

Appropriation Account 2019

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 2019 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 Force; and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €11.373 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 27 of 2019, 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. Military and Air Corps stocks include certain items that have been refurbished.

Capital assets

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

Land and buildings are not valued and are not included in capital assets (Note 2.1). A schedule of land and buildings administered by the Department of Defence is shown in appendix A. These are used for Defence Forces purposes and include unique and dedicated properties.

Payments under certain programmes for the development of Defence Forces equipment, including the purchase of aircraft and the refurbishment of armoured personnel carriers, are recorded as prepayments until they are brought into use, at which stage they are recorded as capital assets.

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.2 - Capital assets under development. When such projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as, in line with the policy noted above, land and buildings are not included in capital assets.

Depreciation

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

Maurice Quinn
Accounting Officer
Department of Defence

27 March 2020

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

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

Shared services

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

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

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

Financial control environment

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

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee, with an independent Chair, to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

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. This includes the following elements:

- 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.

Procurement compliance

I confirm that the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In 2019, the Department complied with the guidelines with the exception of five contracts (in excess of €25,000) totalling €161,297 (excluding VAT) relating to various services contracts, which were extended beyond their original contract terms. Each of these five contracts has been reviewed by the Department, and steps are being taken to bring each of these contracts into compliance with competitive procurement rules as quickly as possible.

The Department has provided details of these exceptional contracts as part of the 89 contracts with a total value €19,679,110 (excluding VAT) that are included on the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform. The 84 remaining contracts, with a value of €19,517,813 (excluding VAT), are considered compliant, as the justification for awarding these contracts falls within the exceptions to a competitive process permitted in national and EU legislation. They primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are reported in accordance with the provisions of Circular 40/2002.

Internal audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. The Internal Audit Unit operates independently and 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.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2019 that required disclosure in the appropriation account.

Jacqui McCrum
Accounting Officer
Department of Defence

24 September 2020

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

Opinion on the appropriation account

I have audited the appropriation account for Vote 36 Defence for the year ended 31 December 2019 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 36 Defence for the year ended 31 December 2019, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Defence and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

28 September 2020

Vote 36 Defence**Appropriation Account 2019**

		2019	2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A	Defence policy and support, military capabilities and operational outputs	758,048	701,421
		758,048	701,421
	<i>Deduct</i>		
B	Appropriations-in-aid	22,735	31,658
	Net expenditure	735,313	669,763

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	11,372,702	17,050,291

Maurice Quinn
Accounting Officer
Department of Defence

27 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Programme cost	733,063	678,193
Administration pay	18,586	17,652
Administration non pay	4,445	5,576
Gross expenditure	756,094	701,421
<i>Deduct</i>		
Appropriations-in-aid	32,154	31,658
Net expenditure	723,940	669,763
Changes in capital assets		
Purchases cash	(115,022)	
Depreciation	53,967	
Loss on disposals	2,949	
Disposals cash	54	(28,714)
	(58,052)	
Changes in assets under development		
Cash payments	(15,495)	(10,641)
Changes in net current assets		
Increase in closing accruals	4,257	
Increase in stock	(4,308)	(12,693)
	(51)	
Direct expenditure	650,342	617,715
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	11,257	
Notional rents	1,642	
	12,899	12,368
Net programme cost	663,241	630,083

1.1 Net allied services expenditure

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

	2019	2018
	€000	€000
Vote 1 Presidents Establishment	(422)	(413)
Vote 2 Department of the Taoiseach	(82)	(82)
Vote 9 Office of the Revenue Commissioners	9	1
Vote 12 Superannuation and Retired Allowances	11,575	11,095
Vote 13 Office of Public Works	531	541
Vote 18 National Shared Services Office	898	911
Vote 35 Army Pensions	(1,378)	(1,414)
Central Fund – Ministerial pensions	126	122
	11,257	10,761

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	553,482	549,538
Capital assets under development	2.2	6,012	2,993
		<u>559,494</u>	<u>552,531</u>
Current assets			
Bank and cash	2.3	19,267	3,718
Stocks	2.4	216,351	212,043
Other debit balances	2.5	866	5,076
Prepayments	2.6	116,433	63,936
Accrued income		3,997	3,072
Total current assets		<u>356,914</u>	<u>287,845</u>
Less current liabilities			
Accrued expenses		6,482	2,560
Deferred income		45	30
Other credit balances	2.7	15,803	4,371
Net Exchequer funding	2.8	4,330	4,423
Total current liabilities		<u>26,660</u>	<u>11,384</u>
Net current assets		<u>330,254</u>	<u>276,461</u>
Net assets		<u>889,748</u>	<u>828,992</u>
Represented by:			
State funding account	2.9	<u>889,748</u>	<u>828,992</u>

2.1 Capital assets

	Military equipment €000	Civil Defence equipment €000	Office furniture and IT equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2019	1,173,276	4,670	51,702	1,229,648
Additions	54,834	167	6,279	61,280
Adjustments ^a	(958)	—	—	(958)
Disposals	(21,705)	(133)	(3,337)	(25,175)
Cost or valuation at 31 December 2019	1,205,447	4,704	54,644	1,264,795
Accumulated depreciation				
Opening balance at 1 January 2019	635,388	1,961	42,761	680,110
Depreciation for the year	50,597	373	2,997	53,967
Adjustments ^a	(592)	—	—	(592)
Depreciation on disposals	(19,151)	(61)	(2,960)	(22,172)
Cumulative depreciation at 31 December 2019	666,242	2,273	42,798	711,313
Net assets at 31 December 2019 ^b	539,205	2,431	11,846	553,482
Net assets at 31 December 2018	537,888	2,709	8,941	549,538

Note ^a The net adjustment of €366,000 relates to the correction of a duplicate asset and additions from previous years. This is reflected in the State funding account (see Note 2.9).

^b The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 17 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.2 Capital assets under development

	Construction contracts €000
Amounts brought forward at 1 January 2019	2,993
Cash payments in the year	15,495
Projects completed ^a	(12,476)
Amounts brought forward at 31 December 2019	6,012

Note ^a As projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as land and buildings are not included in capital assets.

2.3 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	18,570	3,252
Other bank and cash account balances	697	466
	19,267	3,718

Non-vote bank accounts

There are 13 other bank accounts managed by Defence Forces personnel to administer the casual meals system in barracks. No funding from the vote is issued to these bank accounts. The amount held at the end of 2019 was €13,375 (2018: €25,786). This balance is not included in the 'bank and cash' amount shown above.

2.4 Stocks

at 31 December	2019	2018
	€000	€000
Military stocks		
Opening balance 1 January	210,963	201,840
Purchases during the year	38,195	44,709
Issues during the year	(31,685)	(33,941)
Write-offs, obsolete stock, etc.	(2,331)	(1,645)
	215,142	210,963
Other stocks		
Civil Defence	1,135	1,016
Stationery	18	17
IT consumables	56	47
	216,351	212,043

2.5 Other debit balances

at 31 December	2019	2018
	€000	€000
Payroll	—	4,268
Imprest	724	627
Cycle to work scheme	87	90
Overseas	30	67
Other suspense	25	24
	866	5,076

2.6 Prepayments

at 31 December	2019	2018
	€000	€000
Maritime patrol aircraft	55,394	—
Armoured personnel carrier fleet maintenance and upgrade programme	21,323	30,466
Fixed wing utility aircraft	29,000	16,000
Other	10,716	17,470
	116,433	63,936

2.7 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	629	14
Pay related social insurance	793	14
Professional services withholding tax	182	222
Value added tax	13,345	3,953
Pension contributions	101	12
Local property tax	6	—
Universal social charge	156	—
Relevant contracts tax	15	28
	15,227	4,243
Payroll deductions held in suspense	407	3
Other credit suspense items	169	125
	15,803	4,371

2.8 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	11,373	17,050
Exchequer grant undrawn	(7,043)	(12,627)
Net Exchequer funding	4,330	4,423
Represented by:		
Debtors		
Bank and cash	19,267	3,718
Debit balances: suspense	866	5,076
	20,133	8,794
Creditors		
Due to State	(15,227)	(4,243)
Credit balances: suspense	(576)	(128)
	(15,803)	(4,371)
	4,330	4,423

2.9 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		828,992	794,840
Disbursements from the Vote			
Estimate provision	Account	735,313	
Surplus to be surrendered	Account	(11,373)	
Net vote		723,940	669,763
Expenditure (cash) borne elsewhere	1.1	11,257	10,761
Other (non – cash) items	2.1	(366)	—
Capital assets under development completed in the year	2.2	(12,476)	(17,896)
Non cash expenditure – notional rents	1	1,642	1,607
Net programme cost	1	(663,241)	(630,083)
Balance at 31 December		889,748	828,992

2.10 Commitments

a) Global commitments

at 31 December	2019	2018
	€000	€000
Procurement of goods and services	9,299	8,686
Capital projects	243,620	73,532
Total of legally enforceable commitments	252,919	82,218^a

b) Major capital projects

Expenditure on projects where the total estimated cost will exceed €10 million.

Project	Cumulative expenditure to 31 December 2018 €000	Expenditure in 2019 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2019 €000	Expected total spend lifetime of project 2018 €000
Naval vessels replacement programme and armament project	287,430	161	3	287,594	287,539
Maintenance and upgrade programme for armoured personnel carriers	45,132	12,114	10,754	68,000	68,000
IT infrastructure virtual desktop architecture project	9,774 ^a	980	2,046	12,800	12,800
Fixed wing utility aircraft	16,000	13,000	14,446	43,446	43,079
Mid-life refit of LE Róisín	—	5,681	6,619	12,300	—
Maritime patrol aircraft	—	55,394	166,184	221,578	—
¾ tonne, 4x4 fleet replacement	—	4,544	13,634	18,178	—
Total	358,336	91,874	213,686	663,896	411,418

Note ^a The total of legally enforceable commitments at 31 December 2018 has been amended from €83.463 million to €82.218 million following the inclusion of expenditure of €1.245 million not previously reflected against the IT infrastructure virtual desktop architecture project.

2.11 Matured liabilities

At 31 December	2019	2018
	€000	€000
Estimate of matured liabilities not discharged at year end	1,562	463
	_____	_____

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.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in Programme A to present complete programme costings.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,900	18,586	17,652
ii	Travel and subsistence	650	576	597
iii	Training and development and incidental expenses	315	325	321
iv	Postal and telecommunication services	660	385	465
v	Office equipment and external IT services	2,875	2,308	2,923
vi	Office premises expenses	950	805	1,188
vii	Consultancy services and value for money and policy reviews	190	46	82
		24,540	23,031	23,228

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iv Postal and telecommunications services

Estimate provision: €660,000, outturn: €385,000

The underspend of €275,000 was due to lower than anticipated demand for telecommunications and postal services.

vii Consultancy services and value for money and policy reviews

Estimate provision: €190,000, outturn: €46,000

The underspend of €144,000 was due to delays in a number of consultancy based projects.

Programme A Defence policy and support, military capabilities and operational outputs

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	18,900	18,586	17,652
A.2	Administration – non pay	5,640	4,445	5,576
A.3	Permanent Defence Force: pay	446,709	418,650	398,714
A.4	Permanent Defence Force: allowances	41,202	44,028	39,923
A.5	Reserve Defence Force: pay, etc.	2,150	1,551	1,574
A.6	Chaplains and officiating clergymen: pay and allowances	1,250	1,103	1,014
A.7	Defence Forces civilian support: pay and allowances, etc.	26,000	19,352	23,625
A.8	Defence Forces: capability development	75,000	102,476	77,131
A.9	Air Corps: equipment and support	16,860	17,450	17,519
A.10	Military transport	14,190	16,275	11,343
A.11	Naval Service: equipment and support	13,000	13,443	17,082
A.12	Barrack expenses and engineering equipment	13,980	13,791	14,050
A.13	Defence Forces built infrastructure: construction and maintenance	28,100	23,826	17,996
A.14	Defence Forces uniforms, clothing, equipment and catering	13,980	15,505	15,742
A.15	Defence Forces communications and IT	10,740	13,133	13,264
A.16	Military education and training	2,150	2,319	2,680
A.17	Defence Forces logistics and travel	3,378	3,908	3,779
A.18	Defence Forces medical and healthcare support	7,000	6,732	2,901
A.19	Lands	1,000	855	1,027
A.20	Equitation	900	970	1,037
A.21	Litigation and compensation costs	5,000	6,417	7,100
A.22	Miscellaneous expenditure	3,500	3,773	3,510
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,747	1,839	1,784
A.24	Civil Defence (including dormant accounts fund)	4,740	4,735	4,229
A.25	Irish Red Cross Society	932	932	1,169
		758,048	756,094	701,421

Significant variations

The following outlines the reasons for significant variations in programme expenditure (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €1.954 million lower than originally provided. €1.509 million of this related to administration expenditure and has already been explained and the balance of the variance of €445,000 was mainly due to the combination of the following:

A.3 Permanent Defence Force: pay

Estimate provision: €446.709 million, outturn: €418.65 million

The underspend of €28.059 million was due to higher than projected retirements and lower than projected recruitment in 2019, leading to lower than anticipated numbers of personnel serving in the PDF during the year.

A.4 Permanent Defence Force: allowances

Estimate provision: €41.202 million, outturn: €44.028 million

The overspend of €2.826 million was due to expenditure on overseas allowances, the restoration of Permanent Defence Force allowances and increases in the domestic subsistence rate.

A.5 Reserve Defence Force: pay, etc.

Estimate provision: €2.15 million, outturn: €1.551 million

The underspend of €599,000 was due to strength levels being less than targeted and as a consequence the uptake of paid training by reservists was less than anticipated.

A.6 Chaplains and officiating clergymen: pay and allowances

Estimate provision: €1.25 million, outturn: €1.103 million

The underspend of €147,000 was due to lower than anticipated numbers of chaplains serving in 2019 as a result of delays in recruitment.

A.7 Defence Forces civilian support: pay and allowances, etc.

Estimate provision: €26 million, outturn: €19.352 million

The underspend of €6.648 million was due to the fact that the number of civilian employees was less than provided for in the estimate due to lower than anticipated recruitment.

A.8 Defence Forces: capability development

Estimate provision: €75 million, outturn: €102.476 million

The overspend of €27.476 million was mainly due to the down payment under the contract for replacement of Maritime Patrol Aircraft, partly offset by delays in planned expenditure for purchase and upgrade of essential defensive equipment.

A.10 Military transport

Estimate provision: €14.19 million, outturn: €16.275 million

The overspend of €2.085 million was due to the requirement to purchase replacement military vehicles. This overspend was partly offset by lower than anticipated fuel costs and delayed parts delivery.

A.13 Defence Forces built infrastructure: construction and maintenance

Estimate provision: €28.1 million, outturn: €23.826 million

The underspend of €4.274 million was due to progress in bringing key projects to construction stage being slower than anticipated. The lengthy procurement process, coupled with engineering complexities encountered in some instances led to these delays.

A.14 Defence Forces uniforms, clothing, equipment and catering

Estimate provision: €13.98 million, outturn: €15.505 million

The overspend of €1.525 million was due to an increased requirement for expenditure on uniform costs due to high staff turnover. There was also additional necessary expenditure on ordnance equipment maintenance and spare parts.

A.15 Defence Forces communications and IT

Estimate provision: €10.74 million, outturn: €13.133 million

The overspend of €2.393 million was due to an additional requirement for professional services and essential telecommunications equipment.

A.16 Military education and training

Estimate provision: €2.15 million, outturn: €2.319 million

The overspend of €169,000 was due to a requirement for additional training courses for the Defence Forces and the purchase of additional equipment for training facilities.

A.17 Defence Forces logistics and travel

Estimate provision: €3.378 million, outturn: €3.908 million

The overspend of €530,000 was due to increased transport and freight costs associated with overseas operations in UNIFIL and UNDOF.

A.19 Lands

Estimate provision: €1 million, outturn: €855,000

The underspend of €145,000 was due to certain environmental and other projects not completed due to weather conditions.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €6.417 million

The overspend of €1.417 million arose due to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.

A.22 Miscellaneous expenditure

Estimate provision: €3.5 million, outturn: €3.773 million

The overspend of €273,000 was due to additional advertising and communication costs associated with the military recruitment campaigns and also higher than expected overseas mission support costs.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from United Nations in respect of overseas allowances, etc.	6,013	14,919	14,004
2 Receipts from EU in respect of fishery protection costs	—	—	—
3 Receipts from banks and other organisations	1,300	1,333	1,320
4 Receipts from occupation of official quarters	140	175	196
5 Receipts from rations on repayment	900	766	924
6 Receipts from other issues on repayment	20	24	25
7 Receipts for aviation fuel	40	16	30
8 Receipts on discharge by purchase	50	243	143
9 Lands and premises			
(a) rents, etc	462	560	436
(b) sales	1,250	217	14
10 Sale of surplus stores	100	83	161
11 Refunds in respect of services of seconded personnel	50	75	92
12 Miscellaneous	300	690	667
13 Receipts from additional superannuation contributions on public service remuneration ^a	11,610	12,551	13,646
14 Dormant Accounts Fund	500	502	—
Total	22,735	32,154	31,658

Note ^a The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Significant variations

Overall, appropriations-in-aid were €9.419 million more than the original estimate. Explanations for variances are set out below:

1 Receipts from United Nations in respect of overseas allowances, etc.

Estimate: €6.013 million, realised: €14.919 million

The surplus of €8.906 million was due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts from the UN is difficult to predict. See Note 6.1.

5 Receipts from rations on repayment*Estimate: €900,000, realised: €766,000*

The shortfall of €134,000 is due to lower than anticipated numbers in the Defence Force availing of rations in 2019.

8 Receipts on discharge by purchase*Estimate: €50,000, realised: €243,000*

The surplus of €193,000 was due to the higher than anticipated numbers of Defence Force members discharging within their service contract duration.

9 Land and premises*Estimate: €1.712 million, realised: €777,000*

The shortfall of €935,000 was due to delays in the sale of military property.

12 Miscellaneous*Estimate: €300,000, realised: €690,000*

The surplus of €390,000 was mainly due to receipts in respect of refunds for education fees and return of the bank balances on the closure of four bank accounts.

13 Receipts from additional superannuation contributions on public service remuneration*Estimate: €11.61 million, realised: €12.551 million*

The surplus of €941,000 arose because receipts from additional superannuation contributions are difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer

	2019	2018
	€000	€000
Balance at 1 January	—	—
Voluntary surrender of pay	12	8
Transferred to the Exchequer	(12)	(8)
Balance as at 31 December	<u>—</u>	<u>—</u>

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	9,477	9,737

5.2 Pay

Remuneration of all staff	2019	2018
	€000	€000
Pay	416,033	396,739
Higher, special or additional duties allowance	244	226
Overtime	339	416
Shift and roster allowance	228	219
Military and other allowances	37,142	33,951
Employer's PRSI	39,888	38,482
Total pay^{a, b}	493,874	470,033

Notes ^a The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for four personnel and total pay of €286,357. That office produces a separate account.

^b Total pay represents the pay elements of Subheads A.1, A.3, A.4, A.6 and A.7.

5.3 Civil servants

	2019	2018
Number of staff at year end (full time equivalents)	351	336
	2019	2018
	€000	€000
Pay	17,358	16,535
Higher, special or additional duties allowance	95	99
Other allowances	50	49
Overtime	92	102
Employer's PRSI	991	867
Total pay	18,586	17,652

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	10	4	20,505	20,610
Other allowances	20	—	8,505	8,538
Overtime	52	2	13,821	9,829
Extra remuneration in more than one category	11	1	14,726	13,816

5.4 Civilian employees

	2019	2018
Number of staff at year end (full time equivalents)	442	423
	2019	2018
	€000	€000
Pay	16,049	16,305
Higher, special or additional duties allowance	149	127
Overtime	247	314
Shift and roster allowance	228	219
Travel time allowance	444	485
Tool and other allowances	200	215
Employer's PRSI	1,787	1,805
Total pay	19,104	19,470

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties allowances	66	1	11,465	8,016
Overtime	143	—	9,298	10,769
Shift and roster allowance	42	3	15,265	15,458
Travel time allowance	66	10	12,890	12,720
Tool and other allowances	271	—	3,235	3,235
Extra remuneration in more than one category	183	34	26,413	25,273

5.5 Permanent Defence Force (including Army Nursing Service and Chaplaincy)

	2019	2018
Number of staff at year end (full time equivalents)	8,684	8,978
	2019	2018
	€000	€000
Pay and military service allowance	382,626	363,899
Overseas allowances	20,751	18,768
Security duty allowances	8,905	8,068
Border duty allowance	2,121	2,256
Patrol duty allowance	2,469	2,134
Miscellaneous allowances	2,202	1,976
Employer's PRSI	37,110	35,810
Total pay	456,184	432,911

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Overseas allowances	1,922	1,013	39,184	55,000
Security duty allowances	7,293	19	18,823	19,648
Border duty allowance	531	1	12,710	44,192
Patrol duty allowance	710	1	10,668	9,195
Miscellaneous allowances	852	79	16,132	12,143
Extra remuneration in more than one category	2,920	1,146	34,532	39,252

5.6 Revenue settlement

In finalisation of an unprompted voluntary disclosure, the Department made a settlement payment to the Revenue Commissioners in February 2019 of €13,078,580 (including €2,556,420 in interest payments and €366,385 in penalties) covering the period 2011 to 2017. The settlement arose from a newly assessed tax liability on the provision of medical treatment and accommodation and certain allowances and arrangements. The liability in relation to certain medical and accommodation issues ended with effect from 1 January 2018 on foot of changes in the Finance Act 2018. Arrangements were also put in place by the Department to ensure tax compliance in respect of certain matters not included in the legislative changes.

In addition to the settlement of historical liabilities for 2011-2017 above, a payment of €72,763 was also made to the Revenue Commissioners in February 2019 for benefit-in-kind in relation to statutory public hospital charges for the dependants of enlisted members of the PDF in 2018.

These settlements were charged to Subhead A.3 Permanent Defence Force: pay.

5.7 Other remuneration arrangements

A total of €689,547 was paid to 27 retired Defence Force personnel in receipt of Defence Force pensions, ranging from €5,400 to €70,403, who were re-employed on various duties during 2019. In addition, a total of €68,693 ranging from €660 to €7,280 was paid to 22 retired public servants in receipt of public service pensions, who were re-employed on various duties during 2019. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Seconded staff

This account includes expenditure of €12,330 in respect of one officer who was serving outside the Department for part of 2019 and whose salary was paid by the Department.

This account does not include expenditure in respect of six officers who were serving outside the Department for all or part of 2019 in other Government departments/offices. Their salaries were paid by the departments/offices in which they were serving.

5.9 Payroll overpayments

	2019	2018
Number of recipients	185	147
Recovery plans in place	70	69
	€	€
Overpayments	196,132	162,198
Value of recovery plans	122,054	57,978

No overpayments were transferred from the Department of Defence to any other department/office in 2019.

5.10 Ex-gratia payments

A payment of €300 (net) was made to each of the 125 personnel serving with the 58 Infantry Group, UNDOF, based in Syria in the exceptional circumstances arising from the unexpected delay in their repatriation to Ireland. The overall gross amount was €70,091.

5.11 Arbitration and conciliation

In 2019, costs of €3,054 were incurred in relation to five arbitration and conciliation cases (2018: €2,294). A review of the Conciliation and Arbitration Scheme incurred costs of €25,620.

5.12 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.

Note 6 Miscellaneous

6.1 Overseas missions

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

	2019	2018
	€000	€000
UN and EU missions:		
UNIFIL (Lebanon)	36,283	29,144
UNDOF (Golan Heights)	11,273	11,194
KFOR (Kosovo)	1,468	1,201
EUFOR (Bosnia Herzegovina)	569	529
Other UN and EU missions	4,164	3,755
	<u>53,757</u>	<u>45,823</u>
Other:		
Military representatives and advisors	1,896	1,385
Battle groups (German, UK and EU)	361	81
Organisation for Security and Co-operation in Europe	28	66
Mediterranean operations (search and rescue)	229	3,673
Total	<u>56,271</u>	<u>51,028</u>

Of the sum of €53.76 million for UN and EU missions, €6.2 million relates to missions, the full costs of which are borne by the State. The remaining €47.56 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of re-imbursements from the UN are dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2019 was €14.9 million, made up of €7.8 million for personnel costs and €7.1 million for equipment costs.

The amount outstanding at year end was €3.8 million (€2 million personnel costs and €1.8 million equipment costs).

6.2 Support for Defence Forces' representative associations

This account includes a total of €555,215 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-offs

The following sums were written off in the year.

	2019	2018
	€000	€000
Damage to military vehicles	<u>73</u>	<u>55</u>

6.4 Compensation and legal costs

				2019	2018
	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	Total €000
				€000	€000
Employees of the Vote					
Personal injury cases	214	1,032	2,150	814	3,996
Administrative/ employment related cases	82	15	43	1,150	1,208
Members of the public					
Personal injury	32	121	1,027	48	1,196
		<u>1,168</u>	<u>3,220</u>	<u>2,012</u>	<u>6,400</u>
					<u>7,098</u>

Note The above figures relate to all cases where payment was made in 2019. These include cases that were settled in prior years, those settled in 2019 and those still open.

Appendix A Schedule of land and buildings

1. Vested in the Minister for Defence

Property	Area (hectares) ^a
Clare	
Knockalisheen Camp	49.96
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.22
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.23
Fitzgerald Camp, Fermoy	0.40
RDF Premises, Kilcrohane	0.40
Michael Collins Memorial Plot, Béal na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.03
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	276.93
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.40
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.12
Curragh Lands – Kildare by-pass	—
Nos. 2, 78, and 96 Orchard Park, Curragh	0.06
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

Property	Area (hectares) ^a
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmoney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

Note ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (hectares) ^a
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to TII	10.69
Bere Island	91.05
Naval Base, Haulbowline ^b	33.99
Fort Davis, Whitegate	22.04
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.27
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.01
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Louth	
Aiken Barracks, Dundalk	7.28
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20

Property	Area (hectares) ^a
Tipperary	
Military Barracks, Nenagh	1.2
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

Notes ^a Hectares stated are approximate. Most of the properties contain buildings thereon.

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

Appendix B Accounts of bodies and funds under the aegis of the Department of Defence

The following table lists the bodies and funds under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the end of March 2020, the period to which the last audited financial statements relate and the date on which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Ombudsman for the Defence Forces	2018	28 Jun 2019	30 Jul 2019	25 Feb 2020
Defence Forces Canteen Board	2018	30 Sep 2019	4 Oct 2019	25 Feb 2020