



# Financial Statements 2021



**ISI**

**Tackling problem debt together**

# Insolvency Service of Ireland

## Financial Statements

### For the year ended 31 December 2021

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# 1 GOVERNANCE STATEMENT OF THE INSOLVENCY SERVICE OF IRELAND

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## Governance

The Insolvency Service of Ireland (the ISI) was established in March 2013 under the Personal Insolvency Act 2012 (the Act). Section 9 of the Act sets out the principal functions of the ISI. The responsibilities of the Director are detailed in Section 11 of the Act and include

- To manage and control generally the Insolvency Service's staff, administration and business
- To be responsible to the Minister for the performance of his or her functions, and
- To perform such other functions as may be required by the Minister or as may be authorised under the Act.

The role of Director is supported by a senior management team in his or her responsibilities of providing strategic leadership, direction, support and guidance and in promoting commitment to core values, policies and objectives.

Section 17 (2) of the Personal Insolvency Act 2012 (as amended by Section 39 of the Courts and Civil Law (Miscellaneous Provisions) Act 2013), states the ISI shall keep in such form and in respect of such accounting periods as may be approved by the Minister for Justice ("the Minister") with the consent of the Minister for Public Expenditure and Reform all proper and usual accounts:

- a) of monies received and spent by the Insolvency Service, including an income and expenditure account and a balance sheet,
- b) relating to the functions of the Official Assignee under the Bankruptcy Act 1988 or any other enactment.

In preparing the financial statements in the form approved by the Minister, the ISI:

- selected appropriate accounting policies and apply them consistently
- made judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis
- stated, where applicable, accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The ISI is responsible for keeping proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with Section 17(2) of the Personal Insolvency Act 2012. The ISI is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ISI has adopted the Code of Practice for the Governance of State Bodies 2016 with certain exceptions which mainly relate to the fact that the ISI has no Board. The ISI has received sanction from its sponsoring Department (Department of Justice) for this approach.

### **Audit and risk committee**

The Act does not provide for a Board and due to the size of the ISI an audit and risk committee has not been formed. However a risk committee has been established and meets quarterly to consider all risks, controls and mitigating actions being taken. The risk committee is made up of the SMT and an AP representative from each division.

The Director together with the senior management team approves the risk management framework and monitors its effectiveness. Key risks are highlighted to the Department and internal and external auditors as appropriate. Both the Director and the Department of Justice are satisfied this approach fulfils the requirements of an audit and risk committee.

### **Disclosures required by the Code of Practice for the Governance of State Bodies (2016)**

#### **Employee short-term benefits breakdown above €60,000**

Range of Total Employee Benefits		Number of Employees	
From	To	2021	2020
€60,000	€69,999	4	6
€70,000	€79,999	5	9
€80,000	€89,999	7	2
€90,000	€99,999	2	1
€100,000	€109,999	0	0
€110,000	€119,999	0	0
€120,000	€129,999	0	0
€130,000	€139,999	0	0
€140,000	€149,999	0	1
€150,000	€159,999	1	0
Total		19	19

Aggregate employee benefits comprise short-term benefits only. No termination payments, benefits, post-employment benefits or other long-term benefits were paid to any employee in 2021.

<b>Consultancy costs</b>	<b>2021</b>	<b>2020</b>
	€	€
Legal advice	278,559	263,816
Public relations/marketing	0	0
Other	108,626	24,576
<b>Total</b>	<b>387,185</b>	<b>288,392</b>

<b>Legal costs and settlements</b>	<b>2021</b>	<b>2020</b>
	€	€
Legal costs and settlements	<b>0</b>	<b>0</b>

<b>Travel and subsistence expenditure</b>	<b>2021</b>	<b>2020</b>
	€	€
<i><b>Domestic</b></i>		
- Director	0	64
- Employees	136	2,391
<i><b>International</b></i>		
- Director	0	0
- Employees	0	0
<b>Total</b>	<b>136</b>	<b>2,455</b>

<b>Hospitality expenditure</b>	<b>2021</b>	<b>2020</b>
	€	€
Hospitality expenditure	<b>0</b>	<b>0</b>

<b>Aggregate employee benefits</b>	<b>2021</b>	<b>2020</b>
	€	€
Aggregate employee benefits	<b>4,087,623</b>	4,170,750
Number of employees (whole time equivalent)	<b>78.5</b>	76.5

<b>Key management employee benefits</b>	<b>2021</b>	<b>2020</b>
	€	€
Director - Michael McNaughton	150,370	141,320
Senior Management Team	364,546	356,713
<b>Total</b>	<b><u>514,916</u></b>	<b><u>498,033</u></b>

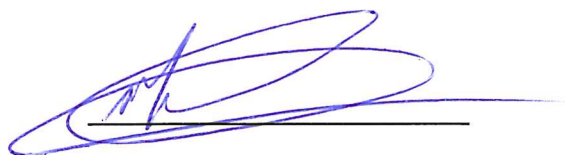
<b>Director salary and benefits</b>	<b>2021</b>	<b>2020</b>
	€	€
Director's salaries and benefits	<u>150,370</u>	<u>141,320</u>

### **Value of retirement benefits**

ISI staff are civil servants and their pension liabilities will be met from the superannuation vote managed by the Department of Public Expenditure and Reform. Superannuation entitlements do not extend beyond the standard arrangements for civil servants.

### **Statement of compliance**

The ISI has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. Except as explained above with regard to an audit and risk committee, the ISI was in full compliance with the Code of Practice for the Governance of State Bodies for 2021.



Michael McNaughton  
Director  
Insolvency Service of Ireland

22<sup>nd</sup> December 2022

Date

## 2 STATEMENT ON INTERNAL CONTROL

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Section 11(3) of the Personal Insolvency Act 2012, states that the Director shall:

- (a) manage and control generally the ISI's staff, administration and business,
- (b) be responsible to the Minister for the performance of his or her functions, and
- (c) perform such other functions (if any) as may be required by the Minister or as may be authorised under this Act.

The Director has overall responsibility for ensuring that an effective system of internal control is maintained and operated by the ISI. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### **Purpose of the System of Internal Control**

The system of internal control 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 way.

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

### **Capacity to Handle Risk**

There is a non-statutory Senior Management Team (SMT) in place which is comprised of the Director, Head of Bankruptcy, Head of Case Management, Head of Policy, Regulation and Corporate Affairs and Head of Legal Services. All major strategic matters facing the ISI are considered at formal meetings of the SMT which meets at regular intervals.

The ISI's control procedures are subject to review by the Department of Justice's Internal Audit Division.

The Department of Justice Audit Committee reviews the work of Internal Audit.

In 2020 the SMT updated the risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the ISI's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

## **Risk and Control Framework**

The ISI has implemented a risk management system which identifies and reports on the key risks to the ISI and on 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 ISI and these have been identified, evaluated and graded according to their significance. The register is reviewed on a monthly basis by the SMT and on a quarterly basis by the Risk Committee and updated where applicable. 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 the operation of controls assigned to specific staff. Controls are tested periodically as set out in the Risk Testing Schedule. 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 by senior management;
- 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**

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to the SMT, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned;
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

## **Procurement**

I confirm that the ISI has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2021 the ISI complied with those procedures in all but one instance. See below under internal control issues.



## Impact of Covid-19 pandemic on the control environment

Prior to the Covid-19 pandemic certain key ISI personnel had access to secure remote working and, with the assistance of the Department of Justice IT section, this was rolled out to all ISI personnel following the initial imposition of restrictions by Government in March 2020. This enabled ISI to continue to deliver its services effectively.

Key organisational and financial controls were maintained with regular SMT, and other team and committee, meetings being conducted via Zoom calls etc. and others such as payment approvals were executed by e-mail rather than by physical signature where required. Internal and external audits were conducted remotely with relevant documentation provided electronically.

## Review of effectiveness

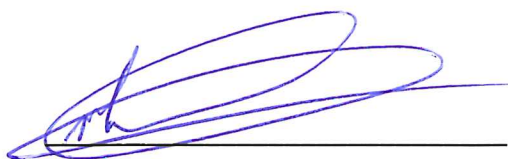
The ISI, in monitoring and reviewing the effectiveness of the system of internal control, is informed by internal audit reports undertaken by the Department of Justice and the comments made by the Comptroller and Auditor General in his management letter or other reports. The Department of Justice carried out an internal audit on the effectiveness of the ISI's system of control in February and March 2022.

I confirm that the Senior Management Team conducted a review of the effectiveness of the system of internal control on 20 July 2022 in respect of the year ended 31 December 2021. This review resulted in an updated Risk Management Policy.

## Internal Control Issues

No weaknesses in internal control were identified in relation to 2021 that require disclosure in the financial statements.

During 2021, expenditure of €34,044 was incurred in relation to legal services where the procedures employed did not comply with procurement guidelines. This was due to a delay in implementing a new tender framework and the rollover of an existing legal services contract pending finalisation of a new tender. The new tender competition was completed in June of 2022. While costs did continue during the intervening period, the rate paid under the rolled over contract was less than the agreed rate in the new contract.



Michael McNaughton  
Director  
Insolvency Service of Ireland

22<sup>nd</sup> December 2022

Date



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

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

#### **Insolvency Service of Ireland**

#### **Opinion on financial statements**

I have audited the financial statements of the Insolvency Service of Ireland for the year ending 31 December 2021 as required under the provisions of section 17(3) of the Personal Insolvency Act 2012. 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 Insolvency Service of Ireland 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 Insolvency Service of Ireland 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 Insolvency Service of Ireland has presented certain other information together with the financial statements. This comprises the governance statement 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.

**Paul Southern**  
**For and on behalf of the**  
**Comptroller and Auditor General**

**22 December 2022**

## Appendix to the report

### Responsibilities of the Director

The governance statement sets out the Director's responsibilities. The Director is responsible for

- the preparation of annual financial statements in the form prescribed under section 17(2) of the Personal Insolvency Act 2012
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- 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 17(3) of the Personal Insolvency Act 2012 to audit the financial statements of the Insolvency Service of Ireland 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 Insolvency Service of Ireland'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 Insolvency Service of Ireland 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

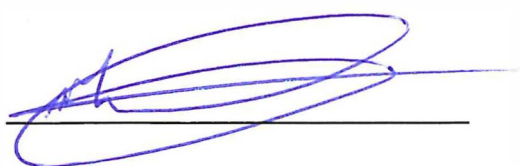
My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is 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.

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

	Notes	2021 €'000	2020 €'000
<b>Income</b>			
Oireachtas grants	2	7,340	6,730
Abhaile Scheme	3	578	1,004
Other income	4	686	704
<b>Total Income</b>		<b>8,604</b>	<b>8,438</b>
<b>Expenditure</b>			
Staff Costs	5	4,088	4,174
Administration	6	3,056	2,087
Abhaile Scheme	3	578	1,004
Audit Fee		13	12
Depreciation	7	521	186
<b>Total Expenditure</b>		<b>8,256</b>	<b>7,463</b>
<b>Surplus / (Deficit) for the year before appropriations</b>		<b>348</b>	<b>975</b>
Remitted to the Department of Justice		(499)	(767)
Transfer (to) / from capital account	10	434	(565)
<b>(Deficit)/Surplus for the year after appropriations</b>		<b>283</b>	<b>(357)</b>
Balance brought forward at start of year		260	617
<b>Balance carried forward at end of year</b>		<b>543</b>	<b>260</b>

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 17 form part of these financial statements.



Michael McNaughton  
Director  
Insolvency Service of Ireland


22<sup>nd</sup> December 2022

Date

## 5 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021	2021	2020	2020
		€'000	€'000	€'000	€'000
<b>Fixed assets</b>					
Property, plant and equipment	7		1,914		2,348
<b>Current assets</b>					
Cash and cash equivalents	8	265		83	
Receivables	9	650		621	
		<u>915</u>		<u>704</u>	
<b>Current liabilities</b>					
Accruals		<u>(372)</u>		<u>(444)</u>	
<b>Net current assets</b>			543		260
<b>Total net assets</b>			<u>2,457</u>		<u>2,608</u>
<b>Representing</b>					
Capital account	10		1,914		2,348
Retained revenue reserves			543		260
			<u>2,457</u>		<u>2,608</u>

The statement of cash flows and notes 1 to 17 form part of these financial statements.



Michael McNaughton  
Director  
Insolvency Service of Ireland

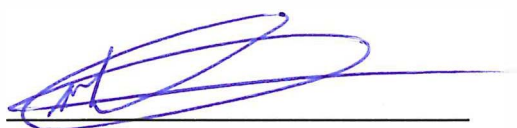
22<sup>nd</sup> December 2022

Date

## 6 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €'000	2020 €'000
<b>Net cash flows from operating activities</b>		
Excess income over expenditure	348	975
Amortisation of deferred capital grants	521	186
(Increase) / Decrease in receivables	(29)	(24)
(Decrease) / Increase / in payables	(72)	325
Contribution to the Exchequer	(499)	(767)
<b>Net cash inflow from operating activities</b>	269	695
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment	(87)	(751)
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>182</b>	<b>(56)</b>
Cash and cash equivalents at start of year	83	139
<b>Cash and cash equivalents at end of year</b>	<b>265</b>	<b>83</b>

Notes 1 to 17 form part of these financial statements.



Michael McNaughton  
Director  
Insolvency Service of Ireland

22<sup>nd</sup> December 2022

Date

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

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### 1. Accounting policies

#### **General information**

The basis of accounting and significant accounting policies adopted by the Insolvency Service of Ireland is set out below. They have all been applied consistently throughout the year and for the preceding year.

#### **Statement of compliance and basis of accounting**

The financial statements of the ISI 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. The financial statements have been prepared under the accruals method of accounting, except where stated below, and in accordance with generally accepted accounting principles under the historical cost convention and in the form approved by the Minister for Justice with the consent of the Minister for Public Expenditure and Reform.

#### **Income Recognition**

##### Grants

Oireachtas funding for the ISI provided through Programme A – Subhead B.6. of Vote 24 - Department of Justice is reported on a cash basis.

##### Other Income

Other income is reported on a cash received basis with the exception of fees for the authorisation of personal insolvency practitioners and renewal fees which are recognised in the year when an application has been approved.

##### Fee Income

Fee income is remitted to the Department of Justice. It is recorded as appropriations-in-aid in the Department's accounts.

##### Abhaile Scheme

The Abhaile scheme was introduced in 2016 to provide a free consultation with a Personal Insolvency Practitioner (PIP) for people who are insolvent and in arrears on their mortgage. The scheme operates on a voucher system and is administered by the Money Advice Budgeting Service (MABS) in conjunction with the ISI. The ISI pays the PIP and the payment is refunded to the ISI by the Department of Social Protection. The expenses are recorded on an accruals basis with matching income recognised as expenses are incurred. Further information in relation to income and expenditure is provided in note 3.

## **Expenditure**

All expenditure, including payroll, is processed by the Department of Justice and recorded in the financial statements and includes VAT, which is not recoverable by ISI, where applicable.

## **Employee Benefits**

The new Single Public Service Pension Scheme ('Single Scheme') commenced with effect from 1 January 2013. All new entrants to pensionable public service employment on or after 1 January 2013 are, in general, members of the Single Scheme as set down in the Public Sector Pensions (Single Scheme and Other provisions) Act 2012.

All pension deductions made under the Single Scheme are remitted to the Department of Public Expenditure and Reform. As all the ISI's staff are civil servants their pension liabilities will be met out of Vote 12 Superannuation.

## **Official Assignee**

Section 17(2A) of the Personal Insolvency Act 2012 (as amended), requires the ISI to maintain accounts relating to the functions of the Official Assignee under the Bankruptcy Act 1988 or any other enactment. These accounts are subject to the supervision of the Court. Consequently, the financial statements of the ISI do not recognise any transactions in relation to bankrupts.

The accounts in respect of the Official Assignee do not form part of these financial statements and do not fall under the remit of the Comptroller and Auditor General. In accordance with S.I. No. 464 of 2013 – Bankruptcy Act 1988 (Official Assignee Accounts and Related Matters) Regulations 2013 - the accounts are reviewed annually by independent accountants and an Independent Accountant's Report is issued to the High Court. The administration costs and relevant fees in relation to the work of the Official Assignee are recognised in these financial statements.

The Courts and Civil Law (Miscellaneous Provisions) Act 2013 provided for the transfer of the Office of the Official Assignee in Bankruptcy to the ISI. Under the Act, the Official Assignee continues to be an Officer of the Court and is independent in the performance of his/ her functions under law.

## **Property, plant and equipment**

Property, plant and equipment is shown at the net book value at date of transfer to the ISI and is amortised on a straight-line basis over their estimated useful life starting in the month the asset is placed in service, as follows:

Furniture	10% Straight Line
IT Hardware & Software	20% Straight Line
Office Equipment	20% Straight Line



## Capital Account

The capital account represents the unamortised value of income applied for capital expenditure.

## 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

## Going Concern

The SMT have considered the projected cash flows and the continued support from the Department of Justice, and conclude that there is no material uncertainty regarding ISI's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the SMT consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the ISI was unable to continue as a going concern.

## 2. Oireachtas grants

	2021	2020
	€'000	€'000
Vote 24 - Justice (Programme A. – Sub-head B.6.)	7,340	6,730
	<u>7,340</u>	<u>6,730</u>

Funding for the ISI is provided from the Vote of the Department of Justice which makes all payments on behalf of the ISI. The total grant matches the sum charged to the Appropriation Account of that Department.

## 3. Abhaile Scheme

	2021	2020
	€'000	€'000
Payment made by ISI	578	1,004
Reimbursement from Department of Social Protection	(578)	(1,004)
	<u>0</u>	<u>0</u>

The scheme was introduced in 2016 to provide a free consultation with a Personal Insolvency Practitioner (PIP) for people who are insolvent and in arrears on their mortgage. The amount payable to a PIP for each consultation is €615 (€500 plus VAT at 23%). (Note that this amount of €615 was briefly reduced to €605 (€500 plus VAT at 21%) during the temporary reduction in the standard rate of VAT to 21% with effect from 1 September 2020 to 28 February 2021.) The scheme operates on a voucher system and is administered by the Money Advice

Budgeting Service (MABS) in conjunction with the ISI. The ISI pays the PIP and the payment is refunded to the ISI by the Department of Social Protection. The number availing of the scheme amounted to 942.

#### 4. Other income

	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
Personal insolvency practitioners authorisation application fees	19	11
Bankruptcy administration fees	31	39
Bankruptcy realisation fees	593	639
Bankruptcy distribution fees	43	15
	<b>686</b>	<b>704</b>

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 can prescribe fees for the authorisation and renewal of personal insolvency practitioners. This is set out in S.I. No. 246 of 2013 (Personal Insolvency Practitioner Authorisation and Renewal of Authorisation Prescribed Fees) Regulations 2013. The fee payable for the initial authorisation is €1,500 and the fee payable for renewal of authorisation is €1,000. The term for authorisation of a practitioner is three years.

During the year a total of 16 (2020: 17) personal insolvency practitioners were granted authorisations to practice. The figure of 16 is comprised of 11 renewals and 5 new authorisations.

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 can prescribe fees for applications for protective certificates and debt relief notices. These fees are set out in S.I. No. 620 of 2015, Personal Insolvency Act 2012 (Prescribed Fees) Regulations 2015.

Under S.I. No. 620 of 2015 any fees payable to the ISI in respect of Personal Insolvency Applications (PIAs), Debt Settlement Arrangements (DSAs) and Debt Relief Notices (DRNs) were waived until 31 December 2017. S.I. No. 609 of 2017 amended Regulation 6 of S.I. No. 620 of 2015 by substituting 31 December 2020 for 31 December 2017. S.I. No. 678 of 2020 further amended Regulation 6 of S.I. No. 620 of 2015 by substituting 31 December 2023 for 31 December 2020.

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 (the Act) can prescribe fees to be paid in respect of the performance of the functions of the Official Assignee under the Bankruptcy Act 1988. These fees are set out in S.I. No. 465 of 2013, Personal Insolvency Act 2012 (Prescribed Fees) Regulations 2013.

The fees are in respect of administration of the bankrupt estate, realisation fees on disposal of assets and distribution fees on the payment of a dividend to creditors of the bankrupt estate. Fee income is remitted to the Department of Justice net of bank charges.

The Official Assignee remitted fees totalling €666,605 to the ISI for the year ended 31 December 2021 in respect of bankrupt estates. (2020: €692,836).

## 5. Staff Costs

	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
Wages and salaries	4,072	4,149
Overtime	0	2
Allowances	16	20
Travel and subsistence	0	3
<b>TOTAL</b>	<b>4,088</b>	<b>4,174</b>

The ISI had 80 (2020: 78) staff at 31 December 2021. In full time equivalent numbers this represented 78.5 staff at 31 December 2021 (2020: 76.5).

## 6. Administration Costs

	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
Postage and telecommunications	27	29
Office supplies	9	13
Office cleaning, maintenance and utilities	81	74
IT support	765	640
Contracted services	113	28
Legal fees	279	264
Public information campaign	633	704
Funding for the Official Assignee (i)	1,100	300
General expenses (ii)	49	35
<b>TOTAL</b>	<b>3,056</b>	<b>2,087</b>

- (i) Funding of €1.1m for the Official Assignee was provided by the Department of Justice during the year ended 31 December 2021 (2020: €300,000).
- (ii) An accounting adjustment has been made to account for an amount of €8k (2020 €1k) arising from a timing difference in end of year Abhaile receipts which are remitted to the Department of Justice.

## 7. Property, plant and equipment

	IT Equipment	Office Equipment	Furniture	Bankruptcy CMS	New ISI Online CMS (Phoenix) €'000	New Bankruptcy CMS (Still WIP) €'000	EU Insolvency Registers Interconnector (Still WIP) €'000	Total €'000
<b>Cost</b>	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2021	39	10	293	677	2,419	0	0	3,438
Additions	0	0	0	0	0	81	6	87
Disposals	(17)	(1)	0	0	0	0	0	(18)
At 31 December 2021	<b>22</b>	<b>9</b>	<b>293</b>	<b>677</b>	<b>2,419</b>	<b>81</b>	<b>6</b>	<b>3,507</b>
<b>Accumulated amortisation</b>								
At 1 January 2021	36	10	223	670	151	0	0	1,090
Charge for the year	1	0	29	7	484	0	0	521
Disposals	(17)	(1)	0	0	0	0	0	(18)
At 31 December 2021	<b>20</b>	<b>9</b>	<b>252</b>	<b>677</b>	<b>635</b>	<b>0</b>	<b>0</b>	<b>1,593</b>
<b>Net Book Value</b>								
At 31 December 2021	<b>2</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>1,784</b>	<b>81</b>	<b>6</b>	<b>1,914</b>
At 1 January 2021	3	0	70	7	2,268	0	0	2,348

The new ISI Online CMS consists of an online case management system for the processing and handling of debt solutions.

Bankruptcy CMS consists of a case management system dealing with the estates of bankrupt individuals.

The new Bankruptcy CMS consists of a case management system dealing with the estates of bankrupt individuals. This system is still under development with a currently expected go live date of late 2022 / early 2023.

The EU Insolvency Registers Interconnector consists a connection to the Insolvency Registers of other EU Member states to enable all such registers to be connected and searchable from a central point. This system is still under development with a currently expected go live date of mid 2022.

## 8. Cash and Cash Equivalents

The ISI holds a bank account for the administration of dividends from debtors availing of a Debt Relief Notice for onward payment to Creditors. The funds are not considered to be part of the ISI and have therefore been omitted from the financial statements. The balance in this account as at 31 December 2021 is €28,994 (2020: €17,956).

## 9. Receivables

	2021 €'000	2021 €'000	2020 €'000	2020 €'000
Debtors	89		89	
Provision for bad debt	<u>(89)</u>	0	<u>(89)</u>	0
Prepayments and other receivables		650		621
<b>TOTAL</b>		<b>650</b>		<b>621</b>

Debtors represent an amount which is due to the ISI from the Courts Service of Ireland. The ISI paid the costs for a contractor to work with the Courts Service of Ireland in order that their IT systems were compatible with the new systems developed by the ISI. The total amount paid to the contractor by the ISI was €158,297. The agreement in place stipulates that the ISI will recoup the costs incurred by offsetting amounts (Court Fees) collected by the ISI on behalf of the Courts Service. €68,610 was offset against the fees collected in 2014 by the ISI for the Courts Service on debt settlement and personal insolvency arrangements which leaves a remaining balance due of €89,687. Under statutory instruments any fees payable to the ISI in respect of Personal Insolvency Arrangements, Debt Settlement Arrangements and Debt Relief Notices have been waived from 22 December 2015 to 31 December 2023.

## 10. Capital Account

	2021 €'000	2021 €'000	2020 €'000	2020 €'000
Balance at 1 January		2,348		1,783
State grant applied to purchase assets	87		751	
Amortisation of deferred capital grants	<u>(521)</u>		<u>(186)</u>	
Transfer from / (to) income and expenditure account		(434)		565
<b>Balance at 31 December</b>		<b>1,914</b>		<b>2,348</b>

## 11. Pension Levy

Salary costs are the gross costs to the ISI for the year. The Department of Justice pays salaries on behalf of the ISI. Pension levy deductions, as per Section 2(3) of the Financial Emergency Measures in the Public Interest Act 2009 (No. 5 of 2009), are made by the Department and are retained as Appropriations-in-Aid. This amounted to €75,607 in 2021 (2020: €68,094).

## 12. Premises

The ISI operates from accommodation at Block 2, Phoenix House, Conyngham Road, Dublin 8 the lease of which is paid by the Office of Public Works. The ISI pays an agreed percentage of the total service charge to cover the utility portion.

## 13. Directors' Remuneration

The Director's remuneration for the year ended December 2021 totalled €150,370 (the total annual salary in 2020 was €141,320). The Director was paid Nil (2020: €64) in respect of travel and subsistence expenses for the year in accordance with Civil Service travel and subsistence rates. Pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme. No performance related payments were made in 2021.

## 14. Movement in Accumulated Surplus

	2021	2020
	€000's	€000's
Opening surplus	260	617
Surplus / (Deficit) for the year	283	(357)
<b>Total at end of the year</b>	<b>543</b>	<b>260</b>

## 15. Contingent Liabilities

The Insolvency Service of Ireland is involved in pending legal proceedings which may generate liabilities depending on the outcome of the litigation. The actual amount or timing of these liabilities is uncertain.

## 16. Events after the reporting date

There were no events between the reporting date and the date of the approval of these financial statements for issue that require adjustment to the financial statements.

## 17. Approval of the financial statements

The financial statements were approved by the Senior Management Team of the Insolvency Service of Ireland on the 22<sup>nd</sup> of December 2022.

