The surplus arose due to higher than anticipated VAT and grant refunds and under the bilateral aid programme.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	189	194
	2012	2011
	€000	€000
Pay	14,285	14,894
Higher, special or additional duties allowance	35	34
Other allowances	28	44
Overtime	61	37
Employer's PRSI	796	788
Total Pay	15,205	15,797

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 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	5	2	16,469	12,345
Other Allowances	18	—	6,928	6,622
Overtime	21	1	10,644	10,612

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 on a fee basis at a total cost of €64,007.

6 Miscellaneous

Contributions to UN and other development agencies (A.6)

	2012	2011
	€000	€000
United Nations Development Programme (UNDP)	8,900	8,940
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	3,181	3,050
Office of the United Nations High Commissioner for Human Rights	1,950	2,000
UNAIDS	3,000	3,000
United Nations Development Fund for Women (UNIFEM)	1,500	1,200
UN International Drugs Control Programme	100	100
UN Industrial Development Organisation	418	481
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
UNEP Trust Fund	57	755
United Nations Volunteers	450	—
Others - various	442	474
	<u>39,498</u>	<u>39,500</u>

7 Miscellaneous Accounts

Bilateral and other co-operation fund (grant-in-aid) account Account of receipts and payments during the year ended 31 December 2012

	2012	2011
	€000	€000
Balance on 1 January 2012	4,156	4,447
Grant-in-aid 2012	357,303	365,633
	361,459	370,080
Expenditure for the year	(356,890)	(365,924)
Balance on 31 December 2012	4,569	4,156

In addition, at 31 December 2012, unspent balances totalling €8.93 million (2011: €3.98 million) were held in bank accounts controlled by Irish Embassies and Aid offices in eleven countries. Of this total €4.13 million relates to the reimbursement of the amount of the misappropriated funding to the Irish Embassy in Uganda.

In October 2012, the Auditor General of Uganda reported a misappropriation of €11.6 million of donor funds within the Peace, Recovery and Development Programme (PRDP). The PRDP was managed by the Office of the Prime Minister of Uganda. €4 million of this total misappropriation related to Irish funding disbursed during 2011 from Vote 27.

In December 2012, the Ugandan authorities reimbursed the amount of misappropriated funding in full, in Ugandan Shillings. This translated to the Euro equivalent of €4.13 million at that date.

Under public financial procedures the reimbursement of €4.13 million is available for disbursement in 2013.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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
- the Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

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

25 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 28 Foreign Affairs and Trade for the year ended 31 December 2012.

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 Foreign Affairs and Trade. The appropriation account is in agreement with the books of account.

Vote Accounting

Chapter 4 of my report on the accounts of the public services for 2012 deals with the management of voted expenditure by a number of departments and offices. This includes a section in relation to the management of Vote 26 Education and Skills.

Seamus McCarthy
Comptroller and Auditor General

30 August 2013

Vote 28 Foreign Affairs and Trade

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Promote Ireland's economic and trade interests in Europe and internationally			
	<i>Current year provision</i>	60,171		
	<i>Deferred surrender</i>	370	60,541	50,639
B	Consular, passport and Irish abroad services		69,493	67,799
C	Reconciliation and cooperation on this island		18,019	16,519
D	International peace, security and human rights		78,148	73,184
Gross expenditure				
	<i>Current year provision</i>	225,831		
	<i>Deferred surrender</i>	370	226,201	208,141
<i>Deduct</i>				
E	Appropriations-in-aid		44,048	47,734
Net expenditure				
	<i>Current year provision</i>	181,783		
	<i>Deferred surrender</i>	370	182,153	160,407
			182,153	160,407
				164,752

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.

	2012	2011
	€	€
Surplus	21,745,763	7,754,196
Deferred surrender	400,000	370,000
Surplus to be surrendered	21,345,763	7,384,196

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn ¹
		€000	€000	€000
i	Salaries, wages and allowances	79,620	77,445	81,161
ii	Travel and subsistence	5,930	4,492	4,166
iii	Training and development and incidental expenses	4,488	3,944	3,725
iv	Postal and telecommunications services	7,208	6,275	6,547
v	Office equipment and external IT services	14,986	17,917	14,901
vi	Office premises expenses			
	<i>Current year provision</i>	25,716		
	<i>Deferred surrender</i>	370	26,086	22,002
vii	Consultancy services and value for money and policy reviews	100	8	28
viii	Foreign representation and accommodation expenses	10,305	10,490	10,846
ix	EU Presidency	8,850	2,418	—
x	Chairmanship of the Organisation for Security and Co-operation in Europe	6,000	3,174	418
		163,573	148,037	143,794

¹ Due to the revised format of the appropriation account as required under Circular 14/2012, the 2011 administration expenditure has been re-analysed in line with the new format for presentational and consistency purposes.

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	60,104	65,338
Pay	77,445	81,161
Non pay	70,592	62,633
Gross expenditure	208,141	209,132
<i>Deduct</i>		
Appropriations-in-aid	47,734	44,380
Net expenditure	160,407	164,752
Changes in capital assets		
Purchases cash	(1,215)	
Disposals cash	60	
Loss on disposal	2,229	
Depreciation	4,965	
Asset reclassification	85	
	6,124	4,451
Changes in net current assets		
Net decrease in closing accruals and prepayments	1,688	
Increase in stock	(132)	
	1,556	(31)
Direct expenditure	168,087	169,172
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	16,112	18,574
Notional rents	755	760
Net programme cost	184,954	188,506

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 28 borne elsewhere.

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	135	138
Vote 12 Superannuation and Retired Allowances	9,791	11,920
Vote 13 Office of Public Works	5,574	5,958
Vote 20 Garda Síochána	186	192
Central Fund – Ministerial pensions	426	366
	16,112	18,574

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	167,741	173,865
Current assets			
Stocks	2.4	4,467	4,335
Prepayments		15,273	17,049
Net liability from the Exchequer	2.8	2,997	(4,839)
Other debit balances	2.5	14,566	12,419
Total current assets		37,303	28,964
Less current liabilities			
Bank and cash	2.6	13,906	4,594
Accrued expenses		457	545
Other credit balances	2.7	3,336	2,696
Contributions to bodies in Ireland for the furtherance of international relations (grants-in-aid)	7.2	90	90
Cultural relations with other countries (grant-in-aid)	7.3	231	200
Total current liabilities		18,020	8,125
Net current assets		19,283	20,839
Net assets		187,024	194,704
Represented by:			
State funding account	2.1	187,024	194,704

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		194,704	187,671
Funding drawn down	2.2	176,519	183,326
Non cash expenditure – notional rent	1	755	760
Fixed assets prior year adjustment		—	23
Revaluation		—	11,430
Net programme cost	1	(184,954)	(188,506)
Balance at 31 December		187,024	194,704

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	182,153	172,506
Deferred surrender		(400)	(370)
Surplus to be surrendered	Account	(21,346)	(7,384)
		160,407	164,752
Expenditure (cash) borne elsewhere	1	16,112	18,574
Total funding drawn down		176,519	183,326

2.3 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 2012	159,592	3,173	48,398	75,238	286,401
Additions	—	161	136	918	1,215
Asset reclassification	(85)	—	—	—	(85)
Disposals	(2,289)	(270)	—	—	(2,559)
Cost or valuation at 31 December 2012	157,218	3,064	48,534	76,156	284,972
Accumulated depreciation					
Opening balance at 1 January 2012	—	2,740	39,572	70,224	112,536
Depreciation for the year	—	275	2,302	2,388	4,965
Depreciation on disposals	—	(270)	—	—	(270)
Cumulative depreciation at 31 December 2012	—	2,745	41,874	72,612	117,231
Net assets at 31 December 2012	157,218	319	6,660	3,544	167,741
Net assets at 31 December 2011	159,592	433	8,826	5,014	173,865

2.4 Stocks

	2012 €000	2011 €000
at 31 December		
Passport booklets	4,216	4,038
Protocol stocks	129	146
Stationery	48	54
Prepaid postage	7	8
IT consumables	67	89
	4,467	4,335

2.5 Other Debit Balances

	2012 €000	2011 €000
at 31 December		
Mission and headquarter accounts	8,886	7,324
Departmental and agency accounts	2,956	2,344
Imprest and personal suspense accounts	980	944
Foreign salary advance accounts	169	149
Miscellaneous	1,575	1,658
	14,566	12,419

2.6 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	(13,881)	(4,581)
Orders outstanding	(25)	(13)
	<u>(13,906)</u>	<u>(4,594)</u>

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	1,189	1,203
Pay Related Social Insurance	438	449
Pension contributions	638	298
Value Added Tax	426	521
Professional Services Withholding Tax	18	61
	<u>2,709</u>	<u>2,532</u>
Miscellaneous	627	164
	<u>3,336</u>	<u>2,696</u>

2.8 Net Liability (from)/to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	21,346	7,384
Deferred surrender	400	370
Exchequer grant undrawn	(24,743)	(2,915)
Net liability (from)/to the Exchequer	<u>(2,997)</u>	<u>4,839</u>

Represented by:**Debtors**

Debit balances: suspense	14,566	12,419

Creditors

Bank and cash	(13,906)	(4,594)
Due to State	(2,709)	(2,532)
Credit balances: suspense	(627)	(164)
Credit balances: grant-in-aid accounts	(321)	(290)
	<u>(17,563)</u>	<u>(7,580)</u>
	<u>(2,997)</u>	<u>4,839</u>

2.9 Commitments

The commitments figures stated below, are the total legally enforceable amounts payable in 2013 and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December	2012	2011
	€000	€000

The amount is analysed as follows

(i) Passport Office and other administrative costs	884	5,693

(ii) Property rental payment abroad

The amount for rental property payments is analysed by expiry of lease as follows:

Within one year	1,113	1,138
Between two and five years	5,263	5,839
Five years and over	5,671	5,647
Total commitments	12,931	18,317

Property rental commitments exclude prepayments made under the terms of the property lease agreements. Prepaid rents amounted to €2.65m (2011: €2.87m).

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Promote Ireland's economic and trade interests in Europe and internationally			
A.1	Administration - pay	25,721	22,786	23,256
A.2	Administration - non pay			
	Current year provision	28,219		
	Deferred surrender	370	22,350	19,077
A.3	Information services	502	241	424
A.4	Cultural relations with other countries (grant-in-aid)	846	846	846
A.5	Irish-American Economic Advisory Board	28	3	13
A.6	Atlantic Corridor project	175	175	250
A.7	Trade promotion funds	400	303	320
A.8	Contributions to international organisations	4,280	3,935	4070
		60,541	50,639	48,256

Explanation of significant variations

Overall, the gross expenditure in relation to the Programme was €9,902,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Information services	261	Provision of €241k was put in place to support the redevelopment of the DFAT website, which is also being funded through Vote 27 (International Cooperation). In 2012, the majority of the website development related to Irish Aid and as a consequence most costs to date have been borne by Vote 27. The Vote 28 funds in question were not required in 2012 but as the project evolves, will be needed in 2013.
Contributions to international organisations	345	These are mandatory annual payments to the OECD and the WTO. In the case of the WTO, the invoice is subject to exchange rate fluctuations. In the case of the OECD, the final amount of our annual contribution is not known until the middle of the year and the budgeted figure is a best estimate, based on the amounts paid for the previous year. The exact amount of expenditure can only be determined once these invoices are received.
EU Presidency	6,432	Allocations for 2012 were made when planning for the Irish EU Presidency were at an early stage. During 2012, opportunities were taken to reduce or avoid expenditure. In addition a thorough competitive procurement process yielded reduced spending in respect of a wide range of expenditure areas.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Consular, passport and Irish abroad services			
B.1	Administration – pay	32,570	31,345	33,509
B.2	Administration – non pay	25,249	24,858	23,792
B.3	Repatriation and maintenance of distressed Irish persons abroad	79	10	36
B.4	Support for Irish emigrant services	11,595	11,586	11,568
		69,493	67,799	68,905

Explanation of 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 25%. No outturn of the Programme met these criteria in 2012.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Reconciliation and cooperation on this island			
C.1	Administration – pay	8,027	7,648	8,195
C.2	Administration – non pay	7,097	6,024	5,767
C.3	North-South and Anglo-Irish co-operation	2,700	2,697	2,998
C.4	International Fund for Ireland	195	150	150
		18,019	16,519	17,110

Explanation of 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 25%. No outturn of the Programme met these criteria in 2012.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	International peace, security and human rights			
D.1	Administration – pay	16,652	15,666	16,200
D.2	Administration – non pay	19,668	17,360	13,997
D.3	Contributions to international organisations	41,410	39,931	44,438
D.4	Actions consequent on Title V of the Treaty on European Union	418	227	226
		78,148	73,184	74,861

Explanation of significant variations

Overall, the gross expenditure in relation to the Programme was €1,670,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Contributions to international organisations	1,479	In 2012 the programme was budgeted for €41m. However the outturn of €40m, includes an additional €9m over and above 2012 allocations paid to the UN regular/UNICC budget for 2013. While many UN payments are mandatory with a pre agreed %, UN peacekeeping is very much demand led with a three year budget cycle. The uncertainty surrounding exchange rates at the time of payments can also affect the programme variation.
Actions consequent on Title V of the Treaty on European Union	191	Expenditure under this subhead includes mandatory contributions under the Common Security Defence Policy and discretionary funding of activities in support of Ireland's Common Foreign Defence Policy objectives. Discretionary funding requirements are difficult to predict and the amounts required to address specific needs can fluctuate from year to year. In 2012, a lower outturn on such expenditure was achieved.
Chairmanship of the Organisation for security and co-operation in Europe	2,826	In 2012 Ireland held the Chairmanship of the OSCE for the first time. Original costs estimated were based on previous chairmanships, particularly modelled on the Finnish chairmanship of 2008. Throughout the year a huge effort was made to keep costs to a minimum, make savings where possible and avail of sponsorship opportunities, which led to significant savings, especially in relation to the OSCE ministerial, the largest ever ministerial held in Ireland.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated €000	Realised €000	Realised €000
1. Passport, visa and other consular services	38,770	43,011	39,166
2. Repayment of repatriation and maintenance advances	30	11	6
3. VAT refunds to diplomatic missions	1,000	837	907
4. Miscellaneous	500	330	506
5. Receipts from pension-related deduction on public service remuneration	3,748	3,545	3,795
Total	44,048	47,734	44,380

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
Passport, visa and other consular services	4,241	In 2012 a record 631,947 passports were issued, this represents an increase of 5.4% on 2011. The highest increase (8%) related to children's passports. The increase in passport fees was also due to the discontinuance of free passports for over 65s and other charges in April 2011. Passport fees outturn was ahead of estimate for months Jan to Aug and again in October.
VAT refunds to diplomatic missions	163	It is difficult to predict the level of VAT refunds to diplomatic missions.
Miscellaneous	170	Miscellaneous income was not at the levels of previous years that were used as the basis of the 2012 provisions.
Receipts from pension-related deduction on public service remuneration	203	The estimate provision in 2012 for pension related deductions was based on 2011 levels but did not take into account the number of early retirements in 2012.

4.2 Extra receipts payable to the Exchequer

	2012 €000	2011 €000
Proceeds from sale of property	2,134	—

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	1,260	1,255
	2012	2011
	€000	€000
Pay	70,510	73,482
Higher, special or additional duties allowance	258	272
Other allowances	308	384
Overtime	986	1,534
Employer's PRSI	3,088	3,046
Foreign social security/health insurance (missions)	2,295	2,443
Total Pay	77,445	81,161

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	54	9	20,613	14,894
Other Allowances	185	—	8,077	13,835
Overtime	357	26	35,732	40,760

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Payments totalling €154,192 (2011: €142,968) were paid to four (2011: four) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €406,291 (2011: €89,080) were paid to 21 (2011: 10) locally employed staff at embassies abroad.

6 Miscellaneous

6.1 Legal and Compensation Costs

Payments totalling €50,303 (2011: €56,848) were made in relation to legal costs and fees incurred on a wide range of matters arising at headquarters and at missions abroad, including employment/industrial relations issues and personal injury claims. A total of €120,582 (2011: €168,937) was paid in settlement costs arising from six legal claims (2011: seven claims).

7 Miscellaneous Accounts

7.1 Repatriation Advances

Account of receipts and payments during year ended 31 December

	2012	2011
	€000	€000
Balance outstanding at 1 January	33	27
Add Advances/expenditure (subhead B.3)	10	36
	<u>43</u>	<u>63</u>
Less Amounts written off	—	(24)
Amounts recovered (appropriations-in-aid)	(11)	(6)
Balance outstanding at 31 December	<u>32</u>	<u>33</u>

7.2 Contributions to Bodies in Ireland for the Furtherance of International Relations (Grants-in-Aid)

	2012	2011
	€000	€000
Balance on 1 January	90	90
Grant-in-aid	—	100
	<u>90</u>	<u>190</u>
Expenditure	—	(100)
Balance at 31 December	<u>90</u>	<u>90</u>

7.3 Cultural Relations with Other Countries (Grant-in-Aid)

Account of receipts and payments during year ended 31 December

	2012	2011
	€000	€000
Balance on 1 January	200	119
Grant-in-aid (subhead A.4)	846	846
	<u>1,046</u>	<u>965</u>
Expenditure	(815)	(765)
Balance at 31 December	<u>231</u>	<u>200</u>



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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;

Capital Assets

Motor vehicles are depreciated over 5 years at 20% per year. Certain office/IT equipment and specialist equipment assets are depreciated over 10 years at 10% per year, while others are 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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. During 2012, a total of 11 audits were carried out. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Aidan Dunning

Accounting Officer

Department of Communications, Energy and Natural Resources

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 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 2012.

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.

Seamus McCarthy
Comptroller and Auditor General

16 August 2013

Vote 29 Communications, Energy and Natural Resources Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Communications			
	<i>Current year provision</i>	28,587		
	<i>Deferred surrender</i>	800	29,387	21,691
B	Broadcasting		250,692	247,374
C	Energy			
	<i>Current year provision</i>	94,887		
	<i>Deferred surrender</i>	15,000	109,887	123,017
D	Natural Resources		30,371	25,204
E	Inland Fisheries		32,873	29,058
Gross expenditure				
	<i>Current year provision</i>	437,410		
	<i>Deferred surrender</i>	15,800	453,210	446,344
<i>Deduct</i>				
F	Appropriations-in-aid		243,676	239,648
Net expenditure				
	<i>Current year provision</i>	193,734		
	<i>Deferred surrender</i>	15,800	209,534	206,696

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.

	2012	2011
	€	€
Surplus	41,291,942	46,776,852
Deferred surrender	10,400,000	15,800,000
Surplus to be surrendered	30,891,942	30,976,852

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,949	14,911	15,690
ii	Travel and subsistence	543	438	407
iii	Training and development and incidental expenses	1,127	413	880
iv	Postal and telecommunications services	545	399	426
v	Office equipment and external IT services	3,185	2,898	2,665
vi	Office premises expenses	950	924	763
vii	Consultancy services and value for money and policy reviews	2,045	919	1,364
viii	Equipment, stores and maintenance	119	103	81
ix	EU Presidency	156	80	—
		24,619	21,085	22,276

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	384,477	424,068
Pay	14,972	15,690
Non pay	6,113	6,586
Gross expenditure	405,562	446,344
<i>Deduct</i>		
Appropriations-in-aid	237,320	239,648
Net expenditure	168,242	206,696
Changes in capital assets		
Purchases cash	(449)	
Depreciation	1,660	
	1,211	1,423
Changes in assets under development		
Cash payments	(9)	(124)
Changes in net current assets		
Increase in closing accruals	1,458	
Decrease in stock	76	
	1,534	489
Direct expenditure	170,978	208,484
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	12,695	13,388
Notional rents	3,266	3,257
Net programme cost	186,939	225,129

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.

	2012	2011
	€000	€000
Vote 7 Finance	71	132
Vote 9 Office of the Revenue Commissioners	—	325
Vote 12 Superannuation and Retired Allowances	8,831	8,870
Vote 13 Office of Public Works	3,766	3,775
Vote 20 Garda Síochána	—	59
Central Fund - Ministerial pensions	27	227
	12,695	13,388

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	5,366	6,355
Capital assets under development	2.4	26	239
		5,392	6,594
Current assets			
Bank and cash	2.5	31,194	11,068
Stocks	2.6	234	310
Prepayments		84	373
Accrued income		615	1,586
Other debit balances	2.7	132	289
Total current assets		32,259	13,626
Less current liabilities			
Accrued expenses		276	78
Other credit balances	2.8	1,437	1,461
Net liability to the exchequer	2.9	29,889	9,896
Deferred income		101	101
Total current liabilities		31,703	11,536
Net current assets		556	2,090
Net assets		5,948	8,684
Represented by:			
State funding account	2.1	5,948	8,684

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		8,684	10,472
Funding drawn down	2.2	180,937	220,084
Non cash expenditure – notional rent	1	3,266	3,257
Net programme cost	1	(186,939)	(225,129)
Balance at 31 December		5,948	8,684

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	209,534	253,473
Deferred surrender	Account	(10,400)	(15,800)
Surplus to be surrendered	Account	(30,892)	(30,977)
		168,242	206,696
Expenditure (cash) borne elsewhere	1.1	12,695	13,388
Total funding drawn down		180,937	220,084

2.3 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 2012	859	1,239	20,031	3,811	25,940
Additions	—	14	616	41	671
Disposals	—	—	(82)	—	(82)
Cost or valuation at 31 December 2012	859	1,253	20,565	3,852	26,529
Accumulated depreciation					
Opening balance at 1 January 2012	—	1,112	15,619	2,854	19,585
Depreciation for the year	—	60	1,387	213	1,660
Depreciation on disposals	—	—	(82)	—	(82)
Cumulative depreciation at 31 December 2012	—	1,172	16,924	3,067	21,163
Net assets at 31 December 2012	859	81	3,641	785	5,366
Net assets at 31 December 2011	859	127	4,412	957	6,355

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 €158 million to the MANS up until 31 December 2012. 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.

The Exemplar Test-bed is a research facility owned by the Minister which was developed to support research in future communications networks and the services they enable at a cost of €10 million. It has not been recognised as a capital asset as the facility is not income generating and not for use on a continuing basis in the Department's activities. The facility was opened in 2010 and is expected to continue in operation until 2015.

2.4 Capital Assets under Development

at 31 December

	Computer applications and research
	€000
Amounts brought forward at 1 January 2012	239
Cash payments for the year	9
Transferred to the asset register	(222)
Amounts carried forward at 31 December 2012	<u>26</u>

2.5 Bank and Cash

at 31 December

	2012	2011
	€000	€000
PMG balances and cash	31,499	11,368
Orders outstanding	(305)	(300)
	<u>31,194</u>	<u>11,068</u>

2.6 Stocks

at 31 December

	2012	2011
	€000	€000
IT equipment	28	29
Geological Survey of Ireland	198	266
Stationery	8	15
	<u>234</u>	<u>310</u>

2.7 Other Debit Balances

at 31 December

	2012	2011
	€000	€000
Due from the State	1	1
Other	131	288
	<u>132</u>	<u>289</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Withholding Tax	99	181
Relevant Contract Tax	313	—
Value Added Tax	233	137
Contributory Pension Scheme	2	—
Voluntary surrender of pay	4	8

	651	326

Suspense	786	1,135

	1,437	1,461

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	30,892	30,977
Deferred surrender	10,400	15,800
Exchequer grant undrawn	(11,403)	(36,881)
Net liability to the Exchequer	29,889	9,896

Represented by:

Debtors

Bank and cash	31,194	11,068
Debit balances: suspense	131	288
Due from the State	1	1
	31,326	11,357

Creditors

Due to State	(651)	(326)
Credit balances: suspense	(786)	(1,135)
	(1,437)	(1,461)
	29,889	9,896

2.10 Commitments	2012	2011
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	1,879	1,291

(b) Multi-annual capital commitments

	Expenditure to 31 December 2011	Expenditure in 2012	Subsequent years	Total
Project	€000	€000	€000	€000
ICT programmes	251,412	4,416	19,562	275,390
Multimedia developments	24,230	5,604	14,000	43,834
Sustainable energy programmes	97,877	65,534	12,786	176,197
Energy research programmes	13,819	4,282	802	18,903
Mining services	11,189	70	3,000	14,259
Geoscience initiatives	9,842	2,436	3,811	16,089
National Seabed Survey	23,526	3,044	2,400	28,970
TG4	5,310	835	4,130	10,275
	<u>437,205</u>	<u>86,221</u>	<u>60,491</u>	<u>583,917</u>

Expenditure figures for 2012 and prior years relate only to projects with future legally binding commitments.

2.11 Contingent Liabilities

There is potential for financial liabilities to arise in 2013 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

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Communications			
A.1	Administration - pay	3,249	3,020	3,295
A.2	Administration - non pay	1,649	1,179	1,317
A.3	Information and communications technology programme	14,616	4,826	8,831
A.4	Multimedia developments			
	Current year provision	7,621		
	Deferred surrender	800	8,421	7,415
				8,074
A.5	Information society	950	270	174
A.6	Change Management Fund for non-commercial bodies funded by the Department	1	—	—
A.7	Other services	501	—	—
		29,387	16,710	21,691

Significant variations

Overall, the expenditure in relation to Programme A was €12,677,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	470	Savings due to some consultancies not proceeding and the Department's efforts to reduce overall administrative expenditure.
Information and communications technology programme	9,790	Savings primarily due to: (a) expenditure on the Schools Broadband Scheme being less than expected, arising from some delay in rollout and a reduction in the original estimated installation costs for the scheme. (b) internet service providers in the rural broadband scheme offering services to applicants without the need for subsidy.
Information society	680	Savings due to lower support and maintenance charges in respect of the communications network laboratory, lower IT expenditure than expected in the National Cyber Security Centre and delay in the commencement of the Emergency Call Answering Service project.
Other services	501	The savings arose as capital contingency funds were not required.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Broadcasting			
B.1	Administration - pay	1,121	1,042	941
B.2	Administration - non pay	476	336	329
B.3	Grant to Radio Telefís Éireann for broadcasting licence fees (grant-in-aid)	185,724	179,200	182,444
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	12,397	12,405
B.5	Deontas i leith Theilifís na Gaeilge (deontas-i-gcabhair)	33,585	33,585	36,260
B.6	Broadcasting Fund	14,704	14,184	14,420
B.7	Grants for digital terrestrial television	2,625	2,312	575
		250,692	243,056	247,374

Significant variations

Overall, the expenditure in relation to Programme B was €7,636,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	140	Savings due to some consultancies not proceeding and the Department's efforts to reduce overall administrative expenditure.
Grant to RTÉ	6,524	Grant payments to RTÉ are vote neutral and are dependent on TV licence income which was lower than anticipated.
Grants for digital terrestrial television	313	Savings arose as contingencies in place were not fully utilised.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Energy			
C.1	Administration - pay	3,599	3,346	3,923
C.2	Administration - non pay	2,029	1,461	1,383
C.3	Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)	8,265	7,359	7,763
C.4	Sustainable energy programmes (cash limited)			
	<i>Current Year Provision</i>	72,406		
	<i>Deferred Surrender</i>	15,000		
		87,406	72,698	100,500
C.5	Energy research programmes (cash limited)	8,315	5,901	9,252
C.6	Strategic energy infrastructure	1	—	—
C.7	Gas services	32	32	32
C.8	Subscriptions to international organisations	240	169	164
		109,887	90,966	123,017

Significant variations

Overall, the expenditure in relation to Programme C was €18,921,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	568	Savings due to some consultancies not proceeding and the Department's efforts to reduce overall administrative expenditure.
Sustainable Energy Authority of Ireland - administration and general expenses (grant-in-aid)	906	Savings due to the average number employed in the Sustainable Energy Authority of Ireland being less than anticipated and to miscellaneous non-pay savings.
Sustainable energy programmes (cash - limited)	14,708	Savings due to slower than anticipated uptake of the commercial and domestic grant schemes under the Better Energy Programme.
Energy research programmes (cash - limited)	2,414	Savings arose primarily due to research projects not progressing as quickly as expected.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Natural Resources			
D.1	Administration - pay	6,854	6,372	6,433
D.2	Administration - non pay	3,826	2,761	3,162
D.3	Petroleum services	1,367	1,119	1,183
D.4	Mining services	4,045	259	1,971
D.5	GSI services	540	466	488
D.6	Geoscience initiatives	2,138	2,436	1,437
D.7	National seabed survey	3,000	3,044	2,944
D.8	Ordnance Survey Ireland (grant-in-aid)	8,466	8,466	7,451
D.9	Subscriptions to international organisations	135	126	135
		30,371	25,049	25,204

Significant variations

Overall, the expenditure in relation to Programme D was €5,322,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration non pay	1,065	Savings due to some consultancies not proceeding and the Department's efforts to reduce overall administrative expenditure.
Petroleum services	248	Savings primarily due to delays in completing a strategic environmental assessment for oil and gas in Ireland's offshore Atlantic basins.
Mining services	3,786	Savings due to delays in the commencement of remedial works at a State owned mine and provision for possible legal cases not yet settled.
Geoscience initiatives	(298)	Overspend due to the Tellus Border Geological Project being ahead of schedule. This resulted in a corresponding increase in income for the project which is shown in Subhead F5.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Inland Fisheries			
E.1	Administration - pay	1,282	1,192	1,098
E.2	Administration - non pay	534	376	395
E.3	Inland fisheries	31,057	28,213	27,565
		32,873	29,781	29,058

Significant variations

Overall, the expenditure in relation to Programme E was €3,092,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	158	Saving due to some consultancies not proceeding and the Department's efforts to reduce overall administrative expenditure.
Inland fisheries	2,844	Savings due to lower capital expenditure by Inland Fisheries Ireland than anticipated.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Proceeds of fines in respect of fishery offences	50	36	28
2. Receipts under the Minerals Development Act, 1940 and the Petroleum and Other Minerals Act, 1960	12,341	12,376	13,382
3. Petroleum Infrastructure Support Group	1,166	1,104	1,175
4. Broadcasting licence fees	222,130	215,028	217,759
5. Geological Survey Ireland income	1,100	1,344	305
6. Rent on properties in GPO	223	222	192
7. Emergency call answering service	250	250	—
8. Miscellaneous	2,446	2,815	2,506
9. Receipts from pension-related deduction on public service remuneration	3,970	4,145	4,301
Total	243,676	237,320	239,648

Miscellaneous

	2012	2011
	€000	€000
Pension contribution from Sustainable Energy Authority of Ireland	224	225
Pension contribution from Broadcasting Authority of Ireland	679	771
Pension contribution from Ordnance Survey Ireland	400	409
Pension contribution from Digital Hub Development Agency	293	—
Costs recovered from other bodies	56	69
Corrib verification process	255	274
Royalties in respect of Metropolitan Area Networks	786	735
Other	122	23
Total	2,815	2,506

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
Broadcasting licence fees	7,102	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	(244)	Receipts higher than anticipated due to the Tellus Border Geological Project being ahead of schedule.
Miscellaneous	(369)	Receipts higher than anticipated mainly due to the late payment of some 2011 pension contributions and an increase in MANS royalties.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €3,371,531 were transferred to the Exchequer during the year.

A total of €3,351,185 was received from the Sustainable Energy Authority of Ireland. Funds generated under the Building Energy Rating (BER) scheme exceeded the cost of operating it and resulted in a surplus of €2,820,465. The BER scheme is a requirement of the EU Directive on the Energy Performance of Buildings. €530,720 relates to the refund of grants from applicants who no longer complied with the relevant scheme conditions.

Voluntary surrender of pay €20,346.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)		
Department	248	259
Agencies	900	—
	1,148	259
	2012	2011
	€000	€000
Pay	27,329	14,715
Higher, special or additional duties allowance	125	105
Other allowances	1,400	80
Overtime	199	47
Employer's PRSI	2,872	743
Total Pay	31,925	15,690

The 2011 staffing levels relate to Department staff only.

The number of staff employed at the end of 2012 includes a number of non-commercial State agencies that are not in direct receipt of exchequer funding.

The remuneration arrangements refer to the pay element of Subheads A1, A4, B1, C1, C3, D1, E1 and E3.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	17	8	20,614	20,614
Other allowances	374	2	12,227	7,098
Overtime	48	3	18,233	9,133

Certain individuals received extra remuneration in more than one category.

The 2011 comparative data relates to Department staff only.

5.2 Other Remuneration Arrangements – Departmental Staff

An ex-gratia payment of €11,936 was made to a former employee in respect of agreed retirement benefits.

6 Miscellaneous

6.1 EU Funding

The outturn shown for Subhead A.3 for 2012 includes expenditure which was co-financed from the European Regional Development Fund.

6.2 Committees and Commissions

€56,267 (2011: €152,264) was paid in respect of various expenses arising out of the Department's involvement in the Moriarty Tribunal.

6.3 Other Miscellaneous

The Department made a €15,000 payment to the Revenue Commissioners as a result of a prompted qualifying disclosure in respect to treatment of relevant contracts tax. There was no additional tax liability arising from the disclosure.

6.4 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2012

	2012	2011
	€000	€000
Balance at 1 January	7,284	6,563
Receipts	1,109	1,104
Payments	(277)	(383)
Balance at 31 December	<u>8,116</u>	<u>7,284</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. As the PIP funds are provided by the oil industry they are not included in the Departments balance sheet.

6.5 Carryover of Funding

Under the provisions of Section 91 of the Finance Act 2004, €10.4 million of unspent allocation in respect of the capital elements of Subhead C.4 was carried forward to 2013.



Appropriation Account 2012

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 2012 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 granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 Animal Identification and Movement (AIM) system software is depreciated at 10%. All capital assets are depreciated on a straight line basis over their estimated useful life starting from the month in which they are 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 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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 Committee.

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's Audit Committee, which includes five external members, reviews and monitors the work plan of the Internal Audit Unit and reports annually to the Minister and the Secretary General on its implementation. 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. I provided a Statement of Assurance to the certifying body for the EU annual accounts as required by Council Regulation 1290/2005. In 2012, the Department was subject to approximately 2,600 audit person days by these bodies.

The Risk Management Committee, also chaired by me, monitors the operation of the Department's Risk Management programme. The overall objective of the programme is to identify and assess the key risks (strategic, operational, financial, fraud and reputational) facing the Department in achieving its objectives and to outline measures for addressing those risks. It is reviewed on an ongoing basis. The programme continued to function satisfactorily in 2012 with Risk Management Committee meetings being held in February, April, July and October.

The Department continued its work on the development of a performance measurement framework. In addition, the Department is participating in the Department of Public Expenditure and Reform pilot project "Ireland Stat". The Department commenced work on developing an improved performance measurement framework and costing methodology.

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

27 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 30 Agriculture, Food and the Marine for the year ended 31 December 2012.

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 accounts.

Seamus McCarthy
Comptroller and Auditor General

30 August 2013

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Agri-food policy, development and trade	350,892	346,145	344,085
B	Food safety, animal health and welfare and plant health	253,059	238,424	256,627
C	Rural economy, environment and structural changes			
	<i>Current year provision</i>	457,764		
	<i>Deferred surrender</i>	26,900	484,664	476,157
D	Direct payments	250,219	257,287	285,064
Gross expenditure				
	<i>Current year provision</i>	1,311,934		
	<i>Deferred surrender</i>	26,900	1,338,834	1,318,013
				1,421,280
Deduct				
E	Appropriations-in-aid	369,632	378,256	429,883
Net expenditure				
	<i>Current year provision</i>	942,302		
	<i>Deferred surrender</i>	26,900		
		969,202	939,757	991,397

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.

	2012	2011
	€	€
Surplus	29,445,201	282,218,098
Deferred surrender	6,000,000	26,900,000
Surplus to be surrendered	<u>23,445,201</u>	<u>255,318,098</u>

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	184,552	177,550	189,817
ii	Travel and subsistence	7,501	7,286	7,885
iii	Training and development and incidental expenses	5,601	4,062	4,723
iv	Postal and telecommunications services	5,154	4,340	4,653
v	Office equipment and external IT services	20,234	17,404	17,778
vi	Office premises expenses	6,000	6,052	6,166
vii	Consultancy services and value for money and policy reviews	100	77	14
viii	Supplementary measures to protect the financial interests of the EU	629	634	588
ix	Laboratory equipment	5,600	5,511	5,738
x	EU Presidency	—	—	—
		235,371	222,916	237,362

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	1,095,097	1,183,918
Pay	177,550	189,817
Non pay	45,366	47,545
Gross expenditure	1,318,013	1,421,280
<i>Deduct</i>		
Appropriations-in-aid	378,256	429,883
Net expenditure	939,757	991,397
Changes in capital assets		
Purchases cash	(3,160)	
Depreciation	6,880	
Loss on disposals	1	
	3,721	4,317
Changes in net current assets		
Decrease in closing accruals	(7,862)	
Decrease in stock	225	
	(7,637)	(19,169)
Direct expenditure	935,841	976,545
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	65,179	64,424
Notional rents	7,552	7,215
Net programme cost	1,008,572	1,048,184

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.

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	2,452	2,514
Vote 12 Superannuation and Retired Allowances	58,487	56,340
Vote 13 Office of Public Works	3,804	5,174
Vote 20 Garda Síochána	—	69
Central Fund - Ministerial pensions	436	327
	65,179	64,424

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	14,003	17,724
Current assets			
Bank and cash	2.4	50,215	118,044
Stocks	2.5	4,083	4,309
Prepayments		2,065	1,518
Accrued income:			
EAFRD funding due from the EU		122,784	115,239
Other amounts due from the EU		2,890	3,890
Scheme overpayments		3,307	4,573
Due from services		6,124	5,637
Other debit balances	2.6	1,349	2,111
Total current assets		192,817	255,321
Less current liabilities			
Accrued expenses		6,031	7,578
Deferred income		1	4
Other credit balances	2.7	35,492	44,042
Net liability to the Exchequer	2.8	16,072	76,113
Total current liabilities		57,596	127,737
Net current assets		135,221	127,584
Net assets		149,224	145,308
Represented by:			
State funding account	2.1	149,224	145,308

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		145,308	130,456
Funding drawn down	2.2	1,004,936	1,055,821
Non cash expenditure – notional rent	1	7,552	7,215
Net programme cost	1	(1,008,572)	(1,048,184)
Balance at 31 December		149,224	145,308

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	969,202	1,273,615
Deferred surrender	Account	(6,000)	(26,900)
Surplus to be surrendered	Account	(23,445)	(255,318)
		939,757	991,397
Expenditure (cash) borne elsewhere	1	65,179	64,424
Total funding drawn down		1,004,936	1,055,821

2.3 Capital Assets

	Office equipment/ other machinery €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	217,720	13,997	231,717
Additions	3,122	38	3,160
Disposals	(190)	—	(190)
Cost or valuation at 31 December 2012	220,652	14,035	234,687
Accumulated depreciation			
Opening balance at 1 January 2012	201,903	12,090	213,993
Depreciation for the year	6,482	398	6,880
Depreciation on disposals	(189)	—	(189)
Cumulative depreciation at 31 December 2012	208,196	12,488	220,684
Net assets at 31 December 2012	12,456	1,547	14,003
Net assets at 31 December 2011	15,817	1,907	17,724

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.

2.4 Bank and Cash

at 31 December	2012 €000	2011 €000
PMG balances and cash	53,334	123,983
Orders outstanding	(3,119)	(5,939)
	50,215	118,044

2.5 Stocks

at 31 December	2012 €000	2011 €000
Laboratory supplies and chemicals	289	287
Stationery supplies	124	103
Computer supplies	143	180
Veterinary supplies	3,171	3,254
Livestock	223	302
Agricultural stock	68	104
Safety items and first aid supplies	24	36
Cleaning supplies	7	7
Oil stocks	34	36
	4,083	4,309

2.6 Other Debit Balances

at 31 December	2012	2011
	€000	€000
Imprests and recoupable travel costs	209	232
Department of Finance recoupable gratuities and retirement lump sums	—	594
Advance payments to OPW	1,075	1,109
Due from local authorities in respect of harbour development	65	131
Other	—	45
	<u>1,349</u>	<u>2,111</u>

2.7 Other Credit Balances

at 31 December	2012	2011
	€000	€000
Amounts due to the State		
Withholding Tax	533	598
Value Added Tax	517	761
Relevant Contracts Tax	3	168
Superannuation	—	473
Intervention VAT	65	(29)
Income Tax	—	3,365
Pay Related Social Insurance	—	1,189
	<u>1,118</u>	<u>6,525</u>
Securities	291	343
Milk quota sales and levies	565	422
Cork and Dublin district milk board funds	—	642
Pesticides licensing fees	2,124	2,205
EU advances (note 6.5)	24,631	32,176
Miscellaneous	6,763	1,729
	<u>35,492</u>	<u>44,042</u>

2.8 Net Liability to the Exchequer

at 31 December	2012 €000	2011 €000
Surplus to be surrendered	23,445	255,317
Deferred surrender	6,000	26,900
Exchequer grant undrawn	(13,373)	(206,104)
Net liability to the Exchequer	16,072	76,113

Represented by:**Debtors**

Bank and cash	50,215	118,044
Debit balances: suspense	1,349	2,111
	51,564	120,155

Creditors

Due to State	(1,118)	(6,525)
Credit balances: suspense	(34,374)	(37,517)
	(35,492)	(44,042)
	16,072	76,113

2.9 Commitments

at 31 December	2012		2011
	Due 2013	Subsequent years	Total
	€000	€000	€000
(a) Procurement	7,925	6,281	14,206
(b) Grants			
Capital investment grants	19,100	41,500	60,600
Fishery harbour and coastal infrastructure development	—	—	—
Food research	13,552	32,459	46,011
Afforestation	102,690	646,616	749,306
Bioenergy	667	—	667
Grants to the organic sector	6,374	22,000	28,374
Farm Improvement Scheme	26,307	38,324	64,631
Early Retirement Scheme	13,998	32,000	45,998
Rural Environment Protection Scheme	141,995	168,560	310,555
Agri Environment Options Scheme	51,800	138,392	190,192
Horticulture Scheme	200	—	200
Equine breeding	—	—	—
Cattle Breeding Authority	—	—	—
Animal Health Ireland	500	—	500
On Farm Market Valuation	133	—	133
Total of legally enforceable commitments	385,241	1,126,132	1,511,373

1,941,169

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Agri-Food Policy, Development and Trade			
A.1	Administration – pay	17,638	17,056	15,176
A.2	Administration - non pay	4,118	3,519	3,417
A.3	Research and training	31,910	32,407	35,190
A.4	Development of agriculture and food	25,250	25,936	20,361
A.5	Teagasc - grant-in-aid for general expenses	117,060	117,060	120,156
A.6	An Bord Bia - grant-in-aid for general expenses	27,120	27,120	27,637
A.7	Marine Institute (grant-in-aid)	22,450	22,449	24,123
A.8	Bord Iascaigh Mhara (grant-in-aid)	17,000	16,250	16,738
A.9	Food aid donations - World Food Programme	9,960	9,960	9,960
A.10	Other services	22,096	18,098	14,037
A.11	Horse and Greyhound Racing Fund	56,290	56,290	57,290
		350,892	346,145	344,085

Significant variations

Overall, the gross expenditure in relation to the Programme was €4,747,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Other services	3,998	Savings arose on legal expenses as fewer legal cases were settled during the year than anticipated. There were also savings under the Beef and Lamb Quality Assurance schemes due to a reduction in participants and increased operational efficiency. The Beef Technology Adoption Programme also yielded savings as it was only launched in February 2012.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Food Safety, Animal Health and Welfare and Plant Health			
B.1	Administration - pay	104,067	100,362	105,868
B.2	Administration - non pay	30,020	26,746	29,455
B.3	Food safety (and public health), animal health and welfare and plant health	118,972	111,316	121,212
B.4	Other services	—	—	92
		253,059	238,424	256,627

Significant variations

Overall, the gross expenditure in relation to the Programme was €14,635,000 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	7,656	There were savings on TB eradication, BSE, scrapie and other animal disease programmes due to the continuing decrease in disease incidence and fewer incidences of Class A disease outbreaks during the year. There was also less expenditure on meat inspection duties at meat plants due to the introduction of more efficient rostering and reduced hourly fees. Some of the savings under this heading were partly offset by the processing of a higher number of claims for payments under the suckler cow welfare scheme than was originally estimated.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Rural Economy, Environment and Structural Changes			
C.1	Administration - pay	39,047	36,885	41,103
C.2	Administration - non pay	9,526	8,694	8,781
C.3	Rural environment	243,000	253,213	277,022
C.4	Land mobility (early retirement/ installation aid schemes)	24,150	20,471	27,702
C.5	Development of agriculture and food	26,261	23,475	40,882
C.6	Forestry and bioenergy			
	<i>Current year provision</i>	89,460		
	<i>Deferred surrender</i>	26,900		
		116,360	112,817	116,459
C.7	Fisheries	13,060	9,862	12,648
C.8	Sea Fisheries Protection Authority	10,690	9,341	10,199
C.9	Other services	2,570	1,399	708
		484,664	476,157	535,504

Significant variations

Overall, the gross expenditure in relation to the Programme was €8,507,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Land mobility (early retirement/ installation aid schemes)	3,679	The savings occurred as more participants under the Early Retirement schemes qualified for the national old age pension at 65 or 66 years than anticipated, at which point the early retirement scheme pension was reduced by the amount of national pension paid.
Development of agriculture and food	2,786	There was less expenditure than estimated under the Targeted Agricultural Modernisation schemes, with the exception of the Poultry Welfare scheme, as some projects approved for grant aid were not completed and the funding provided was not drawn down since the applicants have two years to complete approved works.
Fisheries	3,198	The savings arose under aquaculture capital development due to on-going constraints on eligible investment projects arising from the designation of inshore waters as special areas of conservation and special protection areas and also due to the exclusion of salmon aquaculture.
Sea Fisheries Protection Authority	1,349	There was a delay in awarding Sea Fisheries Protection Authority capital contracts which resulted in a saving.
Other services	1,171	This heading includes the Haulbowline Island Remediation project, where all expected costs did not fall due before year end. Also, not all of the funding allocated for Technical Assistance was required.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Direct Payments			
D.1	Administration-pay	23,800	23,247	27,670
D.2	Administration - non pay	7,155	6,407	5,892
D.3	Income and market supports	29,161	21,181	17,609
D.4	Income support in disadvantaged areas	190,000	206,303	233,757
D.5	Other services	103	149	136
		250,219	257,287	285,064

Significant variations

Overall, the gross expenditure in relation to the Programme was €7,068,000 higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Income and market supports	7,980	There were three main contributors to the €7.98m savings under this heading. The main savings were due to a lower than anticipated spend on EU disallowances, intervention costs and lower interest costs on short term FEOGA related borrowings.
Income support in disadvantaged areas	(16,303)	The additional expenditure is due to a higher level of applications under the 2012 scheme being cleared for payment by year end than originally estimated.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
	Subhead	Estimated €000	Realised €000	Realised €000
1.	Recoupment of salaries, etc. of officers on loan to outside bodies	850	995	761
2.	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	1	636	736
3.	Refunds from veterinary fees for inspection at poultry and other meat plants	14,732	15,232	15,247
4.	Receipts from veterinary inspection fees for live exports	1,091	1,215	1,646
5.	Receipts from fees for dairy premises inspection services	5,000	5,096	5,685
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	989	1,277
7.	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	A.3 1,597	2,235	1,698
8.	Receipts from farmer contributions towards the cost of eradicating bovine disease	B.3 5,000	5,194	5,780
9.	Land Commission receipts	5	1,005	410
10.	Other receipts	202	1,585	2,652
11.	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	D.3 282	1,275	1,056
12.	Intervention stock losses, etc	D.3,D.5 1	—	1,086
13.	EAFRD (European Agricultural Fund for Rural Development)	C.3,C.5, D.4 300,000	294,428	346,368
14.	Veterinary Fund	B.3 13,960	18,898	19,566
15.	Other Guarantee receipts from EU (Agriculture)	D.3, D.5 1,358	1,012	1,044
16.	Other Guarantee receipts from EU (EAGGF Fisheries)	D.3 600	9	919
17.	National Development Plan - structural receipts (2000-2006)	—	—	3,316
18.	Proceeds of fines and forfeitures in respect of sea fisheries	100	197	249
19.	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	100	111	120
20.	EU recoupment in respect of expenditure on the conservation and management of fisheries	1	1,167	379
21.	Aquaculture licence fees	C.7 412	972	689
22.	EU FIFG receipts (aquaculture and development)	C.7 3,390	1,399	—
23.	EFF (Fisheries) 2007-2013	4,076	6,960	—
24.	Receipts from pension-related deduction on public service remuneration	16,069	17,646	19,199
Total		369,632	378,256	429,883

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 salaries, etc. of officers on loan to outside bodies	(145)	Some recoupment of salaries due in respect of 2011 were not received until 2012.
Forfeited deposits and securities under EU intervention, export refund, etc. arrangements	(635)	Only a token provision is made for income under this category due to the unpredictable nature of forfeitures on licence securities.
Receipts from veterinary inspection fees for live exports	(124)	Fee income in respect of pig and sheep exports was higher than provided for in the original estimate.
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	(184)	The level of samples submitted to the Department's laboratories is a demand led situation, making accurate estimation of expected receipts difficult. An increase in the number of post mortem submissions to the regional veterinary laboratories in 2012 accounted for the increase in receipts above the original estimate.
Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	(638)	Yields and higher quality product in the sector generated a higher return than anticipated.
Land Commission receipts	(1,000)	The higher levels of receipts than estimated were due to monies received during the year from the sale of land where cow park trusts were revoked.
Other receipts	(1,383)	Staff superannuation deductions receivable from the state agencies under the remit of this Department included under this heading contributed to the excess.
Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	(993)	The variance is due to monies received from the EU following clearance of the 2011 EAGF account, that was not foreseen when the estimate was being formulated.
Veterinary Fund	(4,938)	The higher level of receipts than estimated was due to an EU decision to increase the allocation from the Fund.
Other Guarantee receipts from EU (Agriculture)	346	The uptake of the School Milk scheme and School Fruit scheme was lower than provided for in the original estimate, resulting in a lower EU co-funding transfer.

Description	Less/ (more) than provided €000	Explanation
Other Guarantee receipts from EU (EAGGF Fisheries)	591	Given the nature of the fishing industry and the relative volatility of supply and demand, it is difficult to accurately estimate in advance the level of uptake of fishery market intervention schemes and consequently the amounts recoupable from the EAGF.
EU recoupment in respect of expenditure on the conservation and management of fisheries	(1,166)	Reimbursement under this heading had not been provided for in the original estimate as receipts are dependent on funding available and on the suitability of projects.
Aquaculture licence fees	(560)	The variation from estimate was due to one large payment and a number of fee arrears received during the year.
EU FIFG receipts (aquaculture and development)	1,991	Receipts under this heading were less than originally estimated as the anticipated closure of the operational programme under the FIFG 2000-2006 in 2012 did not occur.
EFF (Fisheries) 2007-2013	(2,884)	The surplus arose as the drawdown of funds due in 2011 from the European Commission did not take place until 2012.
Receipts from pension-related deduction on public service remuneration	(1,577)	The level of income levy 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

	2012 €000	2011 €000
Dublin district milk board pension income	5	11
Conscience money	—	1
Surrender of suspense account balances	1,517	164
Legal expenses	20	20
National Milk Agency pension contribution	—	782
Refund of legal fees	—	4
Voluntary surrender of pay	16	8
Proceeds from sale of two properties	245	—
Grants for dairy industry - surrendered by Enterprise Ireland	2,101	—
Total	3,904	990

5 Employee Numbers and Pay

The following employee numbers and pay information relates to the Department and its associated State bodies. The 2011 comparative figures have been restated to include those State bodies.

	2012	2011
Number of staff at year end (full time equivalents)	4,844	5,159
	2012	2011
	€000	€000
Pay	221,798	235,873
Higher, special or additional duties allowance	2,428	2,834
Other allowances	1,631	2,193
Overtime	3,522	3,874
Redundancy payments	192	134
Employer's PRSI	10,938	10,959
Total Pay	240,509	255,867

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 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	543	8	20,614	20,614
Other allowances	480	18	20,206	20,642
Overtime	829	89	30,835	46,771

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

€79,343 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 €29,310 in respect of the non recoupable portion of the remuneration of an officer seconded to a staff representative body.

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 €10.5m for EU funding which has been disallowed.

The Account includes interest of €3.27m paid on short-term borrowings of €720m borrowed in 2011 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2012 along with interest.

A total of €730m in short-term funds were borrowed in 2012 to fund EAGF Guarantee expenditure pending EU recoupment in 2013. 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)	2012	2011
	€m	€m
Single payment scheme (including modulation refund)	1,248	1,316
Grassland Sheep, Dairy Efficiency, Burren Life (EU Reg 73/2009 Article 68 Measures)	39	23
Export refunds	1	3
Intervention	14	36
Milk superlevy	(16)	—
Other	6	(2)
Co-funded receipts (measures co-funded by EU)¹	2012	2011
	€m	€m
Agriculture		
EAFRD Rural Development Programme 2007-2013	294	346
Veterinary Fund	19	20
Market intervention	—	1
Other co-financing receipts	2	5
Fisheries		
FIFG - aquaculture development/fisheries development	2	1
EFF - European Fisheries Fund 2007-2013	7	—
	1,616	1,749

¹ Only the EU co-funding on these programmes is shown in this table.

6.2 Overpayments

	2012	2011
	€000	€000
Scheme overpayments at 1 January	4,573	5,760
Overpayments raised in the year	8,225	7,643
Corrections	(3,524)	(2,227)
Recoveries	(5,498)	(6,030)
Write-offs (note 6.3)	(469)	(573)
Scheme overpayments at 31 December	3,307	4,573

6.3 Write-offs

The following sums were written off in the year:

	2012	2011
	€	€
Schemes:		
Early retirement from farming	93,599	265,949
Afforestation schemes	174,826	221,837
Miscellaneous EU premia and areas based schemes	100,472	84,930
Rural Environment Protection scheme	100,038	—
	<u>468,935</u>	<u>572,716</u>
Other:		
Veterinary inspection fees unpaid by companies no longer in business	10,850	—
Overpayment of salary to staff member (now retired)	—	1,414
Land Commission annuity arrears	—	75,834

6.4 Legal Costs and Compensation

Legal cost paid during the year are categorised as follows:

	2012
	€
Legal fees	33,265
Compensation costs	<u>1,243,799</u>
	<u>1,277,064</u>

The total legal fees and compensation costs incurred in 2011 amounted to €980,083.

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 €147m advance funding for the Department which was receipted as appropriations-in-aid in those years. This advance funding must be accounted for by the end of the programme. Depending on the final expenditure for the programme, which ends in 2013, there exists the potential for liabilities to the extent of the advance. The Department is providing, in a suspense account, the difference between the value of the advance funding and eligible expenditure declared as at 31 December 2012. The value retained in suspense is €24.63 million.

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 2012 was €8.436m (2011: €8.436m).

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 2012 was €1.524m (2011: €1.524m).

6.7 Ex-Gratia Payments

Ex-gratia payments totalling €1,370,000 were made to 141 animal welfare organisations (2011: €1,234,000).

An ex-gratia payment of €40,728 was made to a farmer under the TB Eradication scheme who had to cull his deer herd.

Ex-gratia payments totalling €14,799 were made to 27 applicants under the Farm Waste Management scheme, whose grants were partially paid on a phased basis on foot of a Government decision.

7. Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2012

	2012	2011
	€000	€000
Balance at 1 January 2012	—	—
Receipts (subhead A.11)	56,290	57,290
Payments		
Horse Racing Ireland	(45,032)	(45,830)
Bord na gCon	(11,258)	(11,460)
Balance at 31 December 2012	—	—

SCHEDULE OF LAND AND BUILDINGS

County	Property	Area (Hectares)
Cavan	Forest plot, Kingscourt	0.3
Cavan	Lands, Teagasc College, Ballyhaise	17.0
Cork	Blood testing laboratory, Model Farm Road	—
Cork	Dairy science laboratory, Model Farm Road	—
Cork	Forest plot, Ballyhooley	1.0
Cork	Forest plot, Ballyhoura	1.6
Cork	Forest plot, Ballynoe	29.7
Cork	Forest plot, Bandon	1.4
Cork	Forest plot, Doneraile	1.1
Cork	Forest plot, Dunmanway	0.8
Cork	Forest plot, Glengarriff	5.0
Cork	Forest plot, Killavullen	0.1
Cork	Forest plot, Killeagh	7.0
Cork	Forest plot, Kilworth	0.8
Cork	Forest plot, Kinalea	7.5
Cork	Forest plot, Newmarket	1.5
Cork	Forest plot, Rathluirc	1.5
Cork	Forest plots, Banteer	7.0
Cork	Forest plots, Duhallow	5.5
Cork	Forest plots, Roscarberry	11.0
Cork	Lands, Model Farm Road	4.0
Cork	Regional veterinary laboratory, Model Farm Road	—
Donegal	Forest plot, Ardara	6.5
Donegal	Forest plot, Dowra	107.3
Donegal	Forest plot, Gweebarra	1.8
Donegal	Forest plots, Killygordon	0.6
Donegal	Forest plots, Letterkenny	0.3
Donegal	Forest plots, Lough Hill	13.5
Donegal	Forest plots, Meenirroy	1.5
Donegal	Potato testing centre, Raphoe	78.0
Donegal	Potato testing laboratory, Raphoe	—
Galway	Forest plot, Ballygar	0.5
Galway	Forest plot, Oughterard	7.0
Galway	Lands, Teagasc College, Athenry	59.0
Kerry	Forest plot, Killarney	1.0
Kerry	Forest plots, Killorglin	13.0
Kildare	Forest plot, Donadea	0.1
Kildare	Forest plots, Athy	3.5
Kildare	Lands, Backweston	113.0
Kildare	Stacumny Cottage, Backweston	—
Kildare	Testing Centre, Backweston	—
Kilkenny	Forest plots, Castlecomer	2.6
Kilkenny	Forest plots, Knocktopher	1.3
Kilkenny	Lands, Kildalton College, Piltown	18.0
Laois	Forest plot, Ballyfin	2.2
Laois	Forest plot, Durrow	2.2
Leitrim	Forest plot, Glenfarne	11.0
Limerick	Forest plot, Broadford	2.7
Limerick	Forest plot, Foynes	1.8
Limerick	Forest plots, Adare	3.0
Limerick	Forest plots, Kilfinane	9.9
Mayo	Forest plot, Foxford	3.0
Roscommon	Forest plot, Lough Key	16.0

SCHEDULE OF LAND AND BUILDINGS

County	Property	Area (Hectares)
Sligo	Forest plot, Beltra	141.0
Sligo	Forest plot, Manorhamilton	2.0
Sligo	Forest plots, Benbulbin	5.9
Sligo	Forest plots, Collooney	1.3
Tipperary	Forest plot, Clogheen	1.3
Tipperary	Forest plot, Clonmel	3.2
Tipperary	Forest plot, Kilsheelan	0.9
Tipperary	Forest plot, Neir	2.8
Tipperary	Forest plot, Rear Cross	0.5
Tipperary	Forest plots, Carrick-on-Suir	4.0
Waterford	Forest plot, Curraghmore	0.6
Waterford	Forest plots, Kilmacthomas	17.5
Westmeath	Forest plot, Lough Ennel	14.5
Westmeath	Forest plots, Castlepollard	1.0
Wexford	Forest plot, Gorey	11.1
Wexford	Forest plot, Killane	0.4
Wexford	Forest plots, Forth	15.3
Wicklow	Forest plot, Ballinahinch	60.7
Wicklow	Forest plot, Cloghleagh	1.4
Wicklow	Forest plot, Enniskerry	1.0
Wicklow	Forest plot, Wicklow	3.7
Wicklow	Forest plots, Aughavannagh	0.8
Wicklow	Forest plots, Avonmore	1.0
Wicklow	Forest plots, Glendalough	5.1
Wicklow	Forest plots, Glen of Imaal	6.1
Wicklow	Forest plots, Shelton	2.6

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 414 hectares of non-agricultural land on hand at 31 December 2012.

186 acres of land valued at €6.1m were transferred to the National Sports Campus Development Authority in the year.

In 2012 the Department sold two properties in Kildare and Tipperary for a total of €245,378 (note 4.2).



Appropriation Account 2012

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 2012 for the salaries and expenses of the Office of the Minister for Transport, Tourism and Sport, including certain services administered by that Office, for payment of certain grants, grants-in-aid and certain other services.

The expenditure outturn is compared with the sums

- (a) granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

As set out in note 6.3, grants totalling €13,000 provided by the Department under the Sports Capital Programme were supported by invoices which had also been used to support a grant claim from another State body.

The Department carried out an investigation and as a result sought to recover the amounts overpaid. By May 2013, €5,000 of the €13,000 overpaid has been recovered. The sports body that submitted the claim has been barred from applying for further grants under the Sports Capital programme until April 2016.

The Department is currently reviewing its procedures to ensure expenditure claimed under the Sports Capital Programme has not been claimed from another State agency.

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

27 March 2013

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 Department of Transport, Tourism and Sport for the year ended 31 December 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 my audit of the appropriation account.

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 31 Transport, Tourism and Sport for the year ended 31 December 2012.

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.

Reporting on matters arising from audit

Chapter 14 of my report on the accounts of the public services for 2012 relates to the level of cash balances in the Road Safety Authority. The Authority received annual grant funding from Vote 31 Transport, Tourism and Sport.

Seamus McCarthy
Comptroller and Auditor General

17 September 2013

Vote 31 Transport, Tourism and Sport

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Civil aviation		32,581	27,923
B	Land transport			34,370
	<i>Original</i>	1,703,704		
	<i>Deferred surrender</i>	2,300		
	<i>Supplementary</i>	17,800	1,723,804	1,729,201
C	Maritime transport and safety			2,013,275
	<i>Original</i>	79,926		
	<i>Supplementary</i>	(6,700)	73,226	70,617
D	Sports and Recreation Services			70,842
	<i>Original</i>	80,622		
	<i>Deferred surrender</i>	6,400		
	<i>Supplementary</i>	(6,100)	80,922	79,596
E	Tourism services			84,124
	<i>Original</i>	144,353		
	<i>Supplementary</i>	(1,000)	143,353	143,144
Gross expenditure				
	<i>Original</i>	2,041,186		
	<i>Deferred surrender</i>	8,700		
	<i>Supplementary</i>	4,000		
			2,053,886	2,050,481
	<i>Deduct</i>			2,346,138
F	Appropriations-in-aid		449,808	450,541
				428,319
Net expenditure				
	<i>Original</i>	1,591,378		
	<i>Deferred surrender</i>	8,700		
	<i>Supplementary</i>	4,000		
			1,604,078	1,599,940
				1,917,819

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.

	2012	2011
	€	€
Surplus	4,138,525	11,228,933
Deferred surrender	—	8,700,000
Surplus to be surrendered	<u>4,138,525</u>	<u>2,528,933</u>

Analysis of administration expenditure

		2012	2011
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	29,089	30,663
ii	Travel and subsistence	1,003	911
iii	Training and development and incidental expenses	2,360	1,609
iv	Postal and telecommunications services	949	555
v	Office equipment and external IT services	1,668	1,523
vi	Office premises expenses	912	846
vii	Consultancy services and value for money and policy reviews	599	397
		<u>36,580</u>	<u>36,504</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	2,015,944	2,309,634
Pay	28,674	30,663
Non pay	5,863	5,841
Gross expenditure	2,050,481	2,346,138
<i>Deduct</i>		
Appropriations-in-aid	450,541	428,319
Net expenditure	1,599,940	1,917,819
Changes in capital assets		
Purchases cash	(1,918)	
Depreciation	3,477	
	1,559	(790)
Changes in assets under development		
Cash payments	(991)	(110)
Changes in net current assets		
Decrease in closing accruals	(1,236)	
Decrease in stock	65	
	(1,171)	(288)
Direct expenditure	1,599,337	1,916,631
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	20,000	13,782
Notional rents	1,210	1,214
Net programme cost	1,620,547	1,931,627

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 31 borne elsewhere.

	2012	2011
	€000	€000
Vote 7 Finance	132	—
Vote 12 Superannuation and Retired Allowances	15,343	7,945
Vote 13 Office of Public Works	4,122	5,595
Vote 20 Garda Síochána	—	62
Central Fund - Ministerial pensions	403	180
	20,000	13,782

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	11,036	11,834
Capital assets under development	2.4	3,487	2,496
		14,523	14,330
Current assets			
Stocks	2.6	590	655
Prepayments		1,244	322
Accrued income		31	25
Other debit balances	2.7	1,292	2,319
Total current assets		3,157	3,321
Less current liabilities			
Accrued expenses		1,425	1,732
Bank and cash	2.5	607	(1,488)
Other credit balances	2.8	287	743
Net liability to the Exchequer	2.9	397	3,064
Total current liabilities		2,716	4,051
Net current assets		441	(730)
Net assets		14,964	13,600
Represented by:			
State funding account	2.1	14,964	13,600

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		13,600	21,277
Funding drawn down	2.2	1,619,940	1,931,601
Non cash expenditure – notional rent	1	1,210	1,214
Fixed assets adjustment	2.3	759	(8,530)
Fixed assets transfer		2	31
Capital assets under development adjustment		—	(54)
Capital assets under development transfer to asset register		—	(312)
Net programme cost	1	(1,620,547)	(1,931,627)
Balance at 31 December		14,964	13,600

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	1,604,078	1,929,047
Deferred surrender	Account	—	(8,700)
Surplus for the year	Account	(4,138)	(2,528)
		1,599,940	1,917,819
Expenditure (cash) borne elsewhere	1	20,000	13,782
Total funding drawn down		1,619,940	1,931,601

2.3 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 2012	1,932	17,781	339	9,227	17,543	46,822
Transfer ¹	—	4	—	—	—	4
Additions	—	421	841	487	224	1,973
Disposals	—	(38)	—	(17)	—	(55)
Adjustment ²	—	(1,817)	901	—	(343)	(1,259)
Cost or valuation at 31 December 2012	1,932	16,351	2,081	9,697	17,424	47,485
Accumulated depreciation						
Opening balance at 1 January 2012	—	14,954	330	5,610	14,094	34,988
Transfer ¹	—	2	—	—	—	2
Depreciation for the year	—	1,247	166	1,030	1,089	3,532
Depreciation on disposals	—	(38)	—	(17)	—	(55)
Adjustment ²	—	(2,209)	404	—	(213)	(2,018)
Cumulative depreciation at 31 December 2012	—	13,956	900	6,623	14,970	36,449
Net assets at 31 December 2012	1,932	2,395	1,181	3,074	2,454	11,036
Net assets at 31 December 2011	1,932	2,827	9	3,617	3,449	11,834

¹ Assets were transferred from the Department of Arts, Heritage and the Gaeltacht during 2012.

² The Department completed a review of its fixed asset register in 2012. As a result of the review, adjustments were required to the capital assets of the Department.

The adjustment relates to assets no longer held being written off and correction of asset values incorrectly recorded. The effect of the adjustment is to increase the relevant net book value of assets by an amount of €889,000.

An additional adjustment related to a grant in 2008 which had been recorded, in error, as a capital asset. This adjustment resulted in a reduction in the net book value of assets of €130,000.

The overall net adjustment is an increase of €759,000 in the net book value of assets.

2.4 Capital Assets under Development	2012	2011
at 31 December	€000	€000
Amounts brought forward at 1 January	2,496	2,752
Cash payments for the year	991	110
Transferred to asset register	—	(312)
Adjustment ¹	—	(54)
Balance at 31 December	<u>3,487</u>	<u>2,496</u>

¹ As part of internal audit recommendation in relation to examining all work in progress (WIP) accounts, some transactions previously treated as capital were reclassified.

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	(604)	1,618
Orders outstanding	(3)	(130)
	<u>(607)</u>	<u>1,488</u>

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery and office supplies	45	55
IT consumables	30	73
Specialised consumables (Irish Coast Guard)	515	527
	<u>590</u>	<u>655</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Retirement lump sums	1,056	1,826
Other	236	493
	<u>1,292</u>	<u>2,319</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	(4)	333
Pay Related Social Insurance	5	—
Professional Services Withholding Tax	45	94
Value Added Tax	101	245
Relevant Contract Tax	4	—
	151	672
Pension charges	71	11
Other	65	60
	287	743

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	4,138	2,529
Deferred surrender	—	8,700
Exchequer grant undrawn	(3,741)	(8,165)
Net liability to the Exchequer	397	3,064

Represented by:

Debtors

Debit balances: suspense	1,292	2,319
	1,292	2,319

Creditors

Due to State	(151)	(672)
Bank	(607)	1,488
Credit balances: suspense	(137)	(71)
	(895)	745
	397	3,064

2.10 Commitments	2012	2011
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	597,192	629,806
(ii) Grant subheads	118,366	108,203
Total of legally enforceable commitments	<u>715,558</u>	<u>738,009</u>

Commitments under procurement subheads	€000	€000

Helicopter services ¹	566,896	603,643
Airports	14,184	21,614
Vehicle/driving licencing	13,648	3,445
Sustainable Travel	1,700	—
Air Accident Investigation Unit	351	356
Information Technology	310	178
Coast Guard services	103	570
	<u>597,192</u>	<u>629,806</u>

(b) Multi-annual capital commitments

	Expenditure to 31 December 2011	Expenditure 2012	Subsequent years	Total
	€000	€000	€000	€000
Search and Rescue Helicopter services ¹	15,246	2,706	16,574	34,526
Smarter Travel Areas	—	3,200	19,800	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 €566.9 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.

2.11 Matured Liabilities

The total of matured liabilities at 31 December 2012 was €117,555.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Civil aviation			
A.1	Administration - pay	3,139	3,106	3,229
A.2	Administration - non pay	829	796	639
A.3	Regional airports	16,100	13,521	19,782
A.4	Miscellaneous aviation services	12,513	10,500	10,720
		32,581	27,923	34,370

Significant variations

Overall, the expenditure in relation to Programme A was €4,658,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Regional airports	2,579	Spend in 2012 has been less than expected for a number of reasons including:- - Poor weather during the year contributing to a slower start and less progress on some projects than had been hoped for - One major project for a Runway End Safety Area (RESA) project at Kerry Airport had to be retendered - Purchase of land for a RESA at Waterford Airport was held up at negotiation/planning stage before being put on hold by the Department later in 2012 due to uncertainty regarding the future of the airport in the light of the decision by Aer Arann to discontinue scheduled flights to and from the Airport.
Miscellaneous aviation services	2,013	Subscriptions to international organisations were €1.135 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 ABIS. Payments to the Irish Aviation Authority were €0.593 million less than anticipated. These payments cover the cost 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.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Land transport			
B.1	Administration - pay	10,723	10,364	11,356
B.2	Administration - non pay	2,721	2,003	2,069
B.3	Road improvement/maintenance	1,110,973	1,111,973	1,270,666
B.4	Road safety agencies and expenses			
	<i>Original</i>	18,682		
	<i>Supplementary</i>	(500)		
		18,182	18,182	17,075
B.5	Vehicle and driver licencing expenses	14,750	14,191	13,546
B.6	Smarter travel and carbon reduction			
	<i>Original</i>	17,400		
	<i>Deferred surrender</i>	2,300		
	<i>Supplementary</i>	(6,200)		
		13,500	12,137	17,674
B.7	Public service provision payments			
	<i>Original</i>	253,995		
	<i>Supplementary</i>	36,000		
		289,995	289,865	277,764
B.8	Public transport investment programme			
	<i>Original</i>	257,203		
	<i>Supplementary</i>	(10,500)		
		246,703	254,231	377,210
B.9	Public transport agencies and expenses			
	<i>Original</i>	13,577		
	<i>Supplementary</i>	(1,000)		
		12,577	12,577	13,160
B.10	Miscellaneous services	3,680	3,678	12,755
		1,723,804	1,729,201	2,013,275

Significant variations

Overall, the expenditure in relation to Programme B was € 5,397,000 more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	718	The bulk of the non-pay administration costs for the Land Transport programme are incurred centrally by the Department for general support services including IT systems, post and telecommunications, office costs, light heat etc. Expenditure in these areas was less than anticipated due to efficiencies in energy costs, telephony and other services.
Smarter travel and carbon reduction	1,363	Savings arose due to delays in approving programmes including Smarter Travel Areas, Active Travel Towns and National Cycle Network

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Maritime transport and safety			
C.1	Administration - pay	12,370	12,662	13,138
C.2	Administration - non pay	3,303	2,646	2,651
C.3	Maritime administration and Irish Coast Guard			
	<i>Original</i>	64,102		
	<i>Supplementary</i>	(6,700)		
C.4	Miscellaneous services	151	84	79
		73,226	70,617	70,842

Significant variations

Overall, the expenditure in relation to Programme C was € 2,609,000 lower than provided. This was mainly due to an underspend of €2.2 million on maritime administration and Irish Coast Guard.

Description	Less/ (more) than provided €000	Explanation
Maritime administration and Irish Coast Guard	2,177	The underspend was mainly due to the non-filling of vacant posts and an underspend on capital projects in the Commissioners for Irish Lights.
Miscellaneous services	67	Subscriptions to international maritime organisations during the year were less than expected. The level of expenditure that arises in a year is determined by the subscription requested by the organisations to which subscriptions are due: the International Maritime Organisation, the International Hydrographic Organisation and the Paris Memorandum of Understanding. In framing the annual estimate a provision is included for the likely level of contribution required including possible increases that may arise.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Sports and recreation services			
D.1	Administration - pay		1,813	1,621
D.2	Administration - non pay		416	283
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)			
	<i>Original</i>	21,200		
	<i>Deferred surrender</i>	3,600		
	<i>Supplementary</i>	(3,200)		
		21,600	19,812	23,403
D.4	Grants for provision and renovation of swimming pools	6,900	7,687	9,528
D.5	Irish Sports Council (grant-in-aid) (part funded by National Lottery)	44,495	44,495	46,837
D.6	National Sports Campus			
	<i>Original</i>	5,798		
	<i>Deferred surrender</i>	2,800		
	<i>Supplementary</i>	(2,900)		
		5,698	5,698	2,174
		80,922	79,596	84,124

Significant variations

Overall, the expenditure in relation to Programme D was €1,326,000 less than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	133	The bulk of the non-pay administration costs for the Sports and Recreation services programme are incurred centrally by the Department for general support services including IT systems, post and telecommunications, office costs, light heat etc. Expenditure in these areas was less than anticipated due to efficiencies in energy costs, telephony and other services.
Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)	1,788	Expenditure under this subhead is demand led and difficult to accurately predict. Poor weather for much of 2012 impaired the grantees to complete pitch works and drawdown grants leading to savings.
Grants for provision and renovation of swimming pools	(787)	Progress on some large projects and the take up of a programme to improve disabled access and energy efficiency of pools led to additional funding being required.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Tourism services			
E.1	Administration - pay	1,044	920	1,074
E.2	Administration - non pay	222	137	166
E.3	Fáilte Ireland - (grant -in-aid)	65,291	65,291	63,622
E.4	Tourism Ireland Limited - grant for administration and general expenses	16,496	16,496	17,006
E.5	Shannon Free Airport Development Company Limited (tourism development) (grant -in-aid)	746	746	786
E.6	Tourism marketing fund (grant-in-aid)	39,354	39,354	46,083
E.7	Tourism product development (grant -in-aid)			
	<i>Original</i>	21,200		
	<i>Supplementary</i>	(1,000)	20,200	14,790
		143,353	143,144	143,527

Significant variations

Overall, the expenditure in relation to Programme E was €209,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	85	The bulk of the non-pay administration costs for the Tourism Services programme are incurred centrally by the Department for general support services including IT systems, post and telecommunications, office costs, light heat etc. Expenditure in these areas was less than anticipated due to efficiencies in energy costs, telephony and other services.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
Administration				
1.	Recoupment for seconded staff	—	—	—
2.	Receipts from pension-related deduction on public service remuneration	4,631	4,958	5,125
Civil aviation				
3.	Irish Aviation Authority refund of subscriptions to international organisations	6,865	7,048	6,511
4.	Irish Aviation Authority recoupment of rents, etc.	415	748	305
5.	Irish Aviation Authority payment for associated costs	2,391	2,391	2,268
6.	Irish Aviation Authority refund of subscriptions to EUROCONTROL	—	—	—
Land Transport				
7.	Road transport licence fees	801	848	1,007
8.	Receipts from Local Government Fund	419,274	418,475	410,788
9.	Miscellaneous land transport receipts	14,433	15,152	1,196
Maritime transport and safety				
10.	Receipts under the Merchant Shipping and Wireless Telegraphy Act, 1919	480	500	562
Tourism Services				
11.	Tourism Ireland pension receipts	200	183	333
Sports Services				
12.	Irish Sports Council pension receipts	58	61	—
Miscellaneous Receipts				
13.	Miscellaneous receipts	260	177	224
Total		449,808	450,541	428,319

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	(327)	The total amount received in 2012 was €4.958 million as opposed to the profiled €4.631 million, which resulted in an increase of €0.327 million on estimated figure. The estimated figure was based on the 2011 outturn of €5.125 million taking into account decrease in pay costs.
Irish Aviation Authority recoupment of rents, etc.	(333)	Following the finalisation, in 2012, of a review of rent on properties leased by the Minister to the IAA, arrears of rent, which had not been budgeted for, in respect of the period from 1 January 2008, were received.
Miscellaneous land transport receipts	(719)	The amount to be received in respect of pension contributions from the Commission for Taxi Regulation in 2012 was underestimated.

4.2 Extra Receipts Exchequer

	2012	2011
	€000	€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	—
Receipt from the Medical Bureau of Road Safety	—	500
Recoupment of costs incurred by the Irish Coast Guard	—	24
Receipt from the Department of Arts, Heritage and Gaeltacht	—	28
Recoupment of travel costs	—	2
Total	2,042	554

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents) ¹	466	497
	2012	2011
	€000	€000
Pay	25,307	27,302
Higher, special or additional duties allowance	700	685
Other allowances	546	681
Overtime	639	551
Employer's PRSI	1,481	1,444
Total Pay	28,673	30,663

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 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	124	51	59,113	63,791
Other Allowances	147	—	7,041	32,195
Overtime	89	16	35,318	15,573

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 €66,852.

6 Miscellaneous

6.1 National Lottery Funding

Total expenditure of €64.307 million (€70.240 million in 2011) under subheads D.3 and D.5 was part funded by the National Lottery as shown below.

	2012 €000	2011 €000
D.3 Grants for sporting bodies and provision of sports and recreational facilities	12,483	14,724
D.5 Irish Sports Council (grant-in-aid)	28,030	29,467
	<u>40,513</u>	<u>44,191</u>

A full list of payments to grantees under subhead D.3 is available on the Department's website, (www.dttas.ie).

6.2 Compensation and Legal Costs

Compensation and associated legal and miscellaneous costs totalling €396,888 and ranging from €1,350 to €204,356 were paid in eight cases taken against the Minister.

	2012 €000	2011 €000
Legal costs	98	215
Compensation costs	299	151
	<u>397</u>	<u>366</u>

6.3 Irregular Payments

An inspection conducted by the Department of Environment, Community and Local Government identified grant amounts of €13,000 provided by the Department of Transport, Tourism and Sport in 2008/2009, under Subhead D – Sports and Recreation Services, that were supported by invoices which had also been used to support grant claims from the Department of Environment, Community and Local Government.

The Department has attempted to recover these amounts and by May 2013, €5,000 had been recovered.



Appropriation Account 2012

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 2012 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 the cash-limited schemes.

The expenditure outturn is compared with the sums:

- (a) granted by Dáil Éireann under the Appropriation Act, 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred arrangements established by Section 91 of the Finance Act 2004.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committee

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

John Murphy

Accounting Officer

Department of Jobs, Enterprise and Innovation

27 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 32 Jobs, Enterprise and Innovation for the year ended 31 December 2012.

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 accounts.

Seamus McCarthy
Comptroller and Auditor General

18 September 2013

Vote 32 Jobs, Enterprise and Innovation

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Jobs and Enterprise Development			
	<i>Original</i>	400,598		
	<i>Deferred Surrender</i>	13,125		
	<i>Supplementary</i>	501	414,224	400,505
B	Innovation			379,356
	<i>Original</i>	396,868		
	<i>Deferred Surrender</i>	5,000		
	<i>Supplementary</i>	1	401,869	376,608
C	Regulation		84,087	73,773
				77,793
Gross expenditure				
	<i>Original</i>	881,553		
	<i>Deferred Surrender</i>	18,125		
	<i>Supplementary</i>	502		
			900,180	850,886
	<i>Deduct</i>			844,612
D	Appropriations-in-aid			
	<i>Original</i>	53,272		
	<i>Supplementary</i>	500	53,772	50,342
				56,085
Net expenditure				
	<i>Original</i>	828,281		
	<i>Deferred Surrender</i>	18,125		
	<i>Supplementary</i>	2		
			846,408	800,544
				788,527

Surplus for surrender

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

	2012	2011
	€	€
Surplus	45,863,737	56,314,575
Deferred surrender	25,000,000	18,125,000
Surplus to be surrendered	<u>20,863,737</u>	<u>38,189,575</u>

Analysis of administration expenditure

		2012	2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i	Salaries, wages and allowances	21,540	22,797
ii	Travel and subsistence	506	410
iii	Training and development and incidental expenses	494	462
iv	Postal and telecommunications services	615	663
v	Office equipment and external IT services	3,331	2,952
vi	Office premises expenses	852	932
vii	Consultancy services and value for money and policy reviews	231	139
viii	Advertising and information resources	259	150
ix	EU Presidency	1,956	—
	<u>29,784</u>	<u>26,666</u>	<u>28,505</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	824,221	816,108
Pay ¹	21,047	22,796
Non pay	5,618	5,708
Gross expenditure	850,886	844,612
<i>Deduct</i>		
Appropriations-in-aid	50,342	56,085
Net expenditure	800,544	788,527
Changes in capital assets		
Purchases cash	(452)	
Depreciation	2,236	
Loss on disposals	—	
	1,784	1,889
Changes in assets under development		
Cash payments	(955)	(839)
Changes in net current assets		
Decrease in closing accruals	(718)	
Increase in stock	(38)	
	(756)	656
Direct expenditure	800,617	790,233
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	21,864	22,048
Notional rents	1,685	1,669
Net programme cost	824,166	813,950

¹ The difference of €373,000 between the pay figure shown in the Operating Cost Statement (€21,047,000) and the pay figure included at (i) of the administration cost analysis (€20,674,000), 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.

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 32 borne elsewhere.

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	255	262
Vote 12 Superannuation and Retired Allowances	15,394	14,830
Vote 13 Office of Public Works	5,962	6,512
Vote 20 Garda Síochána	—	61
Central Fund - Ministerial pensions	253	383
	<u>21,864</u>	<u>22,048</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	6,637	7,498
Capital assets under development	2.4	584	552
		7,221	8,050
Current Assets			
Bank and cash	2.5	27,929	37,596
Stocks	2.6	317	279
Prepayments		575	442
Accrued income		1,078	883
Other debit balances	2.7	1,375	1,699
Total current assets		31,274	40,899
Less current liabilities			
Accrued expenses		441	647
Deferred income		1,484	1,668
Other credit balances	2.8	4,029	18,774
Net liability to the Exchequer	2.9	25,275	20,521
Total current liabilities		31,229	41,610
Net current assets/ (liabilities)		45	(711)
Net assets		7,266	7,339
Represented by:			
State funding account	2.1	7,266	7,339

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		7,339	9,373
Funding drawn down	2.2	822,408	810,575
Non cash expenditure – notional rent	1	1,685	1,669
Net programme cost	1	(824,166)	(813,950)
Loss on transfer of assets to Department of Social Protection		—	(328)
Balance at 31 December		7,266	7,339
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	846,408	844,841
Deferred surrender	Account	(25,000)	(18,125)
Surplus to be surrendered	Account	(20,864)	(38,189)
		800,544	788,527
Expenditure (cash) borne elsewhere	1	21,864	22,048
Total funding drawn down		822,408	810,575

2.3 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	32,887	6,624	39,511
Prior year adjustment ¹	(4)	4	—
Additions	1,358	17	1,375
Disposals	(153)	(3)	(156)
Cost or valuation at 31 December 2012	34,088	6,642	40,730
Accumulated depreciation			
Opening balance at 1 January 2012	25,740	6,273	32,013
Prior year adjustment ¹	(1)	1	—
Depreciation for the year	2,074	162	2,236
Depreciation on disposals	(153)	(3)	(156)
Cumulative depreciation at 31 December 2012	27,660	6,433	34,093
Net assets at 31 December 2012	6,428	209	6,637
Net assets at 31 December 2011	7,147	351	7,498

¹ The prior year adjustment reflects the reclassification of certain assets and the related impact on accumulated depreciation following a review of the asset register.

2.4 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2012	552
Cash payments in year	955
Brought into use in year	(923)
Balance at 31 December 2012	584

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	27,985	37,771
Orders outstanding	(56)	(175)
	<u>27,929</u>	<u>37,596</u>

2.6 Stocks	2012	2011
at 31 December	€000	€000
Stationery	238	201
IT supplies	60	61
Cleaning materials	19	17
	<u>317</u>	<u>279</u>

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Imprests advanced	—	20
Department of Justice and Equality	—	35
Department of Arts, Sport and Tourism	—	7
Advances to OPW	217	30
Miscellaneous debit balances	483	527
Recoupable expenditure	675	1,080
	<u>1,375</u>	<u>1,699</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	91	66
Superannuation contributions	—	389
Pay Related Social Insurance	65	(25)
Income Levy	(1)	(1)
Professional Services Withholding Tax	86	71
VAT on Intra EU Acquisitions	2	31
	<u>243</u>	<u>531</u>
Miscellaneous credit balances	3,786	18,243
	<u>4,029</u>	<u>18,774</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	20,864	38,190
Deferred surrender	25,000	18,125
Exchequer grant undrawn	(20,589)	(35,794)
Net liability to the Exchequer	<u>25,275</u>	<u>20,521</u>

Represented by:**Debtors**

Bank and cash	27,929	37,596
Debit balances: suspense	1,375	1,699
	<u>29,304</u>	<u>39,295</u>

Creditors

Due to State	(243)	(531)
Credit balances: suspense	(3,786)	(18,243)
	<u>(4,029)</u>	<u>(18,774)</u>
	<u>25,275</u>	<u>20,521</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000

Global commitments

(A) Procurement	51	71
(B) Grants ¹	<u>1,082,095</u>	<u>1,239,167</u>

¹ Includes expenditure from own resource income.

Multi-annual capital commitments over €6.35 million

	Cumulative Expenditure to 31 December 2011 ²	Expenditure in 2012	Subsequent years	Total
	€000	€000	€000	€000
IDA Ireland	228,400	38,000	53,200	319,600
Enterprise Ireland	87,285	29,014	93,860	210,159
Shannon Development	13,094	3,839	6,488	23,421
Science Foundation Ireland	166,837	53,062	86,256	306,155
Programme for Research in Third Level Institutions (PRLTI)	55,623	26,881	111,895	194,399
	<u>551,239</u>	<u>150,796</u>	<u>351,699</u>	<u>1,053,734</u>

² Excludes projects completed by end of 2011.

2.11 Matured Liabilities.

Estimated matured liabilities un-discharged at the year-end were €162,831.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Jobs and Enterprise Development			
A.1	Administration – pay	5,655	7,028	6,749
A.2	Administration – non pay	1,424	1,374	1,433
A.3	Forfás	52,672	51,422	44,460
A.4	InterTrade Ireland	8,009	8,164	6,638
A.5	IDA Ireland			
	<i>Original</i>	121,822		
	<i>Supplementary</i>	10,000	131,822	133,218
A.6	Shannon Free Airport Development Company Limited	9,202	7,655	8,351
A.7	Enterprise Ireland			
	<i>Original</i>	155,787		
	<i>Deferred Surrender</i>	13,125		
	<i>Supplementary</i>	(13,000)	155,912	140,187
A.8	County Enterprise Development	26,386	30,320	29,957
A.9	Monitoring and Evaluation of EU Programmes	89	—	16
A.10	INTERREG Enterprise Development			
	<i>Original</i>	3,000		
	<i>Supplementary</i>	3,000	6,000	5,999
A.11	National Standards Authority of Ireland - grant for administration and general expenses	6,322	6,245	6,336
A.12	Microfinance Loan Fund	10,000	10,000	—
A.13	Subscriptions to International Organisations, etc.	28	29	28
A.14	Commissions, Committees and Special Inquiries	1	1	1
A.15	Other services	193	11	—
A.16	Export Credit Insurance - refund to the Exchequer	8	9	7
A.17	Temporary Partial Credit Guarantee Scheme			
	<i>Original</i>	—		
	<i>Supplementary</i>	501	501	239
—	Enterprise Ireland - Temporary Employment Subsidy Scheme – Cash- Limited	—	—	4,250
		414,224	400,505	379,356

Significant variations

Overall, the expenditure in relation to Programme A was €13,719,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Shannon Free Airport Development Company Limited	1,547	Shannon Development did not require the full capital allocation as it had funds carried forward and it was agreed that it could use grant refunds of €1,225,054 to co-fund grant payments. Savings were also achieved as the number of retirees was less than anticipated.
Enterprise Ireland	15,725	The savings in Enterprise Ireland arose across a number of expense headings through a combination of deferring expenditure and some efficiency / value for money savings. The Capital under spend was due mainly to lower drawdown of funds under the International Fund Ireland (IFI) venture capital fund and lower than expected claims from client companies. Many company expansion plans supported by EI in 2008 and, to a lesser extent, in subsequent years were overtaken by events associated with the downturn and for many of the clients the projects were either scaled back or discontinued. An under spend arose due to the postponement of a major refurbishment project in the Cork office and the decision not to proceed with the re-branding in the regional and overseas office networks.
County Enterprise Development	(3,934)	The original allocation was supplemented by an additional €3.775 million Capital Allocation, sourced from savings elsewhere in the Department. This increased the total Capital Expenditure allocation to €18.775 million and was used to enable the CEBs to fund further investment by their clients. Final expenditure incurred was €18.764 million with minor overall savings. On the current expenditure side, an additional €157,864 was incurred to meet the costs associated with the pension payments to those CEB staff that availed of the ISER.
Other services	182	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.
Temporary Partial Credit Guarantee Scheme	262	The Temporary Partial Credit Guarantee Scheme was not launched until 18 October 2012 as primary legislation was required. The Supplementary Estimate taken on 11 July 2012 was based on the Scheme being launched earlier in the year.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Innovation			
B.1	Administration – pay	6,086	4,654	5,057
B.2	Administration – non pay	2,306	1,585	1,554
B.3	Patents Office	2,959	3,165	3,147
B.4	Science and Technology Development Programme			
	<i>Original</i>	314,580		
	<i>Deferred Surrender</i>	5,000		
	<i>Supplementary</i>	(4,999)		
		314,581	294,867	302,659
B.5	Dublin- City of Science	1,500	1,350	932
B.6	Programme for Research in Third Level Institutions (PRTL)			
	<i>Original</i>	52,954		
	<i>Supplementary</i>	5,000		
		57,954	54,705	57,856
B.7	Subscriptions to International Organisations, etc.	16,256	16,254	16,238
B.8	Commissions, Committees and Special Inquiries	1	1	2
B.9	Legal costs	6	—	—
B.10	Other services	220	27	18
		401,869	376,608	387,463

Significant variations

Overall, the expenditure in relation to Programme B was €25,261,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	721	Overall, administrative non-pay expenditure over the 3 Programmes was 17% less than estimated. As this is the first year in which the administration costs have been allocated and apportioned over the programmes, it has given rise to significant variances between the programmes. The apportionment basis will be reviewed in the context of the 2013 estimates.
Patents Office	(206)	Prior to 2012, expenditure in respect of the Patents Office was included in the administrative subheads. The excess arose across a number of the administrative areas including IT, pay and travel and subsistence.
Science and Technology Development Programme	19,714	Savings of €24 million arose from slower than anticipated drawdown of funds in 2012 and due to restrictions on project approvals as a result of legacy controls implemented in 2010 on capital commitments and project approvals. Additional funding of €3.7 million was made available to the Tyndall Institute to purchase research equipment.

Description	Less/ (more) than provided €000	Explanation
Dublin- City of Science	150	In 2009, the Government approved a total allocation of €2.97 million for the years 2009 - 2012 towards the costs of staging the Euro Science Open Forum in Dublin in July 2012. In 2011, City of Science requested that €100,000 of their 2012 funding allocation be brought forward to 2011; in order to generate a marketing campaign for the event and to procure some related marketing materials to support early registration and this request was granted. The expenditure on these activities in 2011 (rather than in 2012, as had been planned initially), combined with savings on various expenditure lines resulted in the drawdown variance in 2012.
Programme for Research in Third Level Institutions (PRTLII)	3,249	The variance occurred in respect of 15 Structured PhD and Emergent Technology programmes under Cycle 5 of the PRTLII. These programmes were initiated in late 2011 and involve a cohort of 350 students. In the initial stages the successful recruitment of suitably qualified personnel to participate at PhD level was challenging and hampered progress, and, in the latter part of 2012 the late submission of complete Q4 expenditure details impacted on the available drawdown and consequently gave rise to the variance.
Other services	193	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.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Regulation			
C.1	Administration – pay	11,255	9,365	10,990
C.2	Administration – non pay	3,058	2,659	2,721
C.3	Workplace Relations Programme	18,203	17,650	18,172
C.4	Grants for Trade Union Education and Advisory Services – Cash-Limited	944	944	874
C.5	Workplace Innovation Fund Promotion of Partnership	226	67	255
C.6	Trade Union Amalgamations	10	—	—
C.7	Office of the Director of Corporate Enforcement	5,697	3,436	3,397
C.8	Competition Authority	4,654	3,871	3,621
C.9	National Consumer Agency	7,841	5,752	7,121
C.10	Consumer Support	47	47	—
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,368	6,990	7,463
C.12	Irish Auditing and Accounting Supervisory Authority (grant-in-aid)	1,639	1,476	1,442
C.13	Personal Injuries Assessment Board	58	55	55
C.14	Health and Safety Authority - grant for administration and general expenses	19,706	19,006	19,828
C.15	National Framework Committee for Work/Life Balance Policies	2	—	—
C.16	Subscriptions to International Organisations, etc.	1,564	1,568	1,589
C.17	Commissions, Committees and Special Inquiries	400	319	204
C.18	Legal costs	1,064	433	60
C.19	Research including manpower surveys	168	24	1
C.20	Other services	183	111	—
		<u>84,087</u>	<u>73,773</u>	<u>77,793</u>

Significant variations

Overall, the expenditure in relation to Programme C was €10,314,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Workplace Innovation Fund Promotion of Partnership	159	The 2012 estimate constituted expected drawdown of funds by Enterprise Ireland (EI). Approval by EI for projects commenced in April 2007 and it was anticipated from the start that the projects would take time to develop. Provision was made to meet the liabilities for grants already approved, however, the uncertain economic climate meant that companies approved for grants under the scheme deferred plans to undertake project activity and all of the allocation was not drawn down by the end of 2012.
Office of the Director of Corporate Enforcement	2,261	Savings on pay resulted from staff reductions arising from the Incentivised Scheme of Early Retirement. The bulk of the savings on non-pay arose as a number of large cases currently before the Courts did not proceed as quickly as expected. The timing and outcome of cases is largely outside the control of the Office and, as a result, it is difficult to anticipate the timing or level of costs which the Office may have to bear. As most of the cases in question remain to be determined, the Office continues to face the prospect of very large legal costs falling due for payment in 2013 or later years.
Competition Authority	783	The Competition Authority drew down only €150,214 of its non-pay allocation of €998,000 during 2012 due to it having a surplus in its bank account from the beginning of 2012. The surplus arose from the accumulation of funds to cover any contingent liability in the case of any award of legal costs against the Authority in a court case. Such a liability did not arise in 2012.
National Consumer Agency	2,089	In 2012 reduced funding was required for the Agency as the 2011 levy on regulated financial service providers was in excess of its expenditure for the year. This excess was used to fund 2012 expenditure. In addition, pay expenditure was lower than expected as the total number of staff employed was lower than the ECF staffing level and savings were achieved in areas such as legal costs, consumer and awareness programmes and facility costs.
Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	378	The savings are due to a number of innovative and cost saving measures introduced by the Companies Registration Office and the Registry of Friendly Societies in 2011 which were fully realised in 2012. These measures included replacing the posting of non-statutory annual return reminders with e-mail reminders, re-tendering for a range of services and providing more cost effective on-line services to customers, such as improved electronic system for incorporating new companies and enhancements to e-filing and auto-registration options.

Description	Less/ (more) than provided €000	Explanation
Irish Auditing and Accounting Supervisory Authority (grant-in-aid)	163	The 2012 Estimate was premised upon IAASA having a full staff complement. However, the Authority had difficulty in filling a vacancy at project manager level, and also carried the Chief Executive vacancy for circa four months, resulting in the underspend.
Legal costs	631	A number of legal actions of a constitutional nature are pending. It is not possible to anticipate the outcome to these cases, in general, but provision was made for costs in the event that they might arise. A number of these actions were closed without cost to the Department during 2012, but a number remain outstanding.
Research including manpower surveys	144	The purpose of this subhead is to fund research projects approved by the Department's Management Board. The estimate was made up of €99,000 for approved projects and a contingency of €69,000. An allocation of €77,000 was approved for a benchmarking study, however, the contracted cost of this study was €49,000. As the report was not finalised at year end, only a part payment of €24,000 was made to the consultancy firm. An allocation of €21,000 to support research assistance for the Copyright Review Committee, was not requested by the Committee and therefore, the allocation was not drawn down. No further drawdown was required from this subhead in 2012 due to the unusually low level of funding applications for research projects that year.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from the Social Insurance Fund	600	1,083	3,152
2.	Work permit fees	6,000	2,631	2,868
3.	Employment agency licences	200	243	216
4.	Companies Registration Office	19,000	19,802	20,604
5.	Registry of Friendly Societies	100	94	101
6.	Receipts under the Trade Marks Act, 1963 and Patents Act, 1964	8,000	8,588	8,271
7.	Occasional trading licences	4	2	4
8.	National Consumer Agency	343	420	383
9.	Merger notifications	360	240	320
10.	ODCE legal	50	31	211
11.	County Enterprise Development	159	103	27
12.	Miscellaneous	104	243	176
13.	Competition Authority receipts	—	—	400
14.	Enterprise policy (InterTrade Ireland)	40	50	93
15.	NCA - grant for financial information and educational functions	2,167	834	1,563
16.	IAASA pay refund	295	549	490
17.	PIAB pay and superannuation	1,329	1,243	1,909
18.	HSA superannuation	645	511	369
19.	IDA Ireland - Pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act, 2009	1,850	1,931	2,371
20.	SFADCo - pension receipts arising from the Financial Measures (Miscellaneous Provisions) Act, 2009	1,008	1,073	1,138
21.	Receipts from pension - related deduction on public service remuneration	11,018	10,669	11,419
22.	Supplementary estimate – Temporary Loan Guarantee Scheme	500	2	—
Total		53,772	50,342	56,085

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	(483)	The cost of administering redundancy appeals, which is carried out in this Department, is borne by the Social Insurance Fund, administered by Department of Social Protection (DSP). Historically, 20% of payroll costs were recoupable from DSP. A case was put to DSP in 2011 to recoup 30% to reflect the significant increase in the workload associated with appeals. The 2012 estimate was based on 20% recoupment costs. However, DSP subsequently agreed that the recoupment for 2012 should be based on the 30% figure.
Work permit fees	3,369	The reduction in fee receipts can be attributed to: • €3.8 million was included in the 2012 Estimate in respect of fee income expected to be received in respect of Timed Out Students. It has transpired that Timed Out Students will be dealt with by the Department of Justice & Equality following the launch in October 2012 of the Student Probationary Extension scheme which allows Timed Out Students to work 40 hours per week without the requirement for a work permit; • unplanned removal of the requirement on Bulgarian and Romanian nationals to have work permits since 1 January 2012. (See Note 6.3); • a general decrease in demand for permits.
Receipts under the Trade Marks Act, 1963 and Patents Act, 1964	(588)	The variation between estimate and income is due to an increase in the amount of renewal fee income from European Patents designating Ireland as the patent country they want the patent to apply to, combined with an increase in fee income from the renewal of International Trade Marks being greater than anticipated.
Merger notifications	120	Mergers and acquisitions above a specific financial threshold must be notified to the Competition Authority and each transaction notified must be accompanied by a prescribed fee of €8,000. Based on the number of mergers notified to the Authority over the past number of years (40 in 2011 and 46 in 2010), the Authority estimated the number for 2012 at 45 which would have realised €360,000 in fees. However, only 32 were notified in 2012. Two of the mergers were not notified until the end of December 2012, and the associated fees were not received by the Department until January 2013.
Miscellaneous	(139)	By its nature, it is difficult to predict what level of income will be received under this category. A significant amount of the excess, approximately €112,000, relates to unused funds returned by County Enterprise Boards. The balance relates to a number of small miscellaneous amounts received by the Department.

Description	Less/(more) than estimated €000	Explanation
NCA - grant for financial information and educational functions	1,333	The financial information and education functions of the National Consumer Agency are funded by means of a levy on regulated financial service entities. As the levy is not collected until late in the year the Department prefunds the non-pay costs through Subhead C.9 and the Agency reimburses the Department to this subhead on recoupment of the levy. The main reason for the variation between estimate and income is due to reduced work being undertaken in the area of financial information and educational functions. This resulted in less expenditure being incurred in this area by the Agency and a consequential reduction in appropriations-in-aid.
IAASA pay refund	(254)	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 €1,476,000 and the Exchequer liability to IAASA in 2012 amounted to €952,000. A refund of €524,000 plus an outstanding balance of €25,000 was due to be refunded to the Department. The increase in the A-in-A amount reflects the fact that the 2012 estimate was premised upon the Authority having a full staff complement for the full year. The agreed ECF staffing figure for 2012 was 15, whereas, the actual numbers serving at 31 December 2012 was 13, which had a corresponding effect on the pay outturn for the year.
HSA superannuation	134	The HSA deducts pension contributions from its employees through its payroll system. It remits these contributions and other superannuation monies net of any retirement lump sums/death gratuities etc. to the Department on a monthly basis. The difference between the estimate and outturn is accounted for by the payment of lump sums to two retiring staff members which had not been expected to arise in 2012.
Supplementary estimate – Temporary Loan Guarantee Scheme	498	The Scheme was not launched until 18 October 2012. The estimated amount had been based on an earlier launch date.

4.2 Extra receipts payable to the Exchequer

	2012		2011
	Estimated €000	Realised €000	Realised €000
Export credit - recoveries from Iraq/Nigeria	100,000	868,518	—
IDA Ireland - interconnectivity project receipts	—	22,000	45,985
IDA Ireland – current	—	201,000	20,000
Enterprise Ireland - current (A7, A8, B4)	591,000	989,935	3,320,822
Enterprise Ireland - capital (A7, A8, B4)	20,344,000	29,738,135	33,299,924
Forfás – current	623,000	623,000	1,232,000
Science Foundation Ireland - capital (B4)	—	427,944	20,436
Miscellaneous	—	5,919	685,397
<i>IDA Ireland – capital</i>	—	—	<i>110,000</i>
<i>PIAB – refund of set up costs</i>	—	—	<i>6,937,640</i>
<i>Health and Safety Authority</i>	—	—	<i>99,314</i>
<i>Information Society – refund in respect of PRISM 111 projects</i>	—	—	<i>10,122</i>
	21,658,000	32,876,451	45,781,640

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents) ¹	2,661	2,824

¹ These figures include employees of The Injuries Board (formerly known as PIAB), a non-commercial state agency that is not in direct receipt of Exchequer funding.

	2012 €000	2011 €000
Pay	168,446	177,339
Higher, special or additional duties allowance	873	953
Other allowances	1,833	1,552
Overtime	567	630
Employer's PRSI	10,701	10,696
Total Pay	182,420	191,170

The number of staff disclosed in the 2011 appropriation account did not reflect the Employment Control Framework (ECF) numbers. The financial details provided in the 2011 account related solely to staff paid from the administrative subheads A1, B1 and C1.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	209	9	36,053	39,146
Other Allowances	646	38	92,826	69,127
Overtime	221	12	32,086	30,468

Certain individuals received extra remuneration in more than one category.

5.2 Performance and Merit Payments

A total of €17,000 was paid to 56 employees of agencies of the Department in 2012.

5.3 Other Remuneration Arrangements

A total of €148,480 was paid to five retired civil servants who were re-engaged in various duties during 2012.

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 2012 as shown below:

Subhead	Description	2011 Total €	2012 Total €
A.6	SFADCo	399,078	—
B.4	Science Foundation Ireland	716,685	—
B.5	Forfás	329,450	—
		<u>1,445,213</u>	<u>—</u>

6.2 Commissions, Committees and Special Inquiries

	Year of establishment	2012 Outturn €	2011 Outturn €
Joint Labour Committees	1946	8,335	18,746
Company Law Inquiries	1994	71,770	—
Company Law Review Group	2000	87,947	19,966
Business Regulation Group	2006	8,299	15,054
Workplace Safety	2002	140,000	140,000
Departmental Audit Committee	2004	3,150	4,500
Sales Law Review Group	2009	1,202	9,173
		<u>320,703</u>	<u>207,439</u>

6.3 Refund of Employment Permit Fees

A Government decision was taken on 17 July 2012 to cease restrictions on labour market access for Bulgarian and Romanian nationals with effect from 1 January 2012. Monies received in respect of permits issued to Bulgarian and Romanian nationals since 1 January 2012 was refunded. This amounted to €153,000 in 2012.

6.4 Legal Costs

	2012 €	2011 €
Legal costs paid during the year are categorised as follows:		
Legal fees	967,260	576,683
Compensation	142,332	—
	<u>1,109,592</u>	<u>576,683</u>

6.5 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 2012 €	Total for the year ended 31 December 2011 €
Received by Minister for Jobs, Enterprise and Innovation	338,005	310,750
Paid by Minister for Jobs, Enterprise and Innovation into the Exchequer	338,005	310,750

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.

6.6 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. The maximum exposure on guaranteed loans in respect of 2012 is €27,150. This liability is expected to arise in 2013.

The Department has a possible liability under the export credit insurance scheme. A company suffered a default on goods supplied many years ago where a shipment was covered by a policy. No claim has been made to date and there is no indication that there will be a claim. The maximum potential claim is in the order of less than €400,000.

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

6.7 Write Offs

Sanction was conveyed by the Department of Public Expenditure and Reform in 2012 to write off a number of historical suspense account balances amounting to €66,785. These balances were charged to the appropriate administrative subheads.



Appropriation Account 2012

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 2012 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 granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The Department of Arts, Heritage and the Gaeltacht was formerly established on 2 June 2011. The 2011 outturn figures in this account reflect full-year expenditure on Arts, Culture, Film and Heritage. However, expenditure on Irish Language, Gaeltacht, Islands and North-South Co-operation relates to the period from 1 May 2011 only: expenditure prior to that date is included in the Vote of the former Department of Community, Equality and Gaeltacht Affairs.

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.

Loss of Assets

The Department discovered the loss of a number of items held in private storage on its behalf and proceeded to inform the Comptroller and Auditor General. The Department also informed An Garda Síochána who are currently undertaking an investigation into the matter.

Administrative Controls and Management

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 account 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 33 Arts, Heritage and the Gaeltacht for the year ended 31 December 2012.

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 Arts, Heritage and the Gaeltacht. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

30 August 2013

Vote 33 Arts Heritage and the Gaeltacht

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Arts, culture and film	132,379	133,073	145,781
B	Heritage	48,545	46,002	48,852
C	Irish Language, Gaeltacht and Islands	44,780	44,012	40,649
D	North-South Co-Operation	42,747	42,696	32,020
Gross expenditure		268,451	265,783	267,302
Deduct				
E	Appropriations-in-aid	4,679	5,938	5,614
Net expenditure		263,772	259,845	261,688

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

	2012	2011
	€	€
Surplus	3,927,344	2,410,967
Deferred surrender	1,200,000	—
Surplus to be surrendered	<u>2,727,344</u>	<u>2,410,967</u>

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	30,263	30,513	30,696
ii	Travel and subsistence	1,521	1,238	1,164
iii	Training and development and incidental expenses	1,068	493	417
iv	Postal and telecommunications services	715	552	578
v	Office equipment and external IT services	1,423	973	1,272
vi	Office premises expenses	909	726	676
vii	Consultancy services and value for money and policy reviews	138	45	36
viii	EU Presidency	389	270	—
		36,426	34,810	34,839

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	230,974	232,463
Pay ¹	30,783	30,696
Non pay	4,026	4,143
Gross expenditure	265,783	267,302
<i>Deduct</i>		
Appropriations-in-aid	5,938	5,614
Net expenditure	259,845	261,688
Changes in capital assets		
Purchases cash	(1,128)	
Depreciation	1,140	
Loss on disposals	14	
	26	614
Changes in capital assets under development		
Cash payments	(9)	(115)
Changes in net current assets		
Decrease in closing accruals	(303)	
Decrease in stock	37	
	(266)	(655)
Direct expenditure	259,596	261,532
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,706	8,884
Notional rents	4,206	4,182
Net programme cost	273,508	274,598

¹ The pay figure for 2012 includes salaries for the EU Presidency amounting to €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.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	3,646	4,135
Vote 13 Office of Public Works	5,285	4,148
Vote 20 Garda Síochána	—	377
Vote 24 Justice and Equality - Financial Shared Services Centre	620	62
Central Fund – Ministerial pensions	155	162
	9,706	8,884

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	40,172	40,324
Capital assets under development	2.4	8,607	8,598
		48,779	48,922
Current assets			
Bank and cash	2.5	1,096	10,774
Stocks	2.6	225	262
Prepayments		2,167	1,108
Accrued income		181	219
Other debit balances	2.7	2,039	1,124
Total current assets		5,708	13,487
Less current liabilities			
Accrued expenses		1,541	823
Other credit balances	2.8	1,603	1,486
Net liability to the Exchequer	2.9	1,532	10,412
Total current liabilities		4,676	12,721
Net current assets		1,032	766
Net assets		49,811	49,688
Represented by:			
State funding account	2.1	49,811	49,688

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		49,688	2,810
Funding drawn down	2.2	269,551	270,572
Non cash expenditure – notional rent	1	4,206	4,182
Other non-cash items		(126)	46,722
Net programme cost	1	(273,508)	(274,598)
Balance at 31 December		49,811	49,688

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	263,772	264,099
Surplus	Account	(3,927)	(2,411)
		259,845	261,688
Expenditure (cash) borne elsewhere	1	9,706	8,884
Total funding drawn down		269,551	270,572

2.3 Capital Assets

	Land and buildings	Plant and machinery	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2012	35,449	9,010	6,407	4,718	55,584
Additions	792	34	274	28	1,128
Adjustment ¹	—	(248)	(86)	(272)	(606)
Transferred to other Departments ¹	—	—	(104)	(2)	(106)
Disposals	—	(25)	(68)	(27)	(120)
Cost or valuation at 31 December 2012	36,241	8,771	6,423	4,445	55,880
Accumulated depreciation					
Opening balance at 1 January 2012	144	7,367	5,463	2,286	15,260
Depreciation for the year	47	547	370	176	1,140
Adjustment ¹	—	(234)	(73)	(178)	(485)
Transferred to other Departments ¹	—	—	(100)	(1)	(101)
Depreciation on disposals	—	(20)	(62)	(24)	(106)
Cumulative depreciation at 31 December 2012	191	7,660	5,598	2,259	15,708
Net assets at 31 December 2012	36,050	1,111	825	2,186	40,172
Net assets at 31 December 2011	35,305	1,643	944	2,432	40,324

¹ Following the formation of the Department in June 2011, an integrated Financial Management System became fully operational in January 2012 and a review was initiated of the fixed asset register in January 2012. On foot of this process, the Department made an adjustment of €605,940 (net book value of €120,605) to remove the cost of assets of less than €1,000.

In addition, assets at a cost of €106,437 (Net book value of €5,586) were removed from the register as they transferred to the Department of Environment, Community and Local Government, Department of Finance and Department of Transport, Tourism and Sport.

2.4 Capital Assets under Development

at 31 December	Airstrips under Development
	€000
Amounts brought forward at 1 January 2012	8,598
Cash payments in year	9
Transferred to asset register	—
Balance at 31 December 2012	<u>8,607</u>

2.5 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	1,110	11,423
Orders outstanding	(14)	(649)
	<u>1,096</u>	<u>10,774</u>

2.6 Stocks

	2012	2011
at 31 December	€000	€000
Building material and small plant	59	73
Fuels and fertilizers	34	28
Stationery	33	23
Equipment consumables	11	12
Janitorial supplies and first aid	10	29
IT consumables	20	39
Miscellaneous	58	58
	<u>225</u>	<u>262</u>

2.7 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Environment Fund	1,203	—
Office of Public Works	270	130
Native Woodland Scheme	256	268
Other debit suspense items	310	726
	<u>2,039</u>	<u>1,124</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	445	531
Pay Related Social Insurance	206	236
Professional Services Withholding Tax	153	13
Value Added Tax	87	12
Pension deductions	12	76

903	868

Crowley Bequest Fund (Note 7.2)	411	459

Other	289	159

1,603	1,486

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	2,727	2,411

Deferred surrender	1,200	—

Exchequer grant undrawn	(2,395)	8,001

Net liability to the Exchequer	1,532	10,412

Represented by:

Debtors

Bank and cash	1,096	10,774

Debit balances: suspense	2,039	1,124

3,135	11,898

Creditors

Due to State	(903)	(868)

Credit balances: suspense	(700)	(618)

(1,603)	(1,486)

1,532	10,412

2.10 Commitments	2012	2011
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	29,422	21,242

(b) Multi-annual capital commitments

	Expenditure 2003-2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
ACCESS (cultural development grants)	10,729	2,376	5,868	18,973
Other arts capital projects	51,491	219	1,928	53,638
Cill Ronáin Pier	43,227	351	255	43,833
	<u>105,447</u>	<u>2,946</u>	<u>8,051</u>	<u>116,444</u>

2.11 Matured Liabilities

The estimate of matured liabilities not discharged at year end amounted to €8,031 (2011 – €20,455).

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Arts, Culture and Film			
A.1	Administration – pay	4,884	4,985	4,724
A.2	Administration - non pay	774	905	942
A.3	Payments to match resources generated by the National Archives	56	40	29
A.4	General expenses of the National Archives and National Archives Advisory Council	1,409	1,547	1,522
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (grant-in-aid)	11,870	11,870	12,896
A.6	Regional museums, galleries, cultural centres and projects	4,165	4,164	4,296
A.7	Cultural infrastructure and development	6,025	6,367	8,460
A.8	Culture Ireland	3,560	3,560	6,994
A.9	An Chomhairle Ealaíon (part funded by National Lottery) (grant-in-aid)	63,241	63,241	65,163
A.10	General expenses of the National Museum of Ireland (grant-in-aid)	12,585	12,585	14,240
A.11	General expenses of the National Library of Ireland (grant-in-aid)	7,120	7,120	8,084
A.12	Irish Film Board (grant-in-aid)	15,690	15,690	18,431
A.13	EU Presidency – Cultural Programme	1,000	999	—
		132,379	133,073	145,781

Significant variations

Overall, the gross expenditure in relation to the Programme A was €694,000 more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
General expenses of the National Archives and National Archives Advisory Council	(138)	The additional expenditure arose due to an essential IT project to upgrade the National Archives web services.
Cultural infrastructure and development	(342)	Expenditure on this subhead depends on progress on grant approved projects. The overspend was due to projects progressing and liabilities maturing more quickly than was originally anticipated.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Heritage			
B.1	Administration – pay	21,872	22,376	23,013
B.2	Administration - non pay	4,249	2,301	2,346
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	4,811	4,811	5,992
B.4	Built heritage	2,843	2,828	3,509
B.5	Natural heritage (National Parks and Wildlife Service)	14,397	13,313	13,617
B.6	Irish Heritage Trust	373	373	375
		48,545	46,002	48,852

Significant variations

Overall, the gross expenditure in relation to the Programme B was €2,543,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - non pay	1,948	The saving arose from efficiencies in non-pay administration in 2012, principally in the areas of training, IT expenditure and travel & subsistence. Expenditure in these areas is subject to ongoing scrutiny throughout the year to ensure that costs are kept to a minimum.
Natural heritage (National Parks and Wildlife Service)	1,084	The saving arose due to a project to provide scientific underpinning for the future management of raised bog special areas of conservation not proceeding as planned due to unforeseen delays in the procurement process.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Irish Language, Gaeltacht and Islands			
C.1	Administration – pay	3,715	3,256	2,852
C.2	Administration - non pay	722	786	825
C.3	Gaeltacht support schemes	9,123	8,789	9,454
C.4	Irish language support schemes (part funded by National Lottery)	4,625	4,612	5,456
C.5	An Coimisinéir Teanga	650	607	431
C.6	Údarás na Gaeltachta - administration	9,871	9,871	6,848
C.7	Údarás na Gaeltachta - current programme expenditure	3,273	3,273	2,475
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises	5,938	5,938	5,500
C.9	Islands	6,863	6,880	6,808
		44,780	44,012	40,649

Significant variations

Overall, the gross expenditure in relation to Programme C was €768,000 lower than provided. None of the subheads within programme C met the criteria for significant explanation.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	North-South Co-Operation			
D.1	Administration – pay	181	166	107
D.2	Administration - non pay	29	34	30
D.3	An Foras Teanga	15,438	15,397	11,707
D.4	Waterways Ireland	27,099	27,099	20,176
		42,747	42,696	32,020

Significant variations

Overall, the gross expenditure in relation to Programme D was €51,000 lower than provided. None of the subheads within programme D met the criteria for significant explanation.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. National Archives	56	40	30
2. Miscellaneous receipts	343	956	715
3. Rents (including receipts from letting of fishing rights etc.)	130	92	156
4. Sales of property	25	8	10
5. Services and charges at national parks and wildlife sites	375	684	790
6. Airstrip related fees/charges	—	4	1
7. Receipts from pension - related deduction on public service remuneration	3,750	4,154	3,912
Total	4,679	5,938	5,614

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	(613)	The level of pension receipts from agencies estimated by the Department for 2012 (€343,000) was lower than the amount of contributions actually received (€952,977).
Services and charges at national parks and wildlife sites	(309)	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	(404)	The level of pension levy receipts from agencies estimated by the Department for 2012 was lower than the amount of contributions actually received.

4.2 Extra Exchequer Receipts

The Department paid €21,010 to the Exchequer (2011: €48,361). This primarily comprises of principal and interest repayments in respect of loans for Gaeltacht housing.

5 Employee Numbers and Pay

	2012	2011
Number of Departmental and agency/body staff at year end (full-time equivalents)	1,557	1,648
	2012	2011
	€000	€000
Pay	65,289	60,214
Higher, special or additional duties allowance	129	218
Other allowances	1,021	1,175
Overtime	2,263	1,904
Employer's PRSI	5,412	4,796
Total Pay	74,114	68,307

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 outturn figures for 2011 exclude relevant expenditure incurred by the former Department of Community, Equality and Gaeltacht Affairs for the period 1 January to 30 April 2011.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	56	3	12,565	15,093
Other Allowances	681	13	35,952	24,373
Overtime	613	57	21,422	24,663

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.

6 Miscellaneous

6.1 National Lottery Funding

Under subheads A.9, B.3 and C.4, total expenditure of €72.7 million was part-funded by the National Lottery. A full list of grantees under subhead C.4 is available on the Department's website (www.ahg.gov.ie).

6.2 Legal Costs

Legal cost paid during the year are categorised as follows

	2012	2011
	€000	€000
Legal fees	109	13
Compensation costs	57	225
	<u>166</u>	<u>238</u>

6.3 Loss of Assets

An investigation is underway 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.

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).

	2012	2011
	€000	€000
Payments		
Irish Museum of Modern Art	5,392	6,093
Chester Beatty Library	2,598	2,579
National Concert Hall	2,627	2,874
Crawford Gallery, Cork	1,253	1,350
	<u>11,870</u>	<u>12,896</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 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 2012

	2012	2011
	€000	€000
Balance on 1 January	459	525
Payments	(48)	(66)
Balance at 31 December	<u>411</u>	<u>459</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:

	2012	2011
€000	€000	€000
Opening balance on 1 January	218	228
Annual penal interest accrued	4	5
Write-off of loans	—	—
Interest written off	(2)	—
Repayments		
Principal	(10)	
Interest	<u>(3)</u>	<u>(15)</u>
Closing balance on 31 December	<u>207</u>	<u>218</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 has commenced a long-term project aimed at developing an electronic property information database for land and buildings acquired by the Department.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Review of Security Procedures

Security procedures for safeguarding the collection have been reviewed in the light of damage caused by a member of the public to a painting on display in June 2012, and procedures were enhanced where necessary.

Séan Rainbird

Accounting Officer

National Gallery

27 March 2013

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 2012 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 accounts.

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 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 2012.

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.

Employment Issues in the National Gallery

Chapter 15 of my report on the accounts of the public services for 2012 refers to certain employment issues in the National Gallery on which I considered it appropriate to report in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

Seamus McCarthy
Comptroller and Auditor General

15 August 2013

Vote 34 National Gallery

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	National Gallery	8,588	8,446	9,492
	Gross expenditure	8,588	8,446	9,492
	<i>Deduct</i>			
B	Appropriations-in-aid	253	307	283
	Net expenditure	8,335	8,139	9,209

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	196,295	637,620

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,351	5,215	5,191
ii	Travel and subsistence	38	58	43
iii	Security and incidental expenses	771	712	801
iv	Postal and telecommunications services	130	110	133
v	Office equipment and external IT services	320	263	280
vi	Office premises expenses	720	746	679
vii	Consultancy services and value for money and policy reviews	238	322	324
		7,568	7,426	7,451

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	1,020	2,041
Pay	5,215	5,191
Non pay	2,211	2,260
Gross expenditure	8,446	9,492
<i>Deduct</i>		
Appropriations-in-aid	307	283
Net expenditure	8,139	9,209
Changes in capital assets		
Purchases cash	(55)	
Depreciation	234	
Disposals Cash	8	
Loss on disposals	4	
	191	190
Changes in net current assets		
Decrease in closing accruals	37	
Decrease in stock	1	
	38	33
Direct expenditure	8,368	9,432
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	966	984
Net programme cost	9,334	10,416

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.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	277	235
Vote 13 Office of Public Works	689	749
	966	984

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 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	683	881
Current assets			
Bank and cash	2.4	3,330	2,006
Stocks	2.5	5	6
Prepayments		108	105
Other debit balances	2.6	25	84
Net liability from the Exchequer	2.8	863	1,232
Total current assets		4,331	3,433
Less current liabilities			
Accrued expenses		250	217
Other credit balances	2.7	4,218	3,322
Total current liabilities		4,468	3,539
Net current assets		(137)	(106)
Net assets		546	775
Represented by:			
State funding account	2.1	546	775

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		775	998
Funding drawn down	2.2	9,105	10,193
Net programme cost	1	(9,334)	(10,416)
Balance at 31 December		546	775
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	8,335	9,847
Surplus to be surrendered	Account	(196)	(638)
		8,139	9,209
Expenditure (cash) borne elsewhere	1	966	984
Total funding drawn down		9,105	10,193

2.3 Capital Assets

	Office equipment and motor vehicles	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2012	2,542	1,747	4,289
Additions	30	18	48
Disposals	(19)	—	(19)
Cost or valuation at 31 December 2012	2,553	1,765	4,318
Accumulated depreciation			
Opening balance at 1 January 2012	2,275	1,133	3,408
Depreciation for the year	124	110	234
Depreciation on disposals	(7)	—	(7)
Cumulative depreciation at 31 December 2012	2,392	1,243	3,635
Net assets at 31 December 2012	161	522	683
Net assets at 31 December 2011	267	614	881

2.4 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	3,330	2,006
Orders outstanding	—	—
	3,330	2,006

2.5 Stocks

	2012	2011
at 31 December	€000	€000
Stationery	2	3
Cleaning materials	3	3
	5	6

2.6 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Redundancy rebates	5	60
Miscellaneous	20	24
	25	84

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Grant-in-aid fund for acquisitions, refurbishment and conservation	4,000	3,106

National Gallery Jesuit Fellowship grant- in-aid fund	207	211

Value Added Tax	11	5

	<u>4,218</u>	<u>3,322</u>

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	196	638

Exchequer grant undrawn	(1,059)	(1,870)

Net liability from the Exchequer	<u>(863)</u>	<u>(1,232)</u>

Represented by:

Debtors

Bank and cash	3,330	2,006

Debit balances: suspense	25	84

	<u>3,355</u>	<u>2,090</u>

Creditors

Credit balances: suspense	(4,218)	(3,322)

	<u>(863)</u>	<u>(1,232)</u>

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	National Gallery			
A.1	Administration - pay	5,351	5,215	5,191
A.2	Administration - non pay	2,217	2,211	2,260
A.3	Grant-in-aid fund for acquisitions, refurbishment and conservation	1,000	1,000	2,000
A.4	National Gallery Jesuit Fellowship (grant-in-aid fund)	20	20	41
		8,588	8,446	9,492

4 Receipts

4.1 Appropriations-in-aid		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	1	31	1
2.	Receipts from pension-related deductions on public service remuneration	252	276	282
		253	307	283

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 Consolidated Accounts.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	108	98
	2012	2011
	€000	€000
Pay	4,693	4,712
Higher, special or additional duties allowance	12	9
Other allowances	3	2
Overtime	64	52
Employer's PRSI	443	416
Total Pay	5,215	5,191

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	4	—	4,912	3,523
Other allowances	33	—	304	235
Overtime	40	2	11,219	9,906

5.2 Reinstatement of Staff Members

Following the decisions of the Labour Court in three cases in late 2012, the Gallery reinstated six employees on Contracts of Indefinite Duration, whose employment had been terminated at the expiry of their fixed term contracts on 30 September 2011. The additional pay-related costs in 2012 amounted to €281,426 are included in the total pay figure above.

5.3 Note on Directors Expenses

On appointment, the Director was also paid a total of €40,000, net of tax, to cover removal expenses, from non-exchequer funds.

6 Miscellaneous

6.1 Contingent Liabilities

The Gallery is involved in a number of legal challenges which may generate liabilities depending on the outcome of these challenges. The actual amount or timing of the potential liabilities is uncertain.

6.2 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year	159	133
Compensation paid during the year	—	—
	<u>159</u>	<u>133</u>

Legal costs mainly comprised legal advice and representation at various industrial hearings in respect of claims taken by several staff members.

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	2012	2011
	€000	€000	€000	€000	€000	€000
Balance at 1 January	3,003	—	27	76	3,106	1,629
Grant-in-aid (Subhead A3)	—	940	30	30	1,000	2,000
Expenditure	—	—	(35)	(71)	(106)	(523)
Balance at 31 December	3,003	940	22	35	4,000	3,106

This grant-in-aid has been expanded to include 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. It is planned that phases two and three of the project will start in Autumn 2013 and be completed in Spring 2016.

7.2 Grant-in-Aid Fund for the National Gallery Jesuit Fellowship

	2012	2011
	€000	€000
Balance at 1 January	211	194
Grant-in-aid (Subhead A4)	20	41
Expenditure	(24)	(24)
Balance at 31 December	207	211



Appropriation Account 2012

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 2012 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 2012 including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Michael Howard
Accounting Officer
Department of Defence

21 February 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 35 Army Pensions for the year ended 31 December 2012.

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

Seamus McCarthy
Comptroller and Auditor General

28 June 2013

Vote 35 Army Pensions

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Provision for Defence Forces' pension benefits			
	<i>Original</i>	214,414		
	<i>Supplementary</i>	29,500	243,914	243,849
				223,379
Gross expenditure				
	<i>Original</i>	214,414		
	<i>Supplementary</i>	29,500		
			243,914	243,849
				223,379
<i>Deduct</i>				
B	Appropriations-in-aid			
	<i>Original</i>	6,500		
	<i>Supplementary</i>	(500)		
			6,000	5,940
				6,125
Net expenditure			237,914	237,909
				217,254

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	4,732	212,526

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	103		
	<i>Supplementary</i>	(22)	81	81
				100
			81	81
				100

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	243,768	223,279
Pay	69	96
Non pay	12	4
Gross expenditure	243,849	223,379
<i>Deduct</i>		
Appropriations-in-aid	5,940	6,125
Direct expenditure	237,909	217,254
Net allied services expenditure (note 1.1)	1,738	1,726
Net programme cost	239,647	218,980

1.1 Net Allied Services Expenditure

This is the estimated amount in relation to Vote 35 borne on Vote 36 Defence, in relation to administration salaries and other expenses.

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Current assets			
Bank and cash	2.3	5	216
Other debit balances	2.4	9	1
Total current assets		14	217
Less current liabilities			
Other credit balances	2.5	10	5
Net liability to the Exchequer	2.6	4	212
Total current liabilities		14	217
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		—	—
Funding drawn down	2.2	239,647	218,980
Net programme cost	1	(239,647)	(218,980)
Balance at 31 December		—	—

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	237,914	217,467
Surplus to be surrendered	Account	(5)	(213)
		237,909	217,254
Expenditure (cash) borne elsewhere	1	1,738	1,726
Total funding drawn down		239,647	218,980

2.3 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	414	664
Orders outstanding	(409)	(448)
	<u>5</u>	<u>216</u>

2.4 Other Debit Balances	2012	2011
at 31 December	€000	€000
Other debit suspense items	9	1
	<u>9</u>	<u>1</u>

2.5 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4	3
	<u>4</u>	<u>3</u>
Payroll deductions held in suspense	6	2
	<u>10</u>	<u>5</u>

2.6 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	5	213
Exchequer grant undrawn	(1)	(1)
Net liability to the Exchequer	<u>4</u>	<u>212</u>

Represented by:**Debtors**

Bank and cash	5	216
Debit balances: suspense	9	1
	<u>14</u>	<u>217</u>

Creditors

Due to State	(4)	(3)
Credit balances: suspense	(6)	(2)
	<u>(10)</u>	<u>(5)</u>
	<u>4</u>	<u>212</u>

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Provision for Defence Forces' pension benefits			
A.1	Administration - pay			
	<i>Original</i>	103		
	<i>Supplementary</i>	(22)	81	100
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service			
	<i>Original</i>	204,031		
	<i>Supplementary</i>	29,947	233,978	213,681
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces			
	<i>Original</i>	9,000		
	<i>Supplementary</i>	(154)	8,846	8,420
A.4	Payments to dependents of veterans of the war of independence			
	<i>Original</i>	980		
	<i>Supplementary</i>	(50)	930	1,124
A.5	Compensation payments			
	<i>Original</i>	200		
	<i>Supplementary</i>	(190)	10	18
A.6	Medical appliances and travelling and incidental expenses			
	<i>Original</i>	100		
	<i>Supplementary</i>	(31)	69	36
			243,914	223,379

Significant variations

Overall, net expenditure in relation to the Programme was €4,732 lower than provided. The outturn on each expenditure heading was not significantly different from the amount provided.

4 Receipts

4.1 Appropriations-in-aid

			2012	2011
			Estimated	Realised
	€000	€000	€000	Realised €000
1. Contributions to Defence Forces Spouses' and Children's Pension Schemes				
	<i>Original</i>	5,400		
	<i>Supplementary</i>	(500)	4,900	4,406
				4,677
2. Contributions to Defence Forces Contributory (Main) Pensions Schemes			945	1,447
				1,291
3. Recoveries of overpayments			40	55
				96
4. Payments received in respect of transferred service			40	7
				29
5. Miscellaneous			70	22
				27
6. Receipts from pension-related deduction on public service remuneration			5	3
				5
Total			6,000	5,940
				6,125

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
Contributions to Defence Forces Spouses' and Children's Pension Schemes	494	The shortfall is due to the higher than anticipated number of exits from the Defence Forces in 2012, particularly in the early part of the year prior to the end of the 'grace period'.
Contributions to Defence Forces Contributory (Main) Pensions Schemes	(502)	It is difficult to accurately predict receipts as the number paying contributions vary during the year.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	2	2
	2012	2011
	€000	€000
Pay	67	94
Employer's PRSI	2	2
Total Pay	69	96

The two staff members are administrative support to the Army Pensions Board. In addition to these payroll costs, €12,268 was paid in respect of travel and subsistence in 2012.

27 employees of the Department of Defence are engaged in the administration of pensions and other related payments. Their remuneration, which amounts to approximately €1.2 million, is charged to Vote 36.

6 Miscellaneous

6.1 Overpayments

There are currently 72 cases of overpayments amounting to €233,072, of which €212,923 relates to prior years. Included in this outstanding figure are three large cases with amounts owing of €189,494. Investigations are on-going for some time and will continue in an effort to recoup the monies owing. During 2012, new overpayments of €105,785 were detected of which €83,060 was recouped in the year.

6.2 Irrecoverable Overpayments

In respect of 35 cases in 2012, gross overpayments of €5,831 less a sum of €1,712 recovered during the year resulted in net overpayments of €4,118. This sum was deemed to be irrecoverable and was written off in accordance with Circular S4/11/62.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2012 out of unspent 2011 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

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 2.3).

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Michael Howard

Accounting Officer

Department of Defence

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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 audit of the appropriation account 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 36 Defence for the year ended 31 December 2012.

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 2013

Vote 36 Defence

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Defence policy and support, military capabilities and operational outputs			
	<i>Current year provision</i>	687,945		
	<i>Deferred surrender</i>	500	688,445	657,141
				703,451
Gross expenditure				
	<i>Current year provision</i>	687,945		
	<i>Deferred surrender</i>	500	688,445	657,141
				703,451
<i>Deduct</i>				
B	Appropriations-in-aid		40,925	46,140
				42,509
Net expenditure				
	<i>Current year provision</i>	647,020		
	<i>Deferred surrender</i>	500		
			647,520	611,001
				660,942

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.

	2012	2011
	€	€
Surplus	36,519,313	19,288,433
Deferred surrender	900,000	500,000
Surplus to be surrendered	35,619,313	18,788,433

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,000	16,002	16,065
ii	Travel and subsistence	450	415	407
iii	Training and development and incidental expenses	280	165	194
iv	Postal and telecommunications services	800	554	723
v	Office equipment and external IT services	2,170	2,090	2,065
vi	Office premises expenses	1,610	1,203	1,262
vii	Consultancy services and value for money and policy reviews	50	9	—
viii	EU Presidency	49	35	—
		22,409	20,473	20,716

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	636,668	682,735
Pay	16,037	16,065
Non pay	4,436	4,651
Gross expenditure	657,141	703,451
<i>Deduct</i>		
Appropriations-in-aid	46,140	42,509
Net expenditure	611,001	660,942
Changes in capital assets		
Purchases cash	(9,187)	
Asset adjustment	(7,438)	
Depreciation	37,055	
Loss on disposals	1,010	
	21,440	20,230
Changes in assets under development		
Cash payments	(5,528)	(9,752)
Changes in net current assets		
Decrease in closing accruals	(24,487)	
Decrease in stock	3,772	
	(20,715)	(42,652)
Direct expenditure	606,198	628,768
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	7,667	8,081
Notional rents	2,054	1,951
Net programme cost	615,919	638,800

1.1 Net Allied Services Expenditure

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

	2012	2011
	€000	€000
Vote 1 President's Establishment	(400)	(413)
Vote 2 Department of the Taoiseach	(75)	(75)
Vote 12 Superannuation and Retired Allowances	9,075	9,020
Vote 13 Office of Public Works	650	766
Vote 20 Garda Síochána	—	58
Vote 35 Army Pensions	(1,738)	(1,726)
Central Fund – Ministerial pensions	155	451
	7,667	8,081

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	342,100	363,474
Capital assets under development	2.4	1,668	3,570
		343,768	367,044
Current assets			
Bank and cash	2.5	751	1,419
Stocks	2.6	265,845	269,617
Prepayments	2.7	73,821	49,076
Accrued income		2,326	1,967
Other debit balances	2.8	1,060	2,524
Total current assets		343,803	324,603
Less current liabilities			
Accrued expenses		2,997	2,319
Deferred income		49	44
Other credit balances	2.9	190	254
Net liability to the Exchequer	2.10	1,621	3,689
Total current liabilities		4,857	6,306
Net current assets		338,946	318,297
Net assets		682,714	685,341
Represented by:			
State funding account	2.1	682,714	685,341

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		685,341	663,411
Funding drawn down	2.2	618,668	669,023
Non cash expenditure – notional rent	1	2,054	1,951
Net programme cost	1	(615,919)	(638,800)
Transfers – capital assets under development	2.4	(7,430)	(10,244)
Balance at 31 December		682,714	685,341

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	647,520	680,230
Deferred surrender	Account	(900)	(500)
Surplus to be surrendered	Account	(35,619)	(18,788)
Net allied services expenditure	1	7,667	8,081
Total funding drawn down		618,668	669,023

2.3 Capital Assets

	Military equipment €000	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	862,885	42,464	3,563	908,912
Reclassification from stock	19,825	—	—	19,825
Prior year adjustment	1,537	—	—	1,537
Additions	8,231	939	83	9,253
Disposals	(11,234)	(1,549)	(29)	(12,812)
Cost or valuation at 31 December 2012	881,244	41,854	3,617	926,715
Accumulated depreciation				
Opening balance at 1 January 2012	507,189	36,398	1,851	545,438
Depreciation of reclassified items	13,924	—	—	13,924
Depreciation for the year	34,785	2,033	237	37,055
Depreciation on disposals	(10,314)	(1,463)	(25)	(11,802)
Cumulative depreciation at 31 December 2012	545,584	36,968	2,063	584,615
Net assets at 31 December 2012	335,660	4,886	1,554	342,100
Net assets at 31 December 2011	355,696	6,066	1,712	363,474

1. Arising from a review of the inventory system, certain items which were previously recorded as stock have been reclassified as capital assets.
2. The prior year adjustment represents cost adjustments to stock transfers, and purchases not capitalised in previous years.
3. The Department of Defence administers land (approx. 8,400 hectares) and buildings at 100 different locations, as well as 20 properties outside of barracks which serve as married quarters. It is expected that the disposal of the married quarters will be progressed in 2013.

2.4 Capital Assets under Development

at 31 December	Construction Contracts €000
Amounts brought forward at 1 January 2012	3,570
Cash payments in year	5,528
Transferred to asset register	(7,430)
Balance at 31 December 2012	1,668

Notional transfer to asset register. Land and buildings are not shown in capital asset.

2.5 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	1,091	4,783
Orders outstanding	(340)	(3,364)
	<u>751</u>	<u>1,419</u>

2.6 Stocks	2012	2011
at 31 December	€000	€000
Military stocks		
Opening balance 1 January	269,550	245,411
Purchases during the year	42,837	54,596
Issues during the year	(26,785)	(30,457)
Reclassification to fixed assets	(19,825)	—
	<u>265,777</u>	<u>269,550</u>
Stationery	34	24
IT consumables	34	43
	<u>265,845</u>	<u>269,617</u>

Some stock items were reclassified as assets in 2012 (see note 2.3).
Work is ongoing to identify and remove slow moving and obsolete
military stock items.

2.7 Prepayments	2012	2011
at 31 December	€000	€000
Naval vessels construction (note 2.11)	59,630	38,720
Other	14,191	10,356
	<u>73,821</u>	<u>49,076</u>

This figure represents cumulative advance payments on the naval
vessels replacement project from 2010-2012. A further €73 million will
be paid by March 2016.

2.8 Other Debit Balances	2012	2011
at 31 December	€000	€000
Suspense	1,060	2,524
	<u>1,060</u>	<u>2,524</u>

2.9 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Professional Services Withholding Tax	90	148

Income Tax	81	64

Pay Related Social Insurance	(20)	(13)

Universal Social Charge	(12)	—

Pension contributions	9	13

Value Added Tax	—	(23)

	148	189

Payroll deductions	6	6

Suspense	36	59

	190	254

2.10 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	35,619	18,788

Deferred surrender	900	500

Exchequer grant undrawn	(34,898)	(15,599)

Net liability to the Exchequer	1,621	3,689

Represented by:

Debtors

Bank and cash	751	1,419

Debit balances: suspense	1,060	2,524

	1,811	3,943

Creditors

Due to State	(148)	(189)

Credit balances: suspense	(42)	(65)

	(190)	(254)

	1,621	3,689

2.11 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	96,455	128,727

(A) Global commitments

The figure of €96.46 million includes €72.57 million for the naval vessel replacement programme; €19 million for the purchase of defensive equipment and €2 million for a number of building projects.

(B) Multi-annual capital commitments

Expenditure in 2012 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.

	2012	2011
	€000	€000
Expenditure	5,528	9,752
Commitments to be met in subsequent years	1,628	2,865

(C) Major projects

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

	Expenditure to 31/12/2011	Expenditure 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Naval vessels replacement project	38,720	20,910	72,570	132,200

2.12 Matured Liabilities

Matured liabilities outstanding at year end amounted to €479,241.

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
A	Defence policy and support, military capabilities and operational outputs			
A.1	Administration - pay	17,049	16,037	16,065
A.2	Administration - non pay	5,360	4,436	4,651
A.3	Permanent Defence Force: pay	425,434	394,846	421,329
A.4	Permanent Defence Force: allowances	44,894	43,280	42,245
A.5	Reserve Defence Force: pay, etc.	4,386	3,679	3,935
A.6	Chaplains and officiating clergymen: pay and allowances	1,225	1,128	1,172
A.7	Civilians attached to units: pay, etc.	33,692	30,823	32,779
A.8	Defensive equipment	27,500	29,150	36,617
A.9	Air Corps: equipment and expenses	14,500	16,287	15,488
A.10	Military transport	12,500	12,573	14,372
A.11	Naval Service: equipment and expenses	24,200	33,558	30,542
A.12	Barrack expenses and engineering equipment	13,500	14,344	15,119
A.13	Buildings			
	Current year provision	13,700		
	Deferred surrender	500	14,200	12,032
A.14	Ordnance, clothing and catering	17,000	15,062	19,823
A.15	Communications and information technology	6,400	6,561	7,683
A.16	Military training	2,000	2,289	2,390
A.17	Travel and freight services	4,000	2,368	2,600
A.18	Medical expenses	2,800	2,904	2,896
A.19	Lands	1,000	1,651	1,179
A.20	Equitation	877	909	898
A.21	Compensation and associated costs	5,482	3,144	4,884
A.22	Miscellaneous expenditure	3,182	2,937	2,722
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	810	689	583
A.24	Civil Defence Board (grant-in-aid)	5,585	5,585	5,585
A.25	Irish Red Cross Society (grant-in-aid)	869	869	951
Total		688,445	657,141	703,451

Significant variations

Overall, the expenditure in relation to the Programme A was €31,304,260 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Permanent Defence Force: pay	30,588	The saving is due to lower than anticipated numbers of personnel serving in the Permanent Defence Force during 2012.
Reserve Defence Force: pay, etc.	707	The saving is due mainly to a reduced requirement for grants, lower levels of training activity and increased use of military transport and rations.
Civilians attached to units: pay, etc.	2,869	The saving is due mainly to a reduction in the number of civilian employees.
Defensive equipment	(1,650)	The excess is mainly due to the requirement for additional essential defensive operational equipment.
Air Corps: equipment and expenses	(1,787)	The excess is due mainly to additional aircraft maintenance costs which arose during the year.
Naval Service: equipment and expenses	(9,358)	The excess is mainly due to an additional payment of €6.15m required as a result of the renegotiation of the Naval Vessels Replacement Project contract. The renegotiation resulted in limiting the application of escalation clauses and removing factoring costs post delivery of the naval vessels.
Barrack expenses and engineering equipment	(844)	The excess is due to increased utility costs and additional engineering equipment required for overseas missions.
Buildings	2,168	The saving is due to slower than anticipated progress on some projects including the development of an additional firing range and change to alternative energy usage at the Curragh Camp.
Ordnance, clothing and catering	1,938	The saving is due to delays in the delivery of certain clothing orders and reduced catering costs.
Military training	(289)	The excess is mainly due to higher than anticipated training course costs and the requirement for additional educational and training equipment.
Travel and freight services	1,632	The saving is due mainly to lower than estimated travel and freight costs relating to overseas missions and reduced home travel costs.
Lands	(651)	The excess is due to the purchase of lands in the Glen of Imaal and costs relating to barrack closures.
Compensation and associated costs	2,338	Expenditure under this subhead is subject to a number of unpredictable variables, including the number, value and timing of awards and settlements.
Miscellaneous expenditure	245	The saving is mainly due to delays in certain appointments and in the completion of certain projects.
Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	121	The saving is due to lower than anticipated common costs relating to EU missions, and is partly offset by payment of the first contribution of the 2013 European Defence Agency costs.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from United Nations in respect of overseas allowances, etc.	6,000	9,204	3,662
2.	Receipts from EU in respect of fishery protection costs	—	—	1,073
3.	Receipts from banks and other organisations	8,500	8,717	8,913
4.	Receipts from occupation of official quarters	200	222	196
5.	Receipts from rations on repayment	650	804	966
6.	Receipts from other issues on repayment	60	41	54
7.	Receipts for aviation fuel	70	394	71
8.	Receipts on discharge by purchase	50	39	47
9.	Lands and premises			
	(a) rents, etc.	350	470	567
	(b) sales	500	250	50
10.	Sale of surplus stores	200	444	105
11.	Refunds in respect of services of seconded personnel	80	39	35
12.	Miscellaneous	265	825	267
13.	Receipts from pension-related deduction on public service remuneration	24,000	24,691	26,503
Total		40,925	46,140	42,509

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.	(3,204)	The surplus is due to a changed payment pattern by the UN which resulted in higher than anticipated UN receipts in respect of 2011.
Receipts from rations on repayment	(154)	The surplus is due to a higher than anticipated number of personnel availing of rations.
Receipts for aviation fuel	(324)	The surplus is due to higher than anticipated demand for uplift of aviation fuel by visiting aircraft.
Lands and premises (a) rents, etc.	(120)	The surplus is mainly due to commercial rental rates being applied for the use of Defence properties.
Lands and premises (b) sales	250	The shortfall is due to sales being lower than expected and delays in some transactions.
Sale of surplus stores	(244)	The surplus is mainly due to the sale of obsolete aircraft.
Miscellaneous	(560)	The surplus is due to a number of reimbursements received, the amount and timing of which could not be estimated accurately.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	10,298	10,448
	2012	2011
	€000	€000
Pay	400,241	427,732
Higher, special or additional duties allowance	349	181
Overtime	590	579
Shift and roster allowance	289	143
Military and other allowances	36,247	32,864
Employer's PRSI	36,447	38,422
Total Pay	474,163	499,921

The overall totals do not include the Civil Defence Board and the Office of the Ombudsman for the Defence Forces which account for 28 personnel and total pay and allowances of €1.4 million. Both of these bodies produce separate accounts.

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

5.1 Civil Servants

	2012	2011
Number of staff at year end (full time equivalents)	321	320
	2012	2011
	€000	€000
Pay	15,240	15,341
Higher, special or additional duties allowances	107	116
Overtime	124	71
Other allowances	6	—
Employer's PRSI	560	537
Total Pay	16,037	16,065

Certain payments that were categorised as higher, special or additional duties allowances in 2011 are now included under other allowances to more accurately reflect the nature of these payments.

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	29	4	19,585	19,585
Overtime	90	1	10,959	5,369
Other allowances	26	—	1,547	—

Certain individuals received extra remuneration in more than one category.

5.2 Civil Employees

	2012	2011
Number of staff at year end (full time equivalents)	593	660
	2012	2011
	€000	€000
Pay	22,595	23,678
Higher, special or additional duties allowances	242	279
Overtime	466	508
Shift and roster allowance	289	328
Travel time allowance	600	664
Tool and other allowances	375	439
Employer's PRSI	2,341	2,617
Total Pay	26,908	28,513

Certain payments that were categorised as pay in 2011 are now included under other categories to more accurately reflect the nature of these payments.

The pay figure includes severance and redundancy payments totalling €1,393,979 which was paid to 26 civilian employees in 2012.

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	121	2	10,847	12,881
Overtime	196	4	24,631	21,143
Shift and roster allowance	43	4	17,035	16,903
Travel time allowance	106	9	12,030	11,983
Tool and other allowances	668	—	3,235	3,235

Certain individuals received extra remuneration in more than one category.

The tool and other allowances include a number of different allowances and some recipients received more than one allowance and are counted more than once.

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

	2012	2011
Number of staff at year end (full time equivalents)	9,384	9,468
	2012	2011
	€000	€000
Pay and military service allowance	362,406	387,211
Overseas allowances	15,254	10,915
Security duty allowances	10,886	12,072
Border duty allowance	3,976	4,468
Patrol duty allowance	3,338	3,403
Miscellaneous allowances	1,812	2,006
Employer's PRSI	33,546	35,268
Total pay	431,218	455,343

Allowances	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Overseas allowances	1,388	750	41,376	38,325
Security duty allowances	7,615	36	19,996	19,441
Border duty allowance	923	2	47,495	7,891
Patrol duty allowance	753	16	11,294	11,126
Miscellaneous allowances	1,034	5	13,628	20,086

Certain individuals received allowances in more than one category.

The security duty and miscellaneous categories include a number of different allowances and some recipients received more than one allowance and are counted more than once.

The maximum individual payment for border duty allowance in 2012 includes arrears of €43,412 from 2002 to 2011.

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:

	2012	2011
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	32,474	19,982
KFOR (Kosovo)	1,270	1,285
EUFOR (Bosnia Herzegovina)	869	2,720
Other UN and EU Missions	3,837	2,893
	38,450	26,880
Other:		
Military representatives and advisors	1,807	1,813
EU Battle Group	990	953
Organisation for Security and Co-operation in Europe	691	433
Total	41,938	30,079

Of the sum of €38m for UN and EU missions, €6m relates to missions the full costs of which are borne by the State. The remaining €32m relates to UNIFIL 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 2012 was €9.2m (Note 4.1), of which €4m related to personnel costs, and €5.2m to equipment costs. The amount outstanding at year end was €1.8m (€0.6m personnel costs and €1.2m equipment costs).

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 Representative Associations

This account includes a total of €465,047 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 €124,322 in respect of the remuneration of a military officer and a civil servant on secondment.

6.4 Write-offs

Loss of or damage to stores, equipment or property for which negligence could not be attributed to any person resulted in the sum of €10,790 being written off.

59 cases of damage to military vehicles resulted in the sum of €47,196 being written off.

6.5 Carryover to 2012

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 2013.

6.6 Personal Injury and Employment Case Claims

at 31 December	2012	2011
Settled claims:		
State Claims Agency	159	460
Other	54	52
Claims on hand:	359	462
Of which referred to State Claims Agency	310	319

6.7 Legal Costs

Expenditure for the year ended 31 December	2012	2011
	€	€
Legal fees	1,499,321	2,229,198
Compensation	1,617,288	2,613,894

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 Special Payments

Following an internal review and an unprompted voluntary disclosure, a payment of €1,090,078 on account, including interest, was made to the Office of the Revenue Commissioners in 2012. This was in respect of an underpayment of PAYE, PRSI and USC for certain allowances paid to the Defence Forces and civilian employees covering the period 2011 and 2012.

SCHEDULE OF LAND AND BUILDINGS Vested in Minister for Defence		
COUNTY	PROPERTY	AREA (ACRES) ¹
Carlow	RDF Premises, Mhuine Beag	0.44
Cavan	Dún Uí Néill, Cavan Town	16.25
Clare	Knockalisheen Camp	166.5
Clare	Lahinch Camp	5.19
Clare	Kilrush, Ballyurra	0.6
Cork	Murphy Barracks, Ballincollig	2.2
Cork	Collins Barracks, Cork	59.8
Cork	Portion of Camp Field, Collins Barracks	—
Cork	Old Barracks & Graveyard, Fermoy	11
Cork	RDF Premises, Kilcrohane	1
Cork	RDF Premises, Middleton	0.5
Cork	Michael Collins Memorial Plot, Beál na Bláth	0.01
Cork	RDF Premises, Skibbereen	0.5
Cork	RDF Premises, Macroom	0.22
Cork	RDF Premises, Mallow	0.07
Cork	RDF Premises, Youghal	0.11
Cork	Part of old Military Barracks, Buttevant	—
Donegal	Rockhill House, Letterkenny	30
Donegal	Military Post, Lifford	2.6
Donegal	RDF Premises, Mullins	0.25
Donegal	RDF Premises, Milford	0.5
Dublin	Casement Aerodrome, Baldonnel including sewage farm & land adjacent	685
Dublin	Esplanade, Collins Barracks	0.5
Dublin	Site at Islandbridge, Dublin 8.	1
Dublin	RDF Premises, Swords	0.6
Galway	Oranmore Rifle Range	534
Galway	Oranmore By-Pass	0.75
Galway	Springfield Water Supply to Oranmore Range	—
Galway	Dún Uí Mhaoilíosa, Galway	74
Galway	RDF Premises, Ballinasloe	0.5
Galway	RDF Premises, Loughrea	0.23
Kerry	Ballymullen Barracks, Tralee	15
Kerry	Fort Shannon, Tarbert	2

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

SCHEDULE OF LAND AND BUILDINGS Vested In Minister for Defence		
COUNTY	PROPERTY	AREA (ACRES)¹
Kerry	RDF Premises, Listowel	0.22
Kerry	RDF Premises, Killorglin	0.25
Kerry	RDF Premises, Dingle	—
Kerry	RDF Premises, Killarney	0.2
Kildare	Curragh Camp and Lands	4,870
Kildare	Curragh Lands – Kildare By-Pass	—
Kildare	Orchard Park (2,23,25,78,85,96), Curragh	—
Kildare	Magee Barracks, Kildare.	65
Kildare	Lands at Blackrath, Curragh.	35.5
Kilkenny	Stephens' Barracks, Kilkenny	14
Leitrim	RDF Premises, Manorhamilton	—
Louth	Red Barns Rifle Range, Dundalk	13.50
Louth	RDF Premises, Drogheda	0.40
Mayo	RDF Premises, Westport - Leased	0.50
Meath	Gormanston Camp and Aerodrome	261
Meath	RDF Premises, Navan	0.50
Meath	RDF Premises, Kells	—
Offaly	Former Military Barracks, Birr	4.90
Roscommon	Rifle Range, Carna	283
Roscommon	RDF Premises, Roscommon	0.80
Tipperary	Rifle Range, Kilcoran	13.50
Tipperary	RDF Premises, Thurles	0.19
Tipperary	Barnane Rifle Range, Templemore	—
Waterford	Military Barracks, Waterford	0.80
Waterford	RDF Premises, Dungarvan - Leased	0.10
Westmeath	Columb Barracks, Mullingar	23.75
Westmeath	Custume Barracks, Athlone	13
Westmeath	Garrynafela Lands, Athlone	14.75
Wicklow	Glen of Imaal Artillery Range	6,617
Wicklow	Coolmooney Camp and Lands	241
Wicklow	Kilpeddar Rifle Range, Bray	98
Wicklow	Rockbrae House and Lands, Bray	4.83
Wicklow	Range Warden's Post, Seskin	1
Wicklow	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 Minister for Finance		
COUNTY	PROPERTY	AREA (ACRES)¹
Clare	RDF Premises, Ennis	0.25
Cork	Kilworth Camp and Range	3,352
Cork	Portion at Kilworth Camp for provision of road services to NRA	26.42
Cork	Bere Island	225
Cork	Naval Base, Haulbowline	84
Cork	Fort Davis, Whitegate	74
Cork	Fort Templebreedy, Crosshaven	37
Cork	Fitzgerald Camp, Fermoy	2.5
Cork	Furious Pier, Castletownbere	—
Cork	Landing Pier, Cobh	—
Donegal	Finner Camp, Bundoran	840
Dublin	Cathal Brugha Barracks, Rathmines	46
Dublin	Cathal Brugha Barracks No 17 – 28 Quarters	—
Dublin	McKee Barracks, Blackhorse Avenue	45
Dublin	McKee Park, No 64	—
Dublin	St. Bricin's Hospital, D7.	8
Dublin	Old School House, Arbour Hill	—
Dublin	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
Longford	Portion of Connolly Barracks Longford	0.37
Longford	RDF Premises Longford	—
Louth	Aiken Barracks, Dundalk	18
Mayo	Military Barracks, Castlebar	6
Roscommon	Rifle Range, Cushla	139
Roscommon	Military Barracks, Boyle	0.50
Tipperary	Kickham Barracks, Clonmel	11
Tipperary	Military Barracks, Nenagh	2.70
Tipperary	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 2012

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 2012 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 Social Welfare and Pensions Act 2010 made provision for the transfer of certain functions to the Department of Social Protection (the Department). Funding responsibility for FÁS employment programmes and associated administration costs transferred from the Department of Education and Skills to the Department from 1 January 2011. All rights, assets and liabilities relating to such functions transferred from FÁS to the Department on 1 January 2012.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

In 2012, the format of the revised estimate of the sums granted by Dáil Éireann was changed to reflect expenditure by programme, and then programme expenditure by subhead. This necessitated the grouping of expenditure by programme. The account follows the revised estimates format. Comparative expenditure for 2011 has also been adjusted.

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. Early encashment by customers may arise in Post Offices at year end. Where such payments refer to the subsequent year they are recognised as a prepayment.

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 audit, of deficiencies in regard to the reconciliation of the Department's asset registers with the amounts recorded in the appropriation account, procedures have been put in place in 2013 to carry out an annual reconciliation of control totals between the asset registers and the statutory appropriation account presented for audit. The 2012 appropriation account has been amended to account for prior year adjustments and my officials who are responsible for reconciling and maintaining asset registers have been made aware of the accounting requirements to keep the register fully reconciled.

As disclosed in Note 6.5 of the account, there were four cases of suspected misappropriations by employees of the Department. In response to those cases, the Department has implemented a number of measures, including those listed below, to further strengthen internal controls thereby reducing the risk of possible internal financial misappropriation:

- Enhanced controls for cash refund procedures were introduced in October 2012 in the local/branch office network.
- New internal fraud policy and procedures were issued in May 2013. All staff members are required to sign a declaration that they have read and understand the policy and procedures.
- In 2013, an additional ten staff are being assigned to the Department's Internal Control Support Unit (ICSU). This will provide enhanced capacity to carry out inspections and increase internal control awareness across the Department.
- In 2013, more rigorous monitoring of local management audits was introduced by ICSU.

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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

24 September 2013

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 2012 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

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

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 37 Social Protection for the year ended 31 December 2012.

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 accounts.

Regularity of expenditure

Chapter 17 of my report on the accounts of the public services for 2012 relates to welfare payments in excess of entitlement included in the 2012 account for Vote 37. I consider the estimated level of irregular payment to be material.

I also draw attention to the statement of internal financial control which discloses the Department's response to cases of suspected misappropriation by employees of the Department.

Reporting on matters arising from audit

Chapters 16, 18 and 19 of my report on the accounts of the public services for 2012 refer to certain other matters relating to Vote 37.

Seamus McCarthy
Comptroller and Auditor General

27 September 2013

Vote 37 Social Protection

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund				
Administration ¹				
	<i>Original</i>	499,653		
	<i>Supplementary</i>	<u>(11,600)</u>	488,053	476,000
				432,639
Pensions				
	<i>Original</i>	967,100		
	<i>Supplementary</i>	<u>(4,000)</u>	963,100	963,211
				971,769
Working age – income supports				
	<i>Original</i>	4,268,684		
	<i>Supplementary</i>	<u>280,200</u>	4,548,884	4,532,929
				4,509,686
Working age – employment supports				
	<i>Original</i>	969,853		
	<i>Supplementary</i>	<u>(12,200)</u>	957,653	951,918
				903,258
Illness, disability and carers ²				
	<i>Original</i>	1,850,353		
	<i>Supplementary</i>	<u>5,600</u>	1,855,953	1,851,521
				1,842,311
Children ²				
	<i>Original</i>	2,381,858		
	<i>Supplementary</i>	<u>200</u>	2,382,058	2,376,547
				2,412,169
Supplementary payments				
	<i>Original</i>	883,389		
	<i>Supplementary</i>	<u>5,400</u>	888,789	890,454
				1,018,163
Subvention to the Social Insurance Fund				
	<i>Original</i>	1,816,009		
	<i>Supplementary</i>	<u>417,900</u>	2,233,909	2,084,009
				1,460,362

¹ The 2011 figure does not include administration expenditure for former FÁS schemes which was borne under a number of subheads for Working Age – Employment Supports. In 2012 administration expenditure for FÁS is now borne under subhead A.1 and A.2.

² Disability Allowance and Child Benefit expenditure includes EU receipts of €341,273 (€223,440 and €117,834 respectively). EU receipts are accounted for by netting against expenditure.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Gross expenditure				
	<i>Original</i>	13,636,899		
	<i>Supplementary</i>	<u>681,500</u>		
		14,318,399	14,126,589	13,550,357
Deduct				
Appropriations-in-aid				
	<i>Original</i>	238,964		
	<i>Supplementary</i>	<u>(3,500)</u>		
		235,464	244,824	232,753
Net expenditure				
	<i>Original</i>	13,397,935		
	<i>Supplementary</i>	<u>685,000</u>		
		14,082,935	13,881,765	13,317,604

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.

	2012	2011
	€	€
Surplus	201,170,217	109,807,760
Deferred surrender	(1,050,000)	—
Surplus to be surrendered	<u>200,120,217</u>	<u>109,807,760</u>

Analysis of administration expenditure¹

				2012	2011
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i. Salaries, wages and allowances					
	<i>Original</i>	308,439			
	<i>Supplementary</i>	<u>(2,800)</u>	305,639	303,369	297,936
ii. Travel and subsistence					
	<i>Original</i>	6,591			
	<i>Supplementary</i>	<u>(1,591)</u>	5,000	5,088	3,110
iii. Training and development and incidental expenses					
	<i>Original</i>	16,395			
	<i>Supplementary</i>	<u>3,000</u>	19,395	14,489	6,907
iv. Postal and telecommunications services					
	<i>Original</i>	22,253			
	<i>Supplementary</i>	<u>(1,081)</u>	21,172	21,690	19,393
v. Office equipment and external IT services					
	<i>Original</i>	30,678			
	<i>Supplementary</i>	<u>(4,050)</u>	26,628	25,413	26,423
vi. Office premises expenses					
	<i>Original</i>	25,458			
	<i>Supplementary</i>	<u>(2,158)</u>	23,300	18,548	10,979
vii. Consultancy services and value for money and policy reviews			1,331	1,085	893
viii. Payments for agency services					
	<i>Original</i>	81,000			
	<i>Supplementary</i>	<u>2,630</u>	83,630	83,358	65,656
ix. eGovernment related projects					
	<i>Original</i>	7,500			
	<i>Supplementary</i>	<u>(5,550)</u>	1,950	2,938	1,342
x. EU Presidency			8	22	—
Total of administrative expenditure					
	<i>Original</i>	499,653			
	<i>Supplementary</i>	<u>(11,600)</u>			
			488,053	476,000	432,639

¹ The 2011 outturn does not include administration expenditure for former FÁS schemes which is now borne under subheads A.1 and A.2.

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012		2011
	€000	€000	€000
Programme cost	13,650,589		13,117,718
Pay	303,369		297,936
Non pay	172,631		134,703
Gross expenditure	14,126,589		13,550,357
<i>Deduct</i>			
Appropriations-in-aid	244,824		232,753
Net expenditure	13,881,765		13,317,604
Changes in capital assets			
Purchases cash	(9,747)		
Depreciation	15,287		
Loss on disposals	2	5,542	6,024
Changes in assets under development			
Cash payments		(2,555)	(5,925)
Changes in net current assets			
Increase in closing accruals	3,584		
Decrease in stock	170		
		3,754	(826)
Direct expenditure	13,888,506		13,316,877
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	36,187		39,402
Notional rents	10,985		10,393
Net programme cost	13,935,678		13,366,672

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 37 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	28,054	23,645
Vote 13 Office of Public Works	8,128	15,501
Vote 20 Garda Síochána	—	66
Central Fund - Ministerial pensions	5	190
	<u>36,187</u>	<u>39,402</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	50,507	49,466
Capital assets under development	2.4	13,364	19,880
		63,871	69,346
Current assets			
Stocks	2.6	539	709
Prepayments ¹		50,866	2,119
Social Insurance Fund suspense account ²		129,790	308,800
Other debit balances	2.7	38,625	20,373
Total current assets		219,820	332,001
Less current liabilities			
Bank and cash	2.5	76,729	293,390
Accrued expenses ¹		67,564	15,216
Other credit balances	2.8	15,574	22,048
Net liability to the Exchequer	2.9	76,112	13,735
Total current liabilities		235,979	344,389
Net current liabilities		(16,159)	(12,388)
Net assets		47,712	56,958
Represented by:			
State funding account	2.1	47,712	56,958

¹ The increase in both accruals and prepayments for the year ended 31 December 2012 when compared to 31 December 2011 is mainly attributable to the inclusion of accruals and prepayments for Community Employment and Jobs Initiative schemes.

² Represents advances from Vote 37 to the Social Insurance Fund subvention suspense account which were not expended by year end.

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		56,958	55,895
Adjustment ³		(2,958)	—
Funding drawn down	2.2	13,917,952	13,357,006
Non cash expenditure – notional rent	1	10,985	10,393
Fixed asset net transfer		—	336
FÁS net asset transfer		453	—
Net programme cost	1	(13,935,678)	(13,366,672)
Balance at 31 December		47,712	56,958

³ Adjustment is the difference between the net increase in capital assets of €2.567 million, a net decrease in accumulated depreciation of €0.514 million and a net decrease in capital assets under development of €5.011 million.

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	14,082,935	13,427,412
Deferred surrender	Account	(1,050)	—
Surplus to be surrendered	Account	(200,120)	(109,808)
		13,881,765	13,317,604
Expenditure (cash) borne elsewhere	1	36,187	39,402
Total funding drawn down		13,917,952	13,357,006

2.3 Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2012	266,595	31,830	298,425
Adjustment ¹	2,567	—	2,567
Assets transferred from FÁS	5,599	—	5,599
Additions	12,900	924	13,824
Disposals	(98)	(2)	(100)
Cost or valuation at 31 December 2012	287,563	32,752	320,315
Accumulated depreciation			
Opening balance at 1 January 2012	223,857	25,102	248,959
Adjustment ¹	514	—	514
Assets transferred from FÁS	5,146	—	5,146
Depreciation for the year	13,838	1,449	15,287
Depreciation on disposals	(96)	(2)	(98)
Cumulative depreciation at 31 December 2012	243,259	26,549	269,808
Net assets at 31 December 2012	44,304	6,203	50,507
Net assets at 31 December 2011	42,738	6,728	49,466

¹ Adjustments arise from:

- Capital assets under development completed in 2010 but which were not transferred to asset register (cost €10.9 million and accumulated depreciation €2.2 million).
- Overstatement by €8.3 million of the cost of assets and by € 1.7 million of accumulated depreciation.

2.4 Capital Assets under Development

at 31 December 2012

	In-house computer applications €000
Amounts brought forward at 1 January 2012	19,880
Adjustment ¹	(5,011)
Cash payments for the year ²	2,555
Transferred to asset register	(4,060)
Balance at 31 December 2012	<u>13,364</u>

¹ Adjustment arises from

- A reduction of €10.9 million in respect of assets completed in 2010 but not transferred to the asset register at that time
- An increase of €5.9 million in respect of assets transferred to the asset register in 2010 and 2011 but which had been omitted from cash payments in 2010 and 2011.

² Cash payments do not include in-house developed software which is fully developed during the course of the year.**2.5 Bank and Cash**

at 31 December

	2012 €000	2011 €000
An Post balances	157,020	10,918
PMG balances	(364,601)	(424,308)
Other bank and cash	131,001	120,719
Orders outstanding	(149)	(719)
	<u>(76,729)</u>	<u>(293,390)</u>

An Post Balance

An Post accounts are pre-funded by Vote 37 and the Social Insurance Fund (SIF) to meet the Department's expenditure liabilities as they fall due. At the end of 2012, the combined balance held by An Post in respect of SIF and Vote 37 was €184,131,631. The corresponding balance at the end of 2011 was €166,175,440.

During 2012, a settlement was reached with An Post in regard to historic lost in transit personal payable orders (PPOs) and missing manual payment vouchers (MPVs). The total amount agreed for settlement was €2,812,473 whereby An Post has waived their debt of €1,432,703 for a Department consideration of €1,379,770. The settlement was sanctioned by the Department of Public Expenditure and Reform on 14 November 2012.

Following on from the above settlement, seventeen dormant PPO accounts with An Post totalling (€68,546) were closed. The net remaining balance as recorded by An Post as due to the Department of €19,143 was transferred to an active electronic information transfer (EIT) account. The account closure necessitated, without the passing of any consideration, a once off reduction in SIF and Vote 37 expenditure of €32,842 and €54,847 respectively. The closure was subject to sanction by the Department of Public Expenditure and Reform on 26 March 2013.

2.6 Stocks

at 31 December	2012	2011
	€000	€000
Stationery	521	703
IT consumables	18	6
	<u>539</u>	<u>709</u>

2.7 Other Debit Balances

at 31 December	2012	2011
	€000	€000
Advances to An Post for postage expenditure	1,014	1,026
Advances to OPW for office furniture, building and electrical work	5,707	887
Payment and Agency Reconciliation Platform suspense	57	57
Prepayment via An Post	23,093	11,575
Other debit suspense	7,285	4,837
Due from Social Insurance Fund (SIF) in respect of SIF schemes	1,469	1,991
	<u>38,625</u>	<u>20,373</u>

2.8 Other Credit Balances

at 31 December	2012	2011
	€000	€000
Amounts due to the State		
Income Tax	2,776	2,667
Superannuation contributions	659	567
Pay Related Social Insurance	1,777	1,637
Interstat Value Added Tax	65	31
Professional Services Withholding Tax	142	507
Extra Exchequer receipts	1	54
	<u>5,420</u>	<u>5,463</u>
Payroll deductions	2,843	2,857
Due to SIF in respect of Vote schemes	6,306	12,591
Other credit suspense items	1,005	1,137
	<u>15,574</u>	<u>22,048</u>

2.9 Net Liability to the Exchequer

at 31 December	2012	2011
	€000	€000
Surplus to be surrendered	200,120	109,808
Deferred surrender	1,050	—
	201,170	109,808
Exchequer grant undrawn	(125,058)	(96,073)
Net liability to the Exchequer	76,112	13,735

Represented by:**Debtors**

Debit balances: suspense	168,415	329,173

Creditors

Banks and cash	(76,729)	(293,390)
Due to State	(5,420)	(5,463)
Credit balances: suspense	(10,154)	(16,585)
	(92,303)	(315,438)
	76,112	13,735

2.10 Commitments

at 31 December	2012	2011
	€000	€000
Total of legally enforceable commitments	32,370	30,504

Multi-annual Capital Commitments

Project	Expenditure to end 2011	Expenditure in 2012	Subsequent Years	Total
	€000	€000	€000	€000
Public Services Card	2,873	2,877	22,047	27,797

2.11 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2012 was €87,037.

2.12 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.

3 Programme Expenditure by Subhead

A. Social Assistance Schemes, Services, Administration and Payment to Social Insurance Fund

				2012	2011
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Administration					
A.1	Administration – pay				
	Original	308,439			
	Supplementary	<u>(2,800)</u>	305,639	303,369	247,664
A.2	Administration - non pay				
	Original	191,214			
	Supplementary	<u>(8,800)</u>	182,414	172,631	134,703
A.3	Administration – community welfare service ¹		—	—	50,272
A.4	Administration – FÁS ¹		—	—	—
Pensions					
A.5	State Pension (Non-Contributory)				
	Original	967,100			
	Supplementary	<u>(4,000)</u>	963,100	963,211	971,769
Working Age – Income Supports					
A.6	Jobseeker's Allowance				
	Original	2,796,782			
	Supplementary	<u>271,400</u>	3,068,182	3,054,741	2,974,987
A.7	One-Parent Family Payment				
	Original	1,062,990			
	Supplementary	<u>(3,500)</u>	1,059,490	1,057,753	1,088,897
A.8	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension		17,710	17,670	18,173
A.9	Deserted Wife's Allowance		3,650	3,546	4,211
A.10	Basic Supplementary Welfare Allowance Payments				
	Original	159,758			
	Supplementary	<u>20,800</u>	180,558	180,291	174,393
A.11	Farm Assist				
	Original	115,070			
	Supplementary	<u>(7,000)</u>	108,070	108,170	113,724
A.12	Pre-retirement Allowance				
	Original	47,610			
	Supplementary	<u>(1,500)</u>	46,110	46,091	59,942
A.13	Other Working Age – income supports		65,114	64,667	75,359

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Working Age- Employment Supports				
A.14	Community Employment Programme ¹			
	<i>Original</i>	315,194		
	<i>Supplementary</i>	<u>20,000</u>	335,194	330,399
				349,396
A.15	Rural Social Scheme		45,660	45,242
				46,835
A.16	Tús – Community Work Placement Scheme			
	<i>Original</i>	84,000		
	<i>Supplementary</i>	<u>(18,600)</u>	65,400	67,055
				11,761
A.17	Jobs Initiative			
	<i>Original</i>	27,156		
	<i>Supplementary</i>	<u>(1,000)</u>	26,156	25,794
				29,678
A.18	Community Services Programme		45,400	45,390
				45,452
A.19	Back to Work Allowance			
	<i>Original</i>	137,940		
	<i>Supplementary</i>	<u>(10,900)</u>	127,040	127,203
				114,582
A.20	National Internship Scheme – JobBridge ¹			
	<i>Original</i>	65,780		
	<i>Supplementary</i>	<u>(11,200)</u>	54,580	54,739
				7,914
A.21	Back To Education Allowance			
	<i>Original</i>	183,021		
	<i>Supplementary</i>	<u>15,500</u>	198,521	199,567
				201,519
A.22	Other Working Age – Employment Supports ¹			
	<i>Original</i>	65,702		
	<i>Supplementary</i>	<u>(6,000)</u>	59,702	56,529
				96,121
Illness, Disability And Carers				
A.23	Disability Allowance			
	<i>Original</i>	1,077,963		
	<i>Supplementary</i>	<u>15,200</u>	1,093,163	1,087,513
				1,089,178
A.24	Blind Pension		15,540	15,747
				15,624
A.25	Carer's Allowance			
	<i>Original</i>	520,470		
	<i>Supplementary</i>	<u>(11,300)</u>	509,170	509,671
				507,193
A.26	Domiciliary Care Allowance			
	<i>Original</i>	104,190		
	<i>Supplementary</i>	<u>(1,600)</u>	102,590	102,237
				99,924
A.27	Respite Care Grant			
	<i>Original</i>	132,190		
	<i>Supplementary</i>	<u>3,300</u>	135,490	136,353
				130,392

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Children				
A.28	Child Benefit			
	<i>Original</i>	2,078,648		
	<i>Supplementary</i>	<u>(34,400)</u>	2,044,248	2,046,955
				2,076,338
A.29	Family Income Supplement			
	<i>Original</i>	199,460		
	<i>Supplementary</i>	<u>32,600</u>	232,060	223,608
				204,543
A.30	Back-To-School Clothing And Footwear Allowance			
	<i>Original</i>	63,700		
	<i>Supplementary</i>	<u>2,000</u>	65,700	65,679
				90,903
A.31	School Meals Schemes		35,000	35,005
				34,975
A.32	Child Related Payments		5,050	5,300
				5,410
Supplementary Payments				
A.33	Rent Supplement			
	<i>Original</i>	436,001		
	<i>Supplementary</i>	<u>(12,800)</u>	423,201	422,536
				502,747
A.34	Mortgage Interest Supplement			
	<i>Original</i>	50,880		
	<i>Supplementary</i>	<u>4,900</u>	55,780	55,082
				67,849
A.35	Household Benefits Package			
	<i>Original</i>	125,001		
	<i>Supplementary</i>	<u>19,900</u>	144,901	143,732
				144,656
A.36	Free Travel		77,000	75,518
				75,597
A.37	Fuel Allowance			
	<i>Original</i>	144,297		
	<i>Supplementary</i>	<u>(5,500)</u>	138,797	144,692
				179,184
A.38	Grant to the Citizens Information Board			
	<i>Original</i>	46,843		
	<i>Supplementary</i>	<u>(1,100)</u>	45,743	45,743
				45,114
A.39	Office of the Pensions Ombudsman		1,025	977
				906
A.40	Miscellaneous services		2,342	2,174
				2,110

		<u>2012</u>		<u>2011</u>
		<u>Estimate provision</u>	<u>Outturn</u>	<u>Outturn</u>
		<u>€000</u>	<u>€000</u>	<u>€000</u>
Subvention To The Social Insurance Fund				
A.41	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005			
	<i>Original</i>	1,816,009		
	<i>Supplementary</i>	<u>417,900</u>	2,233,909	2,084,009
				1,460,362
Total		<u>14,318,399</u>	<u>14,126,589</u>	<u>13,550,357</u>

¹ The 2011 FÁS administration expenditure for former FÁS schemes (A.4) was borne under a number of subheads for Working Age – Employment Supports. In 2012 administration expenditure for Community Welfare and FÁS is now borne under subhead A.1 and A.2.

Significant variations

Overall, the expenditure in relation to Programmes was €191.8 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)	4,906	There were significant savings on staff training, advertising, cleaning, legal fees and waste disposal.
eGovernment related projects (A.2.ix)	(988)	The original Budget was €7.5 million. This was reduced by €5.5 million in the Supplementary Estimate but expenditure in December 2012 was underestimated. This resulted in expenditure being in excess of the amount provided.
Other Working Age – Employment Supports (A.22)	3,173	This is made up of several schemes. The main underspends were: Local Employment Services (€1,246k), Supported Employment Programme (€736k), Activation and Family Support Programme (€490k) and Wage Subsidy Scheme (€380k). Variances under these headings are accounted for mainly through timing delays in claims from former FÁS programmes coming through for processing in 2012. Most programmes are demand led and uptake has been slow since the programme's inception. This coupled with a high rate of turnover of participants has contributed to the variances.
Miscellaneous services (A.40)	168	This is made up of several schemes. The main underspends were: Rent Allowance (de-control of rents legislation) (€137k), Dormant Accounts - Economic & Social Disadvantaged (€68k) and EU Community Action Programme for Employment and Social Solidarity (Progress) 2007 to 2013 (€75k).
Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005 (A.41)	149,900	SIF income for the year was higher than predicted for the Supplementary Estimate. The Supplementary Estimate was prepared before PRSI receipts for end of November were confirmed. PRSI receipts had been weak from mid-year to October and for this reason, the Department factored in a conservative estimate for PRSI receipts for November and December. Actual receipts in November and December were higher than provided in the Supplementary Estimate.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Recovery of administration expenses from the Social Insurance Fund	177,280	177,600	177,080
2.	Recoveries of Social Assistance overpaid			
	<i>Original</i>	16,000		
	<i>Supplementary</i>	<u>1,500</u>	17,500	21,477
				23,320
3.	Repayment from the Social Insurance Fund of amounts paid initially as Social Assistance			
	<i>Original</i>	14,000		
	<i>Supplementary</i>	<u>(4,800)</u>	9,200	9,256
				11,829
4.	Receipts under "Liability to Maintain Family" provisions in Part XII of the Social Welfare (Consolidation) Act 2005	500	435	524
5.	Receipts from the General Register Office	500	567	610
6.	Dormant Accounts Receipts			
	<i>Original</i>	466		
	<i>Supplementary</i>	<u>(450)</u>	16	191
				274
7.	Receipts from European Social Fund for activation and participation of people with disabilities	15	—	160
8.	Receipts from pension-related deduction on public service remuneration			
	<i>Original</i>	12,833		
	<i>Supplementary</i>	<u>4,400</u>	17,233	16,820
				12,508
9.	Receipts from EURES European Job Mobility Fund	285	223	—
10.	Receipts from National Training Fund (Community Employment)			
	<i>Original</i>	7,400		
	<i>Supplementary</i>	<u>(2,700)</u>	4,700	5,919
				—
11.	Receipts from the European Globalisation Fund			
	<i>Original</i>	400		
	<i>Supplementary</i>	<u>850</u>	1,250	6,354
				945
12.	Receipts from Department of Health – Drugs Task Force supports (Employment Programme)	1,385	1,308	—
13.	Receipts from Pensions Board – staff superannuation			
	<i>Original</i>	650		
	<i>Supplementary</i>	<u>700</u>	1,350	861
				714
14.	Miscellaneous			
	<i>Original</i>	7,250		
	<i>Supplementary</i>	<u>(3,000)</u>	4,250	3,813
				4,789
Total			235,464	244,824
				232,753

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	(3,977)	There was higher than provided for recovery of overpayments from a range of Social Assistance schemes. Recoveries from Jobseekers Allowance payments increased by €1.4m in 2012 as more debtors in receipt of payments had deductions applied to their entitlement. The Department's overall recovery efforts in 2012 were more successful than previous years. Recoveries have increased by over 100% since 2007 making projections difficult.
Dormant Accounts Receipts	(175)	Receipts totalling €175,000 were received after the supplementary estimates process was completed. Up to November no receipts had been received. All receipts for 2012 were received in December 2012.
Receipts from National Training Fund (Community Employment)	(1,219)	The final claim was higher than expected. These claims are processed on a quarterly basis and usually the claim for the final quarter is not drawn down until the next year. However, it was decided to include the claim for the final quarter as it was drawn down in 2012, and therefore, receipts were higher than anticipated.
Receipts from the European Globalisation Fund	(5,104)	A payment of €5 million was received in December 2012. This had been expected to be received in 2013.
Receipts from Pensions Board – Staff Superannuation	489	There was an error in both the original and the supplementary estimate amounts for Pension Board superannuation. If the correct estimates were used, the outturn is in line with expectations.
Miscellaneous	437	Receipts were lower than expected particularly in cancelled and out of date cheques.

4.2 Extra receipts payable to the Exchequer

	2012 €000	2011 €000
Conscience money	9	14
Witness expenses	6	6
Pensions Board fines	74	34
	<u>89</u>	<u>54</u>

Further receipts of €1,093 comprised of €906 in witness expenses and €187 in anonymous receipts were received in 2012 – these were paid to the exchequer in 2013.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents) ¹	7,034	6,174
	2012	2011
	€000	€000
Pay	304,904	235,979
Higher, special or additional duties allowance	686	627
Other allowances	460	499
Overtime	5,466	5,539
Employer's PRSI	17,249	12,365
Total Pay	328,765	255,009

These figures include details, as applicable, for the Citizens Information Board, Pensions Board and Office of the Pensions Ombudsman and bodies under the aegis of the Department.

¹ On 1 January 2012, as part of the transfer of functions from FÁS Employment and Community Services to the Department, a total of 716 posts transferred to the Department. In 2012 the number of posts redeployed or transferred (not including ex FÁS staff) amounted to 181.63, thus giving a total of 897.63 posts.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	438	12	19,585	19,585
Other allowances	115	17	13,806	13,806
Overtime	3,123	50	23,985	29,327

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Redundancy payments of €96,987 were paid to 28 staff under the Redundancy Payments Acts, 1967 to 2007.

6 Miscellaneous

6.1 Recovery of overpayments

The summary position on assistance overpayments at 31 December 2012 was as follows:

	2012	2011
	Outturn	Outturn
	€000	€000
Overpayments outstanding at 1 January	252,807	231,503
Net overpayments recorded	71,061	61,984
	<u>323,868</u>	<u>293,487</u>
Less:		
Amounts recovered ¹	(40,176)	(37,609)
Amounts written off as irrecoverable	(3,078)	(3,071)
Overpayments outstanding at 31 December	<u>280,614</u>	<u>252,807</u>

¹ The amount recovered includes

- €21,476,182 in cash receipts which arise as a result of cash recoveries from assistance claimants and amounts paid from the Social Insurance Fund to Vote 37 in respect of overpayments recovered by withholding benefit payments. These amounts are accounted for under appropriations-in-aid.
- €18,700,035 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:

	2012	2011
	€000	€000
Legal fees	236	1,121
Compensation costs	210	137
	<u>446</u>	<u>1,258</u>

Compensation and associated legal and miscellaneous costs totalling €4,574 were paid in three cases of personal injury claims in respect of employees. The payments ranged from €850 to €2,536.

Payments totalling €61,138 and ranging from €170 to €29,876 in respect of legal expenses, damages and costs in nine instances were made in relation to personal injuries sustained on Departmental property and other cases.

Total payments of €211,991 were paid in legal costs ranging from €6,150 to €181,353 in respect of five cases taken against the Department. The cases related to pension entitlements, amendment of marriage register (2 cases), birth registration and on call allowance arrears (this last case involved a departmental employee).

Ex gratia payments, loss of purchasing power payments and legal costs totalling €167,915 and ranging from €20 to €50,760 were made in respect of Child Benefit, One Parent Family Payment, Job Seekers Allowance, Supplementary Welfare Allowance Basic Payment, Rent Supplement, Domiciliary Care Allowance and Back to Education Allowance.

6.3 Administrative Budget Carry Forward

As agreed with the Department of Public Expenditure and Reform under the Administrative Budget scheme, a carry forward from 2012 of savings to the value of €1,900,000 (capital €1,050,000 and non-capital €850,000) is included in the Estimates for 2013.

6.4 EU Funds

A total of €6,354,038 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 €222,800 was received from the EU in respect of the EURES Activity Plan covering the period 1 June 2012 to 31 May 2013. EURES is organised centrally by the European Commission to facilitate the free movement of workers throughout the EU and European Economic Area.

Funding of €34,944 was received from the EU as the final amount due in respect of the European Year for Combating Poverty and Social Inclusion 2010. This funding was allocated to support the implementation and delivery of Ireland's National Programme of Activities during this year.

6.5 Possible Misappropriation

There were four cases of possible misappropriation of public monies by employees with a current estimated value of €1,279,290. The period during which these possible misappropriations occurred ranges from 2003 to 2012.



Appropriation Account 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

Statement of Accounting Policies and Principles

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

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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.

Dr. Ambrose McLoughlin

Accounting Officer
Department of Health

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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.

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 38 Health for the year ended 31 December 2012.

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

Seamus McCarthy
Comptroller and Auditor General

18 September 2013

Vote 38 Health

Appropriation Account 2012

Service		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	25,492	23,499	22,884
A.2	Travel and subsistence	654	375	306
A.3	Training and development and incidental expenses	1,003	552	676
A.4	Postal and telecommunication services	628	434	526
A.5	Office equipment and external IT services	1,824	1,519	1,310
A.6	Office premises expenses	725	886	829
A.7	Consultancy services and value for money and policy reviews	1,594	1,563	831
A.8	EU Presidency	300	286	—
Grants				
B.1	Grants to research bodies and other research grants	36,385	36,091	34,430
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	31,475	31,475	17,571
Other Services				
C.	Expenses in connection with the World Health Organisation and other international bodies	2,600	2,724	2,580
D.	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	19,593	9,462	15,464
E.1	Development, consultative, supervisory, regulatory and advisory bodies	59,289	47,864	49,721
E.2	The Food Safety Promotion Board	5,950	5,250	5,950
E.3	The National Treatment Purchase Fund Board and Special Delivery Unit	70,587	40,587	85,587
E.4	Ireland/Northern Ireland Interreg	2,190	1,910	2,003

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
Other services (continued)				
F.1	Payments in respect of disablement caused by thalidomide		745	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 Tribunals Act 1997 and 2002		42,786	25,300
F.4	Payments to a reparation fund established under section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002		5,849	3,250
G.	Dissemination of information, conferences and publications in respect of health and health services		813	403
Capital services				
H.	Grants in respect of building and equipping (including ICT) of agencies funded by the Department			
	<i>Current year provision</i>	14,527		
	<i>Deferred surrender</i>	1,500	16,027	7,284
Gross expenditure				
	<i>Current year provision</i>	328,296		
	<i>Deferred surrender</i>	1,500	329,796	244,498
<i>Deduct</i>				
I	Appropriations-in-aid		3,916	5,088
Net expenditure				
	<i>Current year provision</i>	324,380		
	<i>Deferred surrender</i>	1,500		
			325,880	239,410
				279,750

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.

	2012	2011
	€	€
Surplus	86,470,381	64,035,391
Deferred surrender	—	1,500,000
Surplus to be surrendered	<u>86,470,381</u>	<u>62,535,391</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Expenditure on administration	29,114	27,362
Expenditure on services and programmes	215,384	257,359
Gross expenditure	244,498	284,721
<i>Deduct</i>		
Appropriations-in-aid	(5,088)	(4,971)
Net expenditure	239,410	279,750
Changes in capital assets		
Purchases cash	(136)	
Depreciation	211	
Loss on disposals	1	
	76	158
Changes in net current assets		
Increase in closing accruals	(1,365)	
Decrease in stock	22	
	(1,343)	(1,651)
Direct expenditure	238,143	278,257
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,483	16,134
Notional rents	2,359	2,352
Net programme cost	249,985	296,743

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 38 borne elsewhere.

	2012	2011
	€000	€000
Vote 9 Office of the Revenue Commissioners	—	5,037
Vote 12 Superannuation and Retired Allowances	7,053	8,140
Vote 13 Office of Public Works	2,165	2,481
Vote 20 Garda Síochána	—	60
Central Fund - Ministerial pensions	265	416
	9,483	16,134

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	747	812
Current assets			
Stocks	2.5	63	85
Prepayments		310	192
Accrued income ¹		7,236	5,550
Other debit balances	2.6	2,885	3,531
Total current assets		10,494	9,358
Less current liabilities			
Accrued expenses		689	250
Other credit balances	2.7	349	437
Bank and cash	2.4	600	2,578
Net liability to the Exchequer	2.8	1,936	516
Total current liabilities		3,574	3,781
Net current assets		6,920	5,577
Net assets		7,667	6,389
Represented by:			
State funding account	2.1	7,667	6,389

¹ €7.03 million of accrued income relates to pension related deduction due from the Irish Blood Transfusion Service.

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		6,389	4,936
Funding drawn down	2.2	248,893	295,884
Notional rent (non cash)	1	2,359	2,352
Other non cash items		11	(3)
Fixed assets transfers		—	(37)
Net programme cost	1	(249,985)	(296,743)
Balance at 31 December		7,667	6,389
2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	325,880	343,785
Surplus to be surrendered	Account	(86,470)	(64,035)
		239,410	279,750
Expenditure (cash) borne elsewhere	1	9,483	16,134
Total funding drawn down		248,893	295,884

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	2,527	2,031	4,558
Additions	136	11	147
Disposals	(194)	(44)	(238)
Cost or valuation at 31 December 2012	2,469	1,998	4,467
Accumulated depreciation			
Opening balance at 1 January 2012	1,951	1,795	3,746
Depreciation for the year	132	79	211
Depreciation on disposals	(193)	(44)	(237)
Cumulative depreciation at 31 December 2012	1,890	1,830	3,720
Net assets at 31 December 2012	579	168	747
Net assets at 31 December 2011	576	236	812

2.4 Bank and Cash

at 31 December

	2012 €000	2011 €000
PMG balances and cash	3,706	(300)
Orders outstanding	(4,306)	(2,278)
	(600)	(2,578)

2.5 Stocks

at 31 December

	2012 €000	2011 €000
Stationery	21	27
IT consumables	42	58
	63	85

2.6 Other Debit Balances

at 31 December

	2012 €000	2011 €000
Advances to OPW	94	44
Recoupable salaries	327	476
Recoupable travel expenditure	24	12
Recoupable travel pass scheme expenditure	123	110
Hepatitis C Compensation Tribunal	2,309	2,880
Other debit suspense items	8	9
	2,885	3,531

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State		
Income Tax and Universal Social Charge	23	20
Pay Related Social Insurance	(3)	(3)
Professional Services Withholding Tax	42	95
Value Added Tax	22	52
Pensions	210	11
Extra Exchequer receipts	—	8
	294	183
Other credit suspense items	55	254
	349	437

2.8 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000

Surplus to be surrendered	86,470	62,535
Deferred surrender	—	1,500
Exchequer grant undrawn	(84,534)	(63,519)
Net liability to the Exchequer	1,936	516

Represented by:**Debtors**

Debit balances: suspense	2,885	3,531
	2,885	3,531

Creditors

Due to State	(294)	(183)
Bank and cash	(600)	(2,578)
Credit balances: suspense	(55)	(254)
	(949)	(3,015)
	1,936	516

2.9 Commitments	2012	2011
at 31 December	€000	€000

(A) Global Commitments

Non capital commitments likely to arise in subsequent years :

Procurement subheads	31,131	30,597

(B) Multi-Annual Capital Commitments**1. Legally enforceable capital commitments**

Expenditure in year	7,284	7,939
Commitments to be met in subsequent years	26,769	19,179

2. Capital Projects over €6.3 million

	Cumulative spend to 31 December 2011	Paid in 2012	To be paid in subsequent years	Total
Health Research Board	€000	€000	€000	€000
Clinical Research Facility St James's Hospital and Dublin Clinical Research Network	3,812	1,428	6,441	11,681
Clinical Research Facility at University College Hospital, Galway	—	—	7,500	7,500
Clinical Applied Biomedical Science	—	—	9,634	9,634
Total	3,812	1,428	23,575	28,815

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	Less/ (more) than provided €000	Explanation
Travel and subsistence	279	The saving arose as less travel than anticipated was undertaken during the year.
Training and development and incidental expenses	451	Savings arose as spending on contract cleaning and training and development services were less than anticipated.
Postal and telecommunication services	194	The cost of telephone charges was less than anticipated partly due to new contract arrangements.
Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	10,131	The saving arose within miscellaneous legal settlements and fees. The primary reason was the length of time it took to settle anticipated cases. The Department does not have control over the timing of settlements and it is therefore difficult to estimate the number of cases or their value in a given year.
Development, consultative, supervisory, regulatory and advisory bodies	11,425	Spending on health agencies, including 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 provision was made for Mental Health Tribunal hearings, which are a statutory right under the Mental Health Act 2001. The number of hearings originally provided for did not materialise as projected. There were also a number of other savings initiated by the Commission in 2012. These factors gave rise to a saving on the Commission's allocation for the year. In line with the Health Act 2007, the Health Information Quality Authority was due to take on additional responsibilities in the area of registration and inspection of residential disability services. Due to delays in finalising arrangements to undertake this function the Authority did not require its full allocation. The subhead also contained provision for developmental, consultative and advisory activities which did not materialise, thus leading to less than anticipated expenditure during the year. This accounted for the bulk of the remaining savings on the subhead.
The Food Safety Promotion Board	700	The saving arose due to spending by the Food Safety Promotion Board being less than anticipated in the area of research activity and conferences.
The National Treatment Purchase Fund Board and Special Delivery Unit	30,000	Funding of €70.857 million was allocated to the National Treatment Purchase Fund (NTPF) in 2012 by the Department. Of this total, €30 million was subsequently reallocated to the HSE to meet budgetary pressures in the acute hospital sector arising from activity levels greater than the targets set out in the National Service Plan.
Ireland/Northern Ireland Interreg	280	The saving arose due to delays in respect of procurement of capital expenditure.

Description	Less/ (more) than provided €000	Explanation
Payments in respect of disablement caused by thalidomide	247	During 2012 the Department had planned, subject to agreement, to deliver a range of supports to survivors of thalidomide. The proposed supports included specialist training for a multi-disciplinary clinical team, an assessment of the needs of each individual and the provision of additional health and personal social service supports. The proposed supports were not accepted by survivors of thalidomide and were therefore not delivered.
Payments to a special account established under section 10 of the Hepatitis C Compensation Tribunals Act 1997 and 2002	17,486	The Department is not in a position to 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	2,599	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 services	410	The saving arose as a national survey to meet the data needs of monitoring health and well-being policy implementation did not commence as originally anticipated. The Department, in conjunction with the HSE and HRB, decided to undertake an analysis and identification of data needs collection and reporting requirements, existing research budgets and cost effective ways of data production etc. This process is underway on a number fronts, including work under two themes of Healthy Ireland on the research and data theme and the outcomes framework.
Grants in respect of building and equipping (including ICT) of agencies funded by the Department	8,743	Savings arose as funding was not required for the construction of the Clinical Research Facility at University College Hospital Galway because a) the main contractor went into receivership in 2010; b) The project's second awarded contract did not progress in 2012 but is expected to progress in 2013.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated €000	Realised €000	Realised €000
1. Miscellaneous	1	227	208
2. Receipts from pension-related deductions on public service remuneration	3,915	4,861	4,763
Total	3,916	5,088	4,971

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	(226)	The variance is due to receipts for licence fees under the Misuse of Drugs Act, pension scheme remittances, refunds of unspent Drugs Initiative funding and refund of redundancy payments from the Department of Social Protection. Amounts due in any year are difficult to predict. A nominal estimate of €1,000 is included in the estimate.
Receipts from pension-related deductions on public service remuneration	(946)	The variance in amounts due to the Department from health agencies in respect of the pension related deduction on public service remuneration was due to projected reductions in the number of employees, and consequent reduction in expenditure on pay not being fully realised.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €13,071 in respect of the voluntary surrender of salary under Section 483 of the Taxes Consolidation Act 1997 were transferred to the Exchequer during the year.

5 Employee Numbers and Pay

This note refers only to Department of Health staff. Comparable information re staffing and pay in agencies under the aegis of the Department was not available.

	2012	2011
Number of staff at year end (full time equivalents)	355	366
	2012	2011
	€000	€000
Pay	22,130	21,517
Higher, special or additional duties allowance	177	189
Other allowances	7	5
Overtime	243	209
Employer's PRSI	1,031	964
Total Pay	23,588	22,884

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	54	6	20,614	20,614
Other Allowances	31	—	3,381	343
Overtime	53	6	29,384	19,726

Certain individuals received extra remuneration in more than one category.

6 Miscellaneous

6.1 National Lottery Funding

Sub-head	Description	2012		2011
		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 Commissions and Enquiries

The Commission on Patient Safety and Quality Assurance and the Commission of Investigation to examine matters in relation to the management operation and supervision of Lea's Cross Nursing Home which commenced in 2007 have now been completed. No expenditure was incurred in respect of these enquiries since 2010. The Department did not incur expenditure in respect of Commissions and Enquiries in 2011 or 2012.

6.7 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation	9,287	15,357
	<u>9,287</u>	<u>15,357</u>

6.4 Special Obstetrics Scheme

A Special Obstetrics Indemnity Fund has been established from which certain participating hospitals will be indemnified in respect of specified obstetric claims. Contributions are provided by the participating hospitals into the Fund. In addition, under the terms of an arrangement with the Medical Protection Society certain funds (the Special Obstetrics Fund) were transferred to part-fund the cost of designated obstetric claims against named obstetricians. These funds are managed and accounted for by the State Claims Agency. The intention is that claims will be met in the first instance by the Funds and any shortfall in cover will be paid from the Clinical Indemnity Scheme which is funded from the HSE Vote.

6.5 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 2012

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 2012 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 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

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

26 September 2013

Statement on Internal Financial Control

Statement on Enhancing Internal Controls

The controls assurance process of the HSE in 2012 was directed at enabling the Deputy CEO as Accounting Officer and the Board and Chairman of the HSE to deliver upon their requirement to satisfy themselves and represent to the Minister for Health and to the Oireachtas that there was appropriate effective control within the HSE. During 2012 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 methodology which has been further developed in carrying out this review during 2012. The scope of the review in 2011 extended for the first time to clinical management in the HSE, who completed Controls Assurance Statements. The scope was further expanded in 2012 with the requirement of Clinical Directors to complete a self assessment review in the bilateral (one-to-one) interview sessions. The methodology of the 2012 review involved reference to:

- Status of the recommendations of the 2007 - 2011 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 110 managers and heads of service and their responses to an internal controls questionnaire (ICQ) completed during each interview;
- Internal Audit reports, 2012 audit programme;
- Audit Committee and Risk Committee Minutes/Reports;
- Reports and management letters of the Comptroller and Auditor General;
- The 2012 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 Committee Minutes;
- Steering Group/Working Group/Implementation Groups etc Minutes;
- External Reviews / Reports; There were three external reviews completed in 2012 and some ongoing into 2013 commissioned by the HSE or by the Department of Health to examine specific control environments within the HSE. The reviews include Long Stay income collection at HSE Residential Units (Crowleys DFK), Tax Risk Assessment (KPMG), Independent Review of Financial Performance Management System and Associated Processes of the HSE (Ogden) and Addressing weaknesses in financial management and cost containments in the Irish Health Service Executive (PA Consulting).
- 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*, Programme for Government, etc.

Extension of the Controls Assurance Process

The Controls Assurance Process 2011 introduced a requirement that clinical managers at the equivalent of Grade VIII Managers and above would sign Controls Assurance Statements. A further element of the Controls Assurance Process, the Internal Controls Questionnaire (ICQ), was extended to include Clinical Directors for the first time in 2012. The ICQ is completed by a sample of senior managers during a formal bilateral (one-to-one) 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 2012 has not been achieved. Of the 1,178 staff on the Integrated Services Directorate's Register, 1,011 (or 85%) have signed as of 11 March 2012. This compares to 69% compliance at the same date last year. While the percentage rate for overall compliance with the process has improved, there are still particular service areas where compliance has been low. The individual 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 representative sample of over 100 senior managers from across the services. The percentage rate for overall compliance with the process with the clinical managers was 6%. Steps are being taken by management to address this unacceptable level of compliance. A number of other Executive Clinical Directors and Clinical Directors have not signed and have advised that they wish to consult with the National Clinical Director prior to signing.

It was necessary to conclude the Controls Assurance process to enable the National Clinical Director to provide assurance to the CEO.

However each Regional Director of Operations was instructed to;

- Conclude the 2012 process to the maximum extent possible.
- Arrange training/ briefing sessions for clinical managers where this is required.
- Continue to engage with individual managers (clinical and other), who have not signed their statements, to ensure they sign.

Correspondence has also issued to the National Clinical Director requesting him to reiterate the nationally agreed position relating to the Controls Assurance Statements process to the Clinical Directors in the system.

The report of the Review of the System of Internal Control in the HSE was circulated to senior management in March 2013. The evaluation of the effectiveness of the system of internal control has had regard to the continuous development of the control systems of the HSE as a relatively immature organisation, 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 2013 review of the system of internal controls.

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 incurred by the HSE are stringent in terms of accountability and transparency in order to fulfil our responsibility for funding amounting to €12.5 billion from the Exchequer in 2012. These duties are set out in the Health Act 2004 and in the Public Financial Procedures of the Department of Finance.

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 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 are not fit for purpose. The financial systems are not capable of providing the level of detailed analysis of Vote expenditure which is required by Government Accounting rules. The HSE relies on an interim reporting solution to support all national level financial reporting, including monthly management reports, the Annual Financial Statements and the Appropriation Account. This system imports data from 12,000 cost centres per month from HSE legacy systems and is manually manipulated 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, the ageing of the system and the loss of key finance staff. Incremental development of the system continued in 2012 to consolidate shared services financial transaction processing and to implement a single processing point for the Nursing Home Support (Fair Deal) Scheme, using existing system licences. The solution is to invest in people and systems to meet the emerging needs of the health environment, building an integrated national ledger to support the emerging health structures and the development of a 'close to report' process that can deliver data within a week of month end.

The HSE is in discussions with the Department of Health on these proposals with a view to collectively agreeing an approach to systems development in the short to medium term.

The 2012 National Service Plan was adopted by the Board in December 2011 and approved by the Minister for Health on 13 January 2012 within the statutory timeframe. During 2012 monitoring and evaluation of performance and budgets against service plan objectives was carried out.

Effective Internal Financial Control

The following is a description of the key processes which are in place across the HSE to provide effective internal financial control:

Internal Control Systems

- 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 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.

- 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 CEO.
- The HSE's National Financial Regulations form an integral part of the system of internal 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 Finance 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 a dynamic and continuous process, with new regulations and updates to existing regulations issued periodically in response to new or emerging requirements. While policies and regulations are nationally standardised, internal processes are largely systems-driven, and variations in process remain unavoidable until such time as the HSE has implemented a single organisation-wide financial system.
- The HSE recognises the importance of 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 Directorate 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. The HSE's Quality and Patient Safety Directorate is focused on the development and implementation of safe quality healthcare. An integrated approach to risk management is utilised, incorporating both clinical and non-clinical risk. 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 Board 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. In 2012 implementation groups were established to oversee the implementation of recommendations from both internal and HIQA reports such as in regard to Tallaght and Galway Hospitals. The risk management processes in the HSE, while being developed, are still relatively immature. The full suite of HSE Risk Management policies, procedures and guidelines are published on www.hse.ie.
- The Quality and Patient Safety Directorate covers a wide range of programmes and projects, including promoting the role of clinical governance and developing clinical leadership, ensuring safe services, monitoring the Quality and Patient Safety performance of the system, integrated risk management and embedding national standards and HSE recommended practices. The directorate is building further capacity to support the development of the Patient Safety Authority through engagement with Department of Health and HIQA. The Quality and Patient Safety Directorate is also progressing widening the use of the Health Intelligence Ireland information system and National Quality Assurance Intelligence System (NQAIS) to help drive quality, safety, and efficiency of health services.
- A detailed standardised appraisal process is conducted for all capital projects budgeted in excess of €0.5 million. The process involves presenting a project brief to the National Director of Finance setting out service need in the context of capital priorities as expressed in the Corporate and Service Plans. A cost-benefit analysis of all proposed major capital projects is carried out. Those which are budgeted in excess of €30 million are subject to a detailed cost benefit analysis carried out in accordance with Department of Finance 2005 Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector as amended by the Value for Money circular of January 2006. Board reviews of the capital programme take place on a regular basis.
- The HSE has put in place procedures designed to ensure compliance with all pay and travel circulars issued by the Department of Finance. Any exceptions identified are

addressed and are reported on an annual basis to the Minister, in accordance with the Code of Practice for the Governance of State Bodies.

- The primary legal framework under which the HSE provides financial support to non-statutory service providers is set out in the Health Act 2004. To ensure the HSE and non-statutory sector are meeting their respective obligations, the HSE has developed a formalised national governance framework to manage the funding provided to the non-statutory sector. A cornerstone of this governance framework is the application of national standard governance documentation to all agencies funded to provide personal health and social services. This national standard governance documentation was developed with the agreement of all major service providers and has been in operation since 2009; following a consultation process with the relevant stakeholders it was reviewed in 2011 with newly updated documentation in use from 1 January 2012. Changes made include:
 - o greater emphasis is being placed on collaboration between agencies and the HSE in relation to procurement; and
 - o a clause has been inserted requiring the recruitment of all NCHDs (not filling approved training posts) to be carried out through the HSE National Recruitment Office/Public Appointments Service.
 - o An extension of the Section 38 clause to ensure only salaries within public sector norms are paid has been made so as to include all funded agencies; and
 - o A requirement to comply with the conditions of the 2010 Voluntary Early Retirement and Voluntary Redundancy schemes was also added for all agencies.
 - o In addition the schedules to the Service Arrangement were also reworked, to include additional and detailed information of services, to enable the governance documentation to be a more comprehensive and useful framework for the totality of the service and funding relationship with each Agency.

Additional changes were made to ensure the documentation reflected current legislation, regulation and government department directives. A number of editorial changes were, also, required to address such matters as changes in the HSE's organisational structure and job titles. The National Standard Suite of Documentation now also includes a Service Arrangement for use with "commercial / for profit" agencies providing health and personal social services, ensuring consistency of approach, in all of the non-statutory sector.

- A Register of Non-Statutory Agencies - Service Arrangements and Grant Aid Agreements, is in operation. This provides local, regional and national management information on 2,680 separate Agencies which operate 4,381 separate funding arrangements to a value of approximately €3.27 billion. 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. From the first quarter of 2012, monthly performance monitoring statistics and reports were prepared. The figures for 2012 funding report a compliance rate of 93.69% of funding covered by completed governance documentation. All of the 16 Voluntary Hospitals had signed Service Arrangements in place for 2012. Organisations which did not complete the signing process for 2012 have been formally communicated with and the appropriate actions have been taken, resulting in some cases in the cessation of contracts. The HSE Management Team has ensured a continued focus on compliance with the governance framework and has included this as a key performance indicator for both corporate and regional reporting.
- A project to examine the strengthening of the overall management and governance framework, with specific emphasis on the appropriate management processes required at national, regional and local level for the HSE to effectively manage its relationship with the non-statutory sector and meet its accountability obligations, commenced in 2011 and will be facilitated with external consultancy in 2013. In the interim a wide range of guides and instruction have been developed and are available to assist budget holders in the effective

management of the relationship with funded agencies which is a critical responsibility for each budget holder.

- 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 National Director of Finance has authority to approve proposed property transactions up to a limit of €2 million exclusive of VAT, once recommended for approval by the Property Committee. Transactions in excess of this amount must be approved by the CEO, once recommended for approval by the Property Committee and endorsed by the National Director of Finance. Transactions in excess of €2 million once approved by the CEO must then be submitted to the HSE Board for final approval.
- 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, attesting to the existence and operation of controls which are in place in their area of responsibility.

Performance Monitoring and Reporting

- Under Section 29 of the Health Act 2004, the HSE is required to prepare a formal 3 year plan, known as the HSE's Corporate Plan. The plan provides the overarching framework within which the organisation will address its priority areas, or key activities, over the three years and gives guidance on where we will focus the efforts of staff and the targeting of resources. The second HSE Corporate Plan covered the years 2008-2011 and set out what the HSE planned to achieve during that timeframe. A draft third plan for the period 2011-2014 was submitted to the Minister for Health on 9 September 2011 in accordance with the legislation and this is currently under consideration in the context of deliberations on proposed new governance and administrative structures and enhanced accountability arrangements for the HSE.
- A report on performance against the HSE Corporate Plan 2008-2011 is published on www.hse.ie.
- HealthStat information continued to be published on the web throughout 2012. The HealthStat forums ceased in May 2012 in advance of the setting up of the CompStat process. CompStat is a web-enabled operational performance management and reporting system which replaces HealthStat in 2013. It is based on a balanced accountability framework of Quality, Access and Resources, aligned with current health policy, and uses a scorecard report to track performance against a suite of relevant metrics.

CompStat has a focus on Acute Hospitals from the perspective of inpatients, outpatients and day cases and a focus on Community Services, based on Local Health Office (LHO) areas, which is representative of all care groups. It presents information in an integrated report by hospital and local health office area. CompStat results will be published on www.hse.ie later in 2013.

CompStat performance results are discussed at monthly CompStat Forum meetings, chaired by the Regional Directors of Operations, which engage with key people in the HSE Regions, Dublin Mid-Leinster, Dublin North East, South and West. These meetings hold managers accountable for their individual performance and provide an opportunity to share best practice and address problem areas in a positive way. The Forum also identifies performance issues that need a national approach.

- The Corporate Planning and Corporate Performance Directorate (CPCP) is responsible for the implementation of a comprehensive integrated cross system planning function, a business intelligence unit and operational performance reporting and measurement. The HSE has a comprehensive planning, performance monitoring and management framework. The HSE Performance Monitoring Control Committee, chaired by the National Director of Finance, continued in its role of reviewing and validating organisational performance in the key areas of finance, human resource (HR) management and the achievement of targets identified in the National Service Plan. CPCP provides key performance reports to the

Performance Monitoring Control Committee which provides a view of performance and support decisions on remedial action required to meet financial, HR and activity targets.

- The HSE Performance Report provides an integrated analysis of key financial, HR, acute and non-acute performance data and is published monthly on the HSE website, www.hse.ie. The activity data reported is based on the Performance Activity and Key Performance Indicators outlined in the National Service Plan. A Supplementary Report is also produced each month which provides more detailed data on the metrics covered in the Performance Report. Biannual Key Result Area reports are also prepared to show progress against specific actions, as set out in the National Service Plan.
- 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 SCA has a statutory duty to provide advice and assistance to the HSE under the various schemes. It collaborates with HSE risk management, clinical and administrative personnel to support patient safety and to help minimise the occurrence of claims. The SCA hosts an electronic national adverse events management reporting system which facilitates the identification of clusters of adverse incidents and allows for root cause analysis of claims. 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 2012. 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 HSE has an Internal Audit function with appropriately trained personnel which operates in accordance with a written charter/terms of reference which the Board 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 controls on a rolling basis over a reasonable period. The work of the Internal Audit function is reviewed by the Audit Committee, which reports to the Board. Procedures are in place to ensure that the reports of the Internal Audit function are followed up. The National Director of Internal Audit reports to the Board of the HSE through the Chairman of the Audit Committee and has a close working relationship with the CEO and is a member of the HSE management 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 Directorate, which are presently insufficient, and to complete an agreed new overall structure.
- An Audit Committee with an independent chair, comprising three Board members and one independent member was in place during 2012. The Chairman of the Audit Committee is not a member of the HSE Board but reports to the Board on all significant issues considered by the Committee. The Committee operates under agreed Terms of Reference and met on six occasions in 2012. The National Director of Finance and the National Director of Internal Audit attend meetings of the Committee, while the CEO and other members of the executive management team attend when necessary. The external auditors attend as required and have 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 Risk Committee with an independent chair, comprising four Board members, one independent member and three members of HSE senior management was in place. The Chairman of the Risk Committee is not a member of the HSE Board but reports to the Board on all significant issues considered by the Committee. The Risk Committee operates

under agreed Terms of Reference and focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of non-financial risks. The Committee also considered internal audit reports concerning the effectiveness of non-financial internal controls and HIQA reports including the implementation of HIQA recommendations. The Committee met on five occasions in 2012. Full liaison between the Audit and Risk Committees of the Board is essential to the proper functioning of these two inter-related Board committees. Liaison is facilitated by joint meetings of the two committees and ongoing engagement between the two committee chairs.

- A Remuneration and Organisation Committee was in place, chaired by the Chairman of the Board, and comprising the D/CEO and two other Board members and met on one occasion in 2012. The Remuneration and Organisation Committee operates under agreed terms of reference and is responsible for making recommendations to the Board on remuneration and organisational matters in the HSE.
- Monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Audit function, 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 of the utmost importance and monitoring and review of their implementation is overseen by the Audit Committee.

Significant Breaches of the Control System in 2012

A Revenue audit concluded in 2012 found underpayment of PRSI, giving rise to a settlement with Revenue totalling €54,000. Where areas of non-compliance are detected, either in the course of Revenue audit or arising from self review exercises, immediate steps are taken to settle the liability with Revenue and ensure that the necessary action is taken to eliminate the scope for such errors. In conjunction with the co-operative compliance programme in place with Revenue, the HSE completed a full scope Tax Risk Assessment with specialist tax assistance during 2012 across all the tax heads for which it must account. The Tax Risk Assessment documents key tax risk areas within the HSE. In addition to identifying specific areas of non-compliance, or potential non-compliance, the report comments on the tax related processes and controls applied by the HSE in the 2011 tax year. A comprehensive self review programme is being undertaken in 2013 of the various areas of tax risk identified with priority being given to those areas regarded as being high risk. Any underpayment of tax identified in the self review will be disclosed to the Revenue Commissioners. 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 establishment of an in-house specialist tax function for the HSE is a priority for 2013. The HSE is committed to exemplary compliance with taxation laws.

During 2012 management reported an alleged fraud involving accounts payable processing at a hospital in Cork. The matter was reported to the Gardaí and investigated by Internal Audit with support from an external specialist forensic audit resource. Electronic funds transfer payments of approximately €55,000 had been made to a bank account of a member of staff for bogus invoices in addition to items to the value of €8,000 which were purchased by the staff member for his personal use. A number of additional payments totalling €107,000 were also set up on the system but were detected by the Finance Department before payment could be effected. A criminal prosecution resulted and the matter was before the courts in 2013 when the HSE staff member pleaded guilty to 11 charges relating to the fraud. An Internal Audit report highlighting the control weaknesses which enabled the fraud to occur was also completed. This report incorporates recommendations to improve controls and so reduce the risk of any future irregularity in this area.

An audit carried out in HSE West has highlighted an unapproved capital project of approximately €1.5m which was funded from revenue expenditure. The upgrade of the East Galway Mental Health Services facility at Toghermore resulted in an overspend of

approximately €2m on an approved local budget of €4.6m (43%) for the centre in 2011. This has resulted in value for money exposure and reputational risk for the HSE. The circumvention of capital expenditure protocols has also raised concern over the building's compliance with statutory and building regulations which are designed to meet existing fire / health and safety legislation.

Under new arrangements introduced in 2012, Accounting Officers are required, in the Statement on Internal Financial Control, to attest to compliance with all relevant guidelines in relation to procurement during the relevant financial year. The procurement guidelines require submission to the Comptroller and Auditor General of an annual return which discloses details of any contracts in excess of €25,000 (exclusive of VAT) which have been awarded without a competitive process. This return, called the 40/02 return is signed by the Accounting Officer and was due to be submitted by 31 March 2013 in relation to the financial year 2012.

The HSE does not have an automated centralised system to maintain a register of contracts awarded without a competitive procurement process and as a result has experienced delays in submitting the 40/02 return. In addition, the audit in 2012 and in recent years has identified a significant number of contracts awarded without a competitive process that should have been identified for inclusion on the 40/02 return but were not.

In order to address the weaknesses identified, the HSE has assigned responsibility for collating the required information to a designated Assistant National Director of Procurement. In addition, control assurance statements signed by individual managers (which feed into the overall Statement on Internal Financial Control) will from 2013 onwards require a declaration that managers have complied with procurement guidelines.

Formal Reviews in the Year

The scale of costs within the Primary Care and Medical Cards Schemes and the volume of transactions associated with them means that there are potential areas of risk that need to be managed. Medical card application processing was centralised in 2011, and revealed a significant degree of variability in the granting of medical cards when processing was devolved. In 2012 the HSE commissioned two external reviews into the processing and expenditure on medical cards in the Primary Care Reimbursement Service (PCRS). The first review completed in April 2012 focused on developing proposals for the streamlining and improvement of processes and customer service. The second review completed in October 2012 sought to identify the cost drivers in relation to PCRS expenditure and evaluate the risk areas and associated controls. The action plan for implementation of the recommendations of both reports was progressed throughout 2012. Some of the changes introduced during 2012 and planned for 2013 are outlined below.

In addition to the normal three-yearly review of eligibility on expiration of a medical card, targeted reviews of eligibility were introduced during 2012, in relation to medical cards which had been inactive for more than 12 months. In such cases, medical card holders were formally contacted to confirm that they were still resident in the State. In cases where no response was received, eligibility was removed.

Legislation which came into effect in March 2013 allows the sharing of data between the Revenue Commissioners, the Department of Social Protection and the HSE. The availability to the HSE of data indicating changes in a medical card holder's circumstances, such as change in employment status, income levels and change in eligibility for Department of Social Protection schemes, will inform the focus of targeted interventions in 2013.

The introduction of these additional controls will strengthen the risk management framework for schemes and in doing so, will reduce risk and exposure to excess payments for card holders who are no longer eligible.

In 2013, the HSE also commenced the review of eligibility in relation to a random sample of medical card holders. Analysis of the results of these reviews will allow the HSE to estimate the level of ineligibility in the medical card system, provide an indicator of how well the control and review systems are working and identify changes in procedures necessary to combat any new risks emerging or deficiencies in its systems.

In June/July 2012, a Review of Financial Management Systems (FMS) in the health service was undertaken by a project team led by an international expert. The overall intention of the project was to review the present state of the financial management system in place in the health sector in the context of the serious overruns which were projected to occur in 2012, the continuation of a challenging financial environment for the foreseeable future, and the radical reforms envisaged in the Programme for Government. The FMS review was completed in July 2012 and numerous recommendations were made across a number of areas including financial management capacity, the process of managing surpluses and deficits, accountability arrangements, the role of the regions and risk management. A wide ranging review of financial management and cost containment systems in the health service has commenced since the FMS review was completed. This second review, which was finalised during Q4 2012, included the preparation of an action plan for the implementation of the FMS review. It also included an analysis of existing cost containment plans, an assessment of various options for achieving cash savings and recommendations for strengthening the financial management infrastructure within the Irish health service.

Tony O'Brien
Accounting Officer
Health Service Executive

26 September 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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.

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 39 Health Service Executive for the year ended 31 December 2012.

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.

Reporting on matters arising from audit

Chapter 21 of my report on the accounts of the public services for 2012 relates to budget management in the health sector. Chapter 22 relates to medical card eligibility.

Compliance with Procurement Guidelines

I also draw attention to the Statement on Internal Financial Control and the section therein which sets out material instances of non-compliance with public procurement guidelines and provides details of the proposed actions to address these weaknesses.

Seamus McCarthy

Comptroller and Auditor General

27 September 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 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 1.1 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 B.12 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 percentage 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 different care groups.

Expenditure on Children and Family Service

The 2012 Estimate of the HSE included a new subhead B.15 (Children and Family Services). The vote outturn for Subhead B.15 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 B.12 and B.15, certain expenditure currently administered centrally (e.g. national contracts paid by HSE Corporate) is apportioned to area-based subheads on an estimated basis in line with how the Revised Estimates Volume allocation was calculated.

Appropriations-in-Aid

In 2012, the Department of Health and the private health insurance companies negotiated legal agreements whereby the private insurance companies advanced funds in respect of patients treated but not yet invoiced by nominated HSE and voluntary hospitals. A total of €104 million was received in December 2012 arising from these agreements, of which €49.8 million was received by HSE statutory hospitals. The insurance companies have reduced payments due to be made to the statutory (and voluntary) hospitals in early 2013 to take account of the advances made by them in 2012 i.e. any claims that relate to 2011 or 2012 discharges will not be paid until the advance is fully recouped. The outturn for Subhead D.6 (Note 4.1) includes the €49.8 million advance received on the basis of advice received from the Department of Public Expenditure and Reform which indicates that such receipts are classifiable as costs recovered.

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. The related aggregate depreciation account balance was also included in the opening balance sheet. The HSE has not adopted a policy of revaluation.

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 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 invoices paid in January 2013 which fell due for payment before 31 December 2012.

Vote 39 Health Service Executive

Appropriation Account 2012

Service				2012	2011
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Administration					
A.1	Salaries, wages and allowances and other administration expenses of Corporate HSE		62,377	64,819	64,088
A.2	Value for money and policy reviews		389	389	389
A.3	Pension lump sum payments				
	Original	207,000			
	Supplementary	(8,000)	199,000	175,494	— ¹
HSE Regions and Other Health Agencies					
B.1	HSE-Dublin Mid Leinster Region				
	Original	1,346,415			
	Supplementary	20,000	1,366,415	1,372,716	1,480,275
B.2	HSE-Dublin North East Region				
	Original	1,225,344			
	Supplementary	25,000	1,250,344	1,251,037	1,374,969
B.3	HSE-South Region				
	Original	1,912,930			
	Supplementary	31,000	1,943,930	1,946,459	2,046,367
B.4	HSE-West Region				
	Original	2,103,412			
	Supplementary	45,000	2,148,412	2,164,462	2,466,424
B.5	Grants in respect of certain other health bodies including voluntary and joint board hospitals				
	Original	2,126,724			
	Supplementary	41,000	2,167,724	2,158,954	2,240,038

¹ In 2011, the cost of these pension lump sum payments was included in subheads B.1 to B.4.

Service		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
Other services				
B.6	HSE - medical card services and other community schemes			
	<i>Original</i>	2,518,293		
	<i>Supplementary</i>	234,000	2,752,293	2,756,613
				2,583,029
B.7	Health agencies and other similar organisations (part funded by National Lottery)		7,513	4,105
				3,623
B.8	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	14,214
				14,461
B.9	Economic and Social Disadvantaged and Disability (Dormant Accounts funded)		—	—
				1,242
B.10	Payment to a special account established under Section 13 of the Health (Repayment Scheme) Act 2006		1,700	1,700
				10,500
B.11	Payment to a special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme		1,500	700
				1,310
B.12	Long term residential care		994,700	962,608
				1,055,429
B.13	Service developments and innovative service delivery projects			
	<i>Original</i>	63,000		
	<i>Supplementary</i>	(20,000)	43,000	41,500
				60,810
B.14	Payments to the State Claims Agency			
	<i>Original</i>	96,000		
	<i>Supplementary</i>	(20,000)	76,000	75,668
				81,204
B.15	Children and family services		551,674	569,834
				— ¹

¹ The costs for children and family services were previously reflected in the regional expenditure (subheads B.1 to B.4).

Service			2012	2011
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Capital Services				
C.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>	330,487		
	<i>Supplementary</i>	(10,000)	320,487	308,117
				298,397
C.2	Building, equipping and furnishing of health facilities (part funded by National Lottery)		2,539	2,539
C.3	Information systems and related services for health agencies			
	<i>Original</i>	140,000		
	<i>Supplementary</i>	(18,000)	122,000	107,516
				101,545
C.4	Building and equipping mental health and other health facilities (funded from the disposal of surplus assets)		8,000	8,000
				16,191
Gross expenditure				
	<i>Original</i>	13,714,455		
	<i>Supplementary</i>	320,000		
			14,034,455	13,987,444
				13,902,830
<i>Deduct</i>				
D	Appropriations in aid			
	<i>Original</i>	1,553,522		
	<i>Supplementary</i>	(40,000)		
			1,513,522	1,489,345
				1,458,171
Net expenditure				
	<i>Original</i>	12,160,933		
	<i>Supplementary</i>	360,000		
			12,520,933	12,498,099
				12,444,659

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	22,833,999	15,780,712

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012		2011
	€000	€000	€000
Expenditure on HSE corporate administration		65,208	64,477
Expenditure on services and programmes		13,922,236	13,838,353
Gross expenditure		13,987,444	13,902,830
<i>Deduct</i>			
Appropriations-in-aid		1,489,345	1,458,171
Net expenditure		12,498,099	12,444,659
 Changes in capital assets			
Purchases cash	(145,670)		
Depreciation	178,853		
Land transfers/disposals	307,727		
Disposals cash	5,135		
Loss/(gain) on disposals	383		
		346,428	391
 Changes in net current assets			
Decrease in closing accruals	97,015		
Decrease in stock	3,256		
		100,271	(133,029)
 Direct expenditure		12,944,798	12,312,021

1.1 Reconciliation of operating cost to expenditure recognised in the Annual Financial Statements

	2012	2011
	€000	€000
Operating cost	12,944,798	12,312,021
Expenditure met from other income	1,523,340	1,587,385
Capital expenditure charged to income and expenditure account	145,670	176,129
Depreciation	(178,853)	(170,690)
Land transfers/ disposals	(307,727)	—
Disposals cash	(5,135)	—
(Loss) / gain on disposals	(383)	1,027
Expenditure per income and expenditure account	14,121,710	13,905,872
Revenue expenditure per revenue income and expenditure account	13,814,264	13,588,194
Capital expenditure per capital income and expenditure account	307,446	317,678
Expenditure per income and expenditure account	14,121,710	13,905,872

Analysed as follows

Revenue pay and pensions	2012	2011
	€000	€000
Clinical	2,825,541	2,891,917
Non-clinical	910,032	937,604
Other client/patient services	631,832	655,083
Superannuation	656,375	567,184
Sub-total pay and pensions	5,023,780	5,051,788

Revenue non-pay		
Clinical	836,019	829,711
Patient transport and ambulance services	55,601	56,033
Primary care and medical card schemes	3,062,261	2,831,471
Other client/patient services	65,729	65,357
Grants to outside agencies	3,464,212	3,449,704
Housekeeping	227,362	227,815
Office and administrative expenses	386,723	378,441
Long stay charges repaid to patients	1,149	9,397
Hepatitis C insurance scheme	911	980
Other operating expenses	44,808	45,679
Clinical indemnity scheme payments	75,668	81,204
Nursing home support scheme (Fair Deal)	570,041	560,614
Sub-total non pay	8,790,484	8,536,406

Capital expenditure

Capital expenditure		
Capital grants to outside agencies	98,357	132,755
Capital expenditure on HSE projects	209,089	184,923
Sub-total capital	307,446	317,678
Total expenditure per income and expenditure accounts	14,121,710	13,905,872

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	4,919,766	5,266,194
Financial assets		<u>3</u>	<u>3</u>
		4,919,769	5,266,197
Current assets			
Bank and cash	2.4	128,552	131,863
Stocks	2.5	118,265	121,521
Debtors and prepayments	2.6	165,375	229,792
Cash advance to Adelaide and Meath Hospital	2.6	—	23,760
Other debit balances	2.7	<u>54,629</u>	<u>55,788</u>
Total current assets		466,821	562,724
Less current liabilities			
Creditors		149,468	150,448
Accrued expenses		1,259,305	1,250,602
Deferred income		9,755	9,634
Other credit balances	2.8	165,823	171,919
Net liability to the Exchequer	2.9	<u>17,359</u>	<u>15,731</u>
Total current liabilities		1,601,710	1,598,334
Net current assets		(1,134,889)	(1,035,610)
Net assets		3,784,880	4,230,587
Represented by:			
State funding account	2.1	3,784,880	4,230,587

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		4,230,587	4,112,505
Funding drawn down	2.2	12,498,099	12,444,659
Non cash expenditure – notional rent		992	(14,556)
Total operating cost	1	<u>(12,944,798)</u>	<u>(12,312,021)</u>
Balance at 31 December		3,784,880	4,230,587

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	12,520,933	12,460,440
Surplus to be surrendered	Account	<u>(22,834)</u>	<u>(15,781)</u>
Total funding drawn down		12,498,099	12,444,659

2.3 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 2012	2,021,833	3,468,614	253,873	1,187,195	90,958	7,022,473
Additions	82	35,491	70,763	35,753	3,581	145,670
Transfers (from work in progress)	—	88,928	(98,417)	9,264	225	—
Transfers/ disposals	(307,727)	(4,891)	(1,342)	(14,206)	(2,782)	(330,948)
Cost or valuation at 31 December 2012	1,714,188	3,588,142	224,877	1,218,006	91,982	6,837,195
Accumulated depreciation						
Opening balance at 1 January 2012	—	773,999	—	904,599	77,681	1,756,279
Depreciation for the year	—	90,148	—	81,758	6,947	178,853
Depreciation on transfers/disposals	—	(1,597)	—	(13,364)	(2,742)	(17,703)
Cumulative depreciation at 31 December 2012	—	862,550	—	972,993	81,886	1,917,429
Net assets at 31 December 2012	1,714,188	2,725,592	224,877	245,013	10,096	4,919,766
Net assets at 31 December 2011	2,021,833	2,694,615	253,873	282,596	13,277	5,266,194

2.4 Bank and Cash

at 31 December	2012	2011
	€000	€000
Officers imprest/petty cash balances	630	652
Commercial bank account balances	29,680	27,698
PMG balance	98,242	103,513
	128,552	131,863

2.5 Stocks

at 31 December	2012	2011
	€000	€000
Medical, dental and surgical supplies	33,156	32,610
Laboratory supplies	6,260	6,193
Pharmacy supplies	16,873	17,974
High tech pharmacy stocks	32,603	32,403
Pharmacy dispensing stocks	1,306	1,716
Blood and blood products	1,421	1,300
Vaccine stocks	15,984	17,601
Household services	8,010	8,881
Stationery and office supplies	2,063	2,275
Sundries	589	568
	<u>118,265</u>	<u>121,521</u>

The HSE wrote off stock amounting to €0.7 million in 2012.

2.6 Debtors and Prepayments

at 31 December	2012	2011
	€000	€000
Patient debtors – private facilities in public hospitals ¹	53,283	96,806
Patient debtors – public inpatient charges	12,530	12,950
Patient debtors – long stay charges	8,450	7,937
Prepayments and accrued income	20,037	17,330
Pharmaceutical manufacturers	27,674	52,788
Pension levy deductions from staff / service providers	11,314	8,875
Statutory redundancy claim	9,844	11,660
Voluntary hospitals – national medical device service contracts	8,425	4,531
Sundry debtors	13,818	16,915
	<u>165,375</u>	<u>229,792</u>
Cash advance to Adelaide and Meath(Tallaght) Hospital ²	—	23,760

¹ The reduction in the patient debtors is largely due to accelerated payments totalling €49.8 million from the three main health insurance companies received in December 2012. These accelerated payments are based on insurer estimates of private patients who have incurred charges for treatments in acute hospitals but where the claims process had not been finalised.

² The €24 million balance owed by AMNCH (Tallaght Hospital) at 31 December 2011 was written off in 2012 through an additional once off grant allocation.

Debt Write-Offs and Provisions

During 2012, the HSE wrote off bad debts amounting to €10.6 million (2011: €12.1 million) and increased the provision for bad debts by €1.9 million (2011: €1.5 million) as follows:

	Debts written off		Movement in provision	
	2012	2011	2012	2011
	€m	€m	€m	€m
Private charges	4.9	4.7	2.3	4.3
In-patient charges	2.2	2.1	1.5	(0.2)
Emergency department charges	2.7	2.2	(0.5)	(0.8)
Road traffic accidents	2.0	2.0	(3.7)	(3.3)
Long-stay	0.2	0.3	1.7	1.4
Non-patient related debts	(1.4)	0.8	0.6	0.1
Total	10.6	12.1	1.9	1.5

2.7 Other Debit Balances

at 31 December	2012	2011
	€000	€000
Payroll overpayments	4,478	4,441
Advances to pharmacists	231	470
Secondments	3,664	2,902
Payroll technical adjustment ¹	31,593	33,720
National Treatment Purchase Fund / Special Delivery Unit	3,602	1,565
Local authorities	3,241	4,582
Other debtors suspense	7,820	8,108
	54,629	55,788

¹ Payroll technical adjustments relate to payments made to staff arising from payroll rationalisation. The payments are repayable by staff involved.

2.8 Other Credit Balances

at 31 December	2012	2011
	€000	€000
Amounts due to the State		
Income Tax	59,402	70,838
Pay Related Social Insurance	36,570	43,081
Professional Services Withholding Tax	18,412	19,671
Value Added Tax	6,412	4,600
Due to the State	120,796	138,190
Payroll deductions and other credit balances	17,877	18,500
Special income and expenditure balances	27,150	15,229
	165,823	171,919

2.9 Net Liability to the Exchequer

at 31 December	2012	2011
	€000	€000
Surplus to be surrendered	22,834	15,781
Exchequer grant undrawn	(5,475)	(50)
Net liability to the Exchequer	17,359	15,731

Represented by:**Debtors**

Bank and cash	128,553	131,862
Other debit balances	54,629	55,788
	183,182	187,650

Creditors

Due to State	(120,796)	(138,190)
Special income and expenditure balances	(27,150)	(15,229)
Payroll deductions and other balances	(17,877)	(18,500)
	(165,823)	(171,919)
	17,359	15,731

2.10 Commitments

at 31 December	2012	2011
	€000	€000

Global Commitments

Commitments likely to arise in subsequent years for:

Procurement subheads	280,397	205,204
Operating leases	40,546	38,012
Grant subheads	37,048	37,993

Legally Enforceable Capital Commitments	Cumulative spend to 31 December 2012	To be paid in subsequent years	Total
Hospital Services	€m	€m	€m
Mater Campus Development	200.98	20.88	221.86
Mid West Regional Hospital - Critical Care Block	31.57	6.03	37.60
Mid West Regional Hospital – Emergency Department	0.40	7.00	7.40
Ennis General Hospital - Phase 1	7.68	0.25	7.93
Letterkenny General Hospital - Medical Ward Block	21.96	0.50	22.46
Cork University Hospital - Cardiac Renal	65.57	1.62	67.19
National Paediatric Hospital Development Board	36.35	1.24	37.59
St. Vincent's University Hospital	27.16	1.14	28.30
National Integrated Medical Imaging System (NIMIS)	23.08	9.63	32.71
Waterford Regional Hospital	12.67	1.36	14.03
Wexford General Hospital New Delivery Suite and Obstetrics Theatre	3.30	12.68	15.98

	Cumulative spend to 31 December 2012	To be paid in subsequent years	Total
	€m	€m	€m
St Lukes Hospital Phase 1 of the redevelopment	2.40	12.29	14.69
National Ambulance Control Centre	3.96	3.96	7.92
Our Lady of Lourdes Hospital, Drogheda – Extension and Refurbishment of Accident and Emergency	30.85	0.36	31.21
Total	467.93	78.94	546.87

Community Services

Cashel, Phase 2	13.16	0.01	13.17
Clonmel Mental Health Unit	7.34	0.25	7.59
Grangegorman Development	21.59	0.78	22.37
Community Health Unit, Navan	11.98	0.25	12.23
Cork University Hospital – Provision of a replacement Acute Mental Health Unit to facilitate the development of a Radiation Oncology Facility on the campus	0.06	13.64	13.70
The provision of 44 Bed Acute Psychiatric Facility Beaumont Hospital	8.90	3.22	12.12
Our Lady of Lourdes Hospital - The provision of a new Acute MH Unit, within the Lourdes Healthcare campus	0.18	11.06	11.24
Kenmare - Kenmare Community Hospital Replacement	5.60	2.20	7.80
Cherry Orchard	8.73	0.66	9.39
Mental Health Services and Primary Care Centre – Ballyfermot	12.75	0.40	13.15
Inchicore Primary Care Centre	21.40	0.08	21.48
St. Mary's Hospital, Mullingar – Community Nursing Unit	16.77	0.50	17.27
St Anne's Child and Adolescent Psychiatric Unit	7.55	0.08	7.63
Total	136.01	33.13	169.14

2.11 Matured Liabilities

The total amount of matured liabilities undischarged at 31 December 2012 was €19.7 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
Pension lump sum payments (A.3)	23,506	The Minister for Finance signed the Public Service Pension Rights Order 2011 (S.I. No. 80 of 2011) on 23 February 2011. This specified 29 February 2012 as the end-date for the so-called 'grace period' within which pensions were unaffected by the pay cuts introduced in the Financial Emergency Measures in the Public Interest (No.2) Act 2009 (FEMPI (No2) Act 2009). Pension lump sums totalling €175.5 million were paid in respect of 3,372 people (2,866 WTE). The average amount was €52,000. Expenditure was less than projected as the estimate was based on 5,294 people (4,500 WTE).
Health agencies and other similar organisations (part funded by National Lottery)(B.7)	3,408	National Lottery grants are not paid until the conditions of the grant are fulfilled. Approved grants unpaid at the 31 December 2012 amounted to €1 million.
Information systems and related services for health agencies (C.3)	14,484	The saving predominantly relates to Revenue ICT expenditure which is charged to Subhead C.3 and was less than estimated. Expenditure on Revenue ICT has been reduced from €98 million in 2010 to €86 million in 2012.

4 Receipts

4.1 Appropriations-in-aid

		2012		2011
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from health contributions	—	—	—
2.	Recovery of cost of health services provided under regulations of the European Community	220,000	220,000	270,000
3.	Receipts from certain excise duties on tobacco products	167,605	167,605	167,605
4.	Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund			
	<i>Original</i>	5,000		
	<i>Supplementary</i>	(3,000)	2,000	1,300
5.	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund			
	<i>Original</i>	8,000		
	<i>Supplementary</i>	(6,000)	2,000	1,300
6.	Statutory charges in public hospitals, long-stay charges and charges for maintenance in private and semi-private accommodation in public hospitals ¹			
	<i>Original</i>	455,016		
	<i>Supplementary</i>	(38,000)	417,016	408,835
7.	Economic and social disadvantaged and disability (Dormant Accounts Funded)	—	—	1,242
8.	Superannuation	199,986	195,611	197,874
9.	Miscellaneous receipts	127,759	103,511	119,694
10.	Receipts from the disposal of mental health and other health facilities.	8,000	4,479	6,812
11.	PCRS rebate receipts			
	<i>Original</i>	25,000		
	<i>Supplementary</i>	7,000	32,000	37,316
12.	Receipts from pension-related deduction on public service remuneration	337,156	351,988	360,843
Total				
	<i>Original</i>	1,553,522		
	<i>Supplementary</i>	(40,000)		
		1,513,522	1,489,345	1,458,171

¹ The increase in statutory charge receipts is largely due to accelerated payments totalling €49.8 million from the three main insurance companies received in December 2012. These accelerated payments were based on insurer estimates of private patients who have incurred charges for treatments in acute hospitals but where the claims process had not been finalised.

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	2,000	The detailed statistical analysis required to calculate the payment to the HSE was not finalised in time for payment in 2012. €2.2 million was received in 2013 in respect of services provided in 2012.
Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund	2,000	The detailed statistical analysis required to calculate the payment to the HSE was not finalised in time for payment in 2012. €4.4 million was received in 2013 in respect of services provided in 2012.
Miscellaneous receipts	24,248	The Estimate provision includes variable and once off receipts which did not materialise in 2012.
Receipts from the disposal of mental health and other health facilities.	3,521	The HSE's strategy is to fund its Mental Health Infrastructure Programme from the sale of lands. Surplus properties are identified and sold if the bid price meets or exceeds the market value.
PCRS rebate receipts	(5,316)	Pharmaceutical manufacturers rebate receipts were more than anticipated.

4.2 Reconciliation of Annual Financial Statement's Income to Appropriations-in-aid

	2012		
	Revenue	Capital	Total
	€000	€000	€000
Total per annual financial statements	13,679,134	342,305	14,021,439
Less Exchequer grants	(12,161,428)	(336,671)	(12,498,099)
Total other income per annual financial statements	1,517,706	5,634	1,523,340
Less income credited to suspense			
Department of Health			(22,122)
Department of Children and Youth Affairs			(1,215)
Health Research Board			(1,029)
Other State sources			(5,147)
Agency services			(7,928)
Other payroll deductions			(8,704)
NTPF receipts / non cash receipts			(14,151)
Capital receipts from other State sources			(593)
Less movements in working capital			
Difference between patient cash receipts and maintenance income			30,119
Movement in other non-Vote debtors			(3,225)
Appropriations-in-aid			1,489,345

5 Employee Numbers and Pay

Whole Time Equivalents	2012	2011
HSE employees	65,597	67,722
Voluntary sector employees	35,909	36,670
Directly employed home helps	3,746	4,397
Total employees	105,252	108,789

Summary analysis of pay and pension costs	2012	2011
	€000	€000
Basic pay	3,283,355	3,374,110
Allowances	119,371	122,392
Overtime	157,164	169,857
Night duty	70,711	74,181
Weekends	176,355	182,372
On-call	55,190	49,873
Arrears	17,992	15,430
Employer's PRSI	322,472	319,819
Superannuation	656,375	567,184
HSE pay	4,858,985	4,875,218
Agency pay	164,795	176,570
Total pay	5,023,780	5,051,788

5.1 Allowances and Overtime Payments¹

	Number of recipients ²	Recipients of €10,000 or more	Maximum individual payment ³	Maximum individual payment
			2012	2011
			€	€
Allowances	36,110	1,233	129,361	143,238
Overtime	21,049	4,642	167,288	153,250
Night duty	32,952	171	17,389	20,025
Weekends	49,667	613	18,119	16,819
On-call	7,259	1,409	85,906	110,624
Other ⁴	10,758	140	92,482	89,770

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 2012 in respect of previous years.

⁴ Other includes sessional payments accounted for as payroll costs

5.2 Performance and Merit Payments

Arrears of performance related pay paid in 2012 was €252,366 (2011: €2,008).

Gratuities paid in 2012 amounts to €3.67 million (2011: €4.9 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 2012 amounted to €12 million (€11.6 million in 2011) and relates to salary and interviewer payments to retired HSE staff (excludes payments to agency staff).

Payments of €1 million were made in 2012 arising from Labour Relations Commission/Rights Commissioners awards (2011: €0.6 million).

The cost of severance awards paid in 2012 totalled €5,500.

6 Miscellaneous

6.1 National Lottery Funding

A total of €4.105 million was paid by HSE areas as summarised below and charged to Subhead B7. A listing of receipts of the funding and the amounts paid is available on the HSE website (www.hse.ie).

Block Allocations to the HSE Regions

	2012	2011
	€000	€000
Dublin Mid Leinster Region	1,205	929
Dublin North East Region	1,208	580
South Region	1,041	1,044
West Region	651	1,070
Total	4,105	3,623

6.2 Legal Fees and Compensation

Legal costs paid during the year are categorised as follows:

Legal Fees Paid	2012	2011
	€000	€000
Legal fees paid	45,877	35,147
Legal compensation costs paid	990	831
Total	46,867	35,978

The HSE paid a further €0.1 million in respect of various claims brought against it and settled in 2012 which were not covered under insurance.

Other ex-gratia payments made during 2012 amounted to €65,299 and other miscellaneous payments amounted to €649,878.

There were a total of 590 outstanding claims against the HSE with HSE Insurers at the end of 2012.

There were a total of 3,505 outstanding claims against the HSE with the State Claims Agency at 31 December 2012.

The HSE had 20 outstanding claims for compensation at 31 December 2012 which are not covered by the HSE insurance policy.

Insurance

Prior to 1 January 2001, HSE insurance premium was subject to retro-rating. Under the retro-rated 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 2012 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 €1.62 million 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 employers liability and public liability risks up to an indemnity limit, under both retro-rated and flat-rated basis.

Clinical Indemnity Scheme

Since 1 July 2009 the HSE is funded for claims processed by the State Claims Agency under the terms of the Clinical Indemnity Scheme. From 1 January 2010 the National Treasury Management Agency (Delegation of Functions) Order 2009 extended the State indemnity to personal injury and third party property damage claims against the HSE. Awards paid to claimants under the terms of the scheme are accounted for on a pay-as-you-go basis. At 31 December 2012, the estimated liability incurred to that date under the Clinical Indemnity Scheme and State indemnity was €996 million. Approximately €950 million of this relates to the Clinical Indemnity Scheme with the balance of the estimated liability relating to non clinical claims. In 2012, €76 million (2011: €81 million) was charged to the appropriation account.

6.3 Prompt Payment of Account Interest

Prompt Payment Interest paid by the HSE in 2012 was €0.2 million (€0.3 million in 2011).

6.4 Contingent Liabilities

Pharmacists lodged a claim with the HSE for loss of retail mark up on products dispensed under the terms of the over 70 medical card, products which would otherwise have been subject to higher margin where full eligibility did not exist. The claim is in the amount of €100 million, over and above the amount of €30 million currently paid per annum. The Irish Pharmaceutical Union (IPU) indicated that they will engage in non-binding mediation but may pursue the HSE through the courts if they are dissatisfied with the outcome. The matter of universal entitlement to a medical card for persons aged 70 years and over was removed by legislation in 2009. The Department of Health have confirmed that the HSE has applied the policy as set out and intended over the period during which automatic eligibility was in place for persons aged 70 years and over.

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 €3.8 million in respect of insurance premia in 2012 (€5.2 million in 2011) and this is reflected in the outturn for Subhead A.1 and B.1 to B.4.



Appropriation Account 2012

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, 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 2012 for the salaries and expenses of the Office of the Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

Change in Structure of Vote

The Vote was restructured in 2012 in line with new performance budgeting arrangements to align Subhead allocations with high level objectives. As a result of this the Vote was divided into three main programme areas each of which had identified outputs and context and impact indicators.

The Department of Children and Youth Affairs was established on 2nd June 2011 by the Community, Equality and Gaeltacht Affairs (Alteration of Name of Department and Title of Minister) Order 2011 (SI No. 214 of 2011). Arising from this and through the transfer of certain other functions to the Minister, Vote 40 (formerly Vote 43) Children and Youth Affairs was established which brought together functions and related funding from four Votes. The majority of the transferred functions came from the now retired Vote 41 Office of the Minister for Children and Youth Affairs.

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 former Vote 41 have been incorporated into this account. However, I wish to emphasise that I was not the Accounting Officer for the former Vote 41 and figures incorporated have been taken directly from the published 2011 appropriation account for Vote 41.

Transfer of Functions

Responsibility for the Children Detention Schools, as provided in the Children Act 2001, transferred from the Department of Justice and Equality to the Department of Children and Youth Affairs with effect from 1 January 2012 under the Remand Centres and Children Detention Schools (Transfer of Departmental Administration and Ministerial Functions) Order 2011 (SI No. 668 of 2011).

This process included the transfer of a range of capital assets which included assets relating to the Children Detention Schools. Capital assets relating to the Children Detention Schools were transferred from the Department of Children and Youth Affairs asset register to the books of the Children Detention Schools during 2012 and are now subject to Oberstown Board of Management internal financial controls and appropriate audit.

Statement of Accounting Policies and Principles

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

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

Depreciation

The transfer of assets from the Department of Justice and Equality in 2012 included a construction in progress (CIP) asset in relation to construction costs involving the original national children detention facilities capital project which is not yet complete. As such, it is not being depreciated until the asset 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.

Agency Payments

The charge under subhead B.7 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 2012. 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 A.5, B.3, B.4, B.5 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 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
- 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 is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

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:

- The Internal Audit Unit has been further developed and strengthened. It is now headed by a professionally qualified Auditor operating on a consultancy basis and supported by an audit qualified member of staff working full-time in the Unit. 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. In addition, the Chair of the IARC provides regular updates and attends at the Management Advisory Committee to outline the IARC annual report and identify audit work plans and any issues arising.
- 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 2013 business planning and review cycle.

Further strengthening of internal financial controls will take place during 2013 and this includes the recruitment of an additional professionally qualified accountant.

Jim Breslin

Accounting Officer

Department of Children and Youth Affairs

28 March 2013

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 2012 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 Department and for the regularity and propriety of all transactions in the appropriation accounts.

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.

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 40 Children and Youth Affairs for the year ended 31 December 2012.

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

21 September 2013

Vote 40 Children and Youth Affairs

Appropriation Account 2012

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme Expenditure				
A	Children and Family Support Programme	86,359	81,264	55,232
B	Sectoral Programmes for Children and Young People	319,927	323,050	316,964
C	Policy and Legislation Programme	20,694	18,052	15,968
	Gross expenditure	426,980	422,366	388,164
<i>Deduct</i>				
D	Appropriations-in-aid	12,223	12,387	4,254
	Net expenditure	414,757	409,979	383,910

Surplus for surrender

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

	2012	2011
	€	€
Surplus for surrender	4,777,586	11,796,272

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,260	8,166	6,342
iii	Travel and subsistence	154	102	66
iii	Training and development and incidental expenses	466	175	75
iv	Postal and telecommunications services	125	93	62
v	Office equipment and external IT services	119	164	66
vi	Office premises expenses	450	357	211
vii	Consultancy services and value for money and policy reviews	133	14	3
viii	EU Presidency	97	3	—
		9,804	9,074	6,825

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	413,293	381,339
Pay	8,169	6,342
Non pay	904	483
Gross expenditure	422,366	388,164
<i>Deduct</i>		
Appropriations-in-aid	12,387	4,254
Net expenditure	409,979	383,910
Changes in capital assets		
Net assets transferred to Children Detention Schools	4,163	
Purchases cash	(37)	
Depreciation	78	
	4,204	72
Changes in net current assets		
Increase in closing accruals	8,402	
Increase in stock	(14)	
	8,388	(11,301)
Direct expenditure	422,571	372,681
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,811	1,804
Net programme cost	424,382	374,485

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 40 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	173	105
Vote 13 Office of Public Works	1,638	1,638
Vote 20 Garda Síochána	—	61
	<u>1,811</u>	<u>1,804</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	3,340	296
Current assets			
Bank and cash	2.4	584	(1,703)
Stocks	2.5	40	26
Prepayments		958	1,481
Accrued income		2,075	9,951
Other debit balances	2.6	26	134
Total current assets		3,683	9,889
Less current liabilities			
Accrued expenses		160	157
Other credit balances	2.7	502	225
Net liability to the Exchequer	2.8	108	(1,794)
Total current liabilities		770	(1,412)
Net current assets		2,913	11,301
Net assets		6,253	11,597
Represented by:			
State funding account	2.1	6,253	11,597

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		11,597	—
Funding drawn down	2.2	411,790	385,714
Non-cash items		7,248	368
Net programme cost	1	(424,382)	(374,485)
Balance at 31 December		6,253	11,597
2.2 Funding drawn down		2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	414,757	395,706
Surplus to be surrendered	Account	(4,778)	(11,796)
		409,979	383,910
Expenditure (cash) borne elsewhere	1	1,811	1,804
Total funding drawn down		411,790	385,714

2.3 Capital Assets

	Land and buildings	Vehicles and equipment	Office equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2012	—	—	588	553	1,141
Additions	—	—	32	5	37
Transfer from other departments ¹	7,300	232	214	67	7,813
Transfer to agencies ²	(4,219)	(232)	(203)	(59)	(4,713)
Cost or valuation at 31 December 2012	3,081	—	631	566	4,278
Accumulated depreciation					
Opening balance at 1 January 2012	—	—	476	369	845
Transfer from other departments ¹	179	195	163	28	565
Transfer to other agencies ²	(179)	(195)	(154)	(22)	(550)
Depreciation for the year	—	—	34	44	78
Cumulative depreciation at 31 December 2012	—	—	519	419	938
Net assets at 31 December 2012	3,081	—	112	147	3,340
Net assets at 31 December 2011	—	—	112	184	296

¹ Assets were transferred into the Department's asset register as a result of the transfer of functions in respect of the Irish Youth Justice Service from the Department of Justice and Equality.

² The adjustment refers to the transfer of certain assets to the Children Detention Schools.

2.4 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	584	(1,613)
Orders outstanding	—	(90)
	<u>584</u>	<u>(1,703)</u>

2.5 Stocks	2012	2011
at 31 December	€000	€000
Stationery	13	11
IT consumables	26	15
Janitorial	1	—
	<u>40</u>	<u>26</u>

2.6 Other Debit Balances	2012	2011
at 31 December	€000	€000
Advances to OPW	22	40
Recoupable travel pass scheme expenditure	(4)	89
Other debit suspense items	8	5
	<u>26</u>	<u>134</u>

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	2	(4)
Professional Services Withholding Tax	29	14
Relevant Contractors Tax	1	14
Value Added Tax	2	14
Pensions	408	86
	<u>442</u>	<u>124</u>
Payroll deductions held in suspense	—	—
Other credit suspense items	60	101
	<u>502</u>	<u>225</u>

2.8 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	4,778	11,795
Exchequer grant undrawn	(4,670)	(13,589)
Net liability to the Exchequer	<u>108</u>	<u>(1,794)</u>

Represented by:**Debtors**

Bank and cash	584	(1,703)
Debit balances: suspense	26	134
	<u>610</u>	<u>(1,569)</u>

Creditors

Due to State	(442)	(124)
Credit balances: suspense	(60)	(101)
	<u>(502)</u>	<u>(225)</u>

Surplus to be surrendered	<u>108</u>	<u>(1,794)</u>

2.9 Commitments	2012	2011
at 31 December	€000	€000
Commitments likely to arise in subsequent years for:		
Procurement subheads	2,140	5,895
Grant subheads	1,937	5,035
Total commitments	<u>4,077</u>	<u>10,930</u>

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Children and Family Support Programme			
A.1	Administration - pay	2,230	2,206	1,712
A.2	Administration - non pay	391	244	130
A.3	Family Support Agency	26,465	25,966	15,195
A.4	National Education Welfare Board	9,622	8,253	8,690
A.5	School Completion Programme	28,256	26,892	28,951
A.6	Child and Family Support Programme	2,200	449	355
A.7	Youth Justice – Children Detention Schools	17,195	17,254	—
—	Visiting teacher service for travellers	—	—	199
		86,359	81,264	55,232

Significant variations

Overall, the expenditure in relation to Programme A was €5,095,000 less than provided. In the latter part of 2012, 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	147	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.
National Education Welfare Board	1,369	The variance primarily arose from payroll savings arising from unfilled staffing vacancies, reduced overhead costs, the postponement of IT projects and lower than expected legal costs.
Child and Family Support Programme	1,751	The variance arose for timing reasons with lower than anticipated staffing and other costs associated with preparations for the establishment of the Child and Family Support Agency.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Sectoral Programmes for Children and Young People			
B.1	Administration - pay	2,230	2,206	1,712
B.2	Administration - non pay	391	244	130
B.3	ECCE preschool year programme	175,800	175,768	163,030
B.4	Childcare programmes	80,998	85,682	85,778
B.5	Youth organisations and services (part funded by the National Lottery)	58,306	57,030	60,940
B.6	Early intervention programme for children (part funded by the Dormant Accounts Fund)	1,600	1,945	4,374
B.7	Early childcare payment	602	175	1,000
		319,927	323,050	316,964

Significant variations

Overall, the expenditure in relation to Programme B was €3,123,000 more than provided. In the latter part of 2012 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	147	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.
Childcare programmes	(4,684)	The excess arose because the number and eligibility of qualifying parents availing of the Community Childcare Subvention Programmes were greater than anticipated. The increased resources required were met from savings on a number of subheads in the Vote.
Early intervention programme for children (part funded by the Dormant Accounts Fund)	(345)	The excess arose because of additional resources required to support specific initiatives funded under the programme. In August 2012 an amount of €245,145 was vired from savings on Subhead A.4 with the approval of the Department of Public Expenditure and Reform. In November 2012 a further €100,000 was vired from savings on Subhead C.7 again with the approval of the Department of Public Expenditure and Reform.
Early childcare payment	427	The variance arose because the number of claims received from qualifying parents for arrears of the early childcare supplement payment was less than budgeted for.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Policy and Legislation Programme			
C.1	Administration - pay	3,897	3,758	2,918
C.2	Administration - non pay	665	416	223
C.3	Miscellaneous legal fees and settlements	650	186	255
C.4	National Longitudinal Study	4,031	4,020	5,557
C.5	National Children's Strategy and other programmes	2,539	1,970	2,035
C.6	Grants to organisations (part funded by the National Lottery)	500	500	500
C.7	Adoption Authority of Ireland	3,300	2,265	2,430
C.8	Office of the Ombudsman for Children	2,112	2,000	2,005
C.9	Cost in connection with the holding of a constitutional referendum on children's rights	3,000	2,937	—
—	<i>Children Acts Advisory Board</i>	—	—	45
		20,694	18,052	15,968

Significant variations

Overall, the expenditure in relation to Programme C was €2,642,000 less than provided. In the latter part of 2012 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	249	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.
Miscellaneous legal fees and settlements	464	Spending under this Subhead is difficult to predict as it relates to the nature and outcome of legal proceedings.
National Children's Strategy and other programmes	569	The variance arose because the anticipated costs associated with a number of programmes, including the National Children's Strategy, did not fully materialise.
Adoption Authority of Ireland	1,035	The variation is attributable to lower than expected expenditure outlays on salaries as a result of unfilled staffing vacancies and other non-pay operational costs primarily relating to lower than expected legal costs.
Office of the Ombudsman for Children	112	The variation was primarily associated with pay being lower than expected due to vacancy management.

4 Receipts

4.1 Appropriations-in-aid

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Equal Opportunities Childcare Programme	8,000	8,092	—
2. Dormant Accounts Funding	1,600	1,599	3,000
3. Superannuation scheme - National Education Welfare Board	349	280	299
4. Contributions to pension scheme for non-teaching staff of children detention schools	585	559	—
5. Miscellaneous	1	2	11
6. Receipts from pension related deduction on public service remuneration	1,688	1,855	944
Total	12,223	12,387	4,254

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 estimated €000	Explanation
Receipts from pension related deduction on public service remuneration	(167)	The surplus arose because of an underestimation of receipts due, primarily associated with the transfer of staff of the Children Detention Schools to the Department's Vote.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €334,000 were transferred to the Exchequer during the year. These related to €237,000 in respect of the closing balance in the account of the Children Acts Advisory Board upon its dissolution under the Child Care (Amendment) Act 2011 and €97,000 relating to a refund of a grant payment under the School Completion Programme.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	132	114
	2012	2011
	€000	€000
Pay	7,608	5,987
Higher, special or additional duties allowance	109	60
Other allowances	1	1
Overtime	70	23
Employer's PRSI	381	271
Total Pay	8,169	6,342

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	18	3	20,614	13,478
Other allowances	10	—	337	337
Overtime	18	1	16,914	3,979

Certain individuals received extra remuneration in more than one category.

5.2 Agency Staff

	2012	2011
Number of staff at year end (full time equivalents)	132	114
Family Support Agency	14	12
National Education Welfare Board	91	93
Children Detention Schools	203	—
Adoption Authority of Ireland	24	25
Office of the Ombudsman for Children	10	11
Total	342	141

Pay	2012	2011
	€000	€000
Family Support Agency	768	753
National Education Welfare Board	5,229	5,414
Children Detention Schools ¹	13,007	—
Adoption Authority of Ireland	1,220	1,357
Office of the Ombudsman for Children	730	767
Total	20,954	8,291

¹ Transferred to Department on 1 January 2012.

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 forms part of the annual financial statements of each agency. The agencies involved have been instructed to publish on their respective websites the breakdown of pay on a similar basis to the manner in which the Department's pay details are provided at 5.1 above.

6 Miscellaneous

6.1 National Lottery Funding

		2012	2011
		€000	€000
Sub-head	Description		
B.5	Youth organisations and services (part funded by the National Lottery)	57,030	23,790
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 B7. A total of €175,000 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 2012.

Agency services are provided by Pobal in respect of certain services charged to Subheads A.5, B.3, B.4 B.5 and C.5. A total of €102.970 million was paid to Pobal which represented the overall sum charged to the 5 subheads in this respect.

6.3 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year are categorised as follows:		
Legal fees	78	135
Compensation	—	—
	<u>78</u>	<u>135</u>

6.4 Commissions

The Referendum Commission for the Thirty-First Amendment of the Constitution (Children) Bill 2012 was established on 19 September 2012 to explain the subject matter of the referendum proposals, to promote public awareness of the referendum and to encourage the electorate to vote. The Children's Referendum was held on 10 November 2012. In accordance with Section 13 (Advances to Commission) of the Referendum Act 1998, the Department of Children and Youth Affairs allocated €1.9 million in October 2012 to the Office of the Ombudsman to fund the Referendum Commission's activities in connection with the referendum. The Referendum Commission spent €1,706,522 on their information campaign for the Children's Referendum. The unspent balance of €193,478 was returned to the Department of Children and Youth Affairs in 2013 and will be treated as an Extra Exchequer Receipt.



Appropriation Account 2012

Contingency Fund Deposit Account

Introduction

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 Fund operates as a deposit account held in the Paymaster General's Office in the Department of Finance.

By agreement with the Committee of Public Accounts, the use of the Contingency Fund is precluded when the Dáil is sitting, or for new services of a controversial nature.

A decision to use money held in the Fund is taken only by the Accounting Officer of the Department of Public Expenditure and Reform, with the prior agreement of the Minister for Public Expenditure and Reform. The following must be informed of the decision as early as possible;

- the Committee of Public Accounts
- the Opposition parties (Finance spokesperson)
- the Office of the Comptroller and Auditor General.

All payments from the Fund are repaid to it either

- by a new or additional Vote if the advance is for a completely new service
- by way of a Supplementary Estimate if the service is related to an existing Vote
- from the Central Fund, which requires specific legislation.

The size of the Fund is reviewed every five years. Following a review in 2004, the amount in the Fund was increased to €1.2m 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.

Account of the Fund Transactions 2012

The account of the receipts and payments in relation to the Fund in the year ended 31 December 2012 is shown below. There were no transactions on the Fund in 2012.

Statement on Internal Financial Controls

The control and accounting systems of the Department of Finance and the Statement on Internal Financial Control made in respect of the Department also apply in respect of this Fund.

Robert Watt

Accounting Officer
Department of Public Expenditure and Reform

20 February 2013

Comptroller and Auditor General
Report for presentation to the Houses of the Oireachtas

Contingency Fund Deposit Account

I certify that I have examined this account and that it is correct.

Seamus McCarthy
Comptroller and Auditor General

11 July 2013

Contingency Fund Deposit Account
Receipts and Payments in the Year Ended 31
December 2012

	2012	2011
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	1,200	1,200