

The logo for Túsla, featuring the word 'Túsla' in a bold, white, sans-serif font. The 'ú' has a dot above it. The background of the entire page consists of abstract, flowing shapes in shades of teal and lime green, separated by thin white dashed lines.

**Túsla**

An Ghníomhaireacht um  
Leanaí agus an Teaghlach  
Child and Family Agency

# Annual Financial Statements

**For the Year Ending  
31st December 2018**

## Contents

Information .....	- 3 -
Governance Statement and Board Members' Report .....	- 4 -
Statement on Internal Control .....	- 11 -
Report of the Comptroller and Auditor General.....	- 24 -
Financial Statements.....	- 26 -
Notes and Appendices to the Financial Statements .....	- 31 -

## Information

<b>Board Address:</b>	Child and Family Agency Floors 2-11 Brunel Building Heuston South Quarter Dublin 8
<b>Members of the Board:</b>	<div>Ms. Norah Gibbons – Chairperson (Until 31<sup>st</sup> Dec 2018)</div> <div>Mr. Pat Rabbitte – Chairperson (From 1<sup>st</sup> Jan 2019)</div> <div>Ms. Anne O’Gara – Deputy Chairperson (From 25<sup>th</sup> Sep 2018)</div> <div>Mr. Rory O’Ferrall</div> <div>Mr. Paul White</div> <div>Ms. Deirdre Kiely</div> <div>Mr. Sean Holland (From 16<sup>th</sup> April 2018)</div> <div>Mr. Liam Irwin (From 16<sup>th</sup> April 2018)</div> <div>Ms. Teresa Kilmartin (From 16<sup>th</sup> April 2018)</div> <div>Ms. Avril McDermott (From 13<sup>th</sup> Jun 2018)</div> <div>Prof. Áine Hyland (Until 8<sup>th</sup> Jan 2018)</div> <div>Mr. Pat McLoughlin (Until 28<sup>th</sup> Feb 2018)</div> <div>Ms. Gary Joyce (Until 31<sup>st</sup> May 2018)</div>
<b>Chief Executive Officer:</b>	Mr. Fred McBride (Until 30 <sup>th</sup> Sep 2018)
<b>Chief Executive Officer (Interim):</b>	Mr. Pat Smyth (From 1 <sup>st</sup> Oct 2018)
<b>Banks:</b>	<div>Ulster Bank College Green Branch PO Box 145 33 College Green Dublin 2</div> <div>Bank of Ireland Lower Baggot Street Dublin 2</div>
<b>Solicitors:</b>	Beauchamps Riverside Two Sir John Rogerson’s Quay Dublin 2
<b>Auditors:</b>	The Comptroller and Auditor General 3A Mayor Street Upper Dublin 1
<b>Website:</b>	<a href="http://www.tusla.ie">www.tusla.ie</a>

**NB- Additional information:** Rory O’Ferrall and Gary Joyce served as Deputy Chairperson in 2018. Anne O’Gara was appointed to the Board on the 25<sup>th</sup> Sep 2018 and commenced as Deputy Chairperson on 1<sup>st</sup> Jan 2019.

## Governance Statement and Board Members' Report

The Child and Family Agency (also referred to as the Agency) Board was established on the 1<sup>st</sup> January 2014 with the formation of the Agency under the Child and Family Agency Act 2013. The functions of the Agency are outlined in Section 8 of the Child and Family Agency Act 2013. The Board is accountable to the Minister of Children and Youth Affairs for the performance of the Agency's functions and its own functions as the governing authority of the Agency. The Chairperson accounts on behalf of the Board to the Minister. The Chief Executive Officer (CEO) is responsible for leading the Agency in all of its day-to-day management decisions and for implementing the Agency's long and short term plans. The CEO acts as a direct liaison between the Board and management of the Agency and communicates to the Board on behalf of management.

### Board Responsibilities in respect of the Annual Financial Statements

The Board of the Child and Family Agency is responsible for ensuring the Annual Financial Statements are in accordance with applicable law.

Section 51 of the Child and Family Agency Act 2013 requires the Child and Family Agency to prepare the accounts of the Agency in such form as the Minister for Children and Youth Affairs may direct and in accordance with accounting standards specified by the Minister.

In preparing the Annual Financial Statements, the Board is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Disclose and explain any material departures from applicable accounting standards; and
- Prepare the Annual Financial Statements on a going concern basis unless it is inappropriate to presume that the Child and Family Agency will continue in service.

The Board is responsible for ensuring that adequate accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the Child and Family Agency and that the financial statements of the Agency properly reflect the Agency's state of affairs. The Board is also responsible for the maintenance and integrity of the Agency's corporate and financial information on the Agency's website.

The Board is responsible for safeguarding the assets of the Child and Family Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board approves the Annual Plan and Budget and monitors performance against it.

The Board is responsible for ensuring that effective systems of internal control are instituted and implemented including financial, risk management, operational and compliance controls and these systems of internal control are reviewed annually by the Board. The Board is also responsible for establishing the Agency's overall strategic direction, ensuring that it operates within the limits of its statutory authority and sets corporate targets recommended by the CEO.

The work and responsibilities of the Board are set out in the Standing Orders, Delegations of Authority and matters specifically reserved for Board decision.

### Board Composition and Structure

The Agency Board consists of a Chairperson, a Deputy Chairperson and seven ordinary members appointed by the Minister for Children and Youth Affairs. The Chairperson and Deputy Chairperson were appointed for a period of five years. Members who were appointed by the Minister to be ordinary members of the Board hold office for either three, four or five years. As required by the Code of Practice for the Governance of State Bodies a Board effectiveness review was carried out in 2018 and is set out in the annual report.

## Child and Family Agency, Annual Financial Statements 2018

The table below details the appointment period for current members and members who served in 2018:

Member	Role	Appointment Period
Norah Gibbons	Chairperson	1 <sup>st</sup> Jan 2014 to 31 <sup>st</sup> Dec 2018
Gary Joyce	Deputy Chairperson (Chairperson of the Organisation Development, Remuneration & Succession Committee)	1 <sup>st</sup> Jan 2014 to 31 <sup>st</sup> May 2018
Rory O’Ferrall	Ordinary Member (Deputy Chairperson from 15 <sup>th</sup> Jun 2018 – 31 <sup>st</sup> Dec 2018) (Chairperson of the Audit Committee)	1 <sup>st</sup> Jan 2014 to 31 <sup>st</sup> Dec 2019
Áine Hyland	Ordinary Member	1 <sup>st</sup> Jan 2017 to 8 <sup>th</sup> Jan 2018
Pat McLoughlin	Ordinary Member	1 <sup>st</sup> Jan 2017 to 28 <sup>th</sup> Feb 2018
Deirdre Kiely	Ordinary Member	1 <sup>st</sup> Jan 2017 to 31 <sup>st</sup> Dec 2021
Paul White	Ordinary Member (Chairperson of the Governance Committee) (Interim Chairperson of the Quality Assurance & Risk Committee up until 25 <sup>th</sup> May 2018)	3 <sup>rd</sup> Feb 2016 to 2 <sup>nd</sup> Feb 2021
Sean Holland	Ordinary Member (Chairperson of the Quality Assurance & Risk Committee from 25 <sup>th</sup> May 2018)	16 <sup>th</sup> April 2018 to 15 <sup>th</sup> April 2023
Teresa Kilmartin	Ordinary Member (Chairperson of the Organisation Development, Remuneration & Succession Committee from 1 <sup>st</sup> June 2018)	16 <sup>th</sup> April 2018 to 15 <sup>th</sup> April 2023
Liam Irwin	Ordinary Member	16 <sup>th</sup> April 2018 to 15 <sup>th</sup> April 2023
Avril McDermott	Ordinary Member	13 <sup>th</sup> June 2018 to 12 <sup>th</sup> June 2023
Anne O’Gara	Ordinary Member Deputy Chair as of 1 <sup>st</sup> January 2019	25 <sup>th</sup> Sept 2018 to 24 <sup>th</sup> Sept 2023
Pat Rabbitte	Chairperson as of 1 <sup>st</sup> January 2019	1 <sup>st</sup> Jan 2019 to 31 <sup>st</sup> Dec 2023

The Board ordinarily meets on a monthly basis. Minutes of all Board and committee meetings are recorded. Copies of the Board minutes are available on the Agency website [www.tusla.ie](http://www.tusla.ie)

Standing items considered by the Board include:

- Declaration of Interests;
- Reports from Board Committees;
- Management accounts;
- Corporate performance reports;
- Reviews of the risk management framework;
- New and revised policies;
- Reserved matters;
- CEO’s report on operational matters; and
- Project updates.

The Agency Board has established four committees as follows:

1. **Audit Committee:** comprises of three Board members and one independent member. The role of the Audit Committee is to report on the effectiveness of internal financial controls and on the progress made in implementing recommendations from internal and external audits and on other financial related matters.

In 2018, The Director of Finance and the National Director of Internal Audit attended meetings of the Committee, while the CEO and other members of the Senior Management Team (SMT) attended where necessary and with officials from the Office of the Comptroller and Auditor General, the Agency's external auditor, attended meetings as required and had direct access to the Audit Committee Chairperson at all times. In accordance with best practice, the Committee met with the National Director of Internal Audit and the Comptroller and Auditor General in the absence of management.

The Audit Committee focused on the following matters:

- Internal control – assisted the Board in fulfilling its responsibilities in ensuring the appropriateness and completeness of the system of internal control, reviewing the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems, and thereby maintaining an effective system to review the Agency's statement on internal control systems prior to endorsement by the Board;
- External audit and financial reporting – the nature and scope of the annual external audit and review the external auditor's quality control procedures and steps taken by the external auditor to respond to changes in regulatory and other requirements;
- Internal audit – reviewed and approved the annual Internal Audit Plan and received and considered reports from the Internal Auditor and management responses;
- Protected disclosures – reviewed the Agency's fraud awareness and protected disclosure policies and procedures relating to financial issues;
- Risk management – reviewed the Agency's risk management system and met with the Quality Assurance and Risk Management Committee on a regular basis; and
- Value for Money reviews in specific areas of expenditure.

2. **Quality Assurance and Risk Committee:** comprises of three Board members and one independent member. The Committee reports in relation to the design and operation of the risk management system and focuses principally on quality assurance and service delivery:

- Promotion of a risk management culture and the integration of quality assurance procedures and practice in everyday business throughout the Agency's services system;
- Advise the Board on the Agency's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and social services environment drawing on authoritative sources relevant to the Agency's risk policies;
- Review arrangements in place by which employees may, in confidence, raise service concerns and receive reports, on a timely basis, of concerns raised under the Protected Disclosures Policy & Procedure and advise on appropriate action to maintain the highest standards of probity and honesty throughout the Agency.

3. **Organisational Development, Remuneration and Succession Committee**: comprises of three Board members and focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review:

- To ensure that organisation development policy and strategy is effective and aligned with the goals set out in the strategic plan;
- To ensure that the communications function is effective and operates within the agreed corporate strategic framework;
- To ensure the Agency's adherence to prevailing government policy in relation to executive pay and rewards;
- To support the Chair to determine the CEO's targets for the year and support the review of the achievements of such targets at regular intervals during the year and within six weeks of year end;
- In line with government policy, to approve any performance-related system in respect of the CEO and his/her direct reports including the examination of the CEO's performance annually. The CEO's review shall be undertaken by the Chair of the Board;
- To monitor succession planning for the CEO and support the CEO with senior management succession planning, as required;
- To appoint 3<sup>rd</sup> parties, as the Committee sees fit, to assist the committee in the discharge of its duties and responsibilities.

4. **Governance Committee**: The Committee comprises of two Board members. The Committee's primary focus is:

- To ensure that the Board of the Agency complies with all legal and statutory requirements;
- To monitor the delegation of authority to the CEO and other staff;
- To ensure that a Code of Governance is drawn up and approved before submission to the full Board and thereafter to review the Code as required by legislation;
- To review and agree content of annual reports before submission to the full Board.

The Code of Practice for the Governance of State Bodies (Revised 2016) recommends that some State Bodies have a combined "Audit and Risk Committee". A review of the structure of the Agency's committees was undertaken by the Agency in early 2019. The outcome of this review is to restructure and form the Audit and Risk Committee in 2019.

In certain circumstances where specialist functions are required the Board will establish special Committees with its own scope and terms of reference.

## Child and Family Agency, Annual Financial Statements 2018

A schedule of memberships and attendance at the Agency's Board and Committees in 2018 is shown below:

	Board	Audit Committee	Quality Assurance and Risk Committee	Organisational Development, Remuneration and Succession Committee	Governance Committee	Total Meetings Attended	Meetings Eligible to Attend 2018
	(14 Meetings)	(6 Meetings)	(3 Meetings)	(3 Meetings)	(3 Meetings)		
Norah Gibbons	12		1	1		14	20
Gary Joyce *	6			2		8	8
Rory O'Ferrall	14	6				20	20
Paul White	14		2		3	19	20
Deirdre Kiely	14	5				19	20
Pat McLoughlin *	1			1		2	3
Liam Irwin *	7			1		8	11
Teresa Kilmartin *	9			2		11	12
Sean Holland *	8		2			10	13
Avril McDermott *	7	3			3	13	14
Anne O'Gara *	3					3	3
Bernadette Costello (Independent member)			3			3	3
Richard George (Independent Member)		6				6	6

\* Board member part year only – appointment periods in table on Page 5

The disclosures required for Board Members' Fees and Expenses are contained in [NOTE 3](#) and [NOTE 4](#) of the Financial Statements.

### Code of Practice for the Governance of State Bodies (Revised 2016)

The Code of Practice (2016) sets out additional reporting requirements for State Bodies in areas such as Travel & Subsistence, Consultancy, Severance /Termination Payments, Hospitality and Legal expenditure. The Child and Family Agency has adopted and is complying with the Code. The disclosures required by the Code are set out below or included as part of the Financial Statements.



## Child and Family Agency, Annual Financial Statements 2018

### (a) Travel and Subsistence

	2018 €'000	2017 €'000
Domestic		
- Board	2	-
- Employees	11,771	10,400
Non-Domestic*		
- Board	-	-
- Employees	(63)	592
<b>Total</b>	<b>11,710</b>	<b>10,992</b>

\* Negative figure presented in Non-Domestic Travel and Subsistence due to the reversal of an accrual in 2018. Cash expenditure on Non-Domestic Travel in 2018 was €49k. Travel & Subsistence payments in respect of Board members are paid directly by the Agency to the Board members.

### (b) Professional Services Expenditure (by key area)

Professional Services include the cost of external advice to management and exclude outsourced 'business-as-usual' functions:

	2018 €'000	2017 €'000
Strategic Planning, Organisational Reform & Restructure	395	245
Legal & Human Resources	196	92
ICT	69	-
Financial & Taxation	1	5
Public Relations	-	2
GDPR/Data Protection	61	-
Fostering	192	-
Other (Including Health, Social Care & Business)	320	225
<b>Total</b>	<b>1,234</b>	<b>569</b>

- 2017 figures reclassified

### (c) Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2018 €'000	2017 €'000
Staff Hospitality	4	1
Client Hospitality	1	2
<b>Total</b>	<b>5</b>	<b>3</b>

## Child and Family Agency, Annual Financial Statements 2018

### (d) Legal Costs & Compensation

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs and settlements relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Agency:

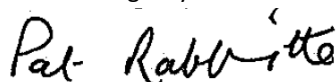
	2018 €'000	2017 €'000
Legal costs	19	65
Legal Settlements	70	376
<b>Total</b>	<b>89</b>	<b>441</b>

### (e) Severance/Termination Payments & Added Years for Pension Purposes

The total severance/termination payments expenditure for the Agency during 2018 was €NIL (2017: €NIL). The Agency also granted no added years for pension purposes to staff members.

### Key Personnel Changes

The Board would like to express sincere thanks to all outgoing Board members for their dedication and valued contribution to the Agency since its inception on the 1<sup>st</sup> January 2014. The Board would also like to welcome all newly appointed members in 2018 and 2019. The Board would like to thank Mr Fred McBride who served as Chief Executive Officer between 2016 and 2018 and previously served as Chief Operations Officer since the creation of the Agency.



Pat Rabbitte

Chairperson

Date 20.06.2019

## Statement on Internal Control

### Responsibility for the System of Internal Control

As Chairperson of the Child and Family Agency I make this statement to the Minister for Children and Youth Affairs on behalf of the Board that we acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated. Through this system the achievement of the Child and Family Agency's policies, aims and objectives are supported whilst safeguarding public funds and the Agency's assets.

This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016). The Board has acted in accordance with the responsibilities assigned by the Department of Children and Youth Affairs (DCYA). This Statement on Internal Control represents the position for the year ended 31<sup>st</sup> December 2018.

### Purpose of the System of Internal Control

The CEO, Senior Management Team and the management structure at all levels of the Child and Family Agency are responsible to the Board for the implementation and maintenance of internal controls over their respective functions. This embedding of the system of internal control is designed to ensure that the Child and Family Agency is capable of responding to operational risks and that significant control issues, should they arise, are escalated promptly to an appropriate level of management. The system of internal control is designed to mitigate and identify risk rather than eliminate risk. The Agency's system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or detected in a timely manner.

As required by the Department of Public Expenditure and Reform's (DPER) Code of Practice for the Governance of State Bodies, under the aegis of the Department of Children and Youth Affairs and Section 13 (2) (d) of the Child and Family Agency Act 2013, I make this statement as Chairperson of the Child and Family Agency on behalf of the Board to demonstrate the Child and Family Agency's arrangements for implementing a system of governance and financial control that includes the following:

- a) The guiding principles applicable to the Agency as a public body having regard to its functions as defined in Section 8 of the Child and Family Agency Act 2013;
- b) The structure of the Child and Family Agency, including the roles and responsibilities of the Board and Chief Executive Officer (CEO);
- c) The processes and guidelines to be followed to ensure compliance with the reporting requirements mandated on the Child and Family Agency by or under the Act;
- d) The Child and Family Agency's internal controls, including its procedures relating to internal audits, risk management, public procurement and financial reporting; and
- e) The nature and quality of service that persons being provided with or seeking services provided by the Child and Family Agency can expect.

This Statement on Internal Control sets out how these duties have been carried out and includes an assessment of the corporate governance and risk management systems in place within the Child and Family Agency that have ensured these responsibilities have been met.

The Child and Family Agency continues to progress with key transformational programmes. The scale and complexity of these reforms will require a sustained investment of time and resources to deliver on the objectives of the Agency as set out in the Corporate Plan. The scope of the reform encompasses an organisation wide transformation of existing services and business processes as well as the creation of new innovative methods of service delivery and the discontinuance of inherited processes which do not support the Agency's objectives.

## Child and Family Agency, Annual Financial Statements 2018

Since establishment the Agency has been undergoing continuous improvements which have been outlined in our Corporate Plan and subsequent Business Plans produced annually at the start of each year resulting in improvements across our services including our procedures with respect to internal and external governance and controls. In 2018 the Agency continued to invest in additional resources to provide business support and improve the capacity of the Agency across a number of transformational programmes. The progress on the programmes in 2018 is as follows:

- The National Child Care Information System (NCCIS) has been rolled out nationally. This marks a significant milestone in child protection for the Agency and for the State. All 17 social work areas can now access one integrated and up to date information system on child protection and welfare cases. NCCIS has replaced numerous paper based and legacy ICT systems across the country. The new system supports practice and will improve on the quality, safety, responsiveness and delivery of vital child protection services. NCCIS will hold vast quantities of information which will be controlled and organised to improve caseload management.
- Commissioning is the approach being adopted by the Agency to ensure that funding is distributed in a transparent, outcomes-focused, evidenced informed and participatory way. The Agency is committed to using the total resources available for children and families in the most efficient, equitable, proportionate and sustainable way in order to improve outcomes for children and families. The Agency has increased staffing levels in the Commissioning Unit and Financial Compliance Unit in 2018. The Agency implemented a new contract applicable to all community, voluntary and charitable organisations in 2018 with a supporting new governance framework. A Commissioning ICT portal has been developed in 2018 to enable online contracting and data gathering. This is being rolled out for the 2019 contracting cycle.
- The Agency continued to progress the Human Resources (HR) Strategy. A Finance Strategy commenced in 2018 for finalisation in 2019.
- The Agency's Information and Communication Technology (ICT) Strategy 2017-2019 has progressed significantly in 2018 with key deliverables met. Online portals have been developed, infrastructure has been improved to support the mobile workforce, a service mapping system has been developed, data governance has been improved and the ICT helpdesk was launched to support all staff. 2019 will see more improvements in relation to digital forms, mobile apps, data analytics, cloud services and electronic document management among other targeted deliverables.
- The Children's First implementation was completed in 2018 and an online reporting portal was developed and launched.
- During 2018 the Agency continued to implement the Child Protection and Welfare Strategy (CPWS) 2017-2022. The Strategy is underpinned by the principles of Children First and is informed by research, findings from HIQA, the National Review Panel as well as the Agency's own quality reviews. The Signs of Safety approach to practice has been adopted and this continued to be embedded throughout the Agency in 2018.
- A National Emergency Out of Hours Service was established in 2018 which saw the merging of the existing Cork & Dublin Services. Staffing levels have increased in this service. An Out of Hours Fostering Support Service is in the design phase and stakeholder engagement was undertaken in 2018.
- A National Caseload Management Policy and Toolkit was launched in 2018.
- The Prevention, Partnership and Family Support (PPFS) Programme is a comprehensive programme of early intervention and preventative work which has been undertaken by Tusla, with the support of the UNESCO Child and Family Research Centre, NUI Galway. The PPFS Programme is embedding early intervention and prevention within the Agency in 2018. The aim of the programme is to prevent risks to children and young people arising or escalating through building sustainable intellectual capacity and manpower within Tusla and partner organisations to perform early intervention work.

## Child and Family Agency, Annual Financial Statements 2018

- In conjunction with Health Business Service (HBS) Procurement and the Office of Government Procurement (OGP) 16 Procurement contracts to the value of €3.5m were awarded in 2018 from a number of categories; Consultancy, Communications, ICT, Workforce Development, Adoption and Residential Commissioning.

### Accountability

During 2018 the Board commenced with the implementation of the Corporate Plan (2018-2020) which was approved by the Minister for Children and Youth Affairs. The plan sets out the Board's objectives over a three year period with appropriate targets and key performance measures identified.

The Corporate Plan is formulated following a consultation process which takes into account the views of Board Members, management, staff, service users and understanding external factors such as government policy and stakeholder needs. Each service area undertakes a number of operational activities that fulfil the Child and Family Agency's strategic objectives designed to satisfy the corporate aims. The Senior Management Team reviews performance against objectives and key performance measures on a quarterly basis and this is reported to the Board and the Department of Children and Youth Affairs. Performance against the Corporate Plan is also reported in the Annual Report at the end of each financial year.

The Child and Family Agency spends public funds on the provision of Child and Family services to the population of Ireland. The duties relating to expenditure incurred by the Child and Family Agency are stringent in terms of accountability and transparency in order to fulfil our responsibility for funding received from the Department of Children and Youth Affairs. These duties are set out in the Child and Family Agency Act 2013, the Public Spending Code and in the Public Financial Procedures of the Department of Public Expenditure and Reform.

The Agency is reliant on the Health Service Executive (HSE) who provide services in the areas of payroll, human resources, pensions, estate management, ICT, procurement, internal audit, general ledger, invoice processing and payments on behalf of the Agency, governed through a Memorandum of Understanding and relevant Service Level Agreements between the organisations.

This control system for these services was inherited on establishment of the Agency. The Agency is continually reviewing the operation of these controls internally with the Health Service Executive, Health Business Service and with the assistance of Internal Audit. The Agency places reliance on these established and internally audited Health Service Executive managed processes and regulations to underpin its internal controls across these areas.

The system of internal control which by its nature is dynamic, is continually developed, maintained and monitored in response to the emerging requirements of the organisation. The following is a description of the key processes and procedures, designed to provide effective internal control, which are in place across the Child and Family Agency:

- There is a regular management reporting process and a framework of administrative procedures which includes segregation of duties, a system of delegation and accountability and a system for the authorisation of expenditure;
- The Agency adopted the HSE National Financial Regulations on establishment which are currently being re-drafted to better suit the needs of the Agency. The Financial Regulations form an integral part of the system of internal control and have been prepared to reflect current best practice. Compliance with Financial Regulations is mandatory for all staff throughout the Child and Family Agency.
- The Agency has put in place procedures designed to strengthen compliance with all pay and travel circulars issued by the Department of Public Expenditure and Reform. Any exceptions identified are addressed and are reported on an annual basis to the Minister for Children and Youth Affairs, in

- accordance with the Code of Practice for the Governance of State Bodies; and
- As part of the Child and Family Agency's annual review of the effectiveness of the system of internal controls, a survey was carried out for staff at Grade VIII (or equivalent) and above level to complete a *Controls Assurance Statement*, confirming their compliance with policies and procedures and attesting to the existence and operation of controls which are in place in their area of responsibility, or identifying where exceptions or weaknesses exist. Where weaknesses are identified, they are addressed within the risk management process.

### **Capacity to Handle Risk**

Risk Management is the process by which risks are systematically identified, analysed, managed, recorded, monitored and reported upon. It is a fully integrated business activity comprising of two key components of a) Proactive Risk Management and b) Responsive Risk Management. The Agency recognises that risk management is inextricably linked to good governance and the delivery of safe and high quality services. The Agency has developed risk management processes, its risk appetite and is currently defining a risk profile model to enhance risk communication and reporting to the Board.

Maintaining and achieving the safety and wellbeing of children and families is the primary consideration in decision making for the Agency. Decisions often need to be made in conditions of uncertainty. Making decisions in conditions of uncertainty involves judgement, values and balance in appraising the different options available. The Agency recognises that it operates in a sensitive and challenging area. Risk and uncertainty are an unavoidable part of child protection.

The Child and Family Agency's Organisational Risk Management Policy and Procedure was published in July 2016 and sets out our commitment to ensuring that risk management principles and practices form an integral part of our:

- Culture;
- Governance and accountability arrangements;
- Decision-making processes;
- Strategic and operational planning;
- Reporting, review, evaluation and improvement processes;

Under the policy staff and managers at all levels across the Agency have an individual and collective responsibility for identifying and managing risk in day-to-day decision making and planning. In order for risk management to become part of everyday practices each staff member is required to recognise and accept this responsibility. The Child and Family Agency is committed to establishing and providing the necessary structures, processes, training and other supports required to implement this policy and procedure.

Where risks are identified that have significant potential to impact on the overall objectives of the Child and Family Agency they are recorded on the Agency's Corporate Risk Register. The Register identifies the strategic risks impacting on the Agency's ability to deliver on its objectives and the mitigations in place to manage these. It is also a mechanism to provide assurance and evidence to the Board that risk is being identified, assessed and managed and that a range of control measures and action plans are in place to mitigate the risks identified. Regular reports on the status of the corporate risks are submitted to the Quality Assurance and Risk Committee which are comprehensive, forward-looking and focus on the risks warranting the most attention from the Board's risk oversight process.

Risk and the Corporate Risk Register are reviewed by the Board on a regular basis. In summary the Risk Register, which identifies risk owners, includes the following risk outputs:

## Child and Family Agency, Annual Financial Statements 2018

- Child protection capacity/processes and systems response in a timely manner to children at risk;
- All processes and systems underpinning children and family policy and services are evidence-informed and fit for purpose;
- Safe systems of work to support the safety, health and welfare of staff, service users and members of the public are in place and operational;
- Fit for purpose and responsive workforce to meet service demand; and
- A fit for purpose organisation to deliver our strategic intent.

### Ongoing Monitoring and Review

The monitoring and review of the effectiveness of the system of internal control is performed by the work of:

- The Audit Committee
- The Senior Managers of the Child and Family Agency
- National Internal Audit Division

Senior Management of the Agency have responsibility for the development and maintenance of the management control framework. The Senior Management Team reviews the comments and recommendations contained within reports and management letters issued by the Comptroller and Auditor General, the Public Accounts Committee and Internal Audit. Actions are taken to implement audit recommendations which are then reviewed by The Audit Committee.

Internal Audit operates in accordance with the terms of reference approved by the Audit Committee. The Annual Internal Audit plan for 2018 was approved by the Audit Committee and focused upon areas identified from an analysis of the financial risks which are inherent to the Child and Family Agency. The 2018 Internal Audit reports were submitted to senior management, this provides objective and independent assessment of the systems of internal control in operation across the Agency together with prioritised recommendations to strengthen controls and implement further improvements. Procedures are in place to ensure that the recommendations of Internal Audit are actioned. The National Director of Internal Audit reports to the Chairperson of the Audit Committee. Any instances of fraud or other irregularities, identified through management review or audit, are addressed by management and where appropriate An Garda Síochána are notified.

The Child and Family Agency's Annual Financial Statements are also subject to statutory audit by the Office of the Comptroller and Auditor General.

### Annual Report and Financial Statements

The Child and Family Agency Annual Report and Annual Financial Statements are produced and published each year to give an overview to stakeholders of performance for the preceding year. It is a comprehensive report on the organisation's activity, achievements, challenges and financial performance as set out in its 2018 Business Plan. Through these audited financial statements, the Child and Family Agency accounts for the use of resources allocated from Government. The Child and Family Agency Annual Report is a legal requirement under Section 13 of the Child and Family Agency Act (2013).

### Capital Investment and Appraisal

In the decision making process regarding the expenditure of capital funds, €13.2m in 2018 (€13.9m - 2017), the Child and Family Agency Senior Management Team followed the requirements of the Public Spending Code.

### Travel

All payments for travel and subsistence to the Child and Family Agency Board Members, CEO and staff have been made in line with the Department of Finance and Department of Public Expenditure and Reform circulars governing travel and subsistence. In 2018 the Agency introduced a new Tusla Financial Regulation TFR-02 which applies to payment of travel, subsistence and all other expenses. The financial regulations form part of the overall system of corporate governance and internal control within the Agency.

### State Assets

During 2018 the Child and Family Agency did not dispose of State assets of a material value.

The Agency commenced a fixed asset revaluation programme in 2016 with the Valuation Office and the first phase of this process selected the highest valued buildings and the land portfolio. The Agency has continued with this revaluation programme and has selected properties each year for inspection and revaluation. In 2018 7 assets were revalued and the revalued amounts have been reflected within the financial statements.

### Fraud and Irregularities

The Agency has established a reporting process for notification of any alleged fraudulent incidents or irregularities. The parties which are notified of material fraudulent incidents as standard are:

- The Audit Committee
- The Comptroller and Auditor General
- The National Director of Internal Audit
- An Garda Síochána
- Other Agencies (as required)

There are continuous updates provided to the Audit Committee on all reported matters as they are investigated. The Agency maintains a register of those reported matters and all alleged fraudulent incidents are thoroughly investigated. When the Agency uncovers an alleged fraud the relevant controls and processes are reviewed and, where necessary, are revised to mitigate the risk of reoccurrence.

### Tax Compliance

During 2018 the Child and Family Agency discharged all tax and PRSI liabilities on or before the dates prescribed by Revenue. The Agency is committed to full compliance with taxation laws.

### Guardian Ad Litem

Guardians Ad Litem are appointed by the Court under Section 26 of the Child Care Act 1991. Most Guardians Ad Litem engage their own solicitors and counsel to represent them in Court. However, the fees for both the Guardian ad Litem and their legal team fall to be discharged by the Child and Family Agency, in compliance with Section 26.2 of the Child Care Act 1991.

As the Guardians Ad Litem are appointed by the Court the Agency can only implement limited financial controls and cannot apply a value for money control over these payments. While the Child and Family Agency has agreed a rate for professional hours with Guardians Ad Litem, the service is demand led with the level of costs being dependent upon the number of professional hours billed for each case. This limits the Agency's control over the quantum of these payments.

The Department of Children and Youth Affairs has commenced a process of reform of Guardian Ad Litem services which includes a proposed amendment to the legislation currently underpinning the service. In December 2017, Government approved the establishment of a new Guardian Ad Litem Service within an executive office of the Department of Children and Youth Affairs. The Agency is committed to working closely with the Department as this new office is established.



### **Inquiries and Investigations**

A number of inquiries and investigations have been established to which the Agency has been named as a party. The Agency is fully committed to engaging with and supporting all investigations into matters of public importance. The Agency, including its Board, CEO, Senior Management Team and staff, has, and will continue to, comply in full with all requests for information or evidence.

### **Review of the Effectiveness of the System of Internal Control**

The annual review of the effectiveness of the system of internal control in the Child and Family Agency is a process that supports me, as the Chairperson, to ascertain that there is appropriate effective control within the Agency. Having made this determination, I am then in a position to advise the Minister for Children and Youth Affairs and the Oireachtas that there is effective control within the Agency.

In doing so, I have placed reliance on the procedures as outlined within this document and on the procedures outlined below:

- Annual Budget management process;
- Monthly Management Accounts and Performance Activity Reports;
- Annual Report and Annual Financial Statements;
- Internal Audit function to review, audit and report;
- The Comptroller and Auditor General's audit of the Child and Family Agency's Annual Financial Statements;
- Terms of reference for the Child and Family Agency Board and its four committees;
- Protected Disclosures Policy;
- Corporate Plan for 2018-2020, setting the strategic direction of the Agency;
- Business Plan for 2018 submitted to the Department of Children and Youth Affairs;
- Separation of roles of Chairperson and Chief Executive Officer;
- Annual review of Board composition;
- Advice to Minister for Children and Youth Affairs on the competency of Board members;
- Terms of reference for Board members' responsibilities and obligations;
- Adequate support and briefings to Board members on the Child and Family Agency affairs;
- Code of Governance for the Child and Family Agency;
- Standards of Integrity and Codes of Conduct incorporated within the Code of Governance;
- Compliance by Agency Board members and staff at Grade VIII (or equivalent) and above with the Ethics Acts;
- A register of Board Members' interests (maintained by the Board secretary); and
- Procedures designed to report to the Minister to ensure the Child and Family Agency complies with all Department of Public Expenditure and Reform regulations on fees paid to the Chairperson and members, and pay and travel expenditure for CEO and all other Child and Family Agency staff.

**Control weaknesses identified during 2018**

**Procurement 2018**

In procuring for business requirements, the Agency is a customer of the Health Service Executive and avails of shared services from the Health Business Service which provides an integrated approach to goods and services requirements on all non-pay procurement categories of expenditure and cooperates with the Office of Government Procurement's strategy to help deliver this.

HBS Procurement supports the Agency in defining the Agency's business requirements and assists in the management of procurement processes. They focus on achieving efficiency, effectiveness and best value for money in terms of overall life-cycle and operate in a fair, open, transparent and non-discriminatory manner in the marketplace.

The Agency has a very significant reliance on HBS Procurement in providing information and in assessing whether legacy and other contracts are compliant with procurement rules and regulations. Due to the complexity of some legacy contract arrangements it was not always possible to identify if the procurement of those contracts were operating within approved procurement rules and regulations.

Contracts with a threshold greater than €25,000 (excluding VAT), and where no procurement competition was undertaken, have been identified and have been reviewed by the Audit Committee for 2018.

Since 2014, procurement exercises for contracts totalling €266m (excluding vat) have been completed which include Residential Services, Legal, Consulting and Agency Healthcare. Contracts awarded during 2018 totalled €3.5m. A new procurement process commenced during 2018 for Private Residential placements with an annual outlay of over €80m which is due to be completed in 2019. A procurement competition concluded in late 2018 for Private Fostercare placements with a notice of no-award being issued on eTenders. The Agency has commenced another competition in 2019.

**Procurable expenditure in 2018**

The Agency spent €477m in 2018 on non-pay expenditure as set out on the Statement of Revenue Income and Expenditure. €333m of this expenditure relates to services that fall outside of competitive procurement requirements. In 2018 the expenditure which fell inside of competitive procurement requirements was €154m, inclusive of agency fee which is included in Pay expenditure.

Non-compliant contracts of €5.4m (3.5% of procurable requirements) have been identified by the Agency in 2018 as exception to procurement regulations and are set out in the table below. These contracts are split between Social, Health and Cultural Services and Business Support Services and shows the comparative position for amounts reported in 2017.

Category of Non-Compliant Expenditure	2018		2017 <i>Reclassification</i>		2017 As Reported	
	€'m	Number of Suppliers	€'m	Number of Suppliers	€'m	Number of Suppliers
- Business Support Services	4.7	49	2.5	41	2.5	41
- Social, Health and Cultural Services	0.7	11	0.8	16	2.2	28
<b>Total</b>	<b>€5.4m</b>	<b>60</b>	<b>€3.3m</b>	<b>57</b>	<b>€4.7m</b>	<b>69</b>

The Agency also incurred €28.1m on contracts in relation to the provision of residential services to children, which expired on 31 August 2018 and were extended by way of extension letter until the conclusion of a new tender process. A procurement process for the provision of these services is currently underway.

Further analysis of 2018 information identified contracts that are child and family specific, addressing individual needs and requirements which do not fall under the normal scope of procurement thereby allowing the Agency flexibility to use a procurement process tailored to its needs once the procedure is fair and impartial and complies with the general principles of EU law including transparency and equal treatment. These have been reclassified as exceptions to procurement regulations as non-competitive contracts in this period and are shown in the table above.

**The following factors were identified as contributing to the known areas of exceptions to procurement compliance:**

- Individual services sourced at local areas which, when aggregated at a national level, exceeds €25k in value;
- Due to a historical underinvestment in ICT systems, the procurement system remains heavily dependent on self-reporting, leading to gaps in information resulting in delays and difficulty identifying expenditures that require procurement and it has not been possible to manage Procurement on a single platform in the Agency; and
- There is no facility to implement real time controls and the Agency will continue to rely heavily on manual review process to ensure compliance with procurement guidelines. This limits the capacity to monitor, on a timely basis, expenditure against value limited contracts as well as ensuring that only approved contracts are used. In the absence of a real time control process, responsibility for adherence to Procurement rules falls to the budget holder at the relevant level in the organisation.

**The following actions will regularise contracts and address the known areas of non-compliance for 2019:**

- The Agency established a small central led procurement function in 2016 to support the management of all aspects of procurement administration in the delivery of the Agency's overall procurement processes. In addition to this procurement function, the Agency has set up a Commissioning Unit to support identifying business requirements for procurement services. The Agency prioritises its limited resources to those parts of the procurement process that have the greatest risk from a compliance and value for money perspective until a fully resourced procurement function can be put in place. The Agency has set out a plan for the development of the Procurement function as part of the Finance Strategy 2019 – 2021;
- The Agency first developed a rolling three year Corporate Procurement Plan (CPP) in 2017 which continues to be implemented. A new plan is being developed for 2019 to 2021. This is done in conjunction with HBS Procurement to identify key procurement requirements of the Agency which will assist with proper planning and evaluation of requirements and will facilitate timely and appropriate procurement exercises to be carried out. This plan will put in place actions for non-compliant contracts to ensure service users put contracts in place;
- There continues to be a strong reliance on HBS Procurement since the establishment of the Agency. The Agency will not be able to meet its requirements on an ongoing basis due to resource limitations which will require additional resources for the procurement function;
- A procurement training and education programme is being implemented for staff who have responsibility for non-pay expenditure. In 2019 a Legal procurement training programme will be delivered and local area training will be provided throughout the year;
- All relevant staff have access to procurement information on the Procurement section of the Agency's Finance Hub and communication updates are issued on a regular basis;

## Child and Family Agency, Annual Financial Statements 2018

- The Agency has prioritised the procurement actions to address the areas of highest risk to date and will continue to do this. The procurement activity has focussed on Legal and Consultancy and high expenditure activity including Private Residential and Private Foster Care Services;
- The HSE is developing and will implement a new Integrated Financial Management System (IFMS) which the Agency will be able to avail of, one part of this project relates to contract management. However, it will take a number of years for this new system to be implemented and in the interim, Tusla ICT will seek to develop an online contract management system until the above has been implemented the monitoring and management of contracts within the Agency will continue to be manual; and
- There are 86 procurement projects identified to be undertaken in 2019 with a focus on priority categories of expenditure. Of this, 21 procurement projects with a combined value of €117m are currently being tendered for and are at various stages of completion.

The Agency acknowledges that there are issues with procurement processes and continue to monitor compliance and disclose information. The Agency's business requirements are complex and will continue to take time to be addressed. There is a challenge in not being able to address all gaps until visibility, capacity and capabilities are in place to focus on those non-compliance items in order to demonstrate that value for money is being obtained and sustainable savings are directed into the most appropriate areas of the Agency.

It is not always possible to identify if the procurement of some legacy contract arrangements are operating within approved rules. These arrangements existed prior to the establishment of the Agency which remain to be fully addressed and are difficult to cease without adverse service impacts.

The Agency did not have a dedicated internal procurement resource until mid-2016 and has had challenges in recruiting resources to this area. Despite this lack of capacity, the Agency has embarked on a number of procurement processes during this period to establish good governance around procurement regulations.

### **Payroll Overpayments**

On the establishment of the Agency in 2014 the existing receivable balance relating to payroll overpayments for former HSE Children and Family Services staff was €224K. This was transferred to the Agency and recognised as the opening balance for 2014 and has incrementally increased each year from 2014 onwards.

The Agency has identified weaknesses in the payroll process which contributed to the increase in the value of overpayments. This is due mainly to the process being manual and resource intensive. The Agency has continued to implement changes to the manual processes to enhance controls and improve on the accuracy of payroll payments. These are interim solutions to address this matter whilst the Agency pursues an IT solution which will incorporate a Time & Attendance system and will further enhance the controls for sign off on time returns which are required to process each employee's payroll.

The year-end 2018 payroll overpayment value is €1.145m (2017: €1.024m) of which a small number (17 overpayment occurrences) represents 31% of the overpayment value. These large overpayments are attributed to inherited weak controls in situ prior to establishment of the Agency and were discovered post establishment of the Agency. Measures have been put in place to ensure these types of errors do not reoccur. The Agency continues to focus on mitigating against overpayments and ensuring repayment plans are in place where they do occur.

## Child and Family Agency, Annual Financial Statements 2018

### Governance and oversight on funding to community, voluntary and charitable organisations

The Agency incurred expenditure of €163.3m in relation to the funding of 760 individual community, voluntary and charitable organisations in 2018. Details are set out below:

Programme	Recipient	Value €m	Purpose
Child Welfare and Protection	Services provided under S56-S59 of the Act	€115.4	<p>Child and family services</p> <p>Alternative care</p> <p>Care and protection for victims of domestic, sexual or gender-based violence</p> <p>To introduce innovative high prevention initiatives that are aimed at those children who are either on the edge of alternative care or currently in alternative care due to complex factors that may include neglect, parental separation, attachment issues, alcohol and /or drug misuse, mental health and economic disadvantage with a view to keeping these children in their community.</p> <p>To enhance interagency co-operation and to realise the national outcomes set out in <i>Better Outcomes, Brighter Futures: the national policy framework for children and young people 2014 - 2020</i></p>
School Completion Programme	Local School Completion Projects	€23.9	Promotion of school attendance, participation and retention
Family and Community Support	Family Resource Centres	€17.6	Combat disadvantage and improve functioning of the family unit
	Counselling and Support Services	€6.4	Counselling and support services including marriage and relationship counselling, child counselling, Rainbows peer support programme for children, bereavement counselling and support on the death of a family member

Control weaknesses relating to the monitoring and oversight of agencies in receipt of exchequer funding have been identified in previous years by the Office of the Comptroller and Auditor General, Internal Audit and the Commissioning Unit. These weaknesses included (i) the late signing and submission of Service Level Agreements from grantees (ii) failure to review financial statements submitted by the grantees and (iii) the non-submission of certificates of compliance by auditors for agencies funded through the Counselling grant streams stating that the funds had been applied for the purposes as intended.

Funding provided to agencies is governed by Service Level Agreements (SLAs) which sets out the resources provided and the outputs to be delivered. SLAs are signed off at the local service area to ensure services are provided to meet local needs. The monitoring procedures for individual agencies are specified in the relevant SLA. The requirements to submit financial reports and staffing returns and to hold monitoring meetings depend on the size of the funded agency.

Due to a legacy lack of investment in a centralised system and manual processes at local service level, it was not always possible for the Agency to have full visibility on when SLA's were signed.

A Financial Compliance Unit was set up in 2017 within the Finance Department which forms part of the governance and oversight of funded agencies. The Financial Compliance Unit provides additional assurance through independent support and guidance to managers who commission services from the funded agencies.

## Child and Family Agency, Annual Financial Statements 2018

Throughout 2018 the Financial Compliance Unit carried out desktop reviews of 116 funded agencies financial statements, the reviews identified the following common themes:

- Non-compliance with disclosure requirements as per DPER circular 13/2014;
- Restricted/Unrestricted reserves not identified;
- Segmented accounts information not provided; and
- Abridged Accounts only submitted

To address the above, the Financial Compliance Unit produced desk top review reports which highlighted reporting deficiencies to the Tusla commissioners and the funded agencies to promote future compliance with reporting requirements. The Unit delivered workshop and training days for Tusla commissioners on the findings from desktop review reports which included measures to improve financial governance. Based on the findings a risk based approach was taken to planning the annual audit programme of work on grant aided agencies.

All Counselling grantees are now required to return a compliance statement annually and quarterly reviews are performed by Tusla commissioners to ensure compliance. This control replaced the previous requirement for grantees' auditors to provide certificates of compliance.

Compliance statements were issued to all Tusla funded agencies in 2018, 78% were returned and reviewed by the Financial Compliance Unit. All agencies in receipt of funding over €1m and 98% of agencies in receipt of funding between €250k and €1m returned the compliance statement.

The Financial Compliance Unit also undertook a bespoke project with Benefacts to develop an analytics tool to assist in the monitoring of compliance of all agencies funded by Tusla.

As part of the annual internal audit programme, the Agency conducts audits on a number of funded agencies to assess current governance and control arrangements. The Agency funded 760 agencies in 2018, of the funded Agencies 22 audits were commenced in 2018 (totalling €5.5m). Since 2016 a total of 54 audits were completed on funded agencies by internal audit, with the focus of a risk based approach.

The audit of funded agencies includes a review of internal controls, financial procedures, management structure and oversight. The audits identify strengths/weaknesses and common issues that need to be addressed. The results of these audits inform the overall risk management and financial governance approach for funded agencies. Further audits are planned in 2019 as part of the internal audit programme. These Internal Audit reports provide recommended actions to be implemented by the funded agencies to improve controls.

Commissioning, in the context of the Child and Family Agency, is the process to ensure that the total resources available to children and families are applied to improving outcomes in the most efficient, effective, equitable, proportionate and sustainable way.

To enhance governance and oversight of funded agencies, throughout 2018 the Agency's Commissioning Unit in conjunction with the ICT Department developed an online portal to manage contracting, approval of funding and interactions with funded agencies which enables the upload of signed SLA's, published financial statements, tax clearance, insurance documents and any other required documentation.

The introduction of the on-line portal has led to enhanced oversight and monitoring of documents required by the Agency to approve funding for services provided by these bodies. The on-line portal will provide the Agency with a consolidated overview of compliant and non-compliant funded agencies regarding all outstanding document submissions and services commissioned in each local service area across the country.

## Child and Family Agency, Annual Financial Statements 2018

From the establishment of the Agency in 2014 key progress has been made in the following:

- The introduction of a new service contract for all core funding applicable in 2018, placing emphasis on compliance with the requirements of DPER Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds;
- A new operating model for governance, compliance and reporting was finalised which can be applied to organisations proportionate to their size and level of funding. This is referred to as the “Good Governance Framework”;
- An expansion to the current audit plan to incorporate a higher number of community, voluntary and charitable organisations. All funded agencies receive a copy of audit findings and recommendations;
- Design and implementation of an online portal to manage contracting and interactions with funded agencies;
- Progression of Area Commissioning Plans which provides a clear map of the services required at local level and how these needs are addressed. Reviews of the services required in 2018 has resulted in decommissioning of certain services that no longer meets the needs of the Area, the introduction of new services as well as re-orientating existing services to address the local need;
- The Agency has established the Financial Compliance Unit to provide additional assurance through a process of compliance statements, reviews of published financial statements, analytics, data gathering and the audit programme;
- The Agency established a Commissioning Unit. Commissioning, in the context of the Child and Family Agency, is the process to ensure that the total resources available to children and families are applied to improving outcomes in the most efficient, effective, equitable, proportionate and sustainable way;
- The Agency has a Commissioning Strategy which outlines a framework for commissioning priorities and intentions for a three year period; and
- Through internal audit, compliance and commissioning voluntary agencies are now held to a higher standard in terms of compliance, governance and service quality.

### Conclusion

The Agency recognises that there is a need for continued emphasis on and development of the control environment and a focus on the need to drive a single organisation wide culture of compliance.

The Child and Family Agency control environment, risk management processes and assurance arrangements are improving and where there are outstanding recommendations by Internal Audit and the Office of the Comptroller and Auditor General, management action to meet these recommendations will be monitored by the Board and its committees and will be reassessed in the 2019 review of the system of internal controls.

Finally, I would like to thank my colleagues within the Child and Family Agency that helped us deliver a service which is accountable, consistent and transparent.



---

**Pat Rabbitte**

**Chairperson**

**Date** 20.06.2019

## Report of the Comptroller and Auditor General (Page 1)



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

### Report for presentation to the Houses of the Oireachtas

#### Child and Family Agency

#### Opinion on the financial statements

I have audited the financial statements of the Child and Family Agency for the year ended 31 December 2018 as required under the provisions of section 51 of the Child and Family Agency Act 2013. The financial statements comprise

- the statement of revenue income and expenditure
- the statement of capital income and expenditure
- the statement of financial position
- the statement of changes in reserves
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- properly present the state of the Child and Family Agency's affairs at 31 December 2018 and its income and expenditure for 2018
- have been properly prepared in accordance with the accounting standards specified by the Minister for Children and Youth Affairs as set out in the basis of preparation section of the accounting policies.

#### *Basis of opinion*

I conducted my audit of the financial statements 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 appendix to this report. I am independent of the Child and Family Agency 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 information other than the financial statements, and on other matters

The Child and Family Agency has presented certain other information together with the financial statements. This comprises the appendices to the financial statements, the annual report, the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

#### *Non-compliant procurement*

I draw attention to the statement on internal control which discloses that in 2018 the Child and Family Agency continued to incur significant expenditure where the procedures followed did not comply with public procurement guidelines. The statement on internal control also sets out the steps taken or planned by the Agency to address these weaknesses.

Seamus McCarthy  
Comptroller and Auditor General

24 June 2019



## Report of the Comptroller and Auditor General (Page 2)

### Appendix to the report

#### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under section 51 of the Child and Family Agency Act 2013 and accounting standards specified by the Minister for Children and Youth Affairs
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibilities of the Comptroller and Auditor General

I am required under section 51 of the Child and Family Agency Act 2013 to audit the financial statements of the Child and Family Agency and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Child and Family Agency's ability

to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Child and Family Agency to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

#### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

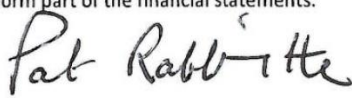
## Financial Statements

### Statement of Revenue Income and Expenditure For the Year Ended 31<sup>st</sup> December 2018

	NOTE	2018	2017
		€'000	€'000
<b>Revenue Income</b>			
Department of Children and Youth Affairs (Vote 40, Subhead A3)		740,378	697,948
Department of Children and Youth Affairs (Vote 40, Other Subheads)	5	7,373	2,116
Other Revenue	5	4,359	4,153
<b>Total Revenue Income</b>		<b>752,110</b>	<b>704,217</b>
<b>Expenditure - Pay and Pensions</b>			
Wages and Salaries	6	218,337	207,679
Employer PRSI	6	20,165	18,917
Pensions	6	8,709	7,231
Agency Pay	6	33,043	25,216
<b>Total Pay and Pensions</b>		<b>280,254</b>	<b>259,043</b>
<b>Expenditure - Non-Pay</b>			
Foster Care and After Care Allowances	8	119,589	116,622
Independent Placement Provision	8	112,137	100,661
Community, Voluntary and Charitable Organisations	8	163,342	151,672
Legal Expenses and Guardian Ad Litem Costs	8	29,560	30,036
General Child Care Services	8	15,626	15,132
Office and Administration	8	36,794	30,387
<b>Total Non-Pay</b>		<b>477,048</b>	<b>444,510</b>
<b>Total Expenditure</b>		<b>757,302</b>	<b>703,553</b>
<b>Net Operating Surplus / (Deficit) for the Year</b>		<b>(5,192)</b>	<b>664</b>

All gains and losses with the exception of depreciation and amortisation have been dealt with through the Statement of Revenue Income and Expenditure and Statement of Capital Income and Expenditure.

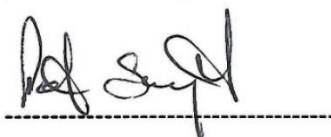
The primary financial statements of the Child and Family Agency comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Financial Position, Statement of Changes in Reserves and Statement of Cash Flows. [NOTES 1 - 28](#) form part of the financial statements.



Pat Rabbitte

Chairperson

Date 20.06.2019



Pat Smyth

Interim Chief Executive Officer

Date 20.06.2019

## Child and Family Agency, Annual Financial Statements 2018

### Statement of Capital Income and Expenditure For the Year Ended 31<sup>st</sup> December 2018

	NOTE	2018 €'000	2017 €'000
<b>Capital Revenue</b>			
Department of Children and Youth Affairs (Vote 40, Subhead A3)		13,939	13,560
		<b>13,939</b>	<b>13,560</b>
<b>Expenditure</b>			
Capital Expenditure on Child and Family Agency Capital Projects	16(b)	13,206	13,907
		<b>13,206</b>	<b>13,907</b>
<b>Net Capital Surplus / (Deficit) for the Year</b>		<b>733</b>	<b>(347)</b>

All gains and losses with the exception of depreciation and amortisation have been dealt with through the Statement of Revenue Income and Expenditure and Statement of Capital Income and Expenditure.

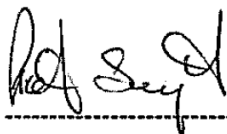
The primary financial statements of the Child and Family Agency comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Financial Position, Statement of Changes in Reserves and Statement of Cash Flows. [NOTES 1 - 28](#) form part of the financial statements.



Pat Rabbitte

Chairperson

Date 20.06.2019



Pat Smyth

Interim Chief Executive Officer


Date 20.06.2019

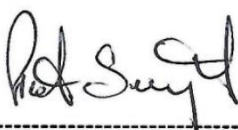
# Child and Family Agency, Annual Financial Statements 2018

## Statement of Financial Position As at 31<sup>st</sup> December 2018

	NOTE	2018 €'000	2017 €'000
<b>Non-current Assets</b>			
<b>Property, Plant and Equipment</b>			
Property	9	68,656	68,639
Plant and Equipment	10	5,318	4,576
<b>Total Non-current Assets</b>		<b>73,974</b>	<b>73,215</b>
<b>Current Assets</b>			
Inventories	11	17	19
Trade and Other Receivables	12	8,830	9,052
Cash and Cash Equivalents	13	10,227	9,305
<b>Total Current Assets</b>		<b>19,074</b>	<b>18,376</b>
<b>Current Liabilities</b>			
Trade and Other Payables	14	(59,062)	(53,801)
<b>Total Current Liabilities</b>		<b>(59,062)</b>	<b>(53,801)</b>
<b>Net Current Assets / (Liabilities)</b>		<b>(39,988)</b>	<b>(35,425)</b>
<b>Creditors (amounts falling due after more than one year)</b>			
Restricted Contributions	15	(590)	(694)
<b>Total Assets</b>		<b>33,396</b>	<b>37,096</b>
Capitalisation Account		73,974	73,215
Capital Retained Reserves		902	169
Revenue Retained Reserves		(41,480)	(36,288)
<b>Capital and Reserves</b>		<b>33,396</b>	<b>37,096</b>

The primary financial statements of the Child and Family Agency comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Financial Position, Statement of Changes in Reserves and Statement of Cash. [NOTES 1 - 28](#) form part of the financial statements.

  
 -----  
**Pat Rabbitte**  
 Chairperson  
 Date 20.06.2019

  
 -----  
**Pat Smyth**  
 Interim Chief Executive Officer  
 Date 20.06.2019

## Child and Family Agency, Annual Financial Statements 2018

### Statement of Changes in Reserves For the Year Ended 31<sup>st</sup> December 2018

	Capitalisation Account €'000	Capital Reserves €'000	Revenue Reserves €'000	Total €'000
Balance at 1 <sup>st</sup> January 2017	66,452	516	(36,952)	30,016
Net surplus/ (deficit) for the year	-	(347)	664	317
Additions to non-current assets in the year	9,636	-	-	9,636
Less: Net Book Value of non-current assets disposed in the year	(107)	-	-	(107)
Less: Depreciation charge in the year	(4,075)	-	-	(4,075)
Add: Revaluation as at 31 <sup>st</sup> December 2017	1,309	-	-	1,309
<b>Balance at 31<sup>st</sup> December 2017</b>	<b>73,215</b>	<b>169</b>	<b>(36,288)</b>	<b>37,096</b>
<b>Balance at 1<sup>st</sup> January 2018</b>	<b>73,215</b>	<b>169</b>	<b>(36,288)</b>	<b>37,096</b>
Net surplus/ (deficit) for the year	-	733	(5,192)	(4,459)
Additions to non-current assets in the year	3,959	-	-	3,959
Less: Net Book Value of non-current assets disposed in the year	(58)	-	-	(58)
Less: Depreciation charge in the year	(5,316)	-	-	(5,316)
Add: Revaluation as at 31 <sup>st</sup> December 2018	2,174	-	-	2,174
<b>Balance at 31<sup>st</sup> December 2018</b>	<b>73,974</b>	<b>902</b>	<b>(41,480)</b>	<b>33,396</b>

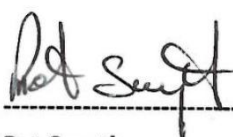
The primary financial statements of the Child and Family Agency comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Financial Position, Statement of Changes in Reserves and Statement of Cash Flows. [NOTES 1 - 28](#) form part of the financial statements.



**Pat Rabbitte**

**Chairperson**

**Date** 20 June 2019



**Pat Smyth**

**Interim Chief Executive Officer**

**Date** 20 June 2019

# Child and Family Agency, Annual Financial Statements 2018

## Statement of Cash Flows For the Year Ended 31<sup>st</sup> December 2018

	2018	2017
	€'000	€'000
<b>Cash Flows from Operating Activities</b>		
Surplus/(Deficit) for the current year (Revenue & Capital Account)	(4,459)	317
<u>Adjustments For:</u>		
Purchase of property, plant and equipment	3,959	9,636
(Increase)/Decrease in Inventories	2	(8)
Decrease / (Increase) in Trade and other receivables	222	1,832
(Decrease) / Increase in Trade and other payables	5,261	4,399
<b>Cash Flow from Operating Activities</b>	<b>4,985</b>	<b>16,176</b>
<b>Net Cash Flow from Operating Activities</b>	<b>4,985</b>	<b>16,176</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(3,959)	(9,636)
Increase/(Decrease) in Restricted Contributions	(104)	74
<b>Net Cash Flow from Investing Activities</b>	<b>(4,063)</b>	<b>(9,562)</b>
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents in the period</b>	<b>922</b>	<b>6,614</b>
Cash and Cash Equivalents at the beginning of the period	9,305	2,691
<b>Cash and cash equivalents at the end of the period</b>	<b>10,227</b>	<b>9,305</b>

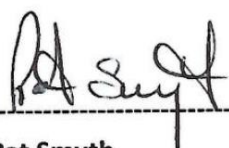
The primary financial statements of the Child and Family Agency comprise the Statement of Revenue Income and Expenditure, Statement of Capital Income and Expenditure, Statement of Financial Position, Statement of Changes in Reserves and Statement of Cash Flows. [NOTES 1 - 28](#) form part of the financial statements.



Pat Rabbitte

Chairperson

Date 20 June 2019



Pat Smyth

Interim Chief Executive Officer

Date 20 June 2019

## Notes to the Financial Statements

### NOTE 1 Accounting Policies

The basis of accounting and significant accounting policies adopted by the Child and Family Agency are set out below. They have all been applied consistently throughout the year and for the preceding year.

#### (a) Statement of Compliance

The financial statements have been prepared in accordance with FRS 102, with some exemptions which have been outlined below. The financial statements have also been prepared in accordance with the Revised Code of Practice for the Governance of State Bodies, 2016.

#### (b) Basis of Preparation

These financial statements have been prepared under the historical cost convention. The financial statements are in the form approved by the Minister for Children and Youth Affairs.

Under the Child and Family Agency Act 2013, the Minister for Children and Youth Affairs specifies the accounting standards to be followed by the Child and Family Agency. The Child and Family Agency has adopted FRS 102 in accordance with the accounting standards issued by the Financial Reporting Council subject to the following exceptions specified by the Minister:

1. Depreciation is not charged to the Statement of Revenue Income and Expenditure, rather it is charged to a reserve account: the Capitalisation Account. Reserve accounting is not permitted under Generally Accepted Accounting Principles (GAAP). Under those principles, depreciation must be charged in the revenue income and expenditure account;
2. Grants received from the State to fund the purchase of non-current assets are recorded in a Statement of Capital Income and Expenditure. Under Generally Accepted Accounting Principles (GAAP), capital grants are recorded as deferred income and amortised over the useful life of the related non-current asset, in order to match the accounting treatment of the grant against the related depreciation charge on the non-current asset;
3. Pensions are accounted for on a pay-as-you-go basis. The provisions of FRS 102 (Section 28, Employee Benefits) are not applied and the liability for future pension benefits accrued in the year has not been recognised in the financial statements; and
4. The State Claims Agency has identified claims that relate to the Child and Family Agency from the overall liability held by the State Claims Agency relating to the HSE. As the budget for these claims remains with the HSE and the Child and Family Agency is not funded for these claims the associated liability has not been recognised in the financial statements. A derogation regarding this treatment under FRS 102 has been received from the Department of Children and Youth Affairs. Details regarding the future liabilities of this scheme as at 31<sup>st</sup> December 2018 are set out in [NOTE 24](#).

#### (c) Going Concern

The Child and Family Agency continues to provide services in line with the requirements of the Act and assumed responsibilities that were previously provided by:

- Children and Family Services operated by the HSE;
- The Family Support Agency;
- The National Educational Welfare Board; and
- The School Completion Programme operated by the Department of Children and Youth Affairs.

In the circumstances, the accounts have been prepared on a going concern basis.



**(d) Community, Voluntary and Charitable Organisations**

The Child and Family Agency funds a number of service providers and bodies for the provision of health and personal social services on its behalf, in accordance with the provisions of Section 56 - Section 59 of the Child and Family Agency Act, 2013. Before entering into such an arrangement, the Agency determines the amount of funding that it proposes to make available in the financial year. This is dependent upon the Agency's budget and the quantum of service it expects to be provided for that funding from each individual entity. This information is set out in nationally standardised documentation which is required to be signed by both parties to the arrangement. This funding is charged in the year of account to the Statement of Revenue Income and Expenditure.

**(e) Fostering Payments**

Statutory payments are made to foster parents for children in their care up to the age of 18 years. Aftercare payments are also made for young people between 18 and 23 years who either remain in full time education or training or in other cases where support is required after reaching 18 years. Fostering payments are recognised in the financial statements on an accrual basis.

**(f) Independent Placement Provision**

Payments are made to private organisations contracted for the provision of foster care and residential services for children up to the age of 18 years requiring a foster care or residential placement and for aftercare placements post 18. Placement provision payments are recognised in the financial statements on an accrual basis.

**(g) Income Recognition**

The Child and Family Agency is funded mainly by monies voted to the Department of Children and Youth Affairs (Vote 40, Subhead A3). The Department advances funds to the Agency up to the approved level of expenditure or actual expenditure whichever is the lesser. The amount of Subhead A3 income and other Subhead Income is recognised as income being the cash amount advanced by the Department in the financial year. Income in respect of administration and non-capital services is accounted for in the Statement of Revenue Income and Expenditure. Income in respect of capital services is accounted for in the Statement of Capital Income and Expenditure.

Income from all other sources is recognised on an accrual basis.

**(h) Statement of Capital Income and Expenditure**

A Statement of Capital Income and Expenditure is maintained in accordance with the accounting standards laid down by the Minister for Children and Youth Affairs. Capital funding is provided in the Child and Family Agency for construction/purchase of major assets, capital maintenance and miscellaneous capital expenditure not capitalised on the Statement of Financial Position.

**(i) Foreign Currencies**

Transactions denominated in foreign currencies are translated into euro at the rates of exchange prevailing at the accounting date and are included in the Income and Expenditure Account for the year. Any difference arising on translation between transaction dates and payment dates are charged to the Statement of Revenue Income and Expenditure.

**(j) Leases**

Rentals payable under operating leases are dealt with in the financial statements as they fall due. The Child and Family Agency is not permitted to enter into finance lease obligations under the Department of Public Expenditure and Reform Public Financial Procedures, without Board approval and prior sanction.



**(k) Capital Grants**

Capital grant funding is recorded in the Statement of Capital Income and Expenditure. In addition to capital grant funding, some minor capital expenditure is funded from revenue. The amount of this revenue funding expended in the year in respect of minor capital is charged in full in the Statement of Revenue Income and Expenditure in the year. This accounting treatment, which does not comply with Generally Accepted Accounting Principles, is a consequence of the exceptions to Generally Accepted Accounting Principles specified by the Minister.

**(l) Tangible Non-current Assets and Capitalisation Account**

Tangible non-current assets comprise Land, Buildings, Equipment and Motor Vehicles. Tangible non-current assets are stated at historic cost less accumulated depreciation.

The Agency commenced a fixed asset revaluation programme in 2016 with the Valuation Office and the first phase of this process selected the highest valued buildings and the land portfolio. A material reduction in the value of these assets was determined and this was reflected in the 2016 Financial Statements following sanction by the Department of Children and Youth Affairs. The revalued assets had been transferred to the Agency from the HSE at their holding net book value on the 1<sup>st</sup> Jan 2014 under the Child and Family Agency Act 2013. Fixed assets with a total value of €76.3m were transferred on that date. The Agency continued with this revaluation programme in 2018 and this generated a net increase of €2.1m in the value of the 7 assets selected. This increase has been reflected in these financial statements.

The Valuation Office valued the buildings using depreciated replacement cost as per FRS 102 Revaluation Model 17.15B "Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Depreciated replacement cost is defined as the current cost of replacing an asset with its modern equivalent asset less any deductions for physical deterioration and all relevant forms of obsolescence and optimisation. As part of this method of valuation, the value of the land underlying the asset reflects the cost of a site suitable for the modern equivalent facility but not necessarily the actual site occupied by the existing asset. The assets not in use by the Agency are presumed to be available for disposal and have been valued by reference to the market value of comparable properties in each location.

On this basis, the Valuation Office valued the assets at €4.9 million. An increase in value of €2.1 million is recognised in 2018 as set out below.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Net Book Value at 31.12.2018 (Pre revaluation)	-	2,695,228	<b>2,695,228</b>
Valuation at 31.12.2018 (Post revaluation)	2,091,400	2,777,822	<b>4,869,222</b>
<b>Revaluation Increase</b>	<b>2,091,400</b>	<b>82,594</b>	<b>2,173,994</b>

In accordance with the accounting standards prescribed by the Minister for Children and Youth Affairs, expenditure on non-current asset additions is charged to the Statement of Revenue Income and Expenditure or the Statement of Capital Income and Expenditure, depending on whether the asset is funded by capital or revenue. Capital funded assets and Revenue funded assets are capitalised if the cost exceeds certain value thresholds; €2,000 for computer equipment and €7,000 for all other asset classes. Asset additions below these thresholds which are funded from revenue are accounted for in the Statement of Revenue Income and Expenditure in the year of purchase. Asset additions below this threshold funded from Capital are included in

**NOTE 16(b)** under 'Expenditure on the Child and Family Agency projects not resulting in Non-current Asset additions'. A breakdown of asset additions by funding source is provided in **NOTE 16(a)** to the Accounts. Depreciation is not charged to the Statement of Income and Expenditure over the useful life of the asset. Instead, a reserve account, the Capitalisation Account, is the reciprocal entry to the Non-current asset account. Depreciation is charged to the Non-current Assets and Capitalisation Accounts over the useful economic life of the asset.

Depreciation is calculated to write-off the original/cost valuation of each tangible non-current asset in line with their useful remaining life at the following rates:

- Land: not depreciated;
- Buildings: depreciated at 2.5% per annum;
- Art Installations: not depreciated;
- Modular structures (i.e. prefabricated/temporary): depreciated at 10% per annum;
- Work in progress: not depreciated;
- Equipment – computers, printers, software and ICT systems: depreciated at 33.33% per annum;
- Equipment – other: depreciated at 10% per annum; and
- Motor vehicles: depreciated at 20% per annum.

On disposal of a non-current asset, both the non-current assets and capitalisation accounts are reduced by the net book value of the asset disposal. An analysis of the movement on the Capitalisation Account is provided in the Statement of Changes in Reserves.

#### **(m) Inventories**

The Child and Family Agency stock is valued at the lower of cost or net realisable value. Cost is the purchase cost on a first-in, first-out basis.

#### **(n) Accounting for Bad and Doubtful Debts**

Known bad debts are written off in the period in which they are identified. Specific provision is made for any amount which is considered doubtful and the Agency has provided for debts which are greater than one year old.

#### **(o) Pensions**

Eligible Child and Family Agency employees and eligible employees of voluntary health services providers are members of various defined benefit superannuation schemes. Pensions are paid to former employees by the Child and Family Agency. The Child and Family Agency scheme is funded by the State on a pay-as-you-go basis for this purpose. Pension payments under the schemes are charged to the income and expenditure account when paid (see **NOTE 6**).

Contributions from the Child and Family Agency employees who are members of the schemes are payable to the Department of Children and Youth Affairs.

No provision is made in respect of pension benefits earned by employees and payable in future years under the pension scheme. This continues to be the treatment adopted by the Child and Family Agency following the accounting specifications of the Minister.

Under the Public Services Pensions (Single Scheme and Other Provisions) Act 2012, all new entrants to pensionable public service employment on or after 1<sup>st</sup> January 2013 are members of the Single Scheme. For the

## Child and Family Agency, Annual Financial Statements 2018

current financial year the Child and Family Agency has 1,133 staff on the Single Scheme. Deductions under the Single Scheme are paid to Department of Public Expenditure and Reform.

### (p) Pension Related Deduction

Under the *Financial Emergency Measures in the Public Interest Act 2009*, a pension levy was introduced for all staff who are members of a public service pension scheme, including staff of the Child and Family Agency funded service providers. Pension levy collected by service providers as well as pension levy deducted from the Child and Family Agency staff is payable to the Department of Children and Youth Affairs (see [NOTE 6](#)).

### (q) Employee Short Term Benefits

Short term benefits such as holiday pay are recognised as an expense during the year, and benefits that are accrued at year-end are included in the payables figure in the Statement of Financial Position.

### (r) Critical Accounting Estimates and Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements required that had a significant effect on amounts recognised in the financial statements for 2018.

## NOTE 2

### (a) Net Operating Deficit

	2018 €'000	2017 €'000
Net operating deficit is arrived at after charging:		
Audit Fees	86	84
<b><u>CEO Remuneration</u></b>		
Chief Executive Officer (CEO) Remuneration (Mr Fred McBride) Gross Pay	180	163
Chief Executive Officer (CEO) Remuneration (Mr Pat Smyth) Gross Pay*	44	-
<b><u>CEO Travel &amp; Subsistence (T&amp;S)</u></b>		
Chief Executive Officer (CEO) Travel Costs (Mr Fred McBride)	7	4
Chief Executive Officer (CEO) Travel Costs (Mr Pat Smyth) *	-	-

The CEO is a member of the Agency's statutory pension scheme and the pension entitlements do not extend beyond the standard entitlements of the public sector scheme.

\*Gross pay earned and T&S claimed as Interim CEO only. Mr McBride resigned on 30<sup>th</sup> Sept 2018 and Mr Smyth was appointed Interim CEO on the 1<sup>st</sup> Oct 2018.

### (b) Senior Key Management Personnel

Excluding the remuneration of the Chief Executive Officer(s) detailed in [NOTE 2 \(a\)](#), the total remuneration for all Senior Key Management Personnel is €0.772m for the 2018 financial year (2017: €0.705m). Key management personnel in the Agency consists of the Board, CEO and members of the Senior Management Team reporting to the CEO.

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 3 Board Members' Fees

	2018 €	2017 €
<b>Fees Payable</b>		
Norah Gibbons	20,520	20,520
Gary Joyce	4,999	11,970
PJ Fitzpatrick	n/a	11,970
Rory O'Ferrall	11,970	11,970
Paul White	11,970	11,970
Áine Hyland	266	11,970
Deirdre Kiely	11,970	11,970
Sean Holland	Fees Waived	n/a
Liam Irwin	8,484	n/a
Teresa Kilmartin	8,484	n/a
Pat McLoughlin	1,995	11,970
Tony Rodgers	n/a	8,978
Anne O'Gara	3,188	n/a
Avril McDermott	6,577	n/a
<b>Total Board Members' Fees</b>	<b>90,423</b>	<b>113,288</b>

Child and Family Board members are paid in accordance with the Code of Practice for the Governance of State Bodies and in line with the revised rates as detailed in the Financial Emergency Measures in the Public Interest (No2) Act 2009.

### NOTE 4 Board Members' Expenses

	2018 €	2017 €
<b>Travel &amp; Subsistence Expenses</b>		
Sean Holland	804	n/a
Pat McLoughlin	947	-
Avril McDermott	40	n/a
Liam Irwin	766	n/a
<b>Total Board Members' Expenses</b>	<b>2,557</b>	<b>-</b>

Includes 2017 expenses paid in 2018

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 5 Other Revenue Sources

#### DCYA Vote 40, Non-A3 Subhead Income

	2018 €'000	2017 €'000
1. Subhead B4 – Early Years Pre-School Inspectorate	2,425	1,009
2. Subhead B6 – Sligo/Leitrim Youth Liaison	-	46
3. Subhead C5 – North East Inner City Project	-	65
4. Subhead C5 – Children & Young People's Services Committees	1,428	837
5. Subhead B8 – Outcomes for Children/QCBI	2,310	159
6. Subhead B7 – Area Based Childhood Programme	1,210	-
<b>Total Other Revenue</b>	<b>7,373</b>	<b>2,116</b>

1. Funding of Early Years Pre-school Inspectors - Early Years is an overarching term that includes Pre-School Services. The Child and Family Agency is responsible for inspecting pre-schools, play groups, day nursery, crèches, day-care and similar services which cater for children aged 0-6 years.
2. Funding of Sligo/Leitrim Youth Liaison - To provide a sympathetic, confidential, non-judgemental and personal support to young people and their families with the objective of enhancing the young person's future personal and social development and wellbeing.
3. Funding of North East Inner City Project - The 'Creating a Brighter Future' publication which outlines the key actions or measures necessary to support the development of the area and to provide services and facilities to support families in the North East Inner City.
4. Funding of Children and Young People's Services Committees (CYPSC) - CYPSC are a key structure identified by Government to plan and co-ordinate services for children and young people in every county in Ireland.
5. Funding of Outcomes for Children/Quality and Capacity Building Initiative(QCBI) - QCBI addresses the need for Departments and Agencies to consistently engage with and utilise implementation infrastructures, the need to collaborate and coordinate on cross-sectoral priorities, utilising the structures, model and brand of Better Outcomes, Brighter Futures, and ensuring that children and young people have appropriate centrality of focus in policy development and implementation.
6. Funding of The Area Based Childhood (ABC) Programme - ABC is a prevention and early intervention initiative targeting investment in effective services to improve the outcomes for children and families living in areas of disadvantage.

### NOTE 5 Other Income

	2018 €'000	2017 €'000
Atlantic Philanthropies <a href="#">NOTE 5 (a)</a>	2,095	2,478
Secondment Income <a href="#">NOTE 5 (b)</a>	1,038	650
Other Specific Project Funding Income	58	66
Early Years Income	258	242
Miscellaneous Income	910	717
<b>Total Other Revenue</b>	<b>4,359</b>	<b>4,153</b>

#### NOTE 5 (a) Atlantic Philanthropies

In 2015 a partnership agreement was entered into between the Agency and the Galway University Foundation (the managing agent for the Atlantic Philanthropies grant). €7.84m has been granted to the Agency over a three year period with the agreed objective "to transform child and family services in Ireland by embedding prevention

## Child and Family Agency, Annual Financial Statements 2018

and early intervention into the culture and operation of the new national family support system". As at 31<sup>st</sup> December 2018 the actual accumulated spend was €7.51m leaving a remaining unexpended funding of €0.33m to be drawn down to the end of the agreement on 31<sup>st</sup> March 2019.

### NOTE 5 (b) Secondments

In 2018 a review of income outstanding for secondment arrangements was undertaken by the Agency's Finance Department, this lead to an increase of €388k from 2017 to 2018. €322k of secondment income received in 2018 was related prior year charges.

### NOTE 6 Pay and Pensions

	2018	2017
	€'000	€'000
<b>Summary Analysis of Pay Cost</b>		
Basic Pay	208,479	196,486
Holiday Pay Accrual	(855)	(698)
Allowances	1,139	2,235
Overtime	473	138
Night duty	1,322	1,210
Weekends	4,402	4,187
On-Call	1,397	1,227
Arrears	1,980	2,894
<b>Wages and Salaries</b>	<b>218,337</b>	<b>207,679</b>
Employer PRSI	20,165	18,917
Pensions*	8,709	7,231
<b>Total Child and Family Agency Pay</b>	<b>247,211</b>	<b>233,827</b>
Agency Pay	33,043	25,216
<b>Total Pay and Pensions</b>	<b>280,254</b>	<b>259,043</b>
	2018	2017
	€'000	€'000
<b>*Analysis of Pensions</b>		
Ongoing pension payments	4,385	3,297
Once-off lump sums and gratuity payments	4,324	3,934
	<b>8,709</b>	<b>7,231</b>

During 2018 €9.46 million (2017: €8.77 million) pension related deductions were deducted from the Child and Family Agency's staff and €0.81 million (2017: €0.69 million) pension related deductions were deducted from service providers and payable to the Department of Children and Youth Affairs and the Department of Public Expenditure and Reform.

Holiday Accrual has reduced in 2018 due to a reduction of annual leave carried for the leave year April 2018 to March 2019.

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 7 Employments

	2018	2017
The number of employees by Area of Operation was as follows in whole time equivalents (WTEs) at 31 <sup>st</sup> December 2018:	WTE	WTE
Social Work	1,453	1,466
Social Care	1,150	1,127
Psychology and Counselling	29	21
Other Support Staff Inc. catering	53	59
Other Health Professionals	111	17
Nursing	6	46
Family Support	132	156
Education and Welfare Officer	97	89
Admin Grade 3 to 7	683	578
Management Grade 8 and Above	179	137
<b>Total Child and Family Agency employees</b>	<b>3,893</b>	<b>3,696</b>

NB: The headcount of staff at 31<sup>st</sup> Dec 2018 was 4,341 staff and at 31<sup>st</sup> December 2017 was 4,129.

These values do not include agency staff.

### Total number of Child and Family Agency staff remuneration in excess of €60k:

A breakdown of total employee remuneration (including salaries and other benefits) over €60,000, in increments of €10,000, is required under DPER circular 13/2014.

From	To	2018	2017
€60,000	- €69,999	562	500
€70,000	- €79,999	200	174
€80,000	- €89,999	76	62
€90,000	- €99,999	41	24
€100,000	- €109,999	18	13
€110,000	- €119,999	9	1
€120,000	- €129,999	-	1
€130,000	- €139,999	1	1
€140,000	- €149,999	1	-
€150,000	- €159,999	-	-
€160,000	- €169,999	1	1
€170,000	- €179,999	1	-
		<b>910</b>	<b>777</b>

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 8 Non-Pay Expenditure

	2018 €'000	2017 €'000
<b>Fostering Care and After Care Allowances</b>		
Statutory Foster Care Allowances	93,267	95,825
After Care Allowances	20,623	17,248
Other Care Allowances	5,699	3,549
	<b>119,589</b>	<b>116,622</b>

<b>Independent Placement Provision</b>		
Foster Care Provision	21,309	21,513
Unaccompanied Minors	4,465	4,237
Residential Provision	86,363	74,911
	<b>112,137</b>	<b>100,661</b>

		2018 €'000	2017 €'000
<b>Community, Voluntary and Charitable Organisations</b>			
Section 56 – Section 59 Arrangements (465 payees)	(Appendix 1)	115,421	105,796
Schools Completion Programme (108 payees)	(Appendix 2)	23,933	24,048
Family Resource Centre (123 payees)	(Appendix 3)	17,544	15,631
Family Support Service Counselling (295 payees)	(Appendix 4)	6,444	6,197
		<b>163,342</b>	<b>151,672</b>

NB: As some entities are funded through multiple streams, the total number of individual entities funded was 760.

	2018 €'000	2017 €'000
<b>Legal Expenses and Guardian Ad Litem Costs</b>		
Child and Family Agency Legal Services	13,417	13,386
Guardian Ad Litem Costs*	8,443	7,699
Guardian Ad Litem Legal Fees*	6,210	6,338
3 <sup>rd</sup> Party Legal Costs	1,256	2,356
Other Legal Costs	234	257
	<b>29,560</b>	<b>30,036</b>

\* Guardian Ad Litem and their legal representatives are appointed by the court service. Although the Guardian Ad Litem is independent of the parties to the court proceedings, their fees are discharged by the Child and Family Agency in accordance with the Child Care Act 1991.



## Child and Family Agency, Annual Financial Statements 2018

	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>General Child Care Services</b>		
Medical Costs	842	832
Therapy/Psychology Costs	3,991	3,707
Transport Costs	1,231	1,279
Recreation Costs	590	593
Heat, Power and Light	1,428	1,379
Cleaning and Waste Disposal	1,402	1,215
Furniture, Crockery and Hardware	718	677
Bedding and Clothing	188	188
Security And Alarm Costs	1,339	968
Vehicle Costs	617	484
Catering and Provisions	1,801	1,935
Creative Community Alternatives (CCA)	848	1,398
Other Sundry Expenses	631	477
	<b>15,626</b>	<b>15,132</b>

	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>Office and Administration</b>		
Rent and Rates	7,510	5,307
Maintenance	1,348	1,519
Lease Interest, Bank Interest and Charges	23	24
Prompt Payment Interest and Compensation	313	259
Insurance	516	503
Audit Fees	86	84
Professional Services	3,614	1,632
Bad and Doubtful Debts	-	209
Education and Training	2,324	2,456
Travel and Subsistence	11,708	10,992
General Office Expenses	2,981	2,472
Printing, Postage and Stationery	1,928	1,469
Telecoms	2,312	1,552
Computers and Systems Maintenance	2,020	1,791
Memberships, Licences and Subscriptions	111	118
	<b>36,794</b>	<b>30,387</b>

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 9 Non-current Assets - Property

	Land €'000	Buildings €'000	Work in Progress €'000	Total €'000
<b>Cost/Valuation</b>				
At 1 <sup>st</sup> January 2018	3,933	73,080	-	77,013
Additions in the year	-	54	-	54
Transfers from Work in Progress	-	-	-	-
Revaluation ( <b>NOTE 1 (I)</b> )	2,091	83	-	2,174
Disposals	-	-	-	-
<b>At 31<sup>st</sup> December 2018</b>	<b>6,024</b>	<b>73,217</b>	<b>-</b>	<b>79,241</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> January 2018	-	(8,374)	-	(8,374)
Charge for the Year	-	(2,211)	-	(2,211)
<b>At 31<sup>st</sup> December 2018</b>	<b>-</b>	<b>(10,585)</b>	<b>-</b>	<b>(10,585)</b>
<b>Net Book Values</b>				
<b>At 31<sup>st</sup> December 2018</b>	<b>6,024</b>	<b>62,632</b>	<b>-</b>	<b>68,656</b>
<b>At 31<sup>st</sup> December 2017</b>	<b>3,933</b>	<b>64,706</b>	<b>-</b>	<b>68,639</b>

### NOTE 10 Non-current Assets - Plant and Equipment

	Motor Vehicles €'000	Equipment €'000	Work In Progress €'000	Total €'000
<b>Cost/Valuation</b>				
At 1 <sup>st</sup> January 2018	2,542	5,088	-	7,630
Additions in the year	383	3,522	-	3,905
Transfers from Work in Progress	-	-	-	-
Disposals	(48)	(10)	-	(58)
<b>At 31<sup>st</sup> December 2018</b>	<b>2,877</b>	<b>8,600</b>	<b>-</b>	<b>11,477</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> January 2018	(762)	(2,292)	-	(3,054)
Charge for the Year	(487)	(2,618)	-	(3,105)
<b>At 31<sup>st</sup> December 2018</b>	<b>(1,249)</b>	<b>(4,910)</b>	<b>-</b>	<b>(6,159)</b>
<b>Net Book Values</b>				
<b>At 31<sup>st</sup> December 2018</b>	<b>1,628</b>	<b>3,690</b>	<b>-</b>	<b>5,318</b>
<b>At 31<sup>st</sup> December 2017</b>	<b>1,780</b>	<b>2,796</b>	<b>-</b>	<b>4,576</b>

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 11 Inventories

	2018 €'000	2017 €'000
Inventory of consumable items	17	19
	<b>17</b>	<b>19</b>

### NOTE 12 Trade and Other Receivables

	2018 €'000	2017 €'000
Prepayments	3,224	4,189
<b>Other Receivables</b>		
Payroll Technical Adjustment	2,353	2,505
Superannuation and Pension Levy Income Accrual Account	1,788	1,114
Payroll Overpayments	1,145	1,024
Sundry receivables	968	763
Guardian Ad Litem VAT Refunds	8	122
Gross Receivables	<b>9,486</b>	<b>9,717</b>
Less: Provision for Doubtful Debts	(656)	(665)
Total Receivables	<b>8,830</b>	<b>9,052</b>

### NOTE 13 Cash and Cash Equivalents

	2018 €'000	2017 €'000
Bank	10,208	9,282
Cash and Cash Equivalents	19	23
	<b>10,227</b>	<b>9,305</b>

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 14 Trade and Other Payables

	2018	2017
	€'000	€'000
Trade Payables (Revenue Account)	6,804	5,779
Trade Payables (Capital Account)	44	65
Accruals Non-Pay (Revenue Account)	18,188	16,502
Accruals Foster Care and Foster Care Allowances	3,332	2,963
Accruals Independent Placement Provisions	5,750	3,301
Accruals Non-Pay (Capital Account)	-	350
	<b>34,118</b>	<b>28,960</b>

	2018	2017 Reclassified
	€'000	€'000
Accruals Pay	15,521	14,695
Holiday Pay Accrual	2,844	3,700
Taxes and Social Welfare	6,579	6,446
	<b>24,944</b>	<b>24,841</b>
	<b>59,062</b>	<b>53,801</b>

\*The Pay accrual for 2017 has been reclassified to separate the Pay Accrual and the Holiday Pay Accrual

### NOTE 15 Restricted Contributions (Philanthropic Funding, Donations and Bequests)

#### (a) Restricted Contributions - Income and Expenditure

	2018	2017
	€'000	€'000
<b>Opening Balance @ 1<sup>st</sup> January</b>	<b>694</b>	<b>620</b>
Income Received	2,294	2,580
Expenditure	(2,398)	(2,506)
<b>Closing Balance @ 31<sup>st</sup> December</b>	<b>590</b>	<b>694</b>

#### (b) Restricted Contributions - Income and Expenditure Atlantic Philanthropies

In 2015 a partnership agreement was entered into between the Agency and the Galway University Foundation (the managing agent for the Atlantic Philanthropies grant). €7.84m has been granted to the Agency over a three year period with the agreed objective “to transform child and family services in Ireland by embedding prevention and early intervention into the culture and operation of the new national family support system”. The amounts are restricted insofar as that they must be spent in accordance with the purposes for which the funding was granted.

## Child and Family Agency, Annual Financial Statements 2018

The closing balance of €590k (**NOTE 15 (a)**) includes funding of €192k received from Atlantic Philanthropies. A summary of the accumulated drawdown of this funding is listed below:

	2018 €'000	2017 €'000
<b>Opening Balance @ 1<sup>st</sup> January</b>	<b>204</b>	<b>468</b>
Income Received (Atlantic Philanthropies)	2,083	2,214
Expenditure (Atlantic Philanthropies)	(2,095)	(2,478)
<b>Closing Balance @ 31<sup>st</sup> December</b>	<b>192</b>	<b>204</b>

### (c) Atlantic Philanthropies Expenditure

	2018 €'000	2017 €'000
Staff Costs	925	1,245
Office and Administration Costs	161	158
Operational Costs	1,009	1,075
<b>Total Atlantic Philanthropies Expenditure</b>	<b>2,095</b>	<b>2,478</b>

### NOTE 16 Capital Expenditure

	2018 €'000	2017 €'000
<b>a. Additions to Non-current Assets in the Year</b>		
Property	54	4,313
Plant and Equipment	3,905	5,323
	<b>3,959</b>	<b>9,636</b>

Funded from DCYA Capital Vote 40	3,660	9,519
Funded from DCYA Revenue Vote 40	299	117
	<b>3,959</b>	<b>9,636</b>

### b. Analysis of expenditure charged to Capital Income and Expenditure Account

Expenditure on the Child and Family Agency's own assets (Capitalised)	4,341	9,519
Expenditure on the Child and Family Agency's projects (Non Capitalised)	8,865	4,388
<b>Total Expenditure on Child and Family Agency Projects charged to Capital</b>	<b>13,206</b>	<b>13,907</b>
<b>Total Capital Expenditure per Capital Income and Expenditure Account</b>	<b>13,206</b>	<b>13,907</b>

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 17 Pensions

Eligible staff employed in the Child and Family Agency are members of defined benefit superannuation schemes. The pensions paid to staff who retired since the establishment of the Agency are recognised in the Statement of Income and Expenditure in the year in which they become payable. In accordance with the derogation regarding Section 28 of FRS 102, no provision is made in the financial statements in respect of future pension benefit liabilities. Superannuation contributions from employees who are members of these schemes contribute to the Agency's Revenue recognised in the Statement of Income and Expenditure within the subheading 'Department of Children and Youth Affairs'. The pension charge to the Statement of Revenue Income and Expenditure for 2018 was €8.09m (2017 - €7.23m) which included payments in respect of one-off lump sums and gratuity payments on retirement of €4.32m (2017 - €3.93m).

### NOTE 18 Capital Commitments

	2018 €'000	2017 €'000
<b>Future tangible non-current assets purchase commitments:</b>		
Within one year	17,194	13,940
After one year but within 5 years	-	-
After five years	-	-
	<b>17,194</b>	<b>13,940</b>
 Contracted for but not provided in the financial statements	 2,880	 5,600
Included in the Capital Plan but not contracted for	14,314	8,340
	<b>17,194</b>	<b>13,940</b>

### NOTE 19 Properties

Properties were transferred to the Child and Family Agency on establishment at 1<sup>st</sup> January 2014 by a Deed of Agreement which has been signed by the Ministers for Health and for Children and Youth Affairs. The Child and Family Agency continues to work with the HSE to agree any further transfers.

	2018 No of Properties	2017 No of Properties
<b>The Child and Family Agency estate comprises the following:</b>		
Freehold Properties	81	75
Leasehold	110	81
	<b>191</b>	<b>156</b>

In addition to the above properties there are properties owned by HSE which are currently being utilised by the Agency for service provision. There are also a number of properties that are currently under review by the HSE and the Agency to determine those which should be transferred to the Child and Family Agency.

## Child and Family Agency, Annual Financial Statements 2018

### NOTE 20 Operating Leases

	2018		2017	
	Land and Buildings	Other	Land and Buildings	Other
	€'000	€'000	€'000	€'000
<b>The Child and Family Agency had total commitments under non-cancellable operating leases as detailed below:</b>				
Within one year	5,844	-	5,670	12
In the second to fifth years inclusive	13,469	-	13,307	6
In over five years	24,947	-	21,840	-
	<b>44,260</b>	<b>-</b>	<b>40,817</b>	<b>18</b>

Operating lease payments recognised as an expense in 2018 were €6.5m

### NOTE 21 Taxation

The Child and Family Agency (CHY21524) is exempt to the following taxes:

- Section 207 and 208, Taxes Consolidation Act, 1997 (Income Tax);
- Section 609, Taxes Consolidation Act, 1997 (Capital Gains Tax);
- Section 266, Taxes Consolidation Act, 1997 (Deposit Interest Retention Tax);
- Sections 76 and 78, Taxes Consolidation Act 1997 (Corporation Tax);
- Sections 17, 22 and 76 of the Capital Acquisitions Taxes Consolidations Act 2003 (Capital Acquisitions Tax);
- Section 82, Stamp Duty Consolidation Act, 1999 (Stamp Duty); and
- Chapter 8A, Part 6, Taxes Consolidation Act, 1997 (Dividend Withholding Tax).

These exemptions extend to the income and property of the Child and Family Agency.

In 2016 the Agency obtained advice from the Revenue Commissioners regarding the VAT status of Guardian Ad Litem invoices paid by the Agency in 2014 and 2015. The Revenue Commissioners confirmed that this service was exempt from VAT and advised of the steps to be taken by the Agency to recoup the VAT charged in these periods. The Agency has continued collecting these amounts owed from the relevant suppliers. The amount owing at 31<sup>st</sup> December 2018 is €8k, the Agency continues to pursue these debts.

### NOTE 22 Insurance

The Child and Family Agency has insurance cover with a third party provider for professional indemnity, property and other specific service related policies. As a delegated State Authority, the Agency's risks are delegated to the State Claims Agency, this covers Employers Liability, Public Liability and Motor cover. The State Claims indemnity indemnifies a third party in respect of personal injury and third party property damage claims which are the result of the delegated State Authority's negligence.

### **NOTE 23 Compliance with prompt payment legislation**

During 2018, the Agency paid €35k (2017: €29k) to suppliers in relation to prompt payment interest. Interest was paid only in cases where payment was made 45 days after the invoice date as this was in accordance with the terms and conditions as specified on the Agency's Purchase Order document. The prompt payment legislation stipulates that interest must be paid to suppliers where payment is more than 30 days after the invoice date unless supplier contracts have specified longer credit terms. In addition, associated compensation was not paid but has been provided for by the Agency.

Revised regulations in relation to prompt payment, European Communities (Late Payment in Commercial Transactions) Regulations 2012 (SI No. 580/2012), came into effect in March 2013. This legislation provides for the payment of interest and compensation to suppliers in respect of late payment of invoices. Suppliers are not automatically paid prompt payment compensation in relation to late payment of invoices; however, suppliers may claim this compensation. It is therefore difficult to predict with any certainty the extent to which these amounts may be claimed by suppliers.

### **NOTE 24 State Claims Agency**

The State Claims Agency identified the claims that relate to the Child and Family Agency from the overall liability held by the State Claims Agency relating to Tusla and the HSE. The outstanding liability relating to Tusla, estimated by the State Claims Agency as at 31<sup>st</sup> December 2018, was €50.8m (2017: €34.2m). In 2018 the budget for these claims has remained with the HSE and the 2018 finalised claims of €2.36m (2017: €1.64m) were settled by the HSE. The Child and Family Agency is not yet funded for claims processed by the State Claims Agency.

### **NOTE 25 Contingent Liabilities**

The Child and Family Agency is currently dealing with litigation matters which may generate liabilities depending on the outcome of the legal proceedings. With regards to standard legal cases the Agency's insurance, which covers professional indemnity, property and other specific service related policies, would be sufficient to cover the majority of costs. There is, however, an element of uncertainty due to indemnity limits and certain policy conditions. As outlined in the Statement on Internal Control, a number of ongoing inquiries and investigations have been established to which the Agency has been named as a party. The Agency is not in a position to estimate any potential liabilities arising from these proceedings. The financial effects of any uninsured contingencies have not been provided for in the financial statements.

### **NOTE 26 Events after the Reporting Period**

No circumstances have arisen or events occurred, between the reporting period and the date of approval of the financial statements by the Board, which would require adjustment or disclosure in the financial statements.

### **NOTE 27 Related Party Transactions**

#### Services provided by the HSE

Since creation of the Child and Family Agency, the HSE has provided some services for the Agency including the areas of Finance, HR, Payroll, Procurement, Estates, FOI and Internal Audit. These services are governed through a Memorandum of Understanding and subsidiary Service Level Agreements.

#### Other

In accordance with the Ethics in Public Office Acts 1995 and 2001 the Agency requires all staff Grade VIII and above (or equivalent) to complete an annual Ethics Return declaring any interests as specified which could materially influence them in the performance of the function of their position.

### **NOTE 28 Approval of Financial Statements**

The financial statements were approved by the Board on 30<sup>th</sup> May 2019.



## Appendix 1

Sections 56 - Section 59	€'000
Total Payments less than €50,000	3,986
<b><u>Payments equal to or greater than €50,000</u></b>	
Barnardos	8,131
Extern Organisation	7,042
Daughters Of Charity	5,024
Foróige	3,689
Focus Ireland	3,608
Youth Advocate Programmes (Yap)	3,489
Don Bosco Care	2,840
St Bernard's Children's Services	2,507
Empowerment Plus	2,375
Peter McVerry Trust	2,296
Sonass Domestic Violence Charity	2,103
Smyly Trust Services	2,079
Traveller Families Care	2,070
Crosscare	1,978
Home Again	1,826
The Cottage Home	1,630
Salvation Army	1,618
Bessborough Centre	1,515
Good Shepherd Cork	1,350
Dublin Rape Crisis Centre	1,237
Kildare Youth Services	1,208
Clarecare	1,203
Aoibhneas Ltd	1,156
Saoirse Housing Association	1,003
Empowering People In Care (Epic)	981
Adapt	973
Streetline	946
Limerick Social Services Centre	860
Cope	822
The Homeless Girl's Society	795
Women's Aid	725
Clare Haven Services	715
I.S.P.C.C.	650
Praxis Care Group	648
Wellsprings - Mercy Childcare	647
Bray Women's Refuge Housing	639
Clondalkin Behavioural Initiative	617
Oasis Housing Association	587

## Child and Family Agency, Annual Financial Statements 2018

	<b>€'000</b>
Home Youth Liaison Service	575
Lifestart	561
Cuan Saor	560
An Cosán Shanty Education & Training	558
Donegal Women's Domestic Violence Service	542
Kilkenny Women's Refuge	536
Galway Rape Crisis Centre	517
Irish Foster Care Association	494
North Tipperary Community Services	491
Women's Aid Dundalk	484
Adapt Kerry	478
Drogheda Women's Refuge	477
Meath Springboard Family Support	473
Youth New Ross	471
Wexford Women's Refuge	452
Daughters Of Charity Community Services	415
St Catherine's Community Services Centre	412
Meath Women's Refuge	411
Cuanlee	407
Rape Crisis Midwest	407
Carr's Child And Family Services	402
Cúnamh	400
Niche Health Project (Cork)	393
Kdys Springboard Project	390
Mayo Women's Refuge & Support Services	387
Safe Ireland	370
Youth Service Board Limerick	362
Darndale Belcamp Integrated Childcare Service	358
Sligo Family Support	352
Northside Partnership	351
Aster Family Support	349
North Clondalkin Integrated Family School	327
Domestic Violence Advocacy Service	327
Our Lady's Nursery Ballymun	327
Mercy Family Centre	320
St Brigid's Day Nursery	317
Teach Tearmainn Housing Association	316
Kerry Diocesan Youth Service	314
St Helena's Childcare Centre	308
Esker House Women's Refuge And Support	303
Pact	301
County Wicklow Community Partnership	296
Sexual Violence Centre Cork	293
The Cari Foundation	270
Blakestown Mountview Neighbourhood Youth Project	269

## Child and Family Agency, Annual Financial Statements 2018

	€'000
Sligo Springboard	268
North Tipperary Leader Partnership	266
St Louise's Day Nursery	265
Tír Na nÓg Early Childhood Care	263
Cloyne Diocesan Youth Services	258
Rape Crisis & Sexual Abuse Counselling	253
Familibase	250
Carlow South Leinster Rape Crisis Centre	249
St Vincent's Day Nursery	242
Waterford Rape Crisis Centre	241
Amen Support Services	240
Edenmore Day Nursery	235
Wexford Rape Crisis Centre	234
West Cork Women Against Violence	234
New Communities Partnership	230
Donegal Sexual Abuse & Rape Crisis Centre	230
Kerry Rape Crisis Centre	229
Springboard Project Raphoe	228
The First Step Trust	226
Deansrath Family Centre	225
Northside Inter Agency Project	225
Active Connections	221
National University Of Ireland Galway (NUIG)	217
St Brigid's Family & Community Centre	211
Mahon FRC	210
Togher Pre School & Family Centre	202
Mayo Rape Crisis Centre	201
St Anne's Day Nursery	201
Aosóg After School Project	200
Tallaght West Childhood Development Initiative	198
Bonnybrook Day Nursery	197
Tearmann	193
Kilkenny Community Early Years Project	190
Dundalk Rape Crisis Centre	187
Sligo Family Centre	187
Mead Day Care Centre	185
Offaly Domestic Violence Support Service	180
Longford Women's Link	178
Goldenbridge Early Childhood	177
Kilkenny Rape Crisis Centre	176
One Stop Shop Cork	171
Ballygall Schools & Counselling & Family Service	169
Trinity College Dublin	169
Tipperary Rape Crisis & Counselling Service	167
Laois Support Services Against Domestic Abuse	163

## Child and Family Agency, Annual Financial Statements 2018

	€'000
Hedge School Therapy	160
Mná Feasa Domestic Violence Project	160
Mounttown Neighbourhood Youth	159
Roscommon Integrated Development Company	157
Clare Youth Service	157
Friends Of Tacu	154
Early Learning Initiative	151
Clonmel Community Mothers	151
Young Ballymun	150
Cox's Demense Youth & Community Project	149
Tír Boghaine	149
Alcohol Forum	148
You Are Not Alone - North Cork Domestic Violence	147
The Marian Centre Ltd	145
The Glen And District Neighbourhood Project	144
Ballyhoura Development	143
First Steps Rowlagh	139
Tipperary Regional Youth Service	134
Carlow Women's Aid	133
Camara Ireland	132
Gorey Youth Needs Group	132
Clonmel Community Resource Centre	130
Domestic Violence Response Oughterard Galway	130
Anew Support Service	129
Carlow Regional Youth Service	129
Kilbarrack/Foxfield Day Nursery	128
Doras Buí	123
Early Childhood Ireland	122
County Dublin Vec	122
Regional Sexual Abuse/Tullamore Rape Crisis	120
Moatview Day Nursery	118
Roscommon County Childcare Committee	118
Hill Street FRC	117
Shanakill FRC	117
Athlone Rape Crisis Centre	114
Phoenix Community Resource Centre	112
Paul Partnership	112
Ballyboden Children's Centre	111
Ballyhaunis FRC	110
Donegal Women's Centre	109
Sligo Social Services	108
Donegal Youth Service	104
South West Wexford Community Development Group	103
Roscommon Safelink	102
Letterkenny Youth And Family Services	100

## Child and Family Agency, Annual Financial Statements 2018

	€'000
National Family Support Network	100
Pavee Point Travellers Centre	100
Rainbows Ireland	96
Time 4 Us	93
Newbury House Family Centre	90
Ferns Youthwork Ireland	90
Genesis Psychotherapy & Family Therapy	90
Cobh FRC	88
St Michael's Family Life Centre	86
Waterford & South Tipperary Community Youth Services	86
Before 5 Family Centre	85
Louth Leader Partnership	85
Westmeath Support Services	82
Crann Support Group	82
Family Resource Centre, Tyrone Place Inchicore	80
Westmeath Community Development	79
Sunday's Well Life Centre	79
Western Region Drugs And Alcohol Task Force	78
Cork County Childcare Committee	78
Parent Plus	78
Sligo County Child Care Committee	74
St Aidan's School	73
Innishmore Family Centre	72
National Childhood Network	69
Rialto Springboard Project	69
Teach Oscail FRC	68
Southside Partnership	68
Ballina FRC	67
The Mens Development Network	67
Parentline	66
Health Service Executive	66
Cork City Childcare Company	66
Walkinstown Greenhills Resource Centre	65
Homestart	64
West Dublin YMCA	64
Listowel FRC	63
Ossory Youth	63
Navan Travellers Workshop	62
Youth Work Ireland - Galway	62
Vita House Family Centre	62
Knockanrawley Resource Centre	61
Kerry Family Resource & Counselling Centre	61
Carlow County Childcare Committee	60
Drogheda Lifestart	59
Ballyfermot Chapelizod Partnership	58

## Child and Family Agency, Annual Financial Statements 2018

	<b>€'000</b>
YMCA Ireland Parents And Kids Together (PAKT)	58
Inishowen Development Partnership	55
Cill Dara Ar Aghaidh	55
Childhood Development Initiative	55
Young People At Risk Initiative	54
Castleisland FRC	54
Candle Community Trust	54
Hospital FRC	54
Cúram Claremorris	54
Golf Course Road Community Centre	54
Arlington Novas Ireland	53
Parents First (Laois/Offaly)	52
Leitrim Integrated Development Company	51
Bray Area Partnership	50
Hollyhill Knocknaheeny Family Centre	50
Mountmellick Development Association	50

---

### **Total**

**115,421**

---

\* Comparable figures for 2017 are available in Tusla Annual Financial Statements 2017

**Appendix 1 - Additional Summary by Grant Type, Service and Region**

	€'000
Regional Service Level Agreements	61,708
Domestic Sexual & Gender Based Violence (DSGBV)	22,418
Residential Services	20,712
Creative Community Alternatives (CCA)	3,447
Quality and Capacity Building Initiative (QCBI)	2,177
National Grants	2,123
Area Based Childhood Programme (ABC)	1,322
Adoption	970
Irish Refugee Programme	208
Children and Young People's Services Committees (CYPSC)	214
National - Early Years	122
<hr/>	
<b>Total</b>	<b>115,421</b>

## Appendix 2

<b>Schools Completion Programme Payments</b>	<b>€'000</b>
Total Payments less than €50,000	501
<b><u>Payments equal to or greater than €50,000</u></b>	
City of Dublin E.T.B	1,428
Kildare Wicklow E.T.B	1,217
Louth And Meath E.T.B	759
County Donegal E.T.B	742
Cork E.T.B	707
Cavan And Monaghan E.T.B	664
Kilkenny And Carlow E.T.B	623
Galway Roscommon E.T.B	474
Liberties D8 SCP	388
Ballymun SCP	365
Dublin & Dun Laoghaire E.T.B	357
Clondalkin A Collinstown SCP	320
Waterford SCP	314
Mayo Sligo And Leitrim E.T.B	312
St Paul's CBS D7 SCP	311
North West City SCP	280
Sligo SCP	275
Dundalk SCP	257
Ennis SCP	256
Bantry Dunmanway SCP	256
Jobstown SCP	254
Le Chéile SCP	247
Coolock D17 SCP	246
Clondalkin B Quarryvale Balgaddy SCP	240
Mahon Blackrock SCP	239
Tullamore SCP	238
North Inishowen SCP	238
Southill SCP	227
St Munchin's SCP	224
Mayfield/The Glen SCP	223
Killinarden SCP	221
Mullingar SCP	221
Deeside (Ardee) SCP	220
Gorey SCP	216
St Clondalkin School's Cluster SCP	215
Deis Scop SCP	215
The Donahies C.S SCP	214
Aisling Project Ltd	211



## Child and Family Agency, Annual Financial Statements 2018

	<b>€'000</b>
Clár Criochnú Scoile Conamara SCP	208
Crumlin Drimnagh & Harold's Cross SCP	207
Business In The Community Ireland	207
Brookfield/Fettercairn SCP	206
Enniscorthy Bunclody SCP	200
Blakestown Mountview SCP	197
St Oliver's Clonmel SCP	196
Old Bawn St. Dominics SCP	195
Cabinteely SCP	193
Drimnagh Bluebell Inchicore SCP	191
Mounttown Sallynoggin SCP	188
Sexton Street Assisting Youth (SSTAY) SCP	187
North Kerry (Link) SCP	182
Riversdale D15 Tofe SCP	182
Ballyfermot B St. Johns De La Salle SCP	181
Tullow Area SCP	180
Edenmore Kilbarrack Raheny Árd Scoil	178
Ballyfermot C Caritas SCP	176
Carrick-On-Shannon Education Centre	176
Galway City Westside SCP	176
Ballyfermot D Dominican SCP	176
St Finian's Swords SCP	173
Athlone SCP	172
South West Wexford SCP	172
Tipperary Town SCP	170
East Tallaght Balrothery SCP	170
Balally Dundrum SCP	168
Finglas (St Vincent's) SCP	168
Kerry SCP	168
Crumlin Cluster SCP	168
Steps (Rosbrien) SCP	166
Bridgetown SCP	161
Palmerstown SCP	161
Dublin North Central SCP	160
Wexford SCP	157
Coolock SCP	148
Edenderry SCP	145
St Marks St Maelruains SCP	144
Dungarvan SCP	140
Limerick And Clare E.T.B	140
Pairc SCP	140
St Michael's Secondary School	136
Synge Street SCP	134
Greenhills SCP	133
North Tipperary SCP	132

## Child and Family Agency, Annual Financial Statements 2018

	<b>€'000</b>
Swords Fingal SCP	128
Laois & Offaly E.T.B	128
Scoil Mhuire N.S & Ballinteer	124
St Canice's Community Action Ltd	124
Kilrush SCP	120
Connemara North & West SCP	100
Birr Roscrea SCP	99
Tipperary E.T.B	95
Barnardos	93
Croom Kilmallock SCP	88
South Meath SCP	88
Clonshaugh SCP	67
St Ultan's School	56

---

<b>Total</b>	<b>23,933</b>
--------------	---------------

---

\* Comparable figures for 2017 are available in Tusla Annual Financial Statements 2017.

### Appendix 3

<b>Family Resource Centre Payments</b>	<b>€'000</b>
Total Payments less than €50,000	3,292
<b><u>Payments equal to or greater than €50,000</u></b>	
Curragh Pride FRC	537
Westport FRC	317
Framework RSA	314
Abbeydorney/Kilfynn FRC	281
West Training & Development Ltd	266
Donegal FRC	207
Balally FRC	205
Cara Phort FRC	204
Barnardos	197
Fatima Groups Utd	196
West Clare FRC	196
St Andrew's Resource Centre Ltd	157
St Canice's Community Action Ltd	157
School St & Thomas Court Bawn FRC	148
Northside FRC	146
Millenium FRC	144
Castlebar Le Cheile FRC	143
Dunmanway FRC	143
Ballymote FRC	143
Northwest Clare FRC	138
Bridgeways FRC	136
Bagenalstown FRC	134
Listowel FRC	126
Raphoe FRC	125
Fact Ballincollog FRC	124
Ballinrobe FRC	124
Hospital FRC	123
St Brigids Family And Community Centre	123
Solas FRC	122
Clann Resource Centre Oughterard	120
Cherry Orchard FRC	119
Teach Oscail FRC	119
Tullamore Community & FRC	118
Portlaoise Family & Community Resource Centre	117
Mevagh Family Resource Centre	117
Clara Community & FRC	117
Newpark Close Community Development	117
Adrigole FRC	116
Newbridge FRC	115

## Child and Family Agency, Annual Financial Statements 2018

	<b>€'000</b>
Southill FRC	115
Quarryvale Family Resource Centre	115
Shanakill FRC	114
Mohill Family Support Centre Ltd	113
Le Chéile FRC	113
Springboard Project Raphoe	113
Raheen Community Development Group Ltd	112
Tubbercurry Family And Childcare Centre	111
St Johnston & Carrigans FRC	111
Spafield FRC	111
Mullaghmat Cortolvin Community Development	110
Mountview FRC	110
Killaloe Ballina FRC	109
Moville & District FRC	108
Forward Steps Resource Centre Ltd	106
Cobh FRC	105
Trim FRC	104
Hillview Community Resource Group	102
Mountmellick Association	100
North Tipperary Community Services	99
Greystones FRC	99
Athy Community And Family Centre	98
Ballybeg Community Development Project	98
Killinarden Resource Centre	97
Gorey FRC	97
South West Wexford Community	97
South West Kerry FRC	97
The Forge FRC	97
Gort Resource Centre Ltd	96
Kenmare FRC	96
Boyle FRC	96
Ard FRC	96
Dunfanaghy Community & FRC	95
Downstrands FRC	94
Aster Family Support Ltd	94
Ballymun Child & FRC	93
Baldoyle Family Resource Services	93
Taghmon FRC	92
Duagh FRC	91
Artane Coolock Resource & Development Centre	90
West Sligo FRC	89
Ballina FRC	89
Sligo FRC	88
Killorglin FRC	88
Roscommon Integrated	88

## Child and Family Agency, Annual Financial Statements 2018

	€'000
Teach Dara Kildare Town Community & Family Centre	88
Rosemount Community Development Group	88
Castlemaine FRC	88
Ballyspillane Community & FRC	88
The Peoples Resource Centre Kells	87
Kerryhead/Ballyheigue FRC	87
Loughrea Family & Community Resource	87
Ballyboden Children's Centre	87
Three Drives FRC	85
St Kevin's FRC	85
Shannon FRC	84
Droichead FRC	84
Sacred Heart Comm & Childcare Project	84
Hill St. FRC	83
Mill FRC	83
Southend Community Development Group	83
Lus Na Gréine	83
St Matthew's FRC	82
Midleton Community Forum Clg	82
Croom FRC	82
Clones FRC	82
Ballyfermot Resource Centre Ltd	81
Focus FRC	81
Monsignor Mccarthy FRC	81
Claremorris FRC	80
Carrigtwohill FRC	80
The Crann Support Group Ltd	80
Cara House FRC	80
Ballyogan Community Development	79
Breffi Community Development Ltd	78
Neart Hamhnais Teoranta (Ballyhaunis)	78
Connect FRC	78
Cairdeas Kilmovee FRC	78
St Brigids Community Centre	78
Buds Ballyduff Family & Community Services	77
Beara West FRC	75
SDC South Dublin County Partnership	71
Castlerea Community & FRC	70
FRC National Forum	65
<hr/>	
<b>Total</b>	<b>17,544</b>

\* Comparable figures for 2017 are available in Tusla Annual Financial Statements 2017

**Appendix 4**

<b>Family Support Services Counselling Payments</b>	<b>€'000</b>
Total Payments less than €50,000	2,369
<b><u>Payments equal to or greater than €50,000</u></b>	
Accord	1,592
Rainbows Ireland	250
Cork Marriage Counselling Centre	235
Cherish t/a One Family	184
Barnardos	175
Cork Counselling Services Ltd	162
The Association of Agency Based Counselling & Psychotherapy	136
Clanwilliam Institute	119
Crosscare	117
Boyle FRC	113
The Cari Foundation	107
Beacon Of Light Counselling Centre	107
Dundalk Counselling Centre	97
Genesis Psychotherapy & Family Therapy Services	94
St Brigid's Family and Community Centre	84
Northside Counselling Services	80
South West Counselling Centre	70
Vita House Family Centre	69
One In Four	65
Knock Counselling Centre Ltd	64
The Family Centre	53
Pro Consult	52
Trinity Adult Resource Group For Education & Training	50
<b>Total</b>	<b>6,444</b>

\* Comparable figures for 2017 are available in Tusla Annual Financial Statements 2017