



Appropriation Account 2014

Vote 18

Shared Services

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 18. I am required to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2014 for the salaries and expenses of Shared Services.

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

A surplus of €9.29 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Stock Policy

The Department of Finance (Vote 7), Department of Public Expenditure and Reform (Vote 11), the Office of Government Procurement (Vote 41) and Shared Services (Vote 18) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

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

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 18.

Administrative controls and management reporting

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

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of two contracts to the value of €89,665 which were listed in my annual return in respect of Circular 40/2002. In each of these cases, the exceptions have a sound basis.

Management of overpayments

Salary overpayments can occur for a number of reasons in any organisation, be it private or public sector. These include, but are not limited to, delays in applying, approving or processing pay-impactful absences, including sick leave absences or other leave arrangements, and errors in calculating allowances, payroll or expenses. Once an organisation becomes a customer of PeoplePoint, the responsibility for recouping any monies owed transfers to PeoplePoint, regardless of the cause or date of overpayment.

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

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

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

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

Internal Audit and Audit Committee

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

Robert Watt
Accounting Officer
Shared Services

11 September 2015

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 18 Shared Services

I have audited the appropriation account for Vote 18 Shared Services for the year ended 31 December 2014 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 18 Shared Services for the year ended 31 December 2014.

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

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 18 Shared Services Appropriation Account 2014

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

Surplus for surrender

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

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

Analysis of administration expenditure

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

Notes to the Appropriation Account

1 Operating Cost Statement 2014

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

1.1 Net Allied Services Expenditure

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

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

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

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	2,615	1,421
Capital assets under development	2.3	17,021	—
		19,636	1,421
Current assets			
Bank and cash	2.4	2,153	260
Stocks	2.5	12	2
Prepayments		318	139
Accrued Income		21	
Other debit balances	2.6	167	31
Total current assets		2,671	432
Less current liabilities			
Accrued expenses		116	320
Other credit balances	2.7	506	273
Client funding/advance balances	2.9	736	—
Net liability to the Exchequer	2.8	1,078	18
Total current liabilities		2,436	611
Net current assets		235	(179)
Net assets		19,871	1,242
Represented by:			
State funding account	2.1	19,871	1,242

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,242	—
Disbursements from the Vote			
Estimate provision	Account	30,581	
Deferred surrender	Account	(998)	
Surplus to be surrendered	Account	(9,293)	
Net vote		20,290	15,382
Expenditure (cash) borne elsewhere	1	1,216	675
Non cash items – CAUD adjustment		12,123	622
Non cash expenditure – notional rent	1	132	—
Net programme cost	1	(15,132)	(15,437)
Balance at 31 December		19,871	1,242

2.2 Capital Assets

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

2.3 Capital Assets under Development

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

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

2.4 Bank and Cash

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

2.5 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	4	1
IT consumables	8	1
	<u>12</u>	<u>2</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable salaries	—	28
Other debit suspense items	167	3
	<u>167</u>	<u>31</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
VAT	15	—
Income Tax	95	54
Pay Related Social Insurance	118	56
Professional Services Withholding Tax	146	95
Pension Contribution	34	16
Local Property Tax	2	1
Universal Social Charge	46	25
	<u>456</u>	<u>247</u>
Payroll deductions held in suspense	50	2
Other credit suspense items	—	24
	<u>506</u>	<u>273</u>

2.8 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	9,293	5,638
Deferred surrender	998	—
Exchequer grant undrawn	(9,213)	(5,620)
Net liability to the Exchequer	<u>1,078</u>	<u>18</u>

Represented by:**Debtors**

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

Creditors

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

2.9 Client Funded Payroll Bank Account

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

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

2.11 Matured Liabilities

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

3 Programme Expenditure by Subhead

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

Significant variations

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

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

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

Significant variations

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

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

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

Significant variations

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

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

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

Signification Variations

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

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

4 Receipts

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

Explanation of significant variations

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

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

5 Employee Numbers and Pay

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

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

5.1 Allowances and Overtime Payments

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

5.2 Other Remuneration Arrangements

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

6 Public Service Bodies in Shared Services

HR Shared Services – PeoplePoint (21)

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

Payroll Shared Services – PSSC (18)

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