



An Roinn Cosanta  
Department of Defence

# **Defence Forces Superannuation Schemes**

## **Annual Report**

**2022**

***Prepared by:***

**Pensions Section,  
Finance Branch,  
Department of Defence**

**31 October 2023**

## **Defence Forces Superannuation Schemes – 2022 Annual Report**

1. Under the provisions of Section 55 of the *Pensions Act 1990*, the trustees/administrators of occupational pension (superannuation) schemes are obliged to prepare an Annual Report containing specific relevant information, as outlined in Article 7 of the *Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (S.I. No. 301 of 2006)* as amended.
2. All benefits from the Defence Forces Superannuation Schemes are governed by the relevant rules, terms and conditions made pursuant to the Defence Forces Pensions Acts 1932 to 2004 and the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 and other relevant provisions, agreements, arrangements, circulars and/or other instruments, which together comprise the schemes, and are also subject to any other relevant legislation and to public service pensions policy.
3. (a) The *Defence Forces Pensions Acts 1932 to 2004* empower the Minister for Defence, with the consent of the Minister for Public Expenditure and Reform, to make and amend pension schemes for the grant of superannuation benefits to and in respect of members of the Permanent Defence Force (PDF) recruited before 1 April 2004. The detailed terms and conditions for the grant of pensions etc. are contained in the *Defence Forces (Pensions) Schemes 1937* as amended, and in relevant agreements under the PDF Conciliation and Arbitration Scheme. Provision is also included for members of the Army Nursing Service and the Chaplaincy Service.  
  
(b) Section 8 of the *Public Service Superannuation (Miscellaneous Provisions) Act 2004* empowers the Minister for Defence, with the consent of the Minister for Public Expenditure and Reform, to make and amend pension schemes or arrangements for the grant of superannuation benefits to or in respect of members of the PDF recruited as new entrants on or after 1 April 2004 (and before 1 January 2013 – see below). The detailed terms and conditions of the ‘post-2004’ scheme(s) are set out in relevant agreements under the PDF Conciliation and Arbitration Scheme between the Department of Defence and the military representative associations, PDFORRA and RACO.  
  
(c) The *Public Service Pensions (Single Scheme and Other Provisions) Act 2012* was enacted on 28<sup>th</sup> July 2012. Its principal purpose is to establish a new single pension scheme for all new entrants joining the public service from 1<sup>st</sup> January 2013, including PDF personnel. The detailed terms for the grant of pensions etc. under this new Single Scheme are set out in Part 2,

Chapter 2 of the 2012 Act and relevant Department of Public Expenditure, National Development Plan Delivery, and Reform (DPENDPDR) regulations and circulars.

Chapters 3 and 4 of that Act also made certain changes affecting pre-existing public service pension schemes such as those at paragraphs (a) and (b) above, including:

- (i) the introduction from 28 July 2012 of a 40-year limit (or equivalent) – for ‘pre-2013’ public service pensions schemes only – on the total service which can be counted towards occupational pension where a person has been a member of more than one ‘pre-2013’ public service pension scheme;<sup>1</sup>
  - (ii) the extension from 1 November 2012 of pension abatement so that a retiree’s public service pension is liable to abatement on re-entering public service employment in future, even where the new employment is in a different area of the public service;
  - (iii) the obligation from 1 November 2012 for a person to provide an appropriate pensions declaration to the relevant public service body where he/she:
    - takes up employment in a public service body and has an (existing) entitlement to retirement benefits or preserved retirement benefits, or has received or is in receipt of retirement benefits under any public service pension scheme, or
    - applies for a benefit from a public service pension scheme, or
    - is covered by section 52 of the 2012 Act (relating to pension abatement and reckoning of pensionable service – as at (i) and (ii) above) and who applies for a public service pension.
4. While there are no *Trustees*, the administration and management of Defence Forces superannuation arrangements including the calculation and award of benefits to members and their dependants, is carried out by the Department of Defence. The actual payment of military pensions, on a monthly basis, is carried out by the National Shared Services Office (NSSO) on behalf of the Department of Defence.
5. The superannuation provisions applicable to the PDF are “*defined benefit schemes*” for the purposes of the Pensions Act 1990. This means that the superannuation benefits payable to the members and/or their dependants are clearly stated in the rules of the relevant pension scheme. Members of the PDF have ‘fast accrual’ pension scheme terms, which means that benefits accrue at a faster rate than for ‘standard accrual’ public servants.

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<sup>1</sup> See DPER Circular 13/2020: guidance for public service bodies on the application of this pensions benefit cap for pre-2013 pension schemes.

6. There is no pension fund. Instead, like the vast majority of public service bodies, the Defence Forces superannuation schemes are financed by the Exchequer from current revenue, voted in the annual Estimates through the Army Pensions Vote (No. 35). The Vote is audited each year by the Comptroller & Auditor-General. The Secretary General of the Department of Defence is the statutory Accounting Officer for Vote 35.
7. The amount spent on superannuation benefits for year ended 31 December 2022 in the case of retired members of the PDF and the dependants of deceased members is recorded under Subhead A.2 of Vote 35 (Army Pensions). The full audited accounts are set out in the Appropriation Accounts 2022 – see relevant extract appended to this Report or on the C&AG website at [Appropriation Accounts 2022 - Office of the Comptroller and Auditor General](#) (Vote 35) on the website <https://www.audit.gov.ie/>.
8. Some 96% of the payments made under the Army Pensions Vote are for superannuation benefits, that is, retirement pensions and gratuities (lump sums), as well as death benefits. Gross expenditure on Defence Forces superannuation benefits in 2022 was €268.705 million. Members' employee pension contributions shown under Appropriations-in-Aid (Receipts at Note 4.1 of the audited accounts) amounted to €5.001 million in relation to the pension arrangements mentioned at paragraphs 3(a) and (b) above.
9. PDF members' pension contributions under the new Single Scheme mentioned at paragraph 3(c) above, amounted to €6.610 million in 2022. These were paid as receipts into Vote 12 – Superannuation and Retired Allowances, as part of overall contributions made by all new entrant public servants who commence employment after 1 January 2013.
10. Enquiries about Defence Forces superannuation **entitlements** should be made to:

**Pensions Administration Section, Finance Branch, Department of Defence,  
Áras an tSáile, Renmore, Galway H91 AN2E  
Tel. (091)743900 or E-mail: [pensions.admin@defence.ie](mailto:pensions.admin@defence.ie)**

**Payroll enquiries** about monthly-paid Defence Forces pensions should be made to:

**Military Pensions Payroll, Payroll Shared Services, National Shared Service Office,  
Central Business Park, Clonminch Road, Tullamore, Co. Offaly, R35 W7A4  
E-mail Helpdesk at [payrollcontact@nssso.gov.ie](mailto:payrollcontact@nssso.gov.ie) or phone 0818 107 100 and select the  
option for Payroll Services to access the support line for Retirees. Call service is available  
from Monday to Friday **between the hours of 9 am and 1pm.****

11. As with public service employees generally, the specific superannuation arrangements of members of the PDF depend primarily on when a person first joins the public service. Different 'fast accrual' pension scheme arrangements apply to military personnel who:

- joined the PDF before April 2004, referred to as 'pre-April 2004';
- joined between 1 April 2004 and 31 December 2012, that is, 'post-April 2004'; or
- joining from 1 January 2013 onwards.

Information about entitlements, pension & lump sum rates etc., by way of booklets, guidance notes, bulletins and documentation prepared by Pensions Administration Section, Department of Defence, is available throughout the Defence Forces (DF). DF Personnel Support Service and the Representative Associations also assist serving Defence Forces personnel to access the information. Pensions information is issued, on request, from the Pensions Administration Section to serving and retired personnel as well as dependants of deceased personnel. Officials from Pensions Administration Section also participate in pre-retirement courses run by the Defence Forces for serving military personnel.

Detailed information on Defence Forces pension arrangements and contact points for information / queries can also be found on the Department of Defence website at <https://www.gov.ie/en/collection/f65fb1-defence-forces-pension-information/> Information about the Single Scheme is posted on the Department's website and on the DF Intranet IKON, and is also available from the Department of Public Expenditure and Reform on a dedicated website <https://singlepensionscheme.gov.ie/> This includes a booklet giving an overview of the Single Scheme for Fast Accrual (Uniformed) members including the PDF.

12. The Department of Defence has procedures in place for dealing with appeals / complaints about Defence Forces pensions. Details of these procedures are published on the Department's website link or are available from **Pension Administration Section** – see paragraphs 10 and 11 above.

### 13. **Number of serving and retired members**

At 31 December 2022, the relevant numbers were as follows:-

#### (a) **Serving members (2022) \***:

(i)	Enlisted Personnel	6,562
(ii)	Commissioned Officers	1,315
(iii)	Army Nursing Service	2
(iv)	Chaplaincy Service	12

\*These figures encompass PDF personnel covered by the Defence Forces pre-April 2004, post-April 2004 and post-1 January 2013 pension scheme arrangements, and include 98 military personnel on special leave with or without pay, or on career breaks, at end-2022 who are in or have reckonable pensionable service for superannuation entitlements.

**In receipt of pensions (at end-2022):**

	<b><u>2022</u></b>
(v) Retired Enlisted Personnel	9,422
(vi) Spouses and Children of deceased Enlisted Personnel	1,144
(vii) Retired Commissioned Officers	1,807
(viii) Spouses and Children of deceased Officers	287
(ix) Retired members of Army Nursing Service	41
(x) Retired members of Chaplaincy Service	8

**(b) Former members with deferred (preserved) superannuation benefits:**

Under the relevant pension scheme rules, superannuation benefits are deferred for payment until age 60 in the case of 1413 former PDF personnel who were recruited between 1 April 2004 and 31 December 2012 (see paragraph 3(b) above) and who have, up to end-2022, left the Defence Forces with at least 2 years' pensionable service (the 'vesting period'). The superannuation benefits of a further 558 former PDF personnel who joined since 1 January 2013 under the Single Scheme (see paragraph 3(c) above) and who up to end-2022 left after completing the vesting period, are deferred for payment until State Pension age.

Note: For PDF personnel recruited prior to 1 April 2004, payment of retirement benefits, where applicable, was/is immediate on retirement/discharge.

**14. Pension increases / reductions**

- 14.1 In the years up to September 2008, all public service pensions were generally adjusted in line with, and from the same operative date as, relevant pay increases applied to their serving counterparts. Such pension increases normally required the prior approval of the Minister for Public Expenditure and Reform. In the intervening years, the *Financial Emergency Measures in the Public Interest (FEMPI) Acts 2009 – 2013* reduced public service pay and pension rates.
- 14.2 In respect of pensioners, the key FEMPI measure was the 'public service pension reduction' (PSPR), which reduced pensions whose pre-PSPR value exceeded certain exemption thresholds, with the actual reductions being progressively more for higher rates of pension. In more recent years, in tandem with gradual public service pay restoration and as legislated in the FEMPI Act 2015 and the Public Service Pay and Pensions Act 2017, there was an ongoing reversal of these PSPR reductions, culminating in the complete elimination of PSPR with effect from 1 July 2021.

14.3 The FEMPI Acts also provide that when calculating superannuation benefits (pension and retirement lump sum), the pay reductions are to be disregarded for those who retired from the public service before certain dates, known as the 'grace period'. The final 'grace period' expired on 1 April 2019. Consequently, if a public servant impacted by the (2013) pay cuts retired on or before 1 April 2019, their pension and retirement lump sum were calculated as if those pay cuts, where applicable, and any increment pause or freeze operative from 1 July 2013, had not applied to them.

#### Current Policy on Public Service Pension Increases

14.4 The pre-FEMPI non-statutory linkage of pension adjustments to movements in the pay of serving public servants – sometimes referred to as "pay parity" – lapsed in 2010 in the case of 'pre-existing pensions schemes' (i.e. pre-2013). Due to the 2010 salary reductions and the 'grace period' associated with those reductions, public servants who retired in the period up to end-February 2012 had their pensions based on higher 'pre-cut' salary levels. This led to the situation whereby those who retired since 1 March 2012, on a like-for-like basis, generally received lower pensions than their counterparts who retired before them. This situation has however now essentially been addressed through the ongoing implementation of public service pension increase policy – see following paragraphs.

14.5 The *Public Service Pensions (Single Scheme and Other Provisions) Act 2012* contains an enabling provision for the use of Consumer Price Index (CPI) to determine future pension increases.<sup>2</sup> This has been applied by law in the case of retirement benefits accrued under the Single Pension Scheme for those who joined the Public Service as *new entrants* on or after 1 January 2013. In the case of pre-2013 pension schemes, the Public Service Stability Agreement (PSSA) 2018-2020 contained a commitment by Government not to apply CPI linkage for pension increases for the duration of that Agreement. Instead, the benefit of recent public service pay increases is being passed on to relevant public servants retiring after February 2012 whose pensions were impacted by the January 2010 FEMPI pay reductions.

14.6 The Department of Public Expenditure and Reform (DPER) Circulars 10/2021 and 19/2022 (available on [www.gov.ie/circulars](http://www.gov.ie/circulars)) contain the current instructions regarding public service

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<sup>2</sup> Section 40 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 provides for CPI linkage in the case of Single Scheme retirement benefits. The Act also made an enabling provision (in section 47) for post-retirement increases for existing pensioners and serving public servants to be linked in future to the cost of living, rather than pay. Activating the link to the CPI would be by way of ministerial order (Minister for PER) as and when decided by Government, and subject to approval by the Houses of the Oireachtas.

and civil service pension increase policy<sup>3</sup>. They provide for the continuation of existing pension increase policy until the end of 2023.

- 14.7 Existing pension increase policy, agreed by the Government in 2017, and applied for the period 1 September 2017 to date, is that pay increases granted to serving staff over the course of the Public Service Stability Agreement 2018 – 2020 (PSSA) were passed on to those pensions awarded under the pre-existing public service schemes where the salary on which the pension was based did not exceed the salary of serving staff with the same grade and scale point, after the pay increase had been applied. If it qualified, the pension was eligible for an increase to the extent that this would ensure alignment with the pay of serving staff. This approach took account of the differentiation of pensioner cohorts between pre- and post-end February 2012 retirees and was intended to deal with the ongoing complexities which arise as the FEMPI pay related provisions are unwound.
- 14.8 This existing pension increase policy, as adopted by Government out to end-2023, states that future policy on public service pensions in payment under pre-2013 schemes will, up until end 2023, be guided by three elements:
- First, the need to adopt an equitable approach to the various public service pensioner groups differentiated by date of retirement (in particular pre and post end-February 2012) is affirmed.
  - Second, for those who retired or will retire after end-February 2012, to the extent that they retired on reduced salaries for pension award purposes, they will receive pension increases in line with pay increases received by their peers currently in employment, in accordance with the terms of the collective Agreement.
  - Third, when alignment is achieved between pre and post end-February 2012 pensioners, pay increases will continue to benefit pensions in payment up until end 2023.
- 14.9 In effect, this means that the pensions of post-February 2012 retirees will first 'catch up' with their counterparts who retired before them on higher pension rates.
- 14.10 The current Public Service Agreement *Building Momentum: A new public service agreement, 2021-2022* and the associated extended *Review Agreement* are an extension of previous public service agreements, including the *Public Service Stability Agreement, 2018-2020*. The policy out to end-2023 essentially provides that the benefit of the pay increases under the *Building Momentum Public Service Agreement as reviewed* will be passed on to qualifying pre-March 2012 pensioners, but only

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<sup>3</sup> See also DPER Circulars 20/2017, 02/2018 and 19/2019 on [www.gov.ie/circulars](http://www.gov.ie/circulars) for instructions on public service pension increase policy



where the pensions of their post-February 2012 retired counterparts (with analogous rank / grade, pensionable service etc.) have moved ahead of them.

- 14.11 The current pension increase policy outlined above represents a limited resumption of the pre-FEMPI non-statutory "pay parity" model, under which pension rates rose in line with pay increases. This policy is to be applied until end-2023. No decision has yet been made by Government about how indexation will operate after 2023 in relation to pensions payable under pre-2013 public service pension schemes.
- 14.13 There is an ongoing exercise to review public service pension rates, including those of military pensioners, on the basis of the above policy.
15. The Defence Forces superannuation schemes are registered with the Pensions Authority <http://www.pensionsauthority.ie/en/> - Registration No. PB48912.
16. The Department of Defence has access to the Trustee Handbook produced by the Pensions Authority (established by the Pensions Act 1990) and Guidance Notes issued by the Board from time to time.

Any queries in relation to this report should be directed to [pensions.admin@defence.ie](mailto:pensions.admin@defence.ie)



**Joan Connaughton**  
**Pensions Section**  
**Finance Branch**  
**Department of Defence**



**Mary Duggan**  
**Pensions Section**  
**Finance Branch**  
**Department of Defence**

**31 October 2023**

## **Appropriation Account 2022**

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### **Vote 35**

### **Army Pensions**

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## Introduction

As Accounting Officer for Vote 35, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2022 for retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain Military Organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2022, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.685 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

## Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure, National Development Plan Delivery and Reform in circular 22 of 2022, have been applied in the preparation of the account.

## Statement on Internal Financial Control

### *Responsibility for system of internal financial control*

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only 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 manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

### *Shared services*

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of pension payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

***Financial control environment***

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

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee, with an independent Chair, to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

***Administrative controls and management reporting***

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems.

***Internal audit and Audit Committee***

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. The internal audit unit operates independently and its work is informed by analysis of the financial risks to which the Department, including the Army Pensions Vote, is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

***Procurement***

I confirm that the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

***Risk and control framework***

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

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly 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 assigns responsibility for operation of controls to specific staff.

***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 Management Board, where relevant, in a timely way. I confirm that 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.

***Review of effectiveness***

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2022 that require disclosure in the appropriation account.

**Jacqui McCrum**  
Accounting Officer  
Army Pensions

31 March 2023

## **Comptroller and Auditor General**

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

#### **Vote 35 Army Pensions**

##### **Opinion on the appropriation account**

I have audited the appropriation account for Vote 35 Army Pensions for the year ended 31 December 2022 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 35 Army Pensions for the year ended 31 December 2022, and
- has been prepared in the form prescribed by the Minister for Public Expenditure, National Development Plan Delivery and Reform.

##### ***Basis of opinion***

I conducted my audit of the appropriation account 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 Department of Defence 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 the statement on internal financial control, and on other matters**

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, 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.

**Seamus McCarthy**  
Comptroller and Auditor General

30 June 2023

## Appendix to the report

### Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure, National Development Plan Delivery and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the appropriation account is free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the appropriation account whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

### Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

### Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the audit reports on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

## Vote 35 Army Pensions

### Appropriation Account 2022

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Provision for Defence Forces' pension benefits			
	<i>Original</i>	270,650		
	<i>Supplementary</i>	<u>9,287</u>		
			<u>279,937</u>	<u>278,353</u>
				<u>259,903</u>
<b>Gross expenditure</b>				
	<i>Original</i>	270,650		
	<i>Supplementary</i>	<u>9,287</u>		
			<u>279,937</u>	<u>278,353</u>
				<u>259,903</u>
	<i>Deduct</i>			
B	Appropriations-in-aid			
	<i>Original</i>	5,000		
	<i>Supplementary</i>	<u>(37)</u>		
			<u>4,963</u>	<u>5,064</u>
				<u>4,983</u>
<b>Net expenditure</b>				
	<i>Original</i>	265,650		
	<i>Supplementary</i>	<u>9,324</u>		
			<u>274,974</u>	<u>273,289</u>
				<u>254,920</u>
<b>Surplus</b>				
The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.				
			2022	2021
			€	€
	<b>Surplus to be surrendered</b>		<u>1,684,953</u>	<u>2,729,751</u>

Jacqui McCrum  
Accounting Officer  
Army Pensions

31 March 2023



## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2022

	<b>2022</b>	<b>2021</b>
	<b>€000</b>	<b>€000</b>
Programme cost	278,276	259,835
Pay	70	64
Non pay	7	4
<b>Gross expenditure</b>	<b>278,353</b>	<b>259,903</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>5,064</b>	<b>4,983</b>
<b>Net expenditure</b>	<b>273,289</b>	<b>254,920</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	2,888	2,875
<b>Net programme cost</b>	<b>276,177</b>	<b>257,795</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 35 borne elsewhere, in respect of the administration of pension benefits and other services.

	<b>2022</b>	<b>2021</b>
	<b>€000</b>	<b>€000</b>
Vote 18 National Shared Services Office	1,077	1,121
Vote 36 Defence	1,787	1,728
Vote 43 Office of the Government Chief Information Officer	24	26
	<b>2,888</b>	<b>2,875</b>

## Note 2 Statement of Financial Position as at 31 December 2022

	Note	2022 €000	2021 €000
<b>Current assets</b>			
Bank and cash		188	2,819
Other debit balances		1	1
<b>Total current assets</b>		<b>189</b>	<b>2,820</b>
<b>Less current liabilities</b>			
Other credit balances	2.1	102	2,499
Net Exchequer funding	2.2	87	321
<b>Total current liabilities</b>		<b>189</b>	<b>2,820</b>
<b>Net current assets</b>		<b>—</b>	<b>—</b>
<b>Net assets</b>		<b>—</b>	<b>—</b>
<b>Represented by:</b>			
State funding account	2.3	—	—

### 2.1 Other credit balances

at 31 December	2022 €000	2021 €000
<b>Amounts due to the State</b>		
Income tax	12	2,054
Universal social charge	(1)	327
Local property tax	—	61
Professional services withholding tax	1	1
	<b>12</b>	<b>2,443</b>
Pension payments held in suspense	90	56
	<b>102</b>	<b>2,499</b>

**2.2 Net Exchequer funding**

at 31 December	2022	2021
	€000	€000
Surplus to be surrendered	1,685	2,730
Exchequer grant undrawn	(1,598)	(2,409)
<b>Net Exchequer funding</b>	<b>87</b>	<b>321</b>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	188	2,819
Debit balances: suspense	1	1
	189	2,820
<b>Creditors</b>		
Due to the State	(12)	(2,443)
Credit balances: suspense	(90)	(56)
	(102)	(2,499)
	<b>87</b>	<b>321</b>

**2.3 State funding account**

	Note	2022	2021
		€000	€000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	274,974	
Surplus to be surrendered	Account	(1,685)	
Net vote		273,289	254,920
Expenditure (cash) borne elsewhere	1.1	2,888	2,875
Net programme cost	1	(276,177)	(257,795)
<b>Balance at 31 December</b>		<b>—</b>	<b>—</b>

### Note 3 Vote Expenditure

#### Programme A Provision for Defence Forces' pensions benefits

		2022		2021	
		Estimate provision		Outturn	
		€000	€000	€000	
A.1	Administration – pay		72	77	68
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service				
	<i>Original</i>	261,123			
	<i>Supplementary</i>	9,271			
			270,394	268,705	251,230
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
	<i>Original</i>	9,000			
	<i>Supplementary</i>	224			
			9,224	9,335	8,290
A.4	Payments to spouses of veterans of the War of Independence				
	<i>Original</i>	120			
	<i>Supplementary</i>	(33)			
			87	84	104
A.5	Compensation payments				
	<i>Original</i>	225			
	<i>Supplementary</i>	(150)			
			75	75	73
A.6	Medical appliances and travelling and incidental expenses				
	<i>Original</i>	110			
	<i>Supplementary</i>	(25)			
			85	77	138
			<b>279,937</b>	<b>278,353</b>	<b>259,903</b>

**Significant variations**

Overall, gross expenditure in relation to the programme was €7.703 million higher than the original estimate. A supplementary estimate was required to meet additional requirements in respect of gratuities and pensions, primarily arising from the Building Momentum Extension, on subheads A.2 and A.3, partly offset by anticipated savings arising on subheads A.4, A.5 and A.6. The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000).

**A.5 Compensation payments**

*Estimate provision: €225,000; outturn €75,000*

The main 'contingency' element of this subhead provides for payment of special lump sum compensation by the Department of Defence for service-related deaths or disablement of members of the Defence Forces while serving overseas with the UN and certain other missions. There were no such payments made in this category during 2022.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2022		2021
	Estimated €000	Realised €000	Realised €000
1 Contributions to Defence Forces spouses' and children's pension schemes			
	<i>Original</i>	3,347	
	<i>Supplementary</i>	(37)	
		3,310	3,169
2 Contributions to Defence Forces contributory (main) pensions schemes		1,500	1,762
3 Recoveries of overpayments		40	48
4 Payments re transferred service		40	—
5 Miscellaneous		70	2
6 Receipts from additional superannuation contributions on public service remuneration		3	2
<b>Total</b>		<b>4,963</b>	<b>4,983</b>

#### Significant variations

Overall, appropriations-in-aid were €64,000 more than the original estimate. The following outlines the reasons for significant variations in appropriations-in-aid (+/- 5% and €100,000).

#### 1 Contributions to Defence Forces spouses' and children's pension schemes

*Estimate provision: €3.347 million; realised €3.167 million*

Contributions to the spouses' and children's pension schemes will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

#### 2 Contributions to Defence Forces contributory (main) pensions schemes

*Estimate €1.5 million; realised €1.834 million*

Part of the surplus of €334,000 was due to additional contributions arising from arrears payments made to serving staff under the extended Building Momentum Agreement. Contributions will vary according to personnel turnover changes, pensionable earnings and career progression across the Permanent Defence Force. The level of receipts is therefore difficult to predict in any given year.

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents at year end	2022	2021
Number of staff	<u>1</u>	<u>1</u>

### 5.2 Pay

	2022	2021
	€000	€000
Pay	68	62
Employer's PRSI	<u>2</u>	<u>2</u>
<b>Total pay <sup>a</sup></b>	<b><u>70</u></b>	<b><u>64</u></b>

Note <sup>a</sup> The pay figure above includes the salary of one full time Department of Defence staff member (see Note 5.1) who provides administrative support to the Army Pensions Board, and fees paid to two members of the Board in 2022. These pay costs and associated travel costs of €7,000 are charged to the A.1 subhead.

Currently there are 23.7 employees (FTEs) of the Department of Defence engaged solely in the administration of Defence Forces superannuation and disability arrangements. Their remuneration, which amounts to some €1,197,577 is charged to Vote 36.

### 5.3 Retirement pension (annual) – average payments to retired Defence Force personnel <sup>a</sup>

Category of pensioner	Number of pension recipients at year-end		Average individual payment (rounded)	
	2022	2021	2022	2021
			€	€
Retired officers	1,856	1,854	33,675	32,580
Retired NCOs and privates	9,422	9,202	18,316	17,700
Dependants and other <sup>b</sup>	1,835	1,834		
<b>Total</b>	<b>13,113</b>	<b>12,890</b>		

Notes <sup>a</sup> Table 5.3 shows the total headcount for all categories of recipients from all relevant subheads as at year-end within Vote 35. Some retired personnel are in receipt of both a military retirement pension and a military disability pension, and similar payments are also payable to some spouses/children of deceased personnel; such dual recipients are counted only once for headcount purposes above. The average individual pension payment recorded for retired personnel is calculated by reference to total expenditure on retirement pensions as at year-end under subhead A.2.

<sup>b</sup> The average individual payment has not been recorded above under 'dependants and other' as the amounts vary due to the different categories of recipients within this sub-group. The overall average dependants' superannuation-related pension for 1,431 recipients in 2022 was €9,858 broadly the same as in 2021.

### 5.4 Retirement gratuity (lump sum) – average payments where retiring on pension <sup>a</sup>

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2022	2021	2022	2021
			€	€
<b>New retirees on pension during the year</b>				
Officers	29	20	104,299	122,752
NCOs and privates	378	278	40,964	41,976
<b>Total</b>	<b>407</b>	<b>298</b>		

Note <sup>a</sup> The level of pension and retirement gratuity varies with retiring rank, pensionable earnings, overall reckonable service etc.

### 5.5 Salary of Accounting Officer

The Accounting Officer's salary is charged to Vote 36 Defence.



## Note 6 Miscellaneous

### 6.1 Payments in excess of entitlements

There were 85 overpayments outstanding at year end (2021: 91), amounting to €75,720 of which €38,732 relates to previous years. Overpayments of €103,128 came to light in 2022 of which €64,614 was recovered and €1,526 written off. Efforts are ongoing to recover outstanding amounts. The vast majority of these overpayments relate to the portion of pension paid in the period after the date of a pensioner's death, when the monthly payroll had already been processed for that month.

	<u>2022</u>		<u>2021</u>
	€	€	€
<b>Opening balance</b>		<b>83,659</b>	<b>64,686</b>
Overpayments identified in year		<u>103,128</u>	<u>129,869</u>
		186,787	194,555
<b>Recouped</b>			
Overpayments identified 2022	64,614		
Overpayments identified pre-2022	<u>38,440</u>	<u>103,054</u>	<u>102,452</u>
		83,733	92,103
<b>Written off</b>			
Overpayments identified 2022	1,526		
Overpayments identified pre-2022	<u>6,487</u>	<u>8,013</u>	<u>8,444</u>
<b>Closing balance</b>		<u><b>75,720</b></u>	<u><b>83,659</b></u>

## 6.2 Payments subject to public service pension abatement

Separately from the figures at 6.1 above, there were 21 other overpayments outstanding at year-end amounting to €47,612 (see table below). These were in respect of former members of the Permanent Defence Force in receipt of military retirement pensions, who had subsequently taken up employment elsewhere in the public service. Such pensions are subject to the abatement provisions of Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. The pension overpayments arose primarily due to delays on the part of the relevant public service employer in notifying the Department of Defence of the pensioner's re-employment. Overpayments of €3,672 came to light in 2022 in respect of five cases, of which €3,021 has been recovered.

	2022		2021
	€	€	€
<b>Opening balance</b>		<b>53,969</b>	<b>40,327</b>
Overpayments identified in the year		3,672	22,993
		<u>57,641</u>	<u>63,320</u>
<b>Recouped</b>			
Overpayments identified 2022	3,021		
Overpayments identified pre-2022	7,008	10,029	9,351
<b>Closing balance</b>		<b><u>47,612</u></b>	<b><u>53,969</u></b>