

Appropriation Account 2017

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 2017 for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €21.37 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 Department of Public Expenditure and Reform in Circular 25 of 2017, 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.

Depreciation

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

Capital assets

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

A schedule of land and buildings administered by the Department of Defence is attached. As valuations for all of these properties are not available, they are not included in capital assets (Note 2.2).

Payments under certain programmes for the development of Defence Forces equipment, including the construction of naval vessels, 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 2.3 – 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.

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 Service 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 Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

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
- 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 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 appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. Eighty three (83) contracts, each relating to payments in excess of €25,000, with a total value of €17.4 million were listed in the Department's 2017 annual return in respect of Circular 40/2002.

These contracts 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 undertaken 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. 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 2017 that resulted in, or may result in, a material loss.

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2018

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 2017 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 2017
- 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

21 September 2018

Vote 36 Defence

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs	691,797	680,549	670,725
Gross expenditure		691,797	680,549	670,725
<i>Deduct</i>				
B	Appropriations-in-aid	20,704	30,824	40,667
Net expenditure		671,093	649,725	630,058

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	21,368,252	26,557,886

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	658,228	648,905
Administration pay	17,161	17,108
Administration non pay	5,160	4,712
Gross expenditure	680,549	670,725
<i>Deduct</i>		
Appropriations-in-aid	30,824	40,667
Net expenditure	649,725	630,058
Changes in capital assets		
Purchases cash	(75,619)	
Depreciation	49,892	
Loss on disposals	659	
Disposals cash	184	
	(24,884)	(50,975)
Changes in assets under development		
Cash payments	(13,133)	(7,168)
Changes in net current assets		
Increase in closing accruals	1,430	
Decrease in stock	4,158	
	5,588	11,547
Direct expenditure	617,296	583,462
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	10,121	9,032
Notional rents	1,551	2,601
Net programme cost	628,968	595,095

1.1 Net Allied Services Expenditure

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

	2017	2016
	€000	€000
Vote 1 President's Establishment	(428)	(431)
Vote 2 Department of the Taoiseach	(91)	(72)
Vote 9 Revenue Commissioners	2	1
Vote 12 Superannuation and Retired Allowances	10,411	9,643
Vote 13 Office of Public Works	603	1,064
Vote 18 National Shared Services Office	825	88
Vote 35 Army Pensions	(1,324)	(1,386)
Central Fund – Ministerial pensions	123	125
	<u>10,121</u>	<u>9,032</u>

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	474,247	492,931
Capital assets under development	2.3	10,248	2,255
		484,495	495,186
Current assets			
Bank and cash	2.4	5,213	1,554
Stocks	2.5	203,030	207,188
Prepayments	2.6	105,974	65,568
Accrued income		3,590	2,648
Other debit balances	2.7	4,839	4,721
Total current assets		322,646	281,679
Less current liabilities			
Accrued expenses		2,209	3,011
Deferred income		40	28
Other credit balances	2.8	6,381	6,169
Net Exchequer funding due	2.9	3,671	106
Total current liabilities		12,301	9,314
Net current assets		310,345	272,365
Net assets		794,840	767,551
Represented by:			
State funding account	2.1	794,840	767,551

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		767,551	728,697
Disbursements from the Vote			
Estimate provision	Account	671,093	
Surplus to be surrendered	Account	(21,368)	
Net vote		649,725	630,058
Expenditure (cash) borne elsewhere	1.1	10,121	9,032
Non cash expenditure – notional rent	1	1,551	2,601
Transfers – capital assets under development	2.3	(5,140)	(10,420)
Asset reclassifications	2.2	—	2,678
Net programme cost	1	(628,968)	(595,095)
Balance at 31 December		794,840	767,551

2.2 Capital assets

	Military equipment	Civil Defence equipment	Office Furniture and IT equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	1,047,645	3,810	49,981	1,101,436
Additions	29,237	656	2,158	32,051
Disposals	(8,932)	(84)	(1,530)	(10,546)
Cost or valuation at 31 December 2017	1,067,950	4,382	50,609	1,122,941
Accumulated depreciation				
Opening balance at 1 January 2017	568,329	1,301	38,875	608,505
Depreciation for the year	46,604	328	2,960	49,892
Depreciation on disposals	(8,250)	(19)	(1,434)	(9,703)
Cumulative depreciation at 31 December 2017	606,683	1,610	40,401	648,694
Net assets at 31 December 2017	461,267	2,772	10,208	474,247
Net assets at 31 December 2016	479,316	2,509	11,106	492,931

The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital assets under development

at 31 December	Construction Contracts
	€000
Amounts brought forward at 1 January 2017	2,255
Cash payments in year	13,133
Projects completed ^a	(5,140)
Amounts brought forward at December 2017	10,248

^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.

2.4 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	8,938	4,987
Other bank and cash balances	473	670
Less orders outstanding	(4,198)	(4,103)
	5,213	1,554

2.5 Stocks

at 31 December	2017	2016
	€000	€000
Military stocks		
Opening balance 1 January	206,190	219,354
Purchases during the year	33,733	32,233
Issues during the year	(34,455)	(36,935)
Write-offs, obsolete stock, etc. ^a	(3,628)	(1,231)
Reclassification to fixed assets ^b	—	(7,231)
	<u>201,840</u>	<u>206,190</u>
Civil Defence	1,114	943
Stationery	19	21
IT consumables	57	34
	<u>203,030</u>	<u>207,188</u>

^a Work is ongoing to identify and remove slow moving and obsolete military stock items.

^b Some military stock items were reclassified as assets in 2016.

2.6 Prepayments

at 31 December	2017	2016
	€000	€000
Naval vessels construction	66,916	37,332
Armoured personnel carrier fleet maintenance and upgrade programme	25,000	15,000
Fixed wing utility aircraft	4,000	—
Other	10,058	13,236
	<u>105,974</u>	<u>65,568</u>

2.7 Other debit balances

at 31 December	2017	2016
	€000	€000
Payroll	4,186	4,103
Imprest	298	367
Cycle to work schemes	146	139
Overseas	67	48
Other suspense	142	64
	<u>4,839</u>	<u>4,721</u>

2.8 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Value Added Tax	5,959	5,647
Professional Services Withholding Tax	191	108
Income Tax	14	2
Pension contributions	43	37
Relevant Contracts Tax	42	67
Universal Social Charge	—	(12)
Pay Related Social Insurance	14	(8)
	<u>6,263</u>	<u>5,841</u>
Payroll deductions held in suspense	88	149
Other credit suspense items	30	179
	<u>6,381</u>	<u>6,169</u>

2.9 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus appropriations to be surrendered	21,368	26,558
Exchequer grant undrawn	(17,697)	(26,452)
Net Exchequer funding due	<u>3,671</u>	<u>106</u>
Represented by:		
Debtors		
Bank and cash	5,213	1,554
Debit balances: suspense	4,839	4,721
	<u>10,052</u>	<u>6,275</u>
Creditors		
Due to State	(6,263)	(5,841)
Credit balances: suspense	(118)	(328)
	<u>(6,381)</u>	<u>(6,169)</u>
	<u>3,671</u>	<u>106</u>

2.10 Commitments

at 31 December	2017	2016
	€000	€000
(a) Global commitments		
Procurement of goods and services	5,699	5,698
Capital projects	119,544	113,670
	125,243	119,368

The figure of €125m includes €64m on the purchase of defensive equipment (including €43m on maintenance and upgrade programme for armoured personnel carriers, €6m on other armoured vehicles and €5m on EOD equipment), €36m on the purchase of aircraft, €7m on building works, €6m on IT upgrades and €4m on the naval vessel replacement programme.

(b) Major Capital Commitments

Expenditure on projects where the total estimated cost will exceed €6.35 million.

Project	Cumulative expenditure to 31 December 2016 €000	Expenditure in 2017 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Naval vessels replacement programme and armament project	249,780	29,583	4,184	283,547	283,571
Maintenance and upgrade programme for armoured personnel carriers	15,000	10,000	43,000	68,000	68,000
IT infrastructure virtual desktop architecture project	2,939	3,573	6,288	12,800	12,800
Fixed wing utility aircraft	—	4,000	35,602	39,602	—

A contract for the provision of three aircraft was entered into in December 2017. It is expected that two of the aircraft will be delivered in 2019 and the final one will be delivered in 2020.

2.11 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	655	605

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,863	17,161	17,108
ii	Travel and subsistence	575	657	609
iii	Training and development and incidental expenses	250	333	301
iv	Postal and telecommunications services	665	454	536
v	Office equipment and external IT services	2,605	2,672	2,456
vi	Office premises expenses	1,110	929	805
vii	Consultancy services and value for money and policy reviews	35	115	5
		23,103	22,321	21,820

Significant variations

i Salaries, wages and allowances

Estimate provision: €17.863 million, outturn: €17.161 million

The underspend of €0.702 million arose due to a number of factors. There was a vacancy at Assistant Secretary level which was not filled until mid way through the year, 20 staff members transferred from the Department of Defence to the National Shared Services Office in April 2017, and there were delays encountered in recruiting staff.

iv Postal and telecommunications services

Estimate provision: €0.665 million, outturn: €0.454 million

The underspend of €0.211 million arose due to lower than anticipated demand for postal services.

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

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	17,863	17,161	17,108
A.2	Administration - non pay	5,240	5,160	4,712
A.3	Permanent Defence Force: pay	417,126	396,479	385,504
A.4	Permanent Defence Force: allowances	38,680	39,514	35,389
A.5	Reserve Defence Force: pay, etc.	2,150	1,383	1,567
A.6	Chaplains and officiating clergymen: pay and allowances	1,225	1,027	990
A.7	Defence Force civilian support: pay and allowances, etc.	31,104	23,871	24,327
A.8	Defensive Forces: capability development ^a	53,000	72,632	31,491
A.9	Air Corps: equipment and support	16,860	16,354	18,627
A.10	Military transport	10,390	9,251	8,925
A.11	Naval Service: equipment and support	11,800	13,779	63,903
A.12	Barrack expenses and engineering equipment	14,180	12,512	12,658
A.13	Defence Forces built infrastructure: construction and maintenance	23,300	21,259	15,839
A.14	Defence Forces uniforms, clothing, equipment and catering	13,180	14,111	15,044
A.15	Defence Forces communications and IT	10,074	11,177	11,097
A.16	Military education and training	2,150	2,173	1,983
A.17	Defence Forces logistics and travel	3,200	3,197	3,184
A.18	Defence Forces medical and healthcare support	3,000	2,843	2,978
A.19	Lands	1,000	687	830
A.20	Equitation	900	905	1,020
A.21	Litigation and compensation costs	5,000	3,767	3,900
A.22	Miscellaneous expenditure	2,966	3,417	2,799
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,300	1,352	844
A.24	Civil Defence	5,240	4,919	5,137
A.25	Irish Red Cross Society	869	1,619	869
	Total	691,797	680,549	670,725

^a From 2017, the purchase of aircraft and naval vessels is met from Subhead A8 rather than Subhead A9 and A11 respectively. For comparative purposes, adjusting 2016 expenditure figures for these changes would have resulted in expenditure in these Subheads as follows: A.8 €30.7 million; A.9 €16.6 million and A.11 €16.6 million.

Significant variations

Overall, the expenditure in relation to Programme A was €11.248 million lower than (originally) provided. €0.782m of this related to administration expenditure and has already been explained and the balance of the variance of €10.466m was mainly due to the following:

A.5 Reserve Defence Force: pay, etc.

Estimate provision: €2.15 million, outturn: €1.383 million

The underspend of €0.767 million is due to lower than anticipated uptake of paid training by reservists.

A.6 Chaplains and officiating clergymen: pay and allowances

Estimate provision: €1.225 million, outturn: €1.027 million

The underspend of €0.198 million arose due to lower than anticipated numbers of chaplains serving in 2017.

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

Estimate provision: €31.104 million, outturn: €23.871 million

The underspend of €7.233 million arose 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 Defensive Forces: capability development

Estimate provision: €53 million, outturn: €72.633 million

The overspend of €19.633 million is due mainly to the bringing forward of payments under the Armoured Personnel Carrier Upgrade Programme, Naval Service fleet upgrade and the aircraft replacement programme due to these programmes being progressed sooner than anticipated.

A.10 Military transport

Estimate provision: €10.39 million, outturn: €9.251 million

The underspend of €1.139 million was due to lower fuel costs and delays in the procurement process for armoured vehicle spares. The savings were partly offset by the requirement to procure additional vehicles, which were required to maintain military effectiveness.

A.11 Naval Service: equipment and support

Estimate provision: €11.8 million, outturn: €13.779 million

The overspend of €1.979 million was mainly due to unanticipated marine engineering costs that arose during naval vessel maintenance. The excess was partly offset by lower than anticipated fuel costs.

A.12 Barrack expenses and engineering equipment

Estimate provision: €14.18 million, outturn: €12.512 million

The underspend of €1.668 million is mainly due to lower than anticipated utilities costs and the implementation of energy efficient measures and was partly offset by increased engineering and barrack expenses.

A.13 Defence Forces built infrastructure: Construction and maintenance

Estimate provision: €23.3 million, outturn: €21.259 million

The underspend of €2.041 million was due to slower than anticipated progress in bringing some key projects to construction stage.

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

Estimate provision: €13.18 million, outturn: €14.111 million

The overspend of €0.931 million was due mainly to an increase in spending on uniforms and equipment, in particular to cater for the increased number of recruits and cadets joining the Defence Forces. The excess was partly offset by savings on ordnance equipment.

A.15 Defence Forces communications and IT

Estimate provision: €10.074 million, outturn: €11.177 million

The overspend of €1.103 million was mainly due to costs associated with the implementation of information management architecture and communications equipment upgrades and support arising earlier than anticipated due to progress on these projects.

A.18 Defence Forces medical and healthcare support

Estimate provision: €3 million, outturn: €2.843 million

The underspend of €0.157 million was due to clinical requirements being less than anticipated and the non-incurrence of certain anticipated outsourcing costs. The savings were partly offset by the purchase of additional medical equipment to support operational requirements.

A.19 Lands

Estimate provision: €1 million, outturn: €0.687 million

The underspend of €0.313 million was as a result of expenditure on environmental maintenance and in a number of other areas being less than anticipated for 2017, as a result of certain planned projects not commencing due to unforeseen circumstances.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €3.767 million

The underspend of €1.233 million was 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: €2.966 million, outturn: €3.417 million

The overspend of €0.451 million was due to additional advertising and communication costs in support of the military recruitment campaigns and higher than anticipated overseas mission support costs. The excess was partly offset by reduced administrative costs.

A.24 Civil Defence

Estimate provision: €5.24 million, outturn: €4.919 million

The underspend of €0.321 million was due to grants for the renewal of Civil Defence vehicles being less than estimated and lower than anticipated training and administration costs. The savings were partly offset by the purchase of additional personal protective equipment.

A.25 Irish Red Cross

Estimate provision: €0.869 million, outturn: €1.619 million

The overspend of €0.75 million was due to the issue of funds to the Irish Red Cross Society for administration of an Emergency Humanitarian Support Scheme for small business, following severe weather and flooding, on foot of a Government decision.

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated €000	Realised €000	Realised €000
1 Receipts from United Nations in respect of overseas allowances, etc.	4,300	12,949	12,940
2 Receipts from EU in respect of fishery protection costs	—	—	—
3 Receipts from banks and other organisations	1,300	1,335	1,394
4 Receipts from occupation of official quarters	200	157	175
5 Receipts from rations on repayment	900	919	888
6 Receipts from other issues on repayment	30	25	32
7 Receipts for aviation fuel	45	37	40
8 Receipts on discharge by purchase	50	107	94
9 Lands and premises			
(a) rents, etc.	450	455	461
(b) sales	2,500	469	8,416
10 Sale of surplus stores	75	305	100
11 Refunds in respect of services of seconded personnel	60	48	140
12 Miscellaneous	700	832	1,205
13 Receipts from pension-related deduction on public service remuneration	10,094	13,186	14,782
Total	20,704	30,824	40,667

Significant variations

Overall, Appropriations-in-Aid were €10.120 million more than the estimate.

Explanations for variances are set out below:

- 1 *Receipts from United Nations in respect of overseas allowances, etc.*
Estimate provision: €4.3 million, outturn: €12.949 million
The surplus of €8.649 million is due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts is difficult to forecast, see Note 6.1.
- 9 *Lands and premises (b) sales*
Estimate provision: €2.5 million, outturn: €0.469 million
The shortfall of €2.031 million was due to delays in sales of military property arising from legal issues.
- 10 *Sale of surplus stores*
Estimate provision: €0.075 million, outturn: €0.305 million
The surplus of €0.23 million was due to the sale of a decommissioned ship, higher than anticipated cloth receipts and greater than expected scrap brass and metal receipts.
- 12 *Miscellaneous*
Estimate provision: €0.7 million, outturn: €0.832 million
The surplus of €0.132 million was due to higher than estimated emergency aeromedical support service receipts.

13 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €10.094 million, outturn: €13.186 million

The surplus of €3.092 million was because pension-related deduction receipts 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

	2017	2016
	€000	€000
Balance at 1 January	—	—
Refund from Irish Red Cross in respect of unspent grant	—	1,894
Voluntary surrender of pay	3	—
Transferred to Exchequer	(3)	(1,894)
Balance at 31 December	—	—

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	9,982	9,947

5.2 Pay

	2017	2016
	€000	€000
Pay	395,215	385,969
Higher, special or additional duties allowances	217	233
Overtime	408	467
Shift and roster allowance	215	202
Military and other allowances	33,963	29,304
Employer's PRSI	37,847	36,480
Total Pay	467,865	452,655

The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for 3 personnel and total pay of €221,446. This office produces a separate account.

The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.3 Civil servants

	2017	2016
Number of staff at year end (full time equivalents)	325	336
	2017	2016
	€000	€000
Pay	16,164	16,135
Higher, special or additional duties allowances	80	87
Overtime	88	137
Other allowances	56	29
Employer's PRSI	773	720
Total Pay	17,161	17,108

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment	Highest individual payment
			2017	2016
			€	€
Higher, special or additional duties	20	2	17,056	12,268
Overtime	65	—	9,656	9,776
Other allowances	19	1	16,116	10,271
Extra remuneration in more than one category	15	1	10,872	13,275

5.4 Civilian employees

	2017	2016
Number of staff at year end (full time equivalents)	462	479
	2017	2016
	€000	€000
Pay	16,775	17,243
Higher, special or additional duties allowances	137	146
Overtime	320	330
Shift and roster allowance	215	202
Travel time allowance	506	502
Tool and other allowances	226	245
Employer's PRSI	1,862	1,876
Total Pay	20,041	20,544

Allowances and Overtime Payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment	Highest individual payment
			2017	2016
			€	€
Higher, special or additional duties	74	—	8,787	8,839
Overtime	131	—	8,432	8,893
Shift and roster allowance	35	4	14,088	13,963
Travel time allowance	77	12	12,221	12,030
Tool and other allowances	289	—	3,235	3,235
Extra remuneration in more than one category	189	39	25,358	24,414

5.5 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2017	2016
Number of staff at year end (full time equivalents)	9,195	9,132

	2017	2016
	€000	€000
Pay and military service allowance	362,276	352,591
Overseas allowances	18,840	13,906
Security duty allowances	7,931	8,247
Border duty allowance	2,368	2,574
Patrol duty allowance	2,461	2,222
Miscellaneous allowances	1,575	1,579
Employer's PRSI	35,212	33,884
Total pay	430,663	415,003

Allowances	Number of recipients	Recipients of €10,000 or more	Highest individual payment	Highest individual payment
			2017	2016
			€	€
Overseas allowances	2,295	840	34,900	37,241
Security duty allowances	7,466	15	15,022	17,998
Border duty allowance	616	1	32,401 ^a	18,529
Patrol duty allowance	798	—	9,750	9,700
Miscellaneous allowances	809	1	11,658	8,561
Extra remuneration in more than one category	2,934	957	34,953	35,103

^a Includes arrears from 2010 to 2016

5.6 Performance and merit payments

There were no PCW/seniority allowances paid in Defence.

5.7 Other remuneration arrangements

A total of €177,856 was paid to six retired Defence Force personnel in receipt of Defence Force pensions, ranging from €9,323 to €61,504, who were re-employed on various duties during 2017. In addition, a total of €106,606, ranging from €325 to €10,761, was paid to twenty-nine retired public servants in receipt of public service pensions, who were re-employed on various duties during 2017. 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 a total of €87,591 in respect of the remuneration of military personnel on secondment.

5.9 Revenue settlement

In 2017, a total of €167,069 was paid to Revenue as unprompted voluntary disclosures relating to Benefit in Kind in respect of certain military subsistence rates and certain medical services to members of the Defence Forces.

5.10 Payroll overpayments

Overpayments at year-end were €90,623 (162 cases) of which €29,181 (44 cases) had recovery plans in place. Overpayments at year end 2016 were €51,117 (44 cases).

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:

	2017	2016
	€000	€000
UN and EU Missions:		
UNIFIL (Lebanon)	28,738	17,839
UNDOF (Golan Heights)	10,667	10,545
KFOR (Kosovo)	1,175	1,186
EUFOR (Bosnia Herzegovina)	600	785
Other UN and EU Missions	3,486	3,792
	<u>44,666</u>	<u>34,147</u>
Other:		
Military representatives and advisors	1,676	1,683
Battle Groups (German, EU and UK)	301	2,170
Organisation for Security and Co-operation in Europe	164	227
Mediterranean Operations (Search and Rescue)	3,738	2,609
Total	<u>50,545</u>	<u>40,836</u>

Additional expenditure was incurred in 2017 as a result of Ireland taking on the Lead Nation role in UNIFIL. Of the sum of €44.67 million for UN and EU missions, €5.26 million relates to missions, the full costs of which are borne by the State. The remaining €39.41 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 is 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 2017 was €12.95 million, made up of €6.74 million for personnel costs and €6.21 million for equipment costs.

The amount outstanding at year end was €3.4 million (€1.1 million personnel costs and €2.3 million equipment costs).

6.2 Support for Defence Forces' Representative Associations

This account includes a total of €483,341 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-Offs

	2017	2016
	€000	€000
Damage to military vehicles	129	52
Bad debts	—	38

6.4 Compensation and legal costs

				2017	2016
	Number of cases	Legal costs paid by the Department €000	Legal costs awarded €000	Compensation awarded €000	Total €000
Personal injury cases in respect of employees of the Vote	218	501	664	1,717	2,699
Administrative/employment related cases in respect of employees of the vote	17	128	131	189	694
Personal injury cases in respect of members of the public	38	69	118	263	642
		698	913	2,169	3,780
					4,035

The above figures in respect of legal fees and compensation relate to cases where payment was made in 2017. These include cases that were settled in prior years, those settled in 2017 and those still open.

6.5 Contingent Liability

The Department has a contingent liability to the Revenue Commissioners in respect of historic travel and subsistence arrangements.

6.6 Arbitration and Conciliation

In 2017, costs of €590 were incurred in relation to five arbitration and conciliation cases. There were no arbitration or conciliation cases or expenditure in 2016.

6.7 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.

Appendix A Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Hectares) ¹
Clare	
Knockalisheen Camp	51.89
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.20
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
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	277.21
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	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.10
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

¹ Hectares stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)¹
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
Coolmooney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

¹ Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (Hectares) ¹
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline ²	33.99
Fort Davis, Whitegate	29.95
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

¹ Hectares stated are approximate. Most of the properties contain buildings thereon.

² Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)¹
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	0.96
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

¹ Hectares stated are approximate. Most of the properties contain buildings thereon.

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 the obligation to present financial statements. It indicates, at end March 2018, the period to which the last audited financial statements relate and the period in 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	2016	16 June 2017	17 June 2017	8 January 2018
Defence Forces Canteen Board	2016	29 September 2017	17 October 2017	3 January 2018
