

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



Annual Report

For the year ended 31 December 2019

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Chapter 1

Chairperson's Statement

Chairperson's Statement

The National Economic and Social Development Office (NESDO) was established under the National Economic and Social Development Office Act, 2006.

NESDO is a body corporate for the National Economic and Social Council (NESC) which advises the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development in Ireland.

NESDO provides full administrative and support services for NESC and submits reports, recommendations and conclusions arising from projects carried out by the NESC to Government and arranges for the subsequent publication of such items.

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. I am satisfied that NESDO is in compliance with the Guidelines.

The NESDO Audit Committee held two meetings during 2019: on 22nd January and 22nd November. The Committee comprised:

Mr Ray Henry (Chairperson)

Mr Paul McGarry, Department of Foreign Affairs and Trade, replaced with effect from 22nd November by Mr Nigel Clarke from Department of the Taoiseach.

Ms Sinéad Nic Coitir, NESC

The Internal Audit Unit (IAU) 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, operational and compliance controls and risk management.

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.

During 2019 the NESDO Audit Committee reviewed the Risk Management Register & IT Risk Register, the Audit Committee Effectiveness Checklist, the Financial Statements (2018), the Internal Audit Charter, the Annual Review of Internal Controls, and the Audit Report on Travel and Subsistence. No issues of significance

were found. The Audit Committee confirmed its satisfaction with the adequacy and appropriateness of the system of internal controls within NESDO.

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 the year, with 97% 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 2019.

Martin Fraser

Chairperson

National Economic and Social Development Office

Chapter 2

National Economic and Social Council

NESC Work Programme 2019

NESC published the following reports in 2019:

Climate-Change Policy: Getting the Process Right (NESC Report No.147)

There is a growing consensus that ambitious action is needed if we are to stop climate change. Ireland is ready to do more as evident from the efforts of our children and young people, as well as the Oireachtas Joint Committee's report and ongoing work to produce an all-of-Government plan. To safeguard our future, protect coming generations, achieve a just transition and meet international obligations, actions have to urgently and continuously deliver results.

This report focuses on how to combine an ambitious long-term climate change mission with an urgent and active policy process that can discover, try out and support practical actions that reduce carbon emissions.

Transport-Orientated Development: Assessing the Opportunity for Ireland (NESC Report No.148)

Transport-orientated development (TOD) is a form of land-use and development that seeks to maximise the number of homes, jobs, public services and amenities which are close to frequent, high-quality transport services. International examples demonstrate how this approach improves mobility and the environment, delivers more efficient and sustainable urban development, and can be designed to provide a higher proportion of social and affordable housing. This report proposed four key factors to make transport-orientated development—rather than car-orientated development—more likely to happen in Ireland. These factors are a clear vision, a specific form of decision, a tailored institution, and appropriate funding. Identifying and accepting the need for these four factors is just a first step in precipitating transport-orientated development.

The Framing of Climate Action in Ireland: Strategic Considerations (NESC Secretariat Series No.17)

Climate change is one of the most pressing issues facing policy-makers today, and Ireland's record on climate action is widely accepted as being disappointing. Part of the explanation for this lies in the uncertainty about what action Ireland can and should take, and uncertainty about how acceptable any climate action will be to various groups in society. In this context of uncertainty, how a problem is framed can

have a significant impact on subsequent decisions taken to address that problem. This Secretariat paper examines if and how the framing (or reframing) of climate action can lead to more progress in this challenging area.

The paper points to the critical importance of recognising and addressing the need for a shared understanding and the impact of the four I's of irrationality, ideology, interests and institutions, and makes the case for strategic policy framing as one response, acknowledging its pitfalls. While there is potential for a strategic reframing process in Ireland to help decision-makers, it is a process that must not be undertaken without careful planning and execution, as well as determination. Should that be potential be realised, a strategic framing exercise could help policy-actors and decision-makers in Ireland devise and take climate action which would move us closer to our stated ambition in this crucial area.

Urban Structure, Spatial Planning and Climate Emissions (NESC Secretariat Series No.18)

This Secretariat paper examines the relationship between urban structure, spatial planning and climate emissions, in particular transport-related emissions. The paper focuses in particular on the some of the key literature that has sought to analysis this relationship.

The paper also considers the case for developing new approaches to evaluating the impact of urban structure and spatial planning on supporting sustainable development and reducing transport-related emissions. The paper concludes with a focus on the enabling role of urban structure with regards to sustainable mobility.

Advancing the Low-Carbon Transition in Irish Transport (NESC Research Paper No.13)

This research commissioned from DCU identifies three main themes: complexities inherent in transport; competing priorities and contestation between institutional drivers; and the fragmented governance landscape and institutional opportunities for enhanced co-ordination. Building on research findings, the report identifies a set of recommendations and poses a number of questions for stakeholders who wish to strengthen low-carbon transition in Irish transport.

Transport-Orientated Development: Assessing Opportunity for Ireland Background Case Studies (NESC Research Paper No.14)

This background paper provides an analysis of international and national evidence on the role of transport in widening the potential of active land management through unlocking land for housing, sustainable urban development, and regeneration.

It provides instructive cases of transport-orientated development (TOD), to reveal generalisable lessons for any such strategy in Ireland. The fictional TOD garden city known as Uxcester is examined as an example of a model for the development of these types of cities involving investment in transport. It was proposed in an essay that won first prize in the 2014 Wolfson Economics Prize competition. The experience of regional planning in Cork including plans to develop a rail corridor is also examined. The paper concludes with the report of a field-study visit to Nantes in France.

NESC held one event in 2019:

Following the completion and publication of the Council's significant piece of research on the topic of transport-orientated development (TOD) and the potential for its application in Ireland, a Policy Workshop titled **Transport-Orientated Development: Making it Happen in Ireland** was held in Stephens Green Hibernian Club on Friday, 28th June 2019.

The full-day policy workshop brought together national policy actors with responsibility for urban and transport planning and investment in Ireland and international policy actors from France, the UK, and Denmark involved in the successful delivery of TOD projects across Europe. The workshop was attended by a wide range of policy actors from 40 organisations.

The aim of the workshop was to help develop a strong consensus about how to address the significant policy issues identified in the Council's report which must be overcome to enable transport-orientated development. The examination of the Council's analysis and the international examples, and assessment of the current planning and investment context suggests challenges that remain to be addressed in the short-to-medium term. The workshop affirmed the Council's description of the four key factors critical in making TOD happen: vision, decision, institution, and funding. While the National Planning Framework (NPF) has articulated a high-level vision supportive of TOD in Ireland, ensuring the necessary decision, institution, and funding is in place means addressing a number of difficult issues in each of these 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 (EESC). In 2019, the meeting was hosted by the Economic, Social and Environmental Council of Italy (CNEL) in Rome in June. 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 ESCs' role in sustainable development and the implementation of the European Pillar of Social Rights'*.

International Meetings of the European Network of Sustainable Development Council's (EEAC)

NESC participated in the 27th Annual Conference of The European Network of Environment and Sustainable Development Advisory Councils (EEAC), which was hosted by the Portuguese Council on the Environment and Sustainable Development (CNADS) held in September in Lisbon, Portugal. The event was titled: *'Cooperation and Partnerships for Sustainable Development: Water, Energy and Oceans'*.

NESC meetings held during 2019

The Council met four times in 2019; 3rd April, 20th June, 25th September and 19th December.

During 2019, 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.

Dr. Rory O'Donnell, the out-going Director (retired September 2019), was a member of the following bodies:

- Economic Governance Group, Institute of International and European Affairs;
- Steering Group for Public Spending Code, IGEES, DPER;
- National Dialogue on Climate Action (NDCA), DCCAE; and
- Marine Spatial Planning Advisory Group.

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

- Water and Agriculture: Investment Needs, Bucharest, February.
- Dublin City Council, Vienna Model Exhibition Housing Seminar, April.
- Dublin City Council and the Housing Agency, Housing for All: Delivering New Affordable Rental for Dublin', Dublin, April.
- Oxfam Ireland, 'She pays the Price', Dublin, May.
- EPA, Climate Change Conference, Dublin, May.
- Department of Housing, Planning and Local Government, National Housing Conference: 2040 – Delivering the Vision for Housing, Dublin, May.

Note: Dr Rory O'Donnell retired from the Director's role in September 2019.

Dr. Larry O'Connell, Senior Economist and incoming Director (appointed September 2019) was a member of:

- Rural Development Programme (RDP) Monitoring Committee 2014-2020;
- Gas Innovation Advisory Group;
- BioEconomy Implementation Group;
- National Planning Knowledge Group;
- Climate Research Coordination Group; and
- Earth Institute Advisory Board (Deputy Chair).

He was an invited speaker at the following events:

- National Economic Dialogue, Rapporteur, Dublin, June.

Note: Dr Larry O'Connell was appointed to the position of Director in September 2019.

Dr. Helen Johnston (Senior Policy Analyst):

During 2019 Dr Johnston was a member of;

- The Centre for Cross Border Studies (Chairperson);
- The Technical Advisory Group on Poverty Indicators and Data;
- The Tallaght West Child Development Initiative Board and Research Advisory Committee;
- The Department of Expenditure and Public Reform's Equality Budget Proofing Expert Advisory Group;
- The Centre for Effective Services Implementation Network and Steering Group;
- The Nurture Programme Evaluation Advisory Group;
- Focus Ireland's Research Advisory Group; and
- Embedding Wellbeing in Northern Ireland Advisory Group.

She was an invited speaker at the following events;

- 'Access to childcare and home care services across Europe', Economic and Social Research Institute, Dublin, September.
- Chaired 'The Destruction of the Community Sector: Voices of the Communities Affected' event, Dublin, March.

Dr. Anne Marie McGauran (Policy Analyst):

During 2019 Dr McGauran was a member of;

- IN-VEST steering group (a labour market programme run by Ballymun Jobs Centre, supported by JP Morgan); and
- ESRI Steering Group on Research Monitoring Integration.

She gave lectures to;

- Centre for Gender and Women's Studies TCD Master's students; and
- Social Policy Network.

Dr. Jeanne Moore (Policy Analyst):

During 2019 Dr Moore was a member of;

- EPA research project steering group for 'Greening the City' and 'No Home for Plastic'.
- Sustainability Research Coordination Group

She was an invited speaker at the following events/meetings;

- Climate and transport discussion, Oireachtas Committee on Transport, Tourism and Sport (June);
- Presented 'What is a Just Transition in Practice?' at the Political Studies Association Annual Conference (October); and
- Guest Lecturer, DCU MSc Climate Change (November).

Dr. Cathal FitzGerald (Institutional Research Analyst):

During 2019 Dr FitzGerald was co-chair of the Political Studies Association of Ireland (PSAI) Specialist Group on Public Policy, and co-edited a special edition of *Administration* journal on policy success and failure. He presented at the following:

- National Infrastructure and Transport Expo, Dublin, March;
- Policy Conference on Transport Orientated Development, Dublin, June;
- Annual International Conference of the International Association for Research in Economic Psychology (IAREP) and the Society for the Advancement of Behavioral Economics (SABE), Dublin, September (Session Chair; presenter);
- PSAI Annual Conference, Maynooth, October;
- South-East Regional Enterprise Plan Committee, Carlow, October;
- Midlands Regional Transition Taskforce, Thurles, November; and
- Mid-west Regional Enterprise Plan Committee, Portlaoise, November.

Mr Noel Cahill (Economist):

During 2019 Noel Cahill;

- Participated in meeting Union of the Mediterranean (UfM) Working Group on Affordable and Sustainable housing, 28 February-1 March, in Paris; and drafting housing profile for Ireland for the UfM.
- Participated in the work of the Housing Agency's Supply and Affordability Panel.

Dr. Damian Thomas (Senior Policy Analyst):

During 2019 Dr Thomas was an invited speaker at the following event;

- Platform Mediated Work – Employment & Welfare Issue', IIEA Economists Group, Dublin, May.

He presented work 'Addressing Employment Vulnerability as Part of a Just Transition in Ireland' to;

- South East Regional Enterprise Steering Committee, Carlow, October;
- Midlands Regional Enterprise Steering Committee, Thurles, November;
- Mid-West Regional Enterprise Steering Committee, Portlaoise, November; and
- Dublin Regional Enterprise Steering Committee, Dublin, December.

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

NESDO staff are 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 2019, the Department of the Taoiseach seconded two staff members to NESDO, An Garda Síochána seconded one member of staff to NESDO and the Department of Business, Enterprise and Innovation seconded one staff member to NESDO. These staff were covered by the superannuation schemes in operation in their respective Department. The Departments were reimbursed by NESDO in respect of salary, employer's PRSI and superannuation for the particular staff. Reimbursements accrued on a monthly basis and were charged to the Statement of Income and Expenditure and Retained Revenue Reserves. The relevant Department takes responsibility for the payroll and superannuation in respect to its seconded staff to NESDO.

Appendices

Appendix 1 NESDO Board Membership

- Mr Martin Fraser, Department of the Taoiseach (Chairperson)
- Ms Elizabeth Canavan, Department of the Taoiseach
Chief Officer NESDO, Dr Rory O'Donnell (retired)/Dr Larry O'Connell (current)¹

Appendix 2 NESC Council Membership

The membership of the Council for 2016-2019 was nominated as follows:

- Mr Martin Fraser (Chairperson)
- Ms Elizabeth Canavan (Deputy Chairperson)

Three members from Business and Employers:

- Ms Maeve McElwee, Director of Employer Relations, Ibec
- Mr Tom Parlon, Director General, CIF
- Mr Ian Talbot, Chief Executive Officer, Chambers Ireland

Three members from Trade Unions:

- Ms Patricia King, General Secretary, ICTU
- Mr Shay Cody (retired October) was replaced by Mr Joe Cunningham, General Secretary, Fórsa
- Mr Kevin Callinan, General Secretary, IMPACT

Three members from Farming and Agricultural:

- Mr Damian McDonald, Director General, IFA
- Mr John Enright, General Secretary, ICMSA was replaced (October) by Mr TJ Flanagan, Chief Executive Officer, ICOS
- Mr Denis Duggan, Chief Executive Officer, Macra na Feirme

¹ In September 2019, Dr Rory O'Donnell retired from the position of Chief Officer NESDO and was replaced by Dr Larry O'Connell who is appointed to this role.

Three 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

Three members from Environment:

- Mr Michael Ewing (retired October) and was replaced by Ms Karen Ciesielski, Coordinator, Environmental Pillar
- Ms Kate Ruddock, Deputy Director, Friends of the Earth Ireland
- Ms Oonagh Duggan, Assistant Head of Division: Policy and Advocacy, Bird Watch Ireland

Four members from the Public Service:

- Mr Derek Moran, Secretary General, Department of Finance
- Dr Orlaigh Quinn, Secretary General, Department of Jobs, Enterprise and Innovation
- Mr John McCarthy, Secretary General, Department of Environment, Community and Local Government
- Mr Robert Watt, Secretary General, Department of Public Expenditure & Reform

Seven independent members nominated by the Taoiseach:

- Mr Philip Hamell, Department of the Taoiseach
- Prof Edgar Morgenroth, DCU
- Prof Michelle Norris, School of Applied Social Science, UCD Geary Institute
- Prof Paul Donnelly, Technology University Dublin
- Prof Sinead O'Flanagan, Royal College of Surgeons in Ireland
- Prof Eleanor Denny, Trinity College Dublin
- Prof Geraint Ellis, Queens University Belfast

Director NESC, Dr Rory O'Donnell (retired), Dr Larry O'Connell (current)²

² In September 2019, Dr Rory O'Donnell retired from the position of Director NESC and was replaced by Dr Larry O'Connell who is appointed to this role.

Appendix 3 Financial Statements as Signed by NESDO Board

National Economic and Social Development Office (NESDO)

Financial Statements

For The Year Ended 31 December 2019

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 2019

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.

NESDO is the body corporate for the National Economic and Social Council (NESC) which advises the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development in Ireland.

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 (2016).

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 2020 Grant Income was received in January 2020.

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)**Governance Statement and Board Members' Report****For the year ended 31 December 2019****Governance**

The Board of the National Economic and Social Development Office (NESDO) was established under the National Economic and Social Development Act, 2006. The Board is accountable to the Taoiseach and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business decisions. The regular day-to-day management, control and direction of NESDO are the responsibility of the Chief Officer (CO) and NESDO management. The CO must follow the broad strategic direction set by the Board and must ensure that the Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CO acts as a direct liaison between the Board and the management of NESDO.

Board Responsibilities

The work and responsibilities of the Board are set out in the NESDO Policies and Procedures document which also contain matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

Section 31(1) of the National Economic and Social Development Act, 2006 requires NESDO to keep, in such form as may be approved by the Taoiseach with the concurrence of the Minister for Finance, all proper and usual accounts of money received and expended by it.

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

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

The Board is responsible for ensuring that adequate accounting records are kept which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the Financial Statements comply with Section 31(2) of the National Economic and Social Development Act, 2006. The maintenance and integrity of the corporate and financial information on the NESDO's website is the responsibility of the Board.

The Board is responsible for approving an annual plan and budget. An evaluation of the performance of NESDO by reference to the annual plan and budget was carried out on 18 June, 2019.

The Board is responsible for ensuring that the assets of NESDO are adequately safeguarded and that reasonable steps are in place for the prevention and detection of fraud and other irregularities.

The Board considers that the Financial Statements of NESDO give a true and fair view of the financial performance and the financial position of NESDO at 31 December, 2019.

Board Structure

The Board consists of a Chairperson and a Deputy Chairperson who are appointed by the Taoiseach. Board meetings are held annually or more frequently as required. The members of the Board were appointed for a period coterminous with the term of the National Economic and Social Council (NESC). The table below details the appointment period for current members:

National Economic and Social Development Office (NESDO)**Governance Statement and Board Members' Report****For the year ended 31 December 2019**

Board Member	Role	Date Appointed
Martin Fraser	Chairperson	24 May 2017
Elizabeth Canavan	Deputy Chairperson	24 May 2017

The Board has established an Audit and Risk Committee (ARC), comprising three members, including two external members. The role of the Audit and Risk Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The Committee reports to the Board annually, or as required. The ARC reports to the Board after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Mr Ray Henry (Chairperson); Mr Paul McGarry, Department of Foreign Affairs and Trade (up to October); Mr Nigel Clarke, Department of the Taoiseach (from November) Ms Sinead Nic Coitir, NESD. There were 2 meetings of the ARC in 2019.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2019 is set out below including the fees and expenses received by each member:

	Board	Audit & Risk Committee	Fees & Expenses (€)
Number of Meetings:	1	2	
Martin Fraser	1	-	0
Elizabeth Canavan	1	-	0
Ray Henry	-	2	0
Paul McGarry	-	1	0
Nigel Clarke	-	1	0
Sinead Nic Coitir	-	2	0

The Board members receive no fees or expenses.

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

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

Employee Short-Term Benefits Breakdown

Employee Short-Term benefits in excess of €60,000 are categorised into the following bands:

Range of total employee benefits	Number of Employees 2019	Number of Employees 2018
€70,000 - €79,999	3	1
€80,000 - €89,999	3	4
€90,000 - €99,999	0	0
€100,000 - €109,999	3	4
€110,000 - €119,999	1	0
€120,000 - €129,999	0	0
€130,000 - €139,999	0	0
€140,000 - €149,999	0	1

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

National Economic and Social Development Office (NESDO)

Governance Statement and Board Members' Report

For the year ended 31 December 2019

Travel and Subsistence Expenditure

Travel and subsistence Expenditure is categorised as follows:

Employees	2019 (€)	2018 (€)
Domestic	1,541	2,487
International	4,719	5,346
Non-Employees		
Domestic	2,695	2,256
Foreign	2,513	8,261
Total	11,468	18,350

Consultancy Costs

NESC are engaged in sustainable development research projects supported by funding from the Environment Fund.

Project	2019 (€)	2018 (€)
Sustainable Development Research Consultancy	38,371	58,073

Legal Costs and Settlements

2019 (€)	2018 (€)
Nil	Nil

Hospitality Expenditure

Expenditure Analysis	2019 (€)	2018 (€)
Employees	644	770
Non-Employees	953	1,115
Total	1,597	1,885

Statement of Compliance

The Board 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. NESDO was in full compliance with the Code for 2019.

Signed: 

Martin Fraser
Board Chairman

Date: 17.12.20

National Economic and Social Development Office (NESDO)**Statement on Internal Control****For the year ended 31st December 2019****Scope of Responsibility**

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 control is maintained and operated in the Office. 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 is designed to manage risk to a tolerable level rather than to eliminate it. 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 way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in NESDO for the year ended 31 December, 2019 and up to the date of approval of the Financial Statements.

Capacity to Handle Risk

NESDO has an Audit & Risk Committee (ARC) comprising three members two of whom, including the Chairman, are external members with wide corporate and financial experience in public sector organisations. The ARC has access to professional accountancy services as required. The ARC met twice in 2019.

The internal audit function at NESDO is carried out by the Internal Audit Unit of the Department of the Taoiseach on behalf of the NESDO ARC. The Unit is adequately resourced and conducts a three-year programme of work agreed with the Audit Committee covering a wide range of areas of the organisation including internal controls.

The ARC has developed a 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 NESDO 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

NESDO has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing NESDO and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment is in place containing the following elements:

- 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, and
- there are systems in place to safeguard the assets.

National Economic and Social Development Office (NESDO)

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, 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 are in place at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budget/forecasts.

Procurement

I confirm that NESDO has procedures in place to ensure compliance with current procurement rules and guidelines and that there is appropriate focus on good practice in purchasing. During 2019, 2 contracts to a value of €43,662 are considered to be non-competitive and non-compliant as the contracts were extended beyond the original contract date without competitive procurement. NESDO has taken steps to address this non-compliance by finalising a competitive process for these services. This process will be finalised in 2021.

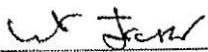
Review of Effectiveness

I confirm that NESDO has procedures to monitor the effectiveness of its risk management and control procedures. NESDO's monitoring and review of the effectiveness of the systems of internal control is informed by the work of the internal and external auditors, the ARC which oversees their work, and the senior management within NESDO responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2019 on the 22nd June 2020.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2019 that require disclosure in the Financial Statements.

Signed: 
Martin Fraser
Board Chairman

Date: 17.12.20



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas National Economic and Social Development Office

Opinion on the financial statements

I have audited the financial statements of the National Economic and Social Development Office for the year ending 31 December 2019 as required under the provisions of section 31 of the 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, 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 National Economic and Social Development Office at 31 December 2019 and of its income and expenditure for 2019 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 National Economic and Social Development Office 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 National Economic and Social Development Office has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

22 December 2020

National Economic and Social Development Office (NESDO)

Statement of Income and Expenditure and Retained Revenue Reserves

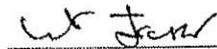
For the year ended 31 December 2019

Income	Notes	2019 €	2018 €
Oireachtas Grant	2	1,875,979	1,888,901
Other Income	3	67,987	93,819
Transfer from/(to) Capital Account	11	2,225	6,716
Total Income		1,946,191	1,989,436
Expenditure			
Staff Costs	4	1,344,128	1,425,326
Consultancy		38,371	58,073
Printing and Publications		3,947	7,073
Travel & Subsistence	6	11,468	18,350
Conferences and Seminars		11,500	10,126
Training		11,892	9,455
Post, Taxis & Couriers		988	810
Library Services		18,385	15,348
Administration		712	585
Professional Fees		5,904	5,289
Audit Fee		8,800	8,000
Telephone		6,538	5,596
Stationery		6,174	5,016
IT and Website costs		51,490	34,745
Rent & Service Charges		361,616	359,155
Depreciation	7	11,351	15,715
Total Expenditure		1,893,264	1,978,662
Surplus for Year		52,927	10,774
Balance at 1 January		72,441	61,667
Balance at 31 December		125,368	72,441

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 11 and the notes on pages 12 to 17 form part of the Financial Statements.

Signed:



Martin Fraser
Board Chairman

Date:

17/12/20

Signed:



Larry O'Connell
Chief Officer

Date:

17/12/20

National Economic & Social Development Office (NESDO)

Statement of Financial Position

As at 31 December 2019

	Notes	2019	2018
		€	€
Fixed Assets			
Property, Plant and Equipment	7	20,801	23,026
Current Assets			
Receivables	8	43,846	26,404
Cash and Cash Equivalents	10	131,507	145,612
		175,353	172,016
Current Liabilities (Amounts falling due within one year)	9	(49,985)	(99,575)
Net Current Assets		125,368	72,441
Long Term Liabilities (Amounts falling due after one year)		-	-
Total Net Assets		146,169	95,467
Representing			
Capital Account	11	20,801	23,026
Retained Reserves		125,368	72,441
		146,169	95,467

National Economic & Social Development Office (NESDO)

Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019	2018
		€	€
Net Cash Flows from Operating Activities			
Surplus/(Deficit) for year		52,927	10,774
Depreciation and impairment of fixed assets		11,351	15,715
(Increase)/decrease in receivables		(17,442)	(10,063)
(Decrease)/increase in payables		(49,590)	14,857
Transfer to/(from) Capital Account		(2,225)	(6,716)
Bank interest received		(16)	(13)
Net Cash Inflow from Operating Activities		<u>(4,995)</u>	<u>24,554</u>
Cash flow from Investing Activities			
Payment to acquire property, plant & equipment	7	(9,126)	(8,999)
Net Cash Flows from Investing Activities		<u>(9,126)</u>	<u>(8,999)</u>
Cash Flows from Financing Activities			
Bank interest received		16	13
Net Cash Flows from Financing Activities		<u>16</u>	<u>13</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(14,105)	15,568
Cash and cash equivalents at 1 January		145,612	130,044
Cash and Cash Equivalents at 31 December	10	<u>131,507</u>	<u>145,612</u>

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2019

1 Statement of Accounting Policies

Accounting Policies

The basis of accounting and significant accounting policies adopted by NESDO is 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 2019 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

NESDO 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 2019****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: 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 Public Expenditure and Reform. Accordingly, NESDO has no liability in respect of the superannuation arrangements of these staff.

During 2019, the Department of the Taoiseach seconded two staff members to NESDO, An Garda Síochána seconded one member of staff to NESDO and the Department of Business, Enterprise and Innovation seconded one staff member to NESDO. These staff were covered by the superannuation schemes in operation in their respective Department. The Departments were reimbursed by NESDO in respect of salary, employer's PRSI and superannuation for the particular staff. Reimbursements accrued on a monthly basis and were charged to the Statement of Income and Expenditure and Retained Revenue Reserves. The relevant Department takes responsibility for the payroll and superannuation in respect to its seconded staff to NESDO.

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 and Social Development Office (NESDO)**Notes to the Financial Statements****For the Year Ended 31st December 2019**Depreciation 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 has concluded that asset lives and values are appropriate.

2	<u>Oireachtas Grant Income Drawdown</u>	2019	2018
		€	€
	Oireachtas Grant Income Drawdown ¹	<u>1,875,979</u>	<u>1,888,901</u>
	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), NESC's expenditure is met by NESDO.		
3	<u>Other Income</u>	2019	2018
		€	€
	Project Income ²	67,971	93,201
	Other Income		605
	Bank Interest	<u>16</u>	<u>13</u>
		<u>67,987</u>	<u>93,819</u>
	² The sum of €67,971 was received from The Environment Fund in 2019.		
4	<u>Staff Costs</u>	2019	2018
		€	€
	Wages and Salaries	1,242,723	1,316,663
	Social Welfare Costs	<u>101,405</u>	<u>108,663</u>
		<u>1,344,128</u>	<u>1,425,326</u>
	The average number of employees and ECF allocation during the year were:	<u>17</u>	<u>17</u>

A total of €62,598 (2018: €69,041) 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 €100,152 up to September 2019. The Chief Officer retired in September and his replacement received €41,200 as remuneration in respect of his role as Director of NESC for the year ended 31 December 2019 (2018: €143,983). 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 €1,957 (2018: €3,329) 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 €24,928 (2018:€20,138).

Ex-gratia payment of €50,000 was made to a former employee.

National Economic & Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2019

5 Retirement Benefits	2019	2018
	€	€
Included in wages and salaries in note 4 is the following:		
Employee contributions to the Department of the Taoiseach in respect of staff	<u>26,113</u>	<u>26,027</u>

6 Travel & Subsistence	2019	2018
	€	€
Travel and Subsistence ³	<u>11,468</u>	<u>18,350</u>
	<u>11,468</u>	<u>18,350</u>

3. Includes reimbursement of expenses to Council members of NESC associated with attending Council meetings.

7 Property, Plant and Equipment	Equipment	Furniture	Total
	€	€	€
Cost			
Balance at 1 January 2019	262,095	199,562	461,657
Additions	4,176	4,950	9,126
Disposals	<u>(25,339)</u>	<u>(25,220)</u>	<u>(50,559)</u>
Balance at 31 December 2019	<u>240,932</u>	<u>179,292</u>	<u>420,224</u>

Depreciation

Balance at 1 January 2019	239,069	199,562	438,631
Charge for year	10,856	495	11,351
Disposals	<u>(25,339)</u>	<u>(25,220)</u>	<u>(50,559)</u>
Balance at 31 December 2019	<u>224,586</u>	<u>174,837</u>	<u>399,423</u>

Net Book Value

At 31 December 2019	<u>16,346</u>	<u>4,455</u>	<u>20,801</u>
At 31 December 2018	<u>23,026</u>	<u>-</u>	<u>23,026</u>

National Economic and Social Development Office (NESDO)
Notes to Financial Statements
For the Year Ended 31st December 2019

8	<u>Receivables</u>	2019	2018
		€	€
	Prepayments	24,791	26,404
	Debtors control	19,055	-
		<u>43,846</u>	<u>26,404</u>
9	<u>Payables</u>	2019	2018
		€	€
	Trade Creditors	5,082	1,977
	Taxes and social costs	195	-
	Accruals	44,708	97,598
		<u>49,985</u>	<u>99,575</u>
10	<u>Cash and Cash Equivalents</u>	2019	2018
		€	€
	Current Account Balance	11,218	10,928
	Deposit Account Balance	120,168	134,594
	Cash on Hand	121	90
		<u>131,507</u>	<u>145,612</u>
11	<u>Capital Account</u>	2019	2018
		€	€
	Balances at 1 January	23,026	29,742
	<i>Transfer to Income and Expenditure</i>		
	Income used to purchase Fixed Assets	9,126	8,999
	Amortisation in line with depreciation	(11,351)	(15,715)
	Net Book Value of Assets Disposed		
		<u>(2,225)</u>	<u>(6,716)</u>
	Balance at 31 December	<u>20,801</u>	<u>23,026</u>

National Economic and Social Development Office (NESDO)

Notes to the Financial Statements

For the Year Ended 31st December 2019

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 € 322,329 and service charges of €39,288 were paid in respect of 2019.

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 during 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 NESC (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 NESC operate under the NESDO Act, 2006 which provides for disclosure of interests.

14 Events after the Reporting Date

The National Economic and Social Development Office recognises that the Covid-19 pandemic is a significant event which has occurred since the reporting date. NESDO assesses this event to be a non-adjusting post balance sheet event in relation to its 2019 Financial Statements and has factored the Covid-19 pandemic into its overall risk management processes and operations in 2020 and for estimates into 2021.

NESDO is satisfied that it can continue to discharge its functions and that it will continue to have the necessary funding to enable that. NESDO is of the view that its operations can continue on a going concern basis covering the twelve-month period from the date of the signing of the 2019 Financial Statements.

15 Approval of Financial Statements

The Financial Statements were approved by the Board of NESDO on the 22nd June 2020.

