



OMBUDSMAN FOR THE DEFENCE FORCES

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

OMBUDSMAN FOR THE DEFENCE FORCES

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OMBUDSMAN FOR THE DEFENCE FORCES

GENERAL INFORMATION

Ombudsman for the Defence Forces **Alan Mahon**

Office **15 Hatch Street Lower
Dublin 2**

Telephone Number: **01 663 3222
Lo Call 1890 252281**

Fax Number: **01 663 3223**

Website: **www.odf.ie**

Email Address: **admin@odf.ie**

Auditors: **Comptroller & Auditor General
3A Mayor Street Upper
Dublin 1**



Ard Reachtaire Cuntas agus Ciste **Comptroller and Auditor General**

Report for presentation to the Houses of the Oireachtas **Ombudsman for the Defence Forces**

Opinion on the financial statements

I have audited the financial statements of the Ombudsman for the Defence Forces for the year ended 31 December 2021 as required under the provisions of section 16 of the Ombudsman (Defence Forces) Act 2004. The financial statements comprise

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Ombudsman for the Defence Forces at 31 December 2021 and of its income and expenditure for 2021 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

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 Ombudsman for the Defence Forces 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 Ombudsman for the Defence Forces has presented certain other information together with the financial statements. This comprises the governance statement and Ombudsman for the Defence Forces 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.

I have nothing to report in that regard.

Peter Kinsley
For and on behalf of the
Comptroller and Auditor General

5 September 2022

Appendix to the report

Responsibilities of the Ombudsman

As detailed in the governance statement and Ombudsman for the Defence Forces report, the Ombudsman is responsible for

- the preparation of annual financial statements in the form prescribed under section 16 of the Ombudsman (Defence Forces) Act 2004
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as he determines 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 16 of the Ombudsman (Defence Forces) Act 2004 to audit the financial statements of the Ombudsman for the Defence Forces 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 Ombudsman for the Defence Forces 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 Ombudsman for the Defence Forces to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

I 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.

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.

OMBUDSMAN FOR THE DEFENCE FORCES

GOVERNANCE STATEMENT AND OMBUDSMAN FOR THE DEFENCE FORCES REPORT

Governance

The Ombudsman for the Defence Forces was established under the Ombudsman (Defence Forces) Act 2004. The functions of the Ombudsman are set out in Section 4 of this Act. The Ombudsman is accountable to the Minister for Defence and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Ombudsman for the Defence Forces are the responsibility of the Ombudsman and the senior management team.

Ombudsman for the Defence Forces Responsibilities

Section 16 of the Ombudsman (Defence Forces) Act 2004 requires the Ombudsman for the Defence Forces to keep, in such form as may be approved by the Minister for Defence with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by the Ombudsman for the Defence Forces.

In preparing these financial statements, the Ombudsman for the Defence Forces is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Ombudsman for the Defence Forces is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 16 of the Ombudsman (Defence Forces) Act 2004. The maintenance and integrity of the corporate and financial information on the Ombudsman for the Defence Forces website is the responsibility of the Ombudsman for the Defence Forces.

The Ombudsman for the Defence Forces is responsible for approving the annual plan and budget. An evaluation of the performance of the Ombudsman for the Defence Forces by reference to the annual plan and budget was carried out in 2021.

The Ombudsman is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Ombudsman for the Defence Forces considers that the financial statements of Ombudsman for the Defence Forces give a true and fair view of the financial performance and the financial position of Ombudsman for the Defence Forces at 31 December 2021.

Ombudsman for the Defence Forces Structure

The President Michael D. Higgins on the recommendation of Government, on 6 July 2018, appointed Mr. Alan Mahon as the Ombudsman for the Defence Forces. The Ombudsman was selected following an open competition run by the Public Appointments Service.

Due to the size of the office, the Ombudsman for the Defence Forces does not have any sub-committees in place. The Ombudsman for Defence Forces falls within the remit of the Department of Defence Internal Audit Unit and Audit Committee.

OMBUDSMAN FOR THE DEFENCE FORCES

GOVERNANCE STATEMENT AND OMBUDSMAN FOR THE DEFENCE FORCES REPORT

Ombudsman for the Defence Forces remuneration

Information in relation to the Ombudsman for the Defence Forces remuneration package is disclosed in note 3 to the financial statements.

Key Personnel Changes

There was no Key Personnel Changes during 2021.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Ombudsman is responsible for ensuring that Ombudsman for the Defence Forces has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

| | 2021 | 2020 |
|---|--------------|--------------|
| | € | € |
| Outsourced Research | 2,118 | 3,075 |
| Total consultancy costs | - | - |
| Consultancy costs capitalised | - | - |
| Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves | 2,118 | 3,075 |
| Total | <u>2,118</u> | <u>3,075</u> |

Legal Costs and Settlements

There were no Legal Costs and Settlements recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

| | 2021 | 2020 |
|---------------|----------|----------|
| | € | € |
| Domestic | | |
| - Ombudsman | - | - |
| - Employees | - | - |
| International | | |
| - Ombudsman | - | - |
| - Employees | - | - |
| Total | <u>-</u> | <u>-</u> |

OMBUDSMAN FOR THE DEFENCE FORCES

GOVERNANCE STATEMENT AND OMBUDSMAN FOR THE DEFENCE FORCES REPORT

Hospitality Expenditure

There was nil client hospitality expenditure incurred in 2021 (2020: nil).

Statement of Compliance

The Ombudsman for the Defence Forces has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions. The Ombudsman for the Defence Forces intends to seek derogations on these exceptions with the Department of Defence and the Department of Public Expenditure and Reform:

- The stewardship structure of the Ombudsman for the Defence Forces is atypical. There is no Board structure. The Ombudsman for the Defence Forces undertakes the collective role of a Board and of an accounting officer. Therefore, in addition to performing his duties as a "Board", the Ombudsman for the Defence Forces also performs executive functions.
- As the Ombudsman for the Defence Forces has a small scale of operations and limited available resources, it has not established an internal audit function or an Audit and Risk Committee. The Ombudsman for Defence Forces falls within the remit of the Department of Defence Internal Audit Unit and Audit Committee.

Signed



Alan Mahon
Ombudsman for the Defence Forces

Date

2.09. 2022

OMBUDSMAN FOR THE DEFENCE FORCES
STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

On behalf of the Ombudsman for the Defence Forces I acknowledge my responsibility for ensuring that an effective system of internal control is maintained and operated.

Purpose of the System of Internal Control

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Office of the Ombudsman for the Defence Forces for the year ended 31 December 2021 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Due to the small scale of operations and limited available resources the Office does not have an Internal Audit function or an Audit and Risk Committee. The Ombudsman for Defence Forces falls within the remit of the Department of Defence Internal Audit Unit and Audit Committee and from time to time an external firm of accountants conduct reviews of the operation of controls within the Office and report their findings to the Ombudsman. The Department of Defence Internal Audit Committee did a brief review of the ODF at its meeting of 9th June 2021. It was intended to pay a site visit in the Autumn 2021 but it was postponed due to Covid. It will be undertaken in 2022.

Risk and Control Framework

The Office of the Ombudsman for the Defence Forces has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Ombudsman for the Defence Forces and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Ombudsman for the Defence Forces on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff.

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

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

The Office of the Ombudsman for the Defence Forces was established in December 2005. The following procedures are in operation and are designed to provide effective Internal Control:

- i. an appropriate control environment has been established by the introduction of clearly defined management responsibilities with corresponding accountability.

OMBUDSMAN FOR THE DEFENCE FORCES

STATEMENT ON INTERNAL CONTROL

- ii. on an annual basis the Ombudsman, and on occasions in consultation with a firm of accountants, reviews risks facing the Office and where necessary revised procedures are put in place to address same.
- iii. a comprehensive budgetary system is in operation and expenditure trends are reviewed on a quarterly basis.
- iv. procedures for addressing the financial implications of major business risks such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud, have been implemented.

Impact of Covid-19 pandemic to the Control Environment

The onset of the COVID 19 pandemic in early 2020, and the resulting public health advice and safety measures, rapidly and fundamentally changed the working practices of the ODF with remote and virtual working becoming the norm for ODF staff.

ODF has monitored the developments closely, looking to mitigate the risks that may affect the ODF's business operations, staff and stakeholders. Actions taken by the ODF includes: -

- Initiate ODF's Business as Usual (BAU) model and transition the ODF's business operations to a remote working environment where most business processes can continue as normal.
- Continual assessment of significant risks pertaining to the Covid-19 pandemic and the agility of ODF to respond effectively.
- Ensuring robust segregation of duties remains and adequate cover is in place should specific approving authorities be unavailable.
- Ensuring all existing data protection and records management policies and procedures continue to apply in the remote working environment and are monitored and reported on as normal.
- Ensuring that staff members access ODF's network using ODF's approved ICT equipment and that all staff members working remotely have been equipped with the necessary ICT equipment.
- Assess potential for weaknesses in internal controls resulting from COVID-19 and took measures to monitor and update internal controls where necessary.

Procurement

I confirm that Ombudsman for the Defence Forces has procedures in place to ensure compliance with current procurement rules and guidelines. During 2021, the Ombudsman for the Defence Forces complied with those procedures with the exception of goods and services supplied to the value of €32,761 (2020: €31,359) as detailed below:

- €21,723 (2020: €21,843) relating to accountancy services,
- €2,433 (2020: €2,235) relating to telecommunication services,
- €926 (2020: €857) relating to storage services,
- €544 (2020: €475) relating to premises expenses,
- €4,330 (2020: €2,874) relating to cleaning,
- €687 (2020: €374) relating to shredding services,
- €2,118 (2020: €3,075) outsourced consultancy case research.

The Ombudsman intends to review the arrangements for the provision of all of these services and will undertake an internal review of procurement procedures in 2022.

OMBUDSMAN FOR THE DEFENCE FORCES

STATEMENT ON INTERNAL CONTROL

Review of Effectiveness of Internal Controls

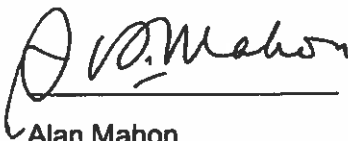
I confirm that the Ombudsman for the Defence Forces has procedures to monitor the effectiveness of its risk management and control procedures. The Office of the Ombudsman for the Defence Forces' monitoring and review of the effectiveness of the system of internal control is informed by the work of the external auditors, the Department of Defence Audit Committee which oversees their work, and the senior management within the Office of the Ombudsman for the Defence Forces responsible for the development and maintenance of the internal control framework.

I confirm that the Ombudsman for the Defence Forces conducted an annual review of the effectiveness of the internal controls for 2021 in March 2022.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2021 that require disclosure in the financial statements with the exception of the procurement breaches disclosed above.

Signed



Alan Mahon
Ombudsman for the Defence Forces

Date

2.09.2022


OMBUDSMAN FOR THE DEFENCE FORCES

**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Notes | 2021 € | 2020 € |
|--|-------|------------------------|-----------------------|
| INCOME | | | |
| Oireachtas Grants | 2 | 357,057 | 365,286 |
| Transfer (to) / from Capital Account | 9 | (245) | 2,211 |
| | | <u>356,812</u> | <u>367,497</u> |
| EXPENDITURE | | | |
| Staff Costs | 3 | 292,544 | 269,977 |
| Office Running Costs | 4 | 83,096 | 86,901 |
| Publications and Conferences | 5 | 2,592 | 4,789 |
| Depreciation | 6 | 3,440 | 3,198 |
| | | <u>381,672</u> | <u>364,865</u> |
| (DEFICIT)/SURPLUS FOR THE YEAR | | (24,860) | 2,632 |
| Balance brought forward at 1 January | | <u>(6,440)</u> | <u>(9,072)</u> |
| Balance carried forward at 31 December | | <u><u>(31,300)</u></u> | <u><u>(6,440)</u></u> |

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 12 form part of these financial statements.

Signed 
 Alan Mahon
 Ombudsman for the Defence Forces

Date 2.09.2022

OMBUDSMAN FOR THE DEFENCE FORCES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Notes | 2021 € | 2020 € |
|--|-------|------------------------|---------------------|
| FIXED ASSETS | | | |
| Plant and Equipment | 6 | 12,164 | 11,919 |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | | 337 | 544 |
| Receivables | 7 | <u>1,411</u> | <u>27,339</u> |
| | | 1,748 | 27,883 |
| CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) | | | |
| Payables | 8 | <u>(33,048)</u> | <u>(34,323)</u> |
| Net Current (Liabilities) | | (31,300) | (6,440) |
| TOTAL NET ASSETS | | <u><u>(19,136)</u></u> | <u><u>5,479</u></u> |
| REPRESENTING | | | |
| Income and Expenditure | | (31,300) | (6,440) |
| Capital Account | 9 | <u>12,164</u> | <u>11,919</u> |
| | | <u><u>(19,136)</u></u> | <u><u>5,479</u></u> |

The Statement of Cash Flows and notes 1 to 12 form part of these financial statements.

Signed



Alan Mahon
Ombudsman for the Defence Forces

Date

2.09.2022

OMBUDSMAN FOR THE DEFENCE FORCES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 € | 2020 € |
|---|-------|-----------------------|---------------------|
| Net Cash Flows from Operating Activities | | | |
| (Deficit) / Surplus for the year | | (24,860) | 2,632 |
| Depreciation charge | 6 | 3,440 | 3,198 |
| Decrease in Receivables | 7 | 25,928 | 3,527 |
| (Decrease) in Payables | 8 | (1,275) | (5,869) |
| Transfer to / (from) to Capital Account | 9 | <u>245</u> | <u>(2,211)</u> |
| Net Cash Inflow from Operating Activities | | <u>3,478</u> | <u>1,277</u> |
| Cash flows from Investing activities | | | |
| Payment to acquire fixed assets | 6 | <u>(3,685)</u> | <u>(987)</u> |
| Net Cash Flows from Investing Activities | | <u>(3,685)</u> | <u>(987)</u> |
| Increase / (Decrease) in cash and cash equivalents | | <u>(207)</u> | <u>290</u> |
| Cash and cash equivalents at the beginning of the year | | 544 | 254 |
| Cash and cash equivalents at the end of the year | | <u>337</u> | <u>544</u> |

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

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

a) General Information

The Ombudsman for the Defence Forces was established in 2004 under the Ombudsman (Defence Forces) Act, 2004 with a head office at, 15 Lower Hatch Street, Dublin 2.

The Office of the Ombudsman serves as an Office of independent external review for complaints from serving and former Members of the Defence Forces.

b) Statement of Compliance

The financial statements of the Ombudsman for the Defence Forces for the year ended 31 December 2021 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

c) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Defence with the concurrence of the Minister for Public Expenditure and Reform under Section 16 of the Ombudsman (Defence Forces) Act 2004. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Ombudsman for the Defence Forces financial statements.

d) Oireachtas Grants

Income recognised in the financial statements as Oireachtas Grants represents the grants received in cash plus amounts paid on behalf of the Ombudsman during the year, by the Department of Defence.

e) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all plant and equipment, at rates estimated to write off the cost less the estimated residual value of each asset on a straight-line basis over their estimated useful lives, as follows:

| | | |
|------------------------|-----|-----------|
| Fixtures and Fittings | 10% | per annum |
| Office Equipment | 20% | per annum |
| IT Equipment & Website | 20% | per annum |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting Policies (continued)

f) Capital Account

The Capital Account represents the unamortised value of funding applied for the purchase of fixed assets.

g) Pensions

In accordance with Section 14 of the Ombudsman (Defence Forces) Act, 2004, the employees of the Ombudsman for the Defence Forces are civil servants and are members of a defined benefits scheme which is unfunded and is administered by the Department of Defence.

h) Other Financial Liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

i) Employee Benefits

Short-Term Benefits

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

j) Critical Accounting Judgements and Estimates

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 reporting 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. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of Plant and Equipment

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Depreciation and Residual Values

The Ombudsman for the Defence Forces reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 | 2020 |
|--|-------------|-------------|
| 2 Oireachtas Grants | € | € |
| Department of Defence - Vote 36 - Subhead A.22 - Pay | 289,476 | 273,097 |
| Department of Defence - Vote 36 - Subhead A.22 - Non Pay | 67,581 | 92,189 |
| | 357,057 | 365,286 |
| 3 Staff Costs and Employee Information | 2021 | 2020 |
| | € | € |
| Wages and Salaries | 292,544 | 268,948 |
| Staff Related Expenses | | |
| Travel and subsistence - National | - | - |
| Travel and subsistence - International | - | - |
| Training and development | - | 1,029 |
| Total staff costs | 292,544 | 269,977 |

From 1 January 2019 onwards, members of public service defined benefit pension schemes pay an additional superannuation contribution (ASC) arising from the Public Service Stability Agreement (2018- 2020) and the Public Service Pay and Pensions Act 2017. An amount of €8,875 (2020: €7,850) in respect of ASC was deducted from staff salaries and retained by the Department of Defence in 2021.

| | Number of Employees | | | |
|---|----------------------------|--|-------------|--|
| 3(a) Employee Numbers | | | | |
| The average number of employees during the period was made up as follows: | 2021 | | 2020 | |
| Ombudsman | 1 | | 1 | |
| Administration staff | 4 | | 3 | |
| Total | 5 | | 4 | |
| Whole-time equivalents at the end of the year | 4.8 | | 3.8 | |

| | Number of Employees | | | |
|---|----------------------------|--|-------------|--|
| 3(b) Employee benefits breakdown | | | | |
| Range of total employee benefits | 2021 | | 2020 | |
| From To | | | | |
| €60,000 - €69,999 | - | | - | |
| €70,000 - €79,999 | - | | - | |
| €80,000 - €89,999 | 2 | | 2 | |
| €90,000 - €99,999 | - | | - | |
| €100,000 - €109,999 | - | | - | |
| | 2 | | 2 | |

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but exclude employer's PRSI.

| | 2021 | 2020 |
|---|----------|----------|
| 3(c) Ombudsman for the Defence Forces Remuneration | € | € |
| Salary – Ombudsman | 89,437 | 87,062 |
| | 89,437 | 87,062 |

Alan Mahon was appointed 6 July 2018 on a full-time basis. From 1st January 2020 the role changed to the equivalent of a 4 day week. The salary is set at point 5 of the Principal Officer pay scale. An amount of €5,641 (2020: €5,392) in respect of ASC was deducted from the Ombudsman's remuneration and retained by the Department of Defence in 2021. The Ombudsman did not receive any performance related payments or any other benefit in kind during the year.

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| 4 Office Running Costs | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| | € | € |
| Repairs and maintenance | 45 | 475 |
| Light and Heat | 2,191 | 1,833 |
| Postal, telephone and courier costs | 6,029 | 3,476 |
| IT licences | 308 | 61 |
| IT support costs | 24,365 | 30,574 |
| Advertisement | 5,445 | 10,608 |
| General office costs | 7,355 | 7,463 |
| Subscriptions | 2,913 | 1,718 |
| Accountancy | 21,723 | 19,629 |
| Audit | 5,500 | 5,000 |
| Cleaning and recycling | 4,375 | 2,593 |
| Couriers | 687 | 374 |
| Associate case research | 2,118 | 3,075 |
| Bank charges | 42 | 22 |
| | <u>83,096</u> | <u>86,901</u> |

The Ombudsman for the Defence Forces operates from 15 Lower Hatch Street, Dublin 2.
The rent for this office is paid from the Vote for the Office of Public Works.

| 5 Publications and Conferences | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| | € | € |
| Conference attendance | - | 790 |
| Annual report costs: | | |
| Production and Translation Costs | <u>2,592</u> | <u>3,999</u> |
| | <u>2,592</u> | <u>4,789</u> |

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| 6 Plant and Equipment | IT Equipment & Website | Office Equipment | Furniture & Fittings | Total |
|------------------------------------|---------------------------|---------------------|-------------------------|----------------|
| | € | € | € | € |
| Cost | | | | |
| At 1 January 2021 | 258,527 | 15,646 | 63,624 | 337,797 |
| Additions for the period | 3,685 | - | - | 3,685 |
| Disposals | - | - | - | - |
| At 31 December 2021 | <u>262,212</u> | <u>15,646</u> | <u>63,624</u> | <u>341,482</u> |
| Accumulated Depreciation | | | | |
| At 1 January 2021 | 248,176 | 15,646 | 62,056 | 325,878 |
| Depreciation charge for the period | 3,033 | - | 407 | 3,440 |
| Disposals | - | - | - | - |
| At 31 December 2021 | <u>251,209</u> | <u>15,646</u> | <u>62,463</u> | <u>329,318</u> |
| Net Book Value | | | | |
| At 31 December 2021 | <u>11,003</u> | <u>-</u> | <u>1,161</u> | <u>12,164</u> |
| At 31 December 2020 | <u>10,351</u> | <u>-</u> | <u>1,568</u> | <u>11,919</u> |

| | 2021 € | 2020 € |
|----------------------|--------------|---------------|
| 7 Receivables | | |
| Prepayments | 1,411 | 23,293 |
| Other Debtors | - | 4,046 |
| | <u>1,411</u> | <u>27,339</u> |

The fair values of debtors and prepayments approximate to their carrying amounts. All debtors are due within one year.

| | 2021 € | 2020 € |
|--------------------------------------|---------------|---------------|
| 8 Payables | | |
| Amounts falling due within one year: | | |
| Creditors | 1,374 | 1,088 |
| Accrued Expenses | 31,674 | 33,235 |
| | <u>33,048</u> | <u>34,323</u> |

OMBUDSMAN FOR THE DEFENCE FORCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 | 2020 |
|---|----------------|----------------|
| | € | € |
| 9 Capital Account | | |
| Balance at 1 January 2021 | 11,919 | 14,130 |
| <u>Additions</u> | | |
| Purchase of Fixed Assets | 3,685 | 987 |
| <u>Less -</u> | | |
| Amount amortised in line with asset depreciation for the year | <u>(3,440)</u> | <u>(3,198)</u> |
| Transfer from / (to) Income and Expenditure Account | 245 | (2,211) |
| Balance at 31 December 2021 | <u>12,164</u> | <u>11,919</u> |

10 Capital and Other Commitments

There were no capital commitments at 31 December 2021.

11 Related Party Transactions / Disclosure of Interests

The Ombudsman complies with the Code of Practice for the Governance of State Bodies issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by the Ombudsman and members/staff of the Office.

Key management personnel in Ombudsman for Defence Forces consist of the Ombudsman. Total compensation paid to key management personnel in 2021 amounted to €89,437 (2020: €87,062).

12 Approval of Financial Statements

The financial statements were approved by the Ombudsman for the Defence Forces at its meeting on the 2nd September 2022.