



Tithe an
Oireachtais
Houses of the
Oireachtas

An Coiste um Chuntais Phoiblí

Scrúdú ar an gCuntas Leithreasa 2019 i gcomhair Vóta 30 –
Talmhaíocht, Bia agus Muir, agus ar nithe airgeadais
gaolmhara

Samhain 2022

Committee of Public Accounts

Examination of the 2019 Appropriation Account for Vote 30 –
Agriculture, Food and the Marine, and related financial matters

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Department of Agriculture, Food and the Marine

Meeting Date:

- 20 April 2021

Matters for Examination:

- Appropriation Account 2019
 - Vote 30 – Agriculture, Food and the Marine
- Report on the Accounts of the Public Services 2019
 - Chapter 10 – Financial management and reporting for fishery harbour centres

Introduction

This report identifies the key issues arising from the Committee's engagement with the Department of Agriculture, Food and the Marine (the Department) in April 2021, and makes corresponding recommendations to the Department.

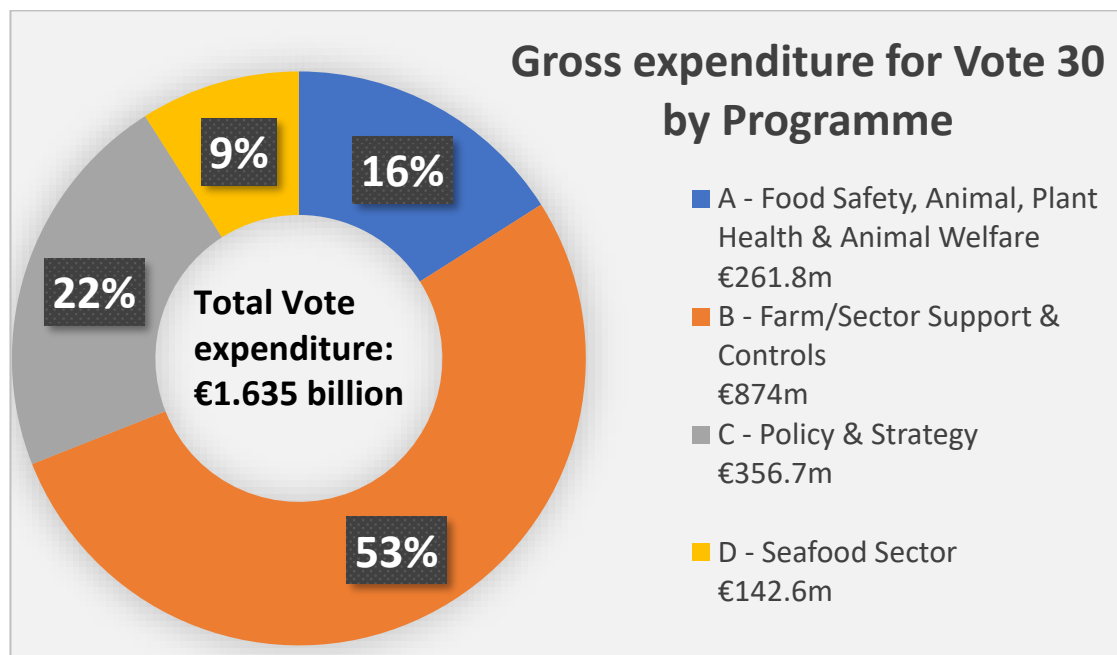
The key financial information contained in the Appropriation Account under examination during the engagement is set out in more detail below, followed by a summary of Chapter 10 of the Comptroller and Auditor General's (C&AG) Report on the Accounts of the Public Services 2019.

Appropriation Account 2019

Vote 30 comprises the following four programmes: *Programme A - Food Safety, Animal, Plant Health and Animal Welfare; Programme B - Farm/Sector Support and Controls; Programme C - Policy and Strategy; and Programme D - Seafood Sector.*

Total gross expenditure in 2019 amounted to €1.6 billion. A breakdown by programme is available in Graphic 1 below. Appropriations-in-aid¹ for the same period were €388.4 million, resulting in net expenditure of €1.2 billion. The amount surrendered to the Exchequer at the end of the year was €78.6 million.

Graphic 1: 2019 Gross expenditure for Vote 30 by Programme



Gross expenditure on *Programme B - Farm/Sector Support and Controls* amounted to €874 million in 2019, or approximately 53% of total gross expenditure for the Vote that year. Expenditure on each of the programmes fell short of the 2019 estimate provision; however, there was a rise in expenditure from 2018 for programmes A, B and D. Gross expenditure for the Vote rose by approximately €89 million from 2018.

The C&AG issued a clear audit opinion for the Department's 2019 Appropriation Account. However, the C&AG drew attention to material instances of non-compliant procurement in respect of contracts that operated in 2019. Contracts with an overall value of just under €3.8 million were undertaken without a competitive process, and were not subject to independent reviews prior to the award of the contracts.

¹ Under Section 2 of the Public Accounts and Charges Act, 1891, certain receipts arising in the normal course of a Department's or Office's ordinary Vote business may be retained by that Department or Office to meet expenditure instead of being paid directly into the Exchequer. These receipts are known as appropriations-in-aid.

Report on the Accounts of the Public Services 2019

The C&AG's *Special Report 82 - Financial Management and Reporting for Fishery Harbour Centres*², which was published in 2014, contained seven recommendations, all of which were accepted by the Department.

Chapter 10: Financial management and reporting for fishery harbour centres in the C&AG's Report on the Accounts of the Public Services 2019 examines the progress in implementing these recommendations. The chapter also highlighted the timeliness of financial reporting for fishery harbour centres, and the governance arrangements put in place by the Department for implementing the recommendations.

While the timeliness of financial reporting was significantly improved up to 2019, there was a delay in the submission of the 2019 accounts for audit. According to the Department, this delay occurred due to the recognition in the accounts of harbour land and buildings and infrastructure for the first time, as well as delays arising from the COVID-19 pandemic. The C&AG states 'there is scope for further improvement in relation to timeliness of financial reporting for the centres.'

Four of the seven recommendations made to the Department in the Special Report had not been fully implemented when the Committee met with the Department on 20 April 2021. These four recommendations are set out below.

Recommendations made in the C&AG's Special Report 82 not fully implemented by 20 April 2021

Recommendation 1:

The Department should review the format of the accounts for 2012 (and later years) with a view to ensuring consistency with up-to-date accounting practice.

Recommendation 2:

The Department should review the governance arrangements for the centres to ensure that they adequately take account of the nature of the business.

Recommendation 3:

The Department should, at regular intervals, formally review the adequacy of the

² [Comptroller and Auditor General Special Report 82](#)

charging order to ensure that all charging rates reflect current economic conditions, and that all relevant activities and services by centres are captured.

Recommendation 6:

The Department should set specific targets for reducing the time taken to collect debts. It should also focus earlier attention on larger customers as arrears emerge, and devise and document appropriate strategies to work with those customers.

As of the end of February 2020, recommendations one, two and six have been partially implemented by the Department, while the implementation of recommendation three is in progress.

The chapter highlighted a number of issues regarding the Department's governance arrangements for the implementation of the recommendations.

The C&AG concluded that 'better and earlier progress may have been made in relation to the agreed recommendations if the Department had taken a more structured approach to monitoring their implementation'.

The C&AG made three recommendations to the Department in the relevant chapter in the Report on the Accounts of the Public Services 2019, which are set out in full below.

Recommendations made in Chapter 10 of the C&AG's Report on the Accounts of the Public Services 2019

1. In relation to the operation of fishery harbour centres, the Department should complete a review of the financial reporting and financial management processes. Following consultation with relevant parties, it should adopt a formal plan to implement recommendations identified by that review within a specified timescale.
2. The Department should set an appropriate target date for earlier presentation of its annual financial statements for the fishery harbour centres and should develop a plan to achieve delivery within that target timeframe. This plan should also take account of the requirements for the preparation, audit and

presentation of the other financial statements the Department is required to produce.

3. The Department should ensure that all management committees have a clearly defined terms of reference that has been approved at an appropriate level, minutes of meetings held are prepared and approved and that there are appropriate formal reporting arrangements.

The Accounting Officer agreed with all three recommendations. The Committee addresses the recommendations made in Chapter 10 and in the C&AG's Special Report 82 in Issue Two of this report.

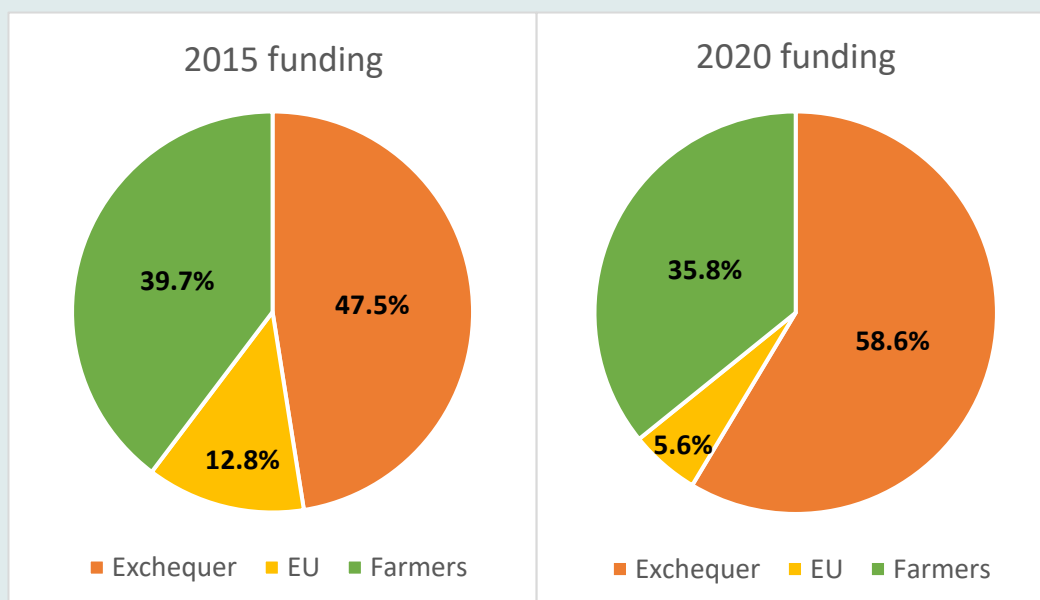
Issues identified and recommendations made by the Committee of Public Accounts

Based on its analysis of the matters under examination during its engagement with the Department, the Committee highlights four issues arising, and makes a number of corresponding recommendations: -

Issue One – Expenditure on the Bovine Tuberculosis Eradication Programme

The Department's expenditure on the Bovine Tuberculosis (bTB) Eradication Programme has risen steadily from 2015 to present. Total expenditure on the programme amounted to approximately €82 million in 2015³, rising to €97 million in 2020. Meanwhile, the funding mechanism for the programme has altered significantly in the same timeframe. The proportion of the funding for the programme provided by the Exchequer, the EU, and farmers respectively in 2015 and 2020 is compared in Graphic 2 below.

Graphic 2: 2015 funding of the bTB Eradication Programme compared with the funding of the Programme in 2020



³ Spending Review 2019 Animal Health: TB Eradication

While the herd incidence rate of bTB reached an historic low of 3.27% in 2016⁴, the incidence rate rose to 4.37% in 2020. As of the beginning of 2021, Ireland is the EU Member State with the highest bTB levels.

The rise in the herd incidence rate of bTB is a factor in the consistent reduction in EU co-funding for the bTB Eradication Programme. EU funding for the programme was as high as €12.7 million for the 2014 programme, while EU funding for the 2020 programme was reduced to €4.3 million due to a perceived lack of progress towards bTB eradication. This represents a 66% reduction in EU funding since 2014. Exchequer funding for the 2020 programme rose to €57 million, which represents a 44% increase from 2015. Total expenditure on the programme was 18% higher in 2020 than in 2015.

The Committee notes that the Department of Agriculture, Food and the Marine's 2021 Annual Report⁵ indicates that a further penalty is expected to apply regarding the 2022 programme, with EU co-funding for TB programmes 'to be ceased after 2023.'

The Committee is concerned at these trends in the funding and expenditure of the bTB Eradication Programme, particularly as bTB eradication would appear to be even further away than it was in 2016, despite a significant increase in funding from the Exchequer. The Department has projected €1 billion will need to be spent on the programme over the years 2021 to 2030, 'unless significant reductions in disease can be achieved'. At current funding levels, the Exchequer would be liable for €586 million of the outlay over ten years, while €358 million would be drawn from the farming sector.

Furthermore, the Committee wishes to see an improvement in the reporting of expenditure on the bTB Eradication Programme in the Appropriation Account for the Vote. Expenditure on same is currently contained within subhead *A.3 Food safety, animal, plant health and animal welfare* under Programme A of the Appropriation Account.

⁴ [Bovine TB Eradication Strategy 2021-2030](#)

⁵ [Department of Agriculture, Food and the Marine Annual Report 2021](#)

Recommendations:

1. The Committee recommends that the Department provides it with an update on an annual basis from January 2023 on the progress achieved in eradicating Bovine Tuberculosis by 2030.
2. The Committee recommends that the Department includes a separate subhead in the Appropriation Account for Vote 30 to account for expenditure on the Bovine Tuberculosis Eradication Programme, commencing with the 2022 Appropriation Account.

Issue Two – Progress on implementing the C&AG’s recommendations relating to financial management and reporting for fishery harbour centres

In its seventh periodic report⁶, the Committee of Public Accounts of the 32nd Dáil recommended that the four outstanding recommendations from the C&AG’s Special Report 82 were implemented in full in 2020. When this Committee engaged with the Department in April 2021, over seven years since the publication of the Special Report, the implementation of the four recommendations remained outstanding. These four recommendations are laid out in full on pages four and five of this report.

Chapter 10 of the C&AG’s Report on the Accounts of the Public Services 2019 concluded that the timeliness of financial reporting for fishery harbour centres could be improved. The C&AG also raised issues arising from the governance arrangements for the implementation of the recommendations in the 2014 Special Report, and made three additional recommendations in the 2019 chapter, listed in full on pages five and six of this report.

The Department provided a progress update to the Committee in September 2022⁷ on the implementation of the recommendations contained in the C&AG’s 2014 Special Report and the 2019 chapter. The Committee welcomes that further progress has been made in implementing the outstanding recommendations in the

⁶ [Committee of Public Accounts of the 32nd Dáil: Periodic Report no. 7](#)

⁷ [DAFM Implementation Report on the C&AG’s Special Report No. 82 \(R1462 PAC33\)](#)

Special Report, and that work is underway in implementing the recommendations in the 2019 chapter.

However, the Committee underlines the slow progress in fully implementing the recommendations in the Special Report, given that at the time of writing, over eight years have elapsed since its publication. The Committee also notes the issues raised by the C&AG regarding the Department's governance arrangements for the implementation of the recommendations in the Special Report.

Recommendation:

3. The Committee recommends that the Department:

- completes the implementation of the four outstanding recommendations in the C&AG's Special Report 82, and
- implements the three recommendations in Chapter 10 of the C&AG's Report on the Accounts of the Public Services 2019

without delay, and reports back to the Committee on the progress on same in January 2023.

Issue Three – Accounting for the State's contribution to the World Food Programme

Since 2015, contributions to the United Nations World Food Programme (WFP) have been included in the Appropriation Account for Vote 30 as a supplementary estimate in subhead *C.9 Food aid donations – World Food Programme* under Programme C – Policy and Strategy.

Between 2015 and 2019, a total of €79 million was provided as supplementary estimates for this subhead. This trend has continued in the years 2020 and 2021, with just under €50 million provided in supplementary estimates for both years combined. The State has agreed a new Strategic Partnership Agreement with the WFP for the years 2022 to 2024, during which the State will contribute €75 million to the Programme.

The trend of providing supplementary estimates for this subhead has continued for seven consecutive years, totalling approximately €128 million in that period. If this trend continues for the length of the existing Strategic Partnership Agreement with the WFP, the State could potentially have to provide another €50 million in supplementary estimates for this subhead up to 2024.

The Committee is concerned at the Department's failure to address this issue, which has persisted since 2015.

Recommendation:

4. The Committee recommends that the Department improves forecasting for the projected expenditure on the State's contribution to the World Food Programme, and puts structures in place to ensure supplementary estimates for the World Food Programme are avoided in so far as possible.

Issue Four – Carbon Tax funding for Agri-Environmental Schemes

The Committee heard during its engagement with the Department that 'the programme for Government commits to a €1.5 billion agri environmental fund [Agri-Climate Rural Environment Scheme (ACRES)], the money for which will come from carbon taxes.' The Programme for Government further commits to allocate, from the Climate Action Fund, the referenced funding to 'a REPS-2 programme to encourage and incentivise farmers to farm in a greener and more sustainable way. This funding will be additional to funding from the Common Agricultural Policy. It will include incentives to plant native forestry and to enhance and support biodiversity.'

The Committee notes that an investment of €1.5 billion in addition to the Common Agricultural Policy would represent a significant investment in agriculture and contribute positively towards meeting the State's climate objectives.

However, the Committee is concerned as to whether funds are in addition to the Common Agricultural Policy, or represent the State's contribution to the co-financing thereof.

Recommendations:

5. The Committee recommends that the Department of Public Expenditure and Reform provides it with an update by January 2023 on any allocations provided to the Department of Agriculture, Food and the Marine from the Climate Action Fund.
6. The Committee recommends that the Department of Agriculture, Food and the Marine provides the Committee with a report by January 2023 as to its intended distribution of its Climate Action Fund allocation to the Agri-Climate Rural Environment Scheme (ACRES) over the course of the Common Agricultural Policy 2023 to 2027, as well as the arising co-financing rate.

Appendix 1 Committee Membership

The following Deputies were members of the Committee of Public Accounts when the report was agreed:

Colm Burke	Fine Gael
Jennifer Carroll MacNeill	Fine Gael
Matt Carthy	Sinn Féin
Cormac Devlin	Fianna Fáil
Alan Dillon	Fine Gael
Neasa Hourigan	Green Party
Alan Kelly	Labour
Paul McAuliffe	Fianna Fáil
Imelda Munster	Sinn Féin
Catherine Murphy	Social Democrats
Verona Murphy	Independent
James O'Connor	Fianna Fáil
Brian Stanley (Cathaoirleach)	Sinn Féin

Appendix 2 Committee Orders of Reference

Dáil Standing Order 218 – Committee of Public Accounts

218. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—

- (a) the accounts showing the appropriation of the sums granted by the Dáil each year to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil on an annual basis, together with any reports by the Comptroller and Auditor General thereon;
- (b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
- (c) other reports carried out by the Comptroller and Auditor General under the Act.

(2) In considering particular accounts pursuant to paragraph (1)(a), the Committee shall examine whether, having regard to changes in—

- (a) the volume or quality of services or other outputs delivered, and
- (b) associated expenditure,

over time, it can be demonstrated that value for money has or has not been achieved.

(3) The Committee shall bring conclusions and recommendations reported to the Dáil pursuant to paragraph (1)(a) in relation to particular accounts to the attention of the relevant Committee established pursuant to Standing Order 95.

(4) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil and shall bring any such suggestions as reported to the Dáil to the attention of the Committee on Budgetary Oversight.

(5) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.

(6) The Committee shall have the power to send for persons, papers and records.

(7) Paragraphs (4) to (9) inclusive of Standing Order 96 shall not apply to the Committee.

(8) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.

(9) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.

(10) Notwithstanding the provisions of paragraph (1) of this Standing Order, the Committee shall have the power to examine and report upon a specific matter of general public interest relating to the appropriation of public moneys, which is not comprehended by appropriation accounts or reports of the Comptroller and Auditor General within the meaning of paragraph (1), subject to—

- (a) a positive determination having been made by the Committee on Remit Oversight under Standing Order 93A pursuant to a request by the Committee of Public Accounts under Standing Order 93B for an extension to its orders of reference for the purpose of examining the matter; and
- (b) the approval of the Dáil by way of an appropriate motion under Standing Order 93B to instruct the Committee in conducting its examination of the matter.

(11) The Committee shall refrain from—

- (a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; or
- (b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

(12) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

(13) The Committee shall consist of thirteen members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

Appendix 3 Witnesses

The Comptroller and Auditor General Mr. Seamus McCarthy is a permanent witness to the Committee and attends all of its engagements.

The following table contains the names of witnesses who provided information to the Committee during its meeting on 20 April 2021:

Department of Agriculture, Food and the Marine	
Mr. Brendan Gleeson	Secretary General
Dr. Kevin Smyth	Assistant Secretary
Dr. Cecil Beamish	Assistant Secretary
Mr. Colm Forde	Principal Officer

Department of Public Expenditure and Reform	
Ms Georgina Hughes-Elders	Principal Officer
Mr. Donal Lynch	Assistant Principal

Appendix 4 References

Information from the following sources informed the Committee's recommendations: -

References
Meeting Transcript - 20 April 2021
<u>2019 Appropriation Account for Vote 30 - Agriculture, Food and the Marine</u>
C&AG Report on the Accounts of the Public Services 2019: Chapter 10 - Financial management and reporting for fishery harbour centres
C&AG Special Report 82 - Financial Management and Reporting for Fishery Harbour Centres
Bovine TB Eradication Strategy 2021-2030
Spending Review 2019 Animal Health: TB Eradication
Department of Agriculture, Food and the Marine Annual Report 2021
Committee of Public Accounts (of the 32nd Dáil): Periodic Report no. 7
DAFM Implementation Report on the C&AG's Special Report No. 82 (R1462 PAC33)

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