

Appropriation Account 2015

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 2015 for such of the salaries and expenses of the Courts Service and of the Supreme Court, the Court of Appeal, 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 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.14 million is liable for surrender to the Exchequer.

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

Statement of Accounting Policies and Principles

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

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life, starting in the month placed in service.

Buildings are depreciated at a rate of 2% per annum on a straight line basis.

Court buildings are valued upon vesting in the Courts Service. The valuation used is based on market values of commercial properties in the area. In the absence of a valuation and where a building has been refurbished, such buildings are capitalised at cost, until such time that a valuation is carried out.

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 control is a continuous process and the system and its effectiveness is kept under ongoing review.

Financial control environment

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

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.

Administrative controls and management reporting

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

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

The Courts Service 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 Courts Service is compliant with the exception of five contracts to the value of €524,585. These contracts were extended beyond the original contract date without competitive procurement and an independent review was not obtained in advance of expenditure as required under Circular 40/2002. The Courts Service will put in place contracts for a number of these services during 2016 and liaise with the Office of Government Procurement in order to utilise any frameworks/ contracts being put in place by them. In relation to certain services, the Courts Service relies on centralised frameworks to draw down from. During 2015, there was another item relating to a centralised framework with a value of €460,551 which was extended beyond the original contract due to a delay in the commencement of the centralised framework.

Audit Committee

I confirm that the Courts Service has an Audit Committee. The Committee is a sub-committee of the Courts Service Board. 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 a written charter and reports annually 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. Its work is informed by analysis of the risks to which the Service is exposed, and its annual internal audit plans 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.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Courts Service and the Financial Shared Services Centre Killarney for the provision of financial shared services, and the National Shared Service Office for the provision of human resource services and payroll services.

I rely on a letter of assurance from the relevant Accounting Officers of those Votes that the appropriate controls are exercised in the provision of shared services to the Courts Service.

Brendan Ryan
Accounting Officer
Courts Service

30 March 2016

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 2015 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

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

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

Responsibility of the Comptroller and Auditor General

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

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

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

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

Scope of audit

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

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

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 22 Courts Service for the year ended 31 December 2015.

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

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 2015.

Seamus McCarthy
Comptroller and Auditor General

16 August 2016

Vote 22 Courts Service Appropriation Account 2015

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Manage the courts and support the judiciary	107,965	107,112	105,399
Gross expenditure	107,965	107,112	105,399
<i>Deduct</i>			
B Appropriations-in-aid	47,815	48,097	48,797
Net expenditure	60,150	59,015	56,602

Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	1,135,706	1,429,334

Analysis of administration expenditure

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	50,019	48,907	47,139
ii Travel and subsistence	2,663	2,893	2,912
iii Training and development and incidental expenses	6,106	5,631	5,761
iv Postal and telecommunications services	2,291	2,680	2,275
v Office equipment and external IT services	5,067	7,032	6,237
vi Office premises expenses	14,676	15,003	13,681
vii Consultancy services and value for money and policy reviews	100	69	76
	80,922	82,215	78,081

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	Note	2015	2014
		€000	€000
Programme cost		24,896	27,318
Pay		48,907	47,139
Non pay		33,309	30,942
Gross expenditure		107,112	105,399
<i>Deduct</i>			
Appropriations-in-aid		48,097	48,797
Net expenditure		59,015	56,602
Changes in capital assets			
Purchases cash		(389)	
Depreciation		6,888	
		6,499	5,938
Changes in assets under development			
Cash payments		(1,780)	(2,038)
Changes in net current assets			
Increase in closing accruals		1,034	
Decrease in stock		11	
		1,045	586
Direct expenditure		64,779	61,088
Expenditure borne elsewhere			
Net allied services expenditure	1.1	41,641	38,260
Notional rents		3,365	3,342
Net programme cost		109,785	102,690

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

		2015	2014
		€000	€000
Vote:			
Vote 9 Office of the Revenue Commissioners	e	180	150
Vote 12 Superannuation and Retired Allowances	e	8,108	7,495
Vote 13 Office of Public Works	e	1,094	1,003
Vote 18 Shared Services	e	78	—
Vote 20 Garda Síochána	e	178	187
Vote 24 Justice and Equality - Financial Shared Services Centre	e	293	460
Central Fund – Judicial salaries and pensions	e	31,710	28,965
		<u>41,641</u>	<u>38,260</u>

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

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	211,828	215,100
Capital assets under development	2.3	743	1,870
		212,571	216,970
Current assets			
Bank and cash	2.4	1,557	898
Stocks	2.5	213	224
Prepayments		1,730	2,213
Accrued income		2,500	1,787
Other debit balances	2.6	1,407	2,092
Total current assets		7,407	7,214
Less current liabilities			
Accrued expenses		3,749	2,164
Other credit balances	2.7	2,827	2,460
Net liability to the Exchequer	2.8	137	530
Total current liabilities		6,713	5,154
Net current assets		694	2,060
Net assets		213,265	219,030
Represented by:			
State funding account	2.1	213,265	219,030

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		219,030	204,177
Disbursements from the Vote			
Estimate provision	Account	60,150	
Surplus to be surrendered	Account	(1,136)	
Net vote		59,014	56,602
Expenditure (cash) borne elsewhere	1	41,641	38,260
Non cash expenditure – notional rent	1	3,365	3,342
Other non-cash items		—	21,542
Capital assets under development		—	(2,203)
Net programme cost	1	(109,785)	(102,690)
Balance at 31 December		213,265	219,030

2.2 Capital Assets

	Land and buildings	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross Assets				
Cost or valuation at 1 January 2015	249,998	40,210	31,982	322,190
Additions	2,098	1,157	361	3,616
Disposals	—	(101)	—	(101)
Cost or valuation at 31 December 2015	252,096	41,266	32,343	325,705
Accumulated depreciation				
Opening balance at 1 January 2015	39,800	37,868	29,422	107,090
Depreciation for the year	4,846	1,014	1,028	6,888
Depreciation on disposals	—	(101)	—	(101)
Cumulative depreciation at 31 December 2015	44,646	38,781	30,450	113,877
Net assets at 31 December 2015	207,450	2,485	1,893	211,828
Net assets at 31 December 2014	210,198	2,342	2,560	215,100

Included in land and buildings are five buildings in the following locations: Ballinamore, Birr, Borrisokane, Ballyhaunis and Swinford, with a total cost of €2.015 million. These buildings have been identified for disposal.

The land and buildings figure also includes three sites for future development with a net book value of €1.25 million, in addition to three courthouses currently not in use with a net book value of €2.795 million.

Section 26 of the Courts Service Act 1998 provides for the transfer to the Courts Service of legal title in respect of certain land and buildings. Mullingar Courthouse, which is now part of the Courts Service PPP Bundle, was vested in 2015 bringing the total number of vested buildings to 42. There were no buildings valued in 2015. There are currently six buildings awaiting valuation: Washington Street, Kilkenny, Clifden, Wicklow, Tullamore and Nenagh. In the absence of a valuation and where a building has been refurbished, such buildings are capitalised at cost, until such time that a valuation is carried out. The Courts Service has engaged the Valuations Office to carry out valuations of the above buildings.

2.3 Capital Assets under Development

	Construction projects	Computer applications	Total
	€000	€000	€000
Amounts brought forward at 1 January 2015	1,262	608	1,870
Cash payments for the year	845	935	1,780
Transferred to asset register	(2,098)	(809)	(2,907)
Balance at 31 December 2015	9	734	743

2.4 Bank and Cash	2015	2014
at 31 December	€000	€000
PMG balances and cash	586	(360)
Commercial bank accounts ^a	971	1,258
	<u>1,557</u>	<u>898</u>

^a The disclosure for commercial bank accounts above represents the Exchequer related balances of the bank accounts held by the Courts Service at 31 December each year.

Not included in Note 2.4 above is the account balance of €7.9 million (€7.5 million in 2014) which principally consists of non Exchequer funding relating to maintenance lodgements under family law, bail money lodgements and poor box receipts.

The Circuit Court offices also maintain a number of bank accounts that are not included in Note 2.4. There was a balance on these accounts of €12,496 at the 31 December 2015. These accounts will be closed in 2016.

2.5 Stocks	2015	2014
at 31 December	€000	€000
Stationery	138	172
Consumables	39	32
Miscellaneous	36	20
	<u>213</u>	<u>224</u>

2.6 Other Debit Balances	2015	2014
at 31 December	€000	€000
Advances to OPW	942	1,115
Payroll suspense account (Paypath)	211	745
Recoupment of salaries	85	86
Other debit suspense items	157	137
Imprests	12	9
	<u>1,407</u>	<u>2,092</u>

2.7 Other Credit Balances	2015	2014
at 31 December	€000	€000
Amounts due to the State		
Income Tax	1,013	723
Professional Services Withholding Tax	30	21
Value Added Tax	21	51
Pay Related Social Insurance	380	283
Commercial bank accounts ^a	971	1,062
	<u>2,415</u>	<u>2,140</u>
Payroll deductions held in suspense	411	318
Other credit suspense items	1	2
	<u>2,827</u>	<u>2,460</u>

^a See "a" above at Note 2.4

2.8 Net Liability to the Exchequer	2015	2014
At 31 December	€000	€000
Surplus to be surrendered	1,136	1,429
Exchequer grant undrawn	(999)	(899)
Net liability to the Exchequer	<u>137</u>	<u>530</u>

Represented by:**Debtors**

Bank and cash	1,557	898
Debit balances: suspense	1,407	2,092
	<u>2,964</u>	<u>2,990</u>

Creditors

Due to State	(2,415)	(2,140)
Credit balances: suspense	(412)	(320)
	<u>(2,827)</u>	<u>(2,460)</u>
	<u>137</u>	<u>530</u>

2.9 Commitments	2015	2014
at 31 December	€000	€000

(a) Global commitments

A.2(v) ICT	3,719	4,784
A.2(vi) Leases	26,115	30,572
Refurbishment loan for Washington Street courthouse ^a	3,355	3,906
	<u>33,189</u>	<u>39,262</u>

^a The principle element of this loan is disclosed under note 2.9(b) – multi-annual capital commitments.

(b) Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2014 €000	Expenditure in 2015 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2015 €000	Expected total spend lifetime of project 2014 €000
Refurbishment loan for Washington Street courthouse	10,285	1,072	13,643	25,000	25,000

(c) Capital cost of Public Private Partnership project

	Cumulative expenditure to 31 December 2014	Expenditure in 2015	Legally enforceable commitments to be met in subsequent Years	Project total 2015	Project total 2014
	€000	€000	€000	€000	€000
Criminal Courts Complex	38,109	4,501	134,487	177,097	177,097

2.10 Matured Liabilities

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

3 Programme Expenditure by Subhead

	Estimate provision €000	2015 Outturn €000	2014 Outturn €000
A Manage the Courts and Support the Judiciary			
A.1 Administration - pay	50,019	48,907	47,139
A.2 Administration - non pay	30,903	33,309	30,942
A.3 Courthouses (capital works)	4,880	4,602	4,456
A.4 PPP costs	22,163	20,294	22,862
	107,965	107,112	105,399

Significant variations

Overall, the gross expenditure in relation to the programme was €0.853m less than provided. This was mainly due to the following.

Description	Less/(more) than provided €000	Explanation
Administration – pay	1,112	The underspend was due to the delay in receiving delegated sanction from the Department of Public Expenditure and Reform, which resulted in delays in the filling of vacant posts.
Administration – non pay	(2,406)	This variance was primarily driven by an overspend on ICT of €1.7 million. The 2015 allocation for ICT was €4.8 million. The overspend relates to a number of essential ICT projects undertaken in 2015 in relation to the Fines (Payments & Recovery) Act 2014, e-Licensing and the Court of Appeal, in addition to ICT contractual commitments.
Courthouse (capital works)	278	The underspend relates to the timing of payments of OPW invoices relating to the new PPP Bundle of seven courthouses entered into in December 2015.
PPP costs	1,869	PPP costs, in relation to the Criminal Courts of Justice building, are relatively fixed but there are a number of contractual provisions, which need to be evaluated before payment. As a result, the precise timing of payments can vary from year to year and this led to an underspend in 2015. A further reason for the underspend related to an insurance rebate which became due in 2015.

4 Receipts

4.1 Appropriations-in-aid		2015		2014
		Estimated	Realised	Realised
		€000	€000	€000
1.	Fees	43,493	44,136	44,302
2.	Miscellaneous	1,742	1,288	1,869
3.	Receipts from pension-related deduction on public service remuneration	2,580	2,673	2,626
Total		47,815	48,097	48,797

Explanation of significant variations

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

Heading	Less/(more) than provided €000	Explanation
Miscellaneous	454	Year on year it is difficult to predict miscellaneous income as it is dependent on many variables and the timing of receipts. Furthermore in 2014 there was a large once-off receipt of €0.423 million in relation to the recovery of legal and other costs incurred by the Courts Service as a result of an arbitration case taken by the Service.

4.2 Extra receipts payable to the Exchequer

	2015		2014
	Estimated	Realised	Realised
	€000	€000	€000
Balance at 1 January	—	—	—
Road Traffic Act fines ^a	7,032	6,734	6,889
Other fines ^a	4,000	4,217	4,234
Other receipts ^b	—	94	158
Total transferred to Exchequer	(11,032)	(11,045)	(11,281)
Balance at 31 December	—	—	—

^a Fines receipts are largely outside of the control of the Courts Service and are dependent on the imposition of fines by the Courts, and enforcement by An Garda Síochána.

^b 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 2015 receipts relate to funds lodged in 2008. The total balance of these funds held by the Office of the Accountant of the Courts of Justice at 31 December 2015 was €1.86 million.

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following government departments / agencies in respect of fines and fees collected by the Court Service on their behalf in 2015.

	2015	2014
	€000	€000
Balance at 1 January	—	—
Revenue Commissioners		
Revenue fines ^a	1,633	1,885
Excise Duty ^b	5,033	5,150
Department of Communications, Energy and Natural Resources	25	19
Department of Agriculture, Fisheries and Food	775	216
Total transferred	(7,466)	(7,270)
Balance at 31 December	—	—

^a Monies collected relate to court fines imposed where the prosecutor is the Revenue Commissioner.

^b Monies collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are received by the Court Service on behalf of the Revenue Commissioners.

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	948	927
	2015	2014
	€000	€000
Pay	44,938	43,328
Higher, special or additional duties allowance	39	32
Other allowances	1,000	1,045
Overtime	274	236
Employer's PRSI	2,656	2,498
Total pay	48,907	47,139

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	23	—	7,041	4,200
Other allowances	272	10	19,585	19,585
Overtime	136	6	18,164	20,861
Number of individuals who received extra remuneration in more than one category	355	23	22,715	22,778

5.2 Other Remuneration Arrangements

A total of €26,836 was paid in 2015 to five retired civil servants in receipt of civil service pensions who were engaged for a short period of time during 2014 and 2015. This amount is made up of €21,086 payroll and €5,750 travel and subsistence. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.3 Recouped Costs

Salary costs of €812,178 were recouped from tribunals and government departments in respect of staff on secondment.

5.4 Salary Overpayments

Overpayments at the year end were €42,622 (37 cases) (2014: €58,606, with 53 cases). Of this, €21,021 (19 cases) have recovery plans in place.

6 Miscellaneous

6.1 Legal costs

	Number of cases	Legal costs paid by the Department €000	Compensation awarded €000	Legal costs awarded €000	2015	2014
					Total	Total
					€000	€000
Claims by members of the public	51	—	56	248	304	380
		—	56	248	304	380

Total payments in respect of third party legal costs and compensation costs amounted to €303,953. These included costs associated with judicial review proceedings where the Courts Service was a party to such proceedings, and payments in respect of actions dealt with by the State Claims Agency amounting to €63,623.

6.2 Courts Service PPP Bundle

In July 2012, the Government announced an investment package which includes seven courthouse projects, as follows: Wexford, Mullingar, Waterford, Limerick, Cork, Letterkenny and Drogheda. The Courts Service entered into a contract with the preferred bidder in December 2015.

6.3 Write-Offs and Provisions

During 2015, Vote 22 wrote off €52,949 in relation to administrative errors as follows

	Debts written off		Movement in provision	
	2015	2014	2015	2014
	€000	€000	€000	€000
Administrative errors	53	1	—	—
Total	53	1	—	—

€45,340 of the write off relates to a data migration error that occurred in 2003 whereby recurring payments were made in error to a Ward of Court. The Courts Service has made every effort to recover the money referred to above and has put procedures in place to ensure that this type of error does not reoccur.

