



An Oifig Náisiúnta um Fhorbairt Eacnamaíoch agus Shóisialta
National Economic & Social Development Office NESDO

Annual Report

For the year ended 31 December 2016



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National Economic & Social Development Office **NESDO**



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Chapter 1

Chairperson's Statement

Chairperson's Statement

The National Economic and Social Development Office (NESDO) advises the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development in Ireland.

On establishment NESDO comprised three constituent bodies - the National Economic and Social Council (NESC), the National Economic and Social Forum (NESF) and the National Centre for Partnership and Performance (NCPD). In 2010 the NESF and NCPD were dissolved with NESC continuing as the sole constituent body.

NESDO provides NESC with administrative and support services and submits all reports, recommendations and conclusions arising from projects carried out by NESC to Government, arranging for their subsequent publication.

NESDO's Policies and Procedures guidelines outline the corporate governance arrangements of the Office, including the functions and responsibilities of the NESDO Board and staff. The Guidelines comply with the Code of Practice for the Governance of State Bodies and are reviewed on a regular basis.

The NESDO Audit Committee held four meetings during 2016, in April, June, September and December. The Committee comprised:

- Mr Ray Henry (Chairperson)
- Mr Paul McGarry, Department of Foreign Affairs and Trade
- Dr Helen Johnston, NESC

The Internal Audit Unit of the Department of the Taoiseach operates as a resource for the Board and management of NESDO providing assurance on the adequacy and effectiveness of the organisation's system of internal controls including financial and operational, compliance controls and risk management.

In the context of its three-year programme of work, during 2016 the Audit Committee reviewed an audit report on NESDO payroll for 2015 and monitored progress on an audit of NESDO's Fixed Assets Register. The payroll audit found that appropriate procedures in respect of payroll activity were in place and being adhered to by NESDO. The audit on the Fixed Assets Register was completed at the end of 2016 for review by the Audit Committee in early 2017.

The NESDO Internal Financial Control Procedures document sets out the accounting procedures and standards in operation, including those for cash, payroll, receipts,

payments, travel and expenses, procurement, fixed assets, information technology security, budgetary controls and record management and retention.

The positions of Chief Officer of NESDO and Director of the NESC are occupied by the same person, who is paid in respect of his position as Director of NESC and receives no additional remuneration, emoluments or expenses in relation to his role as Chief Officer of NESDO. All staff of NESDO and NESC, including the Chief Officer/Director, are paid in accordance with relevant pay circulars issued by the Department of Public Expenditure and Reform. I am satisfied that NESDO is compliant with these circulars.

NESDO is committed to meeting its obligations under the Prompt Payment of Accounts Act, 1997. Its policy of settling all invoices within prescribed timeframes was adhered to during 2016, with 90% of its payments made within 15 days of receipt of invoice. There were no liabilities for interest in respect of the late payments provision.

I confirm that there were no significant post balance sheet events during 2016.

NESDO participates in a 'Green Team' initiative run jointly by the public sector organisations located at 16 Parnell Square and supported by the Office of Public Work's 'Optimising Power@Work' scheme. Since joining the scheme in 2014, the Green Team has been responsible for a 24% reduction in energy consumption.

Martin Fraser

Chairperson

National Economic and Social Development Office

Chapter 2

National Economic and Social Council

NESC Work Programme 2016

NESC published and contributed to the following reports in 2016:

The Dynamics of Environmental Sustainability and Local Development: Aquaculture (NESC Report No. 143). argues that future Irish aquaculture development can be achieved that balances economic, environmental and social goals. The report, which includes a qualitative study on sustainable development in Irish aquaculture, was commissioned by NESC as part of its sustainability remit. The research, by Dr Patrick Bresnihan, examines how the dynamics of environmental sustainability have been experienced and managed within Irish aquaculture.

Three key themes came out of the research:

- Diverse economies for development are required
- Environmental risk requires building resilience
- Conflict resolution, engagement and decision-making can be improved

The Burren Life Programme (NESC Research Series No. 9) The development of Burren Life, as documented in this paper, can be an input to thoughtful reflection and discussion on environmental policy, social innovation and agriculture. Burren Life is a key example of how it is possible to successfully integrate environmental concerns with economic and social factors as they are experienced at ground level by local farmers. It is a fascinating case of how environmental policy--set initially at a high level, the EU--can prompt local action and innovation and, ultimately, some revision of the overall policy approach and enrichment of the very concept of nature conservation. It also provides deep insight into the practicalities and conditions of any social innovation project – in which it is possible to see a combination of creativity, leadership, emerging networks, expertise and research, with financial and technical supports at critical junctures. Finally, the Burren Life programme should prompt discussion on the role of farmers in environmental protection and how they might be further supported to strengthen Ireland's biodiversity. Brendan Dunford notes in his conclusions, 'though still in its infancy, this approach of viewing farmers as a conservation resource, and trusting and investing in them, has worked well, encouraging a welcome diversity of responses at field and farm level while delivering a marked overall improvement in the area over time'.

Expert Group on Future Funding of Irish Higher Education

The Expert Group on Future Funding for Higher Education was established by the Minister for Education and Skills in 2014 'to identify and consider issues related to the long term sustainable funding of higher education in Ireland and to identify funding options for the future'. During 2016 the NESC Secretariat continued to provide analytic and research support to this Group. This involved the development of three consultation papers for public consultations--in January, June and October--and background papers and briefing material for the monthly meetings of the Expert Group. The Secretariat was involved in the drafting of the final report which was submitted to the Minister in early 2016. The analysis and evolving policy perspective were discussed by the NESC Council, in a consultative capacity, at its meetings in February and November 2016.

Dublin North East Inner City Taskforce

Members of the NESC Secretariat actively supported the work of the Dublin North East Inner City Taskforce. The Secretariat examined a wide range of Irish and international research work and experience in relation to effective urban regeneration, including ongoing NESC work on jobless households in a disadvantaged Dublin suburb. The Secretariat engaged closely with Kieran Mulvey and colleagues from Department of the Taoiseach to identify the key lessons and means of supporting the economic and social regeneration of the North East Inner City. The work was completed in 2016 and would form an important element of the final Taskforce report to be published in 2017.

NESC events held in 2016 were:

Energy Efficiency and the Passive House Standard—Roundtable, NESC hosted a roundtable event on energy efficiency and the Passive House standard, on the 27th of April 2016.

As part of its work on sustainability, NESC commissioned a discussion paper by Dr. Vivienne Brophy and Dr. Orla Hegarty, of the UCD School of Architecture, Planning and Environmental Policy, on whether the Passive House standard or equivalent could be a guide to Irish progress towards energy efficient buildings. The paper concluded that the focus should be on meeting the challenge of delivering compliant Near Zero Energy Buildings (NZEBs), as provided in the Recast EU Directive on the Energy Performance of Buildings. It was noted that the nature of the construction industry and the complexity of building procurement may militate against developing collaborative relationships conducive to achieving NZEB targets. Following this research, NESC organised a Roundtable among a small number of experts on Energy Efficiency and Regulation in Buildings. The purpose of the meeting was to examine how the issue of energy efficiency standards and verification relates to wider challenges in Irish housing, construction and building regulation.

Joint NESC and ISSP Conference: 'Which Path Ahead? Perspectives on Policy from Irish Social Science', on the 11th of May, 2016, the NESC collaborated with the Irish Social Science Platform in holding a day-long conference. A series of policy-relevant social scientific research were papers were presented. In the process, the potential

for new research collaborations and networks was explored. The conference participants included academics, policy makers, politicians, NGOs, community groups and professionals from a diverse range of areas.

International Meetings of the Economic and Social Council's (ESCs) of EU Member States

NESC participated in the annual meeting of Economic and Social Councils of the member states of the European Union and the European Economic and Social Committee. In 2016, the meeting was hosted by the Economic, Social and Environmental Council of Spain in October. As well as sharing information on the work of the councils and the state of social and civil dialogue in each of the member states, the meeting discussed the theme 'The future of work and social rights in a changing Europe'.

NESC meetings held during 2016

There was only one meeting of the NESC Council in 2016, held on 15th January. The term of the Council appointed in 2011 came to an end. The Chairman invited the council members to a consultative meeting on November 17th.

During 2016, the Secretariat made numerous presentations on NESC work, contributed to a range of conferences, seminars and workshops and served on a number of committees and working groups. A number of these activities are listed below.

The Director, **Dr. Rory O'Donnell** was a member of the following bodies:

- Economic Governance Group, Institute of International and European Affairs;
- Advisory Board on Innovation Policy Simulation for the Smart Economy (IPSE), UCD;
- Urban Policy Working Group, The Heritage Council;
- High Level Implementation Group for "Our Sustainable Future";
- Rebuilding Ireland Oversight Group;
- Rental Strategy Working Group; and
- Chair of the National Planning Framework Advisory Group;

He was an invited speaker and contributor at the following events:

- 'Round Table with Sir John Armitt, Engineers Ireland, Dublin, February;
- 'Developing a new approach to infrastructure policy', CASP steering Committee, Cork, March;
- 'Delivering a low carbon future: Transformative Technologies and Trends', IERC 5th Annual Conference, Dublin, May;

- 'Housing and Homelessness Seminar' IMPACT, Limerick, June;
- 'NPF Stakeholder Consultation', Department of Environment, Community and Local Government, Dublin, June;
- 'National Economic Dialogue', Dublin, June;
- 'Focus group on EU Commission's draft work programme for 2018/2019 on Societal Challenge Six—Europe in a changing world; Inclusive, innovative and reflective societies, The Irish Research Council, Dublin, August;
- 'Annual Conference', Focus Ireland, Dublin, September;
- 'Irish Society, History & Culture: 100 years after 1916', European University Institute, Florence, Italy; and
- 'The challenge of higher education funding', UCC Academic Council, Cork, November.

Dr. Larry O'Connell (Senior Economist):

During 2016 Dr. O'Connell was a member of:

- Rental Strategy Working Group, Department of Housing, Community and Local Government;
- Secretariat to the Expert Group on Future Funding for Higher Education;
- Project Steering Group for the Technology Futures Exercise, Department of Jobs, Enterprise and Innovation;
- Rural Development Programme (RDP) Monitoring Committee 2014-2020;
- Gas Innovation Group;
- Social Housing Workstream 4—Social Housing Reform; and
- Advisory Committee for IIEA/RDS Leadership Forum on Climate-Smart Agriculture;

He was an invited speaker or participant at the following events:

- ISSP Conference, Which Path Ahead?, May 11th, Housing Crisis: Policy in Action; and
- Facilitator, National Planning Framework Consultation June 2016.

Dr. Helen Johnston (Senior Policy Analyst):

During 2016 Dr. Johnston was a member of:

- The Centre for Cross Border Studies (Chairperson);
- The National Statistics Board;
- The Technical Advisory Group on Poverty Indicators and Data;

- The Tallaght West Child Development Initiative Board;
- The Centre for Effective Services Implementation Network;
- Equality of Opportunity in Practice Advisory Group (Chairperson);
- The Nurture Programme Evaluation Advisory Group;
- Healthy Ireland Outcomes Framework Working Group;
- The World Congress on Women's Mental Health Local Advisory Committee;
- Focus Ireland Research Advisory Group; and
- Research Managers Network.

She was an invited speaker at the following events:

- 'All Vision but no Change? Determinants of Implementation', The Institute of Public Administration Doctorate in Governance Programme, Dublin, January;
- 'All Vision but no Change? Determinants of Implementation', TCD Postgraduate Certificate in Implementation Science, Tallaght, April and October;
- 'The Social Policy Work of the National Economic and Social Council', Finnish Local Development Delegation, Tallaght, April;
- 'Poverty Proofing' Budget Proofing Roundtable, Irish Human Rights and Equality Commission, June;
- 'Joblessness and Families in Poverty, Social Inclusion Forum, Dublin, September;
- 'Can I get a job?', Focus Ireland, Dublin, September;
- 'Household Joblessness: experience and issues', Maynooth University, Maynooth, October;
- Launch of OECD Report on 'Weaving Together Policies for Social Inclusion in Ireland', Pobal Conference on Creating an Inclusive Labour Market, Dublin, November;
- 'Reflections on Poverty Alleviation and Wellbeing', ESRI Research Conference on Poverty and Quality of Life, Dublin, November; and
- 'Household Joblessness: preliminary findings from a NESC study, Labour Market Council, Dublin, December.

Dr. Damian Thomas (Senior Policy Analyst):

During 2016 Dr Thomas participated in the following event:

- 'Resilient policies for the implementation of the 2030 Agenda for sustainable development', European Environmental and Sustainable Development Advisory Councils (EEAC) Annual Conference, Barcelona.

Dr. Anne-Marie McGauran (Policy Analyst):

During 2016 Dr McGauran was a member of:

- The Board of One Family (Treasurer and Vice-Chair);
- The HSE Sexual Health & Crisis Pregnancy Programme Advisory Group (Chair);
- ESRI Integration Monitor Steering Group;
- The Research, Impact and Evaluation Work Group of SAGE (Support & Advocacy Service for Older People);
- The Social Housing Strategy Work Stream 5 (on the private rental sector); and
- the ESF “Women Returning to the Workforce” Project Appraisal Committee.

She gave presentations to and participated in the following meetings and events:

- Local Community Development Committee of South Dublin, April.

Dr. Jeanne Moore (Policy Analyst):

During 2016 Dr Moore was a member of:

- The Steering Committee of the Irish Forum on Natural Capital;
- The Evaluator Panel for the EPA’s 2016 Sustainability Research Call;
- The Steering Committees for these EPA Projects: Climate Change Transitions Project research project led by Prof. Geraint Ellis; EPIIC: Environmental Policy Integration - Innovation and Change project led by Brendan Flynn, NUIG; Understanding Community Behaviour on Climate Mitigation and Blueprint for Action led by Prof. Brian O’Gallachoir, UCC; and
- The Social Policy Network;

She was an invited speaker at the following events:

- Irish Wind Energy Authority Annual Conference; Panel: Engaging Energy Citizenship in Ireland’s Communities;
- Friends of the Earth/IIEA Roundtable: Socio Economics of the Energy Transition;
- Geoscience Ireland’s Workshop: Identifying Key Research Priorities for Public Perception and Understanding of Geoscience;

She participated in the following meetings and events:

- ‘Open SDGClub’ Berlin;
- DTTAS Smarter Travel Areas Interim Evaluation Event;
- Energy and Climate Summit, Dublin Castle;
- Engineers Ireland Forum: Engineering Solutions to Flooding;

- Planning for Development Conference;
- Transport Ireland Conference;
- Behavioural Economics—Project Stakeholder Meeting;
- Academy of Urbanism/RIAI Conference;
- Environment Ireland Conference;
- Environmental Pillar Workshop: Working for the Well-being of This and Future Generations;
- QUB Workshop on Transition and the Irish Energy System, Custom House;
- Community Reuse Network Ireland Conference: Making Reuse and Recycling Happen, Farmleigh;
- UCD Workshop on Consumers and Energy;
- Convergence/Environmental Pillar Event: How will we achieve Sustainable Development Goal 11 - Sustainable Cities and Communities?
- EPA/HSE Environment and Health Conference;
- TCD seminar on Communicating Change: Methods of Promoting Sustainability;
- UCC Seminar on Mobilising Local Citizen Investment in Renewable Energy: Identifying Pressures, Informing Policy and Developing Solutions; and
- Various IIEA Seminars and Events.

Noel Cahill (Policy Analyst):

During 2016 Noel Cahill was a member of:

- Secretariat to the Expert Group on Future Funding for Higher Education;
- The Finance Work Stream of the Government's Social Housing Strategy; and
- Rental Strategy Working Group.

He gave a presentation on:

- the Rental Market to the Irish Government Economic and Evaluation Service (IGEES) Strategic Policy Discussion Steering Group.

Chapter 3

NESDO Accounting Policies

Accounting Policies

3.1.1 Historical Cost Convention

The Financial Statements are prepared on an accruals basis under the historical cost convention in accordance with generally accepted accounting principles except where otherwise stated.

3.1.2 Income Recognition

A Grant received from the Department of the Taoiseach is recognised in the Financial Statements on a cash receipts basis.

Income from the sale of publications and conference income is recognised when it is invoiced. If it becomes apparent that the monies may not be received, a provision is made for doubtful debts.

NESDO enters into co-funding projects with other organisations that may last greater than one year. This income is recognised on a cash receipts basis.

3.1.3 Foreign Currencies

Transactions in currencies other than euro are recorded at the rates ruling at the date of the transactions or at a contracted date. Monetary assets and liabilities are translated into euro at the balance sheet date or at a contracted date. Exchange differences are dealt with in the Statement of Income and Expenditure Account.

3.1.4 Tangible Assets

Tangible assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of tangible assets to their estimated residual values over their estimated useful lives by equal annual instalments.

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

- Furniture: 5/10 years;
- Equipment: 5 years.

Superannuation

With the approval of the Departments of the Taoiseach and Public Expenditure and Reform by 2015 all staff had become members of the pension scheme for Non-Established State Employees. This is a non-contributory scheme for an officer's own retirement pension and lump sum benefits. Contributions are payable for the Spouses' and Children's Scheme. NESDO remits these contributions to the Department of Finance via the Department of the Taoiseach. Accordingly, NESDO has no liability in respect of the superannuation arrangements of these staff.

During 2016 the Department of the Taoiseach seconded two staff to NESDO who were covered by the superannuation schemes in operation in that Department. The Department was reimbursed by NESDO in respect of salary, employer PRSI and superannuation for these particular staff. Reimbursements accrued on a monthly basis and were charged to the Statement of Income and Expenditure. The Department of the Taoiseach took responsibility for the payroll and superannuation function in respect of these staff.

Appendices

Appendix 1 NESDO Board Membership

- Mr Martin Fraser, Department of the Taoiseach (Chairperson)
- Mr John Shaw, Department of the Taoiseach

Chief Officer NESDO, Dr Rory O'Donnell

Appendix 2 NESC Council Membership

The membership of the Council for 2011-2016 was nominated as follows:

- Mr Martin Fraser (Chairperson)
- Mr John Shaw (Deputy Chairperson)

Four members from Business and Employers:

- Mr Danny McCoy, Director General, IBEC
- Mr Tom Parlon, Director General, CIF
- Mr Ian Talbot, Chief Executive Officer, Chambers Ireland
- Mr Tony Donohoe, Head of Social and Education Policy, IBEC

Four members from Trade Unions:

- Ms Patricia King, General Secretary, ICTU
- Ms Sally Anne Kinahan, Assistant General Secretary, ICTU
- Mr Manus O'Riordan, SIPTU
- Mr Shay Cody, General Secretary, IMPACT

Four members from Farming and Agricultural:

- Mr Edmond Connolly, Chief Executive Officer, Macra na Féirme
- Vacancy, General Secretary, IFA
- Mr Seamus O'Donohoe, Secretary, ICOS
- Mr Frank Allen, ICMSA

Four members from Community and Voluntary:

- Dr Seán Healy, Social Justice Ireland
- Ms Brid O'Brien, Irish National Organisation of the Unemployed
- Mr James Doorley, Assistant Director, National Youth Council of Ireland
- Ms Karen Murphy, Irish Council for Social Housing

Four members from Environment:

- Mr Oisín Coghlan, Director, Friends of the Earth Ireland
- Mr Michael Ewing, Environmental Pillar
- Ms Karin Dubsky, Environmental Pillar
- Ms Siobhán Egan, Environmental Pillar

Four members from the Public Service:

- Mr Derek Moran, Secretary General, Department of Finance
- Mr John Murphy, Secretary General, Department of Jobs, Enterprise and Innovation
- Mr John McCarthy, Secretary General, Department of Environment, Community and Local Government
- Mr Seán Ó Foghlú, Secretary General, Department of Education and Skills

Eight independent members nominated by the Taoiseach:

- Prof Mary Daly, Department of Social Policy and Intervention, Oxford University
- Prof Anna Davies, Department of Geography, Trinity College Dublin
- Prof John McHale, Department of Economics, NUI, Galway
- Prof Edgar Morgenroth, Associate Research Profession, ESRI
- Dr Michelle Norris, School of Applied Social Science, UCD Geary Institute
- Prof Seán Ó Riain, Department of Sociology, NUI, Maynooth
- Dr Michael O'Sullivan, UK Research & Global Asset Allocation, Credit Suisse
- Ms Mary Walsh, Chartered Accountant

Director NESC, Dr Rory O'Donnell

Appendix 3 Financial Statements as Signed by NESDO Board

National Economic and Social Development Office (NESDO)

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National Economic and Social Development Office (NESDO)

Board Members and Other Information

Board Members:	Mr. Martin Fraser (Chairman) Ms. Elizabeth Canavan
Bankers:	Allied Irish Bank Business Centre 40/41 Westmoreland Street Dublin 2
Head Office:	16 Parnell Square Dublin 1
Auditor:	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1

National Economic and Social Development Office (NESDO)

Chairman's Report

For the year ended 31 December 2016

The National Economic and Social Development Office (NESDO) was established under the terms of the National Economic and Social Development Office Act, 2006 and is governed by a Board which was appointed by the Taoiseach.

The National Economic and Social Development Office also comprises the National Economic and Social Council (NESC).

The Board of NESDO is committed to the highest standards of Corporate Governance and has implemented the Department of Public Expenditure and Reform's "Code of Practice for the Governance of State Bodies".

NESDO has extensive policies and procedures guidelines in place for all staff, committees and Board members. NESDO applies the highest standards of disclosure and transparency in respect of interests held by staff, committees and Board members.

Remuneration Policy - Board Members and Executive Directors

The positions of Chief Officer of NESDO and Director of the NESC are occupied by the same person. He is paid in respect of his position as Director of NESC and receives no additional remuneration, emoluments or expenses in relation to his role as Chief Officer. All staff of NESDO and NESC, including the Chief Officer/Director are paid in accordance with relevant pay circulars issued by the Department of Public Expenditure and Reform. The Board members of NESDO and the Council members of NESC do not receive any remuneration/fees.

Going Concern

The Board has a reasonable expectation of continued Departmental funding. For this reason, it continues to adopt the going concern basis in preparing the Financial Statements. The first instalment of the 2017 Grant Income was received in January 2017.

Following a review undertaken by the Department of the Taoiseach as part of the programme of rationalisation of State agencies, the Government agreed that NESC should become a statutory body and to dissolve the NESDO (corporate body). This work is ongoing in the Department. The NESDO Act is still effective and as such the Office is a going concern.

National Economic and Social Development Office (NESDO)**Statement on the System of Internal Financial Control****For the year ended 31st December 2016**

On behalf of the Board of the National Economic and Social Development Office, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in the Office. 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.

Key Control Procedures

The Board has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the organisation
- Developing a culture of accountability across all levels of the organisation

In order to identify and evaluate the main business risks facing the Office, a formal business risk assessment has been undertaken.

A Corporate Risk Register has been prepared, together with an action plan to mitigate the impact of key controllable risks, which will be monitored continuously by the Board.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability and ongoing monitoring by the Department of the Taoiseach and review by the Board. In particular it includes:

- an appropriate budgeting system with an annual budget which is reviewed by the Board
- periodic and annual financial reports indicating financial performance against forecasts. These reports also show actual expenditure on particular projects. If a problem arises, the Board can then decide on corrective action as required
- Board meetings

Internal audits of the financial controls and procedures operated by NESDO are carried out by the Internal Audit Unit of the Department of the Taoiseach on behalf of the NESDO Audit Committee. The internal audit function operates to standards defined in the Department of Public Expenditure and Reform's Internal Audit Standards 2014. The NESDO Audit Committee has implemented a three year programme of reviews covering a wide range of areas of the organization including internal controls. As part of this programme in 2016 the Audit Committee reviewed the internal audit report on NESDO Salaries 2015.

Annual Review of Controls

The Board carried out a review of internal financial control procedures on 26th June 2017.

Signed: 
 Martin Fraser
 Board Chairman

Date: 6.12.17

National Economic and Social Development Office (NESDO)

Statement of Responsibilities of the National Economic and Social Development Office

For the year ended 31 December 2016

The National Economic and Social Development Office is required under Section 31 of the National Economic and Social Development Office Act, 2006 to prepare financial statements in such form as may be approved by the Taoiseach with the concurrence of the Minister for Public Expenditure and Reform.

In preparing those statements the Office is required to:

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- disclose and explain any material departures from applicable accounting standards, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Office will continue in existence.

The Office is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Office and which enable it to ensure that the financial statements comply with the Act and with accounting standards FRS102. The Office is also responsible for safeguarding the assets of the Office and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed:  Date: 6.12.17
Martin Fraser
Board Chairman

Signed:  Date: 6.12.17
Elizabeth Canavan
Board Member



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Economic and Social Development Office

I have audited the financial statements of the National Economic and Social Development Office for the year ended 31 December 2016 under National Economic and Social Development Office Act 2006. 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. The financial statements have been prepared in the form prescribed under Section 31 of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Office

The Office is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Office's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Office's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the National Economic and Social Development Office as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Office were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Office's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Office's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

John Crean
For and on behalf of the
Comptroller and Auditor General
14 December 2017

National Economic and Social Development Office (NESDO)

Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31 December 2016

Income	Notes	2016 €	2015 €
Oireachtas Grant	2	1,822,336	1,919,500
Other Income	3	52,516	91,797
Gain on Disposal of Fixed Assets		0	0
Transfer (to)/ from Capital Account	11	(16,289)	2,834
Total Income		1,858,563	2,014,131
Expenditure			
Staff Costs	4	1,397,870	1,394,112
Consultancy		33,269	55,782
Printing and Publications		7,255	7,717
Travel & Subsistence	6	9,963	17,307
Conferences and Seminars		8,375	21,905
Training		9,363	7,127
Post, Taxis & Couriers		1,195	1,628
Library Services		11,021	17,499
Administration		4,707	811
Professional Fees		10,531	344
Audit Fee		7,000	7,000
Telephone		5,210	5,870
Stationery		7,908	9,543
IT and Website costs		35,785	43,839
Rent & Service Charges		362,482	368,005
Depreciation	7	15,418	9,076
Total Expenditure		1,927,352	1,967,565
 (Deficit)/ Surplus for Year		 (68,789)	 46,566
Balance at 1 January		109,363	62,797
Balance at 31 December		40,574	109,363

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

The Statement of Cash Flows on page 8 and the notes on pages 9 to 14 form part of the financial statements.

Signed:


Martin Fraser
Board Chairman:

Date:

6.12.17

Signed:


Rory O'Donnell
Chief Officer:

Date:

6 December 2017

National Economic & Social Development Office (NESDO)

Statement of Financial Position

As at 31 December 2016

	Notes	2016	2015
		€	€
Fixed Assets			
Property, Plant and Equipment	7	42,633	26,344
Current Assets			
Receivables	8	8,660	15,389
Cash and Cash Equivalents	10	124,034	154,126
		<u>132,694</u>	<u>169,515</u>
Current Liabilities (Amounts falling due within one year)	9	(92,120)	(60,152)
Net Current Assets		40,574	109,363
Long Term Liabilities (Amounts falling due after one year)		0	0
Total Net Assets		<u>83,207</u>	<u>135,707</u>
Representing			
Capital Account	11	42,633	26,344
Retained Reserves		<u>40,574</u>	<u>109,363</u>
		<u>83,207</u>	<u>135,707</u>

The Statement of Cash Flows on page 8 and the notes on pages 9 to 14 form part of the financial statements.

Signed:


Martin Fraser
Board Chairman:

Date:

6.12.17

Signed:


Rory O'Donnell
Chief Officer:

Date:

6 December 2017

National Economic & Social Development Office (NESDO)

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016	2015
		€	€
Net Cash Flows from Operating Activities			
Excess expenditure over income		(68,789)	46,566
Depreciation and impairment of fixed assets		15,418	9,076
Decrease/(increase) in receivables		6,729	(774)
Increase/(decrease) in payables		31,968	(10,307)
Transfer to/(from) Capital Account		16,289	(2,834)
Bank interest received		(46)	(54)
Net Cash Inflow from Operating Activities		1,569	41,673
Cash flow from Investing Activities			
Payment to acquire property, plant & equipment	7	(31,707)	(6,242)
Net Cash Flows from Investing Activities		(31,707)	(6,242)
Cash Flows from Financing Activities			
Bank interest received		46	54
Net Cash Flows from Financing Activities		46	54
Net (Decrease)/Increase in Cash and Cash Equivalents		(30,092)	35,485
Cash and cash equivalents at 1 January		154,126	118,641
Cash and Cash Equivalents at 31 December		124,034	154,126

National Economic & Social Development Office (NESDO)**Notes to the Financial Statements****For the Year Ended 31st December 2016****1 Statement of Accounting Policies****Accounting Policies**

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

General Information

NESDO was set up under the National Economic and Social Development Act 2006, with a head office at 16 Parnell Square, Dublin 1.

NESDO's primary objective as set out in Section 8 of the National Economic and Social Development Act 2006 is as follows:

To advise the Taoiseach on all strategic matters relevant to economic and social development in the State.

NESDO is a Public Benefit Entity (PBE).

Statement of Compliance

The financial statements of NESDO for the year ended 31 December 2016 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.

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 Taoiseach with the concurrence of the Minister for Public Expenditure and Reform under the National Economic and Social Development Act, 2006. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to NESDO's financial statements.

Revenue***Oireachtas Grant***

Grant received from the Department of the Taoiseach is recognised in the Financial Statements on a cash receipts basis.

Other Income

NESC are engaged in research projects supported by funding from The Environment Fund. This income is recognised when it is invoiced.

Income from sale of publications is recognised when it is invoiced. If it becomes apparent that the monies may not be received, a provision is made for doubtful debts.

NESDO enters into co-funding projects with other organisations that may last greater than one year. This income is recognised on a cash receipts basis.

National Economic & Social Development Office (NESDO)**Notes to the Financial Statements**For the Year Ended 31st December 2016**Foreign Currencies**

Transactions in currencies other than euro are recorded at the rates ruling at the date of the transactions or at a contracted date. Monetary assets and liabilities are translated into euro at the balance sheet date or at a contracted date. Exchange differences are dealt with in the Statement of Income and Expenditure Account.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment, other than freehold land and artwork, 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:

- (i) Furniture: 5/10 years
- (ii) Equipment: 5 years

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.

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.

Retirement Benefits

With the approval of the Departments of the Taoiseach and Public Expenditure and Reform by 2015 all staff had become members of the pension scheme for Non-Established State Employees. This is a non-contributory scheme for an officer's own retirement pension and lump sum benefits. Contributions are payable for the Spouse and Children's Scheme. NESDO remits these contributions to the Department of Finance via the Department of the Taoiseach. Accordingly, NESDO has no liability in respect of the superannuation arrangements of these staff.

During 2016, the Department of the Taoiseach seconded two staff to NESDO who were covered by the superannuation schemes in operation in that Department. The Department was reimbursed by NESDO in respect of salary, employer PRSI and superannuation for these particular staff. Reimbursements accrued on a monthly basis and were charged to the Statement of Income and Expenditure and Retained Revenue Reserves. The Department of the Taoiseach took responsibility for the payroll and superannuation function in respect of these staff.

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 balance sheet 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 judgement has had the most significant effect on amounts recognised in the financial statements.

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2016Depreciation and Residual Values

The Director has 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.

2	<u>Oireachtas Grant Income Drawdown</u>	2016	2015
		€	€
	Oireachtas Grant Income drawdown ¹	1,822,336	1,919,500
	1. Source of Income – Allocation from Vote 2 Department of the Taoiseach Subhead A3 to NESDO. As a constituent body of NESDO (as set out in the National Economic and Social Development Office Act, 2006), NESDO's expenditure is met by NESDO.		
3	<u>Other Income</u>	2016	2015
		€	€
	Project Income ²	50,470	85,820
	Other Income	2,000	5,923
	Bank Interest	46	54
		<u>52,516</u>	<u>91,797</u>
	2. The sum of €50,470 was received from The Environment Fund in 2016.		
4	<u>Staff Costs</u>	2016	2015
		€	€
	Wages and Salaries	1,285,591	1,284,519
	Social Welfare Costs	112,279	109,593
		<u>1,397,870</u>	<u>1,394,112</u>
	The average number of employees and ECF allocation during the year were:	17	17
	Range of total employee benefits	Number of Employees 2016	Number of Employees 2015
	From To		
	€70,000 - €79,999	6	6
	€90,000 - €99,999	4	4
	€120,000 - €129,999	1	1

A total of €73,131 (2015: €81,960) of pension levy has been deducted from staff and paid over to the Department of the Taoiseach.

The Chief Officer of NESDO, who is also the Director of NESC, received €141,746 (2015: €136,496) as remuneration in respect of his role as Director of NESC for the year ended 31 December 2016. The Chief Officer was not in receipt of remuneration, emoluments or expenses in respect of his role as Chief Officer of NESDO. As Director of NESC he received €5,099 in 2016 (2015: €2,866) in respect of official travel and subsistence as per Department of Finance Circular 07/2009.

Included in Wages and Salaries is Holiday Pay accrual amounting to €18,198 at 31 December, 2016.

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2016

5	<u>Retirement Benefits</u>	2016	2015	
		€	€	
	Included in wages and salaries in note 4 is the following:			
	Employee contributions to the Department of the Taoiseach in respect of staff	<u>18,876</u>	<u>12,750</u>	
6	<u>Travel & Subsistence</u>	2016	2015	
		€	€	
	Travel and Subsistence ³	<u>9,963</u>	<u>17,307</u>	
		<u>9,963</u>	<u>17,307</u>	
	3. Includes reimbursement of expenses to Council members of NESC associated with attending Council meetings.			
7	<u>Property, Plant and Equipment</u>	Equipment	Furniture	Total
		€	€	€
	<u>Cost</u>			
	Balance at 1 January 2016	381,500	100,255	481,755
	Additions	<u>31,707</u>	<u>0</u>	<u>31,707</u>
	Balance at 31 December 2016	<u>413,207</u>	<u>100,255</u>	<u>513,462</u>
	<u>Depreciation</u>			
	Balance at 1 January 2016	355,156	100,255	455,411
	Charge for year	<u>15,428</u>	<u>0</u>	<u>15,428</u>
	Balance at 31 December 2016	<u>370,574</u>	<u>100,255</u>	<u>470,829</u>
	<u>Net Book Value</u>			
	At 31 December 2016	<u>42,633</u>	<u>0</u>	<u>42,633</u>
	At 31 December 2015	<u>26,344</u>	<u>0</u>	<u>26,344</u>
8	<u>Receivables</u>	2016	2015	
		€	€	
	Prepayments	<u>8,660</u>	<u>15,389</u>	
		<u>8,660</u>	<u>15,389</u>	

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2016

9	<u>Payables</u>	2016	2015
		€	€
	Trade Creditors	1,585	2,884
	Taxes and social costs	43	-
	Accruals	90,492	57,268
		<u>92,120</u>	<u>60,152</u>

Included in Accruals is €18,198 for Holiday Pay at 31 December, 2016.

10	<u>Cash and Cash Equivalents</u>	2016	2015
		€	€
	Current Account Balance	50,990	32,967
	Deposit Account Balance	73,023	120,993
	Cash on Hand	21	166
		<u>124,034</u>	<u>154,126</u>

11	<u>Capital Account</u>	2016	2015
		€	€
	Balances at 1 January	26,344	29,178
	<i>Transfer to Income and Expenditure</i>		
	Income used to purchase Fixed Assets	31,707	6,242
	Amortisation in line with depreciation	(15,418)	(9,076)
	Net Book Value of Assets Disposed	0	0
		<u>16,289</u>	<u>(2,834)</u>
	Balance at 31 December	<u>42,633</u>	<u>26,344</u>

12 **Premises occupied by NESDO**

NESDO occupies one premises which is located at 16 Parnell Square, Dublin 1. It rents this premises on a year to year basis from the Office of Public Works and is not tied into a lease. Rent of € 322,328 and service charges of €40,154 were paid in respect of 2016.

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2016

13 Related Party Disclosures

The Board members of NESDO adopted procedures in accordance with procedures issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by Board members and these procedures have been adhered to in the year. I confirm that there were no transactions in the year in relation to the Board's activities in which a Board member had any beneficial interest.

The Council of NESD (the constituent body of NESDO) is solely an advisory body with no executive functions and is specifically structured in order that key sectoral interests are represented.

Key management personnel in NESDO consist of the Chief Officer and members of the Board. Key management personnel were not in receipt of remuneration, emoluments or expenses in respect of their role in NESDO.

Both NESDO and NESD operate under the NESDO Act, 2006 which provides for disclosure of interests.

14 Approval of Financial Statements

The Financial Statements were approved by the Board of NESDO on 26th June 2017.

