

**GARDA SÍOCHÁNA OMBUDSMAN COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. Accounting policies**

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

**a) General Information**

The Garda Síochána Ombudsman Commission was set up under the Garda Síochána Act 2005, with a head office at 150 Upper Abbey Street, Dublin 1. Their primary function is to deal with matters involving possible misconduct by members of the Garda Síochána, in an efficient, effective and fair manner.

**b) Statement of Compliance**

This is the first set of financial statements prepared by the Garda Síochána Ombudsman Commission in accordance with accounting standards issued by the Financial Reporting Council, including the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The Commission transitioned from previously extant Irish and UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 2.

**c) Basis of Preparation**

The Financial Statements are prepared on the going concern basis, under the historical cost convention and comply with the financial reporting standards of the Financial Reporting Council, except as indicated below. The Financial Statements are in the form approved by the Minister for Justice and Equality with the concurrence of the Minister for Public Expenditure and Reform. The Financial Statements are prepared in Euro which is the functional currency of the Commission.

**d) Oireachtas Grants**

Income recognised in the financial statements under Grants represents funding provided to the Commission through the Vote of the Department of Justice and Equality. The Department administers the payment of salaries and all other costs and the amount recognised as income represents the recourse to the Vote to fund payments made during the year.

**e) Property, Plant and Equipment**

Property, plant and equipment are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure and Retained Revenue Reserves on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, over their expected useful lives as follows:-

Improvements on Leasehold buildings	Over lease term of 25 years
Furniture and Fittings	10.00%
Office Equipment	20.00%
IT Equipment	20.00%
Motor Vehicles	20.00%

The residual value and useful lives of fixed assets are considered annually for indicators that these may have changed. Where such indicators are present, a review will be carried out of the residual value, depreciation method and useful lives, and these will be amended if necessary. Changes in depreciation rates arising from this review are accounted for prospectively over the remaining useful lives of the assets.

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**f) Capital Account**

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

**g) Cash and Cash Equivalents**

Cash consists of cash on hand and demand deposits.

**h) Foreign Currencies**

Transactions denominated in foreign currencies are translated into euro and recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the reporting date or at forward purchase contract rates where such contracts exist.

**i) Retirement Benefits**

The employees of the Garda Síochána Ombudsman Commission are civil servants and are members of a defined benefit scheme which is unfunded and is administered by the Department of Public Expenditure and Reform. There is no charge in these financial statements for any liabilities which may arise in respect of the retirement benefits of the Garda Síochána Ombudsman Commission.

The former Chairperson of the Garda Síochána Ombudsman Commission was not a member of this unfunded defined benefit scheme. The former Chairperson's contract of employment provided that payments not exceeding 11% of salary in respect of superannuation contributions would be made on his behalf to an approved private retirement benefit fund. In accepting this arrangement, the Chairperson waived all his entitlements under the public service superannuation scheme in the State in respect of the period of this appointment. Accordingly, the financial statements recognise retirement benefit costs in respect of the former Chairperson.

**j) Receivables**

Other financial assets including trade receivables are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of impairment.

**k) Other Financial Liabilities**

Trade payables 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.

**l) Impairment of Financial Assets**

At the end of each reporting period, the Commission assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including trade receivables and cash. If there is objective evidence of impairment, impairment losses are recognised in the statement of income and expenditure and retained revenue reserves in that financial year.

**m) Operating Leases**

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight line basis over the lease period.



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**2 Transition to FRS 102**

Prior to 1 January 2014, the Commission prepared its financial statements under previously extant Irish GAAP. From 1 January 2014, the Commission has elected to present its annual financial statements in accordance with FRS 102.

The figures in respect of the 2014 financial statements have been restated to reflect the Commission's adoption of FRS 102 from the date of transition 1 January 2014.

Accounting Estimates

In accordance with FRS 102, as a first-time adopter, the Commission did not revise estimates on transition to reflect new information subsequent to the original estimate.

Rent free period for operating leases

Under previous Irish GAAP operating lease incentives such as rent free periods, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period. The Commission has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous Irish GAAP. Accordingly the FRS 102 accounting policy will be applied to new operating leases entered into since 1 January 2014. However there were no new operating leases in the period 1 January 2014 to end of 2015.

Reconciliation of surplus and deficit

The reconciliation of the surplus and deficit prepared in accordance with Irish GAAP and in accordance with FRS 102 for the year ended 31 December 2014 and the reconciliation of the amount of revenue reserves and capital account at 31 December 2014, before and after the application of FRS 102, is as follows:

<b>Reconciliation of Capital and Reserves</b>	<b>Note</b>	<b>As at 1 Jan 2014 €</b>	<b>As at 31 Dec 2014 €</b>
<b>Capital and reserves (as previously stated)</b>		<b>2,702,939</b>	<b>2,069,560</b>
Holiday pay accrual	(a)	(239,725)	(274,826)
<b>Capital and reserves (as re-stated)</b>		<b>2,463,214</b>	<b>1,794,734</b>

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**2 Transition to FRS 102 (continued)**

Reconciliation of Deficit for the year	Note	Year ended 31 Dec 2014 €
<b>Deficit for the year (as previously stated)</b>		<b>(84,123)</b>
Holiday pay accrual	(a)	(35,101)
<b>Deficit for the year (as re-stated)</b>		<b><u>(119,224)</u></b>

(a) Holiday pay accrual

Irish GAAP: Under Irish GAAP provisions for holiday pay accruals were not recognised and holiday pay was charged to the income and expenditure account as it was paid.

FRS 102: FRS 102 requires short-term employee benefits to be charged to the income and expenditure account as the employee service is received.

Impact: This has resulted in the Commission recognising a liability for holiday pay of €239,725 on transition to FRS 102. In the year to 31 December 2014, an additional charge of €35,101 was recognised in the income and expenditure account and the liability at 31 December 2014 was €274,826.

The impact of this change is that the surplus of €75,563 in the year ended 31 December 2013 changes to a deficit of €164,162 and the deficit of €84,123 in the year ended 31 December 2014 increases to €119,224.

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	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>€</b>
<b>3 Oireachtas Grants</b>		
Department of Justice and Equality	<u>8,647,841</u>	<u>8,306,693</u>

The Garda Síochána Ombudsman Commission is funded from the Vote of the Department of Justice and Equality (Vote 24) through subhead A.8.

The Oireachtas grant figure comprises the amount charged to Subhead A.8 in 2015 of €8,648,151 and miscellaneous charges and receipts amounting to €310 accounted for in other subheads which pertain to the Commission.

	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>(restated)</b>
<b>4 Staff Costs and Employee Information</b>		
Wages and Salaries	4,590,214	4,903,518
Travel and Subsistence	62,410	117,437
Flexibility Allowance	348,232	329,087
Staff Training and CPD	46,530	50,646
Total Staff Cost	<u>5,047,386</u>	<u>5,400,688</u>

The Director of Administration was also the Chief Executive Officer of the Garda Síochána Complaints Board (GSCB) up until its dissolution in June 2015. In 2015, the Director of Administration performed all duties pertinent to his post in the GSCB. The majority of his time, however, was spent working as Director of Administration with the Garda Síochána Ombudsman Commission. For administrative convenience, his salary €136,025 was charged to the GSCB in 2014. With effect from January 2015 his salary was charged to the Garda Síochána Ombudsman Commission.

Pension levy was deducted in line with statutory requirements. €306,697 of pension levy has been deducted in 2015 (2014: €333,685) and retained by the Department of Justice and Equality.

<b>Employee Numbers</b>	<b>2015</b>	<b>2014</b>
The average number of employees during the year was made up as follows:		
Commissioners	3	3
Directors	2	2
Operations	56	56
Administration	19	17
Total	<u>80</u>	<u>78</u>

Approved Employment Control Framework Staffing levels	85	85
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**4 Staff Costs and Employee Information (continued)**

Employee benefits breakdown:

Range of total employee benefits		Number of Employees	
From	To	2015	2014
€60,000	- €69,999	16	18
€70,000	- €79,999	9	5
€80,000	- €89,999	5	4
€100,000	- €109,999	-	1
€110,000	- €119,999	1	1
€120,000	- €129,999	1	1
€130,000	- €139,999	2	2
€150,000	- €159,999	-	1

**5 Remuneration of Chairperson and Other Commissioners**

The remuneration in 2015 of the Chairperson and Commissioners are as follows:

	All-in-Cost €
Mr Simon O'Brien (resigned 30/01/2015)	19,127
Ms. Justice Mary Ellen Ring (appointed 06/08/2015)	-
Ms. Carmel Foley	141,257
Mr. Kieran Fitzgerald	134,410

The Commissioners did not receive any performance related payments or any other benefit in kind during the year.

The above charge for wages and salaries does not include the salary paid to one of the Commissioners, a judge, whose salary for administrative convenience was borne by the Central Fund.

Commissioners Carmel Foley and Kieran Fitzgerald are members of the civil service pension scheme and will be entitled to a pension at Principal Officer level and Assistant Principal level respectively. Outgoing Chairperson Simon O'Brien was not a member of the civil service pension scheme and pension contributions equalling 11% of basic salary was paid to a Revenue Commissioners approved pension fund.

In 2015, outgoing Chairperson Simon O'Brien incurred travel expenses of €0 (2014: €13). In 2015, incoming Chairperson Justice Mary Ellen Ring incurred travel expenses of €0. Commissioners Carmel Foley and Kieran Fitzgerald incurred travel expenses of €0 (2014: €110) and €346 (2014: €1,841) respectively.

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	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>€</b>
<b>6 Upkeep and Overheads</b>		
Rent and Service Charges	989,107	989,850
Repairs and Maintenance	85,299	52,773
Security	292,567	293,202
Cleaning	36,525	40,601
Light and Heat	103,832	123,159
Premises Expenses	47,186	36,005
	<u>1,554,516</u>	<u>1,535,590</u>

	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>€</b>
<b>7 General Expenses</b>		
Telephone	21,376	51,484
IT Expenses	605,869	437,104
Canteen	927	452
Print, Post and Stationery	50,762	47,884
Publication Expenses	5,978	10,473
Library and Reference Materials	42,786	39,511
Motor Expenses	47,386	25,087
Office Equipment	2,985	4,846
Protective Clothing and Accessories	18,159	10,134
Conference and Seminar Costs	5,435	2,935
General Meeting Expenses	7,541	5,687
Subscriptions	7,378	5,525
General Office Expenses	1,403	1,319
	<u>817,985</u>	<u>642,441</u>

	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>€</b>
<b>8 Professional Fees</b>		
Legal	750,435	675,205
Investigation costs	71,178	77,215
HR Administration and Compliance costs	16,548	16,605
Accounting	6,500	6,500
Audit	8,000	8,900
	<u>852,661</u>	<u>784,425</u>

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<b>9 Property, Plant and Equipment</b>	Improvements on Leasehold Buildings	IT Equipment	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	€	€	€	€	€	€
<b>Cost</b>						
At 01 January 2015	1,419,803	2,696,349	212,516	4,541,314	299,244	9,169,226
Additions for the year	-	278,426	1,450	-	87,892	367,768
Disposals	-	-	-	-	-	-
At 31 December 2015	1,419,803	2,974,775	213,966	4,541,314	387,136	9,536,994
<b>Accumulated Depreciation</b>						
At 01 January 2015	454,336	2,587,122	209,188	3,606,543	299,244	7,156,433
Depreciation charge for the year	56,792	59,663	2,806	454,131	17,578	590,970
Disposals	-	-	-	-	-	-
At 31 December 2015	511,128	2,646,785	211,994	4,060,674	316,822	7,747,403
<b>Net Book Value</b>						
At 31 December 2015	908,675	327,990	1,972	480,640	70,314	1,789,591
At 31 December 2014	965,467	109,227	3,328	934,771	-	2,012,793

	<b>2015</b>	<b>2014</b>
	€	€
<b>10 Receivables</b>		
Prepayments	304,475	320,876
Other Receivables	-	1,209
	<u>304,475</u>	<u>322,085</u>

All receivables are due within one year.

	<b>2015</b>	<b>2014</b>
	€	(restated) €
<b>11 Payables</b>		
Amounts falling due within one year:		
Accrued Expenses		
Pay	258,225	457,514
Non-Pay	267,024	83,030
	<u>525,249</u>	<u>540,544</u>

The terms of accruals are based on the underlying contracts.



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	2015 €	2014 €
<b>12 Capital Account</b>		
At 01 January	2,012,793	2,562,049
<u>Transfer (to)/ from Statement of Income and Expenditure and Retained Revenue Reserves</u>		
Funding of Fixed Assets	367,768	62,773
Amortisation in line with asset depreciation policy	<u>(590,970)</u>	<u>(612,029)</u>
Transferred to Statement of Income and Expenditure	(223,202)	(549,256)
Balance at 31 December	<u>1,789,591</u>	<u>2,012,793</u>

**13 Lease Commitments**

The Garda Síochána Ombudsman Commission has commitments in respect of a lease on office accommodation at No. 150 Abbey Street, Dublin 1. This is held by way of a 25 year lease, which commenced in 2007.

The annual cost of lease is €934,376 in respect of the premises and €48,000 in respect of tenants' car park spaces.

**Lease Commitments**

At 31 December 2015 and at 31 December 2014 the Garda Síochána Ombudsman Commission had the following future minimum lease payments under non-cancellable leases:

	As at 31 December 2015 €	As at 31 December 2014 €
Payable within 1 year	982,376	982,376
Payable within 2 – 5 years	3,929,504	3,929,504
Payable after 5 years	<u>11,788,512</u>	<u>12,770,888</u>
	<u>16,700,392</u>	<u>17,682,768</u>

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**14 Capital Commitments**

There were no capital commitments at 31<sup>st</sup> December 2015.

**15 Related Party Transactions/ Disclosure of Interests**

Key management personnel in the Garda Síochána Ombudsman Commission consists of three Commissioners and two members of the Senior Executive. Total compensation paid to key management personnel amounted to €414,366 (2014: €585,885).

The Garda Síochána Ombudsman Commission complies with the Code of Practice for the Governance of State Bodies issued by the Department of Finance in relation to the disclosure of interests by the Commission and members/staff of the Commission. Formal procedures exist to ensure adherence with the requirements of the Code.

**16 Approval of financial statements**

The financial statements were approved on 20<sup>th</sup> September 2016.