

ANNUAL REPORT 2012



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FOREWORD



FOREWORD

In 2012 the process of fiscal consolidation at national level that commenced in 2008 continued, and the year also saw the ongoing implementation of the public sector reform programme that was launched by the government in November 2011. There were further reductions in staff levels across the public service and by 2012 overall numbers working in the public service were 28,000 lower than at the end of 2008. This put increasing pressure on all public service organisations to continue to deliver high-quality services at a time of highly constrained resources. At the same time the reform process prioritised areas such as shared services, streamlined procurement, performance management and a focus on the development of new and innovative delivery channels. These developments provided both challenges and opportunities for the Institute of Public Administration.

Like many other organisations, the Institute has been impacted severely by the current economic recession. It should be recalled that in addition to the challenges faced on the domestic front, the Institute has also traditionally had a significant international business, but this too has suffered as a result of the eurozone crisis and wider global economic uncertainty. It should also be recalled that while the Institute receives an Exchequer grant-in-aid to support its activities, the significant majority of its revenues must be earned through the delivery of services to clients nationally and internationally. Therefore, while formally classified as a non-commercial state agency, the majority of its activity is, and must be, commercially focused. Due to the recessionary pressures referred to above, by the end of 2012 the revenues of the Institute had fallen by 46% since 2008.

Against that general background, what has been achieved by the Institute over the past few years – and 2012 was a critical year in that cycle – has been very impressive, and reflects a resilience and flexibility that has allowed the Institute to adapt to very different circumstances while at the same time staying true to its core mission of supporting the development of the Irish public service and individual public servants.

The Board oversaw a change process within the Institute during 2012. This represented a significant challenge for management and staff, but from Board level down there was a determination to secure the long-term future of the Institute. With the advice of the Board, and the full engagement and focus of management and staff, the change programme was implemented successfully. In the context of the challenges facing many of its public sector clients, the Institute, through its successful management of change, has demonstrated that it is at the forefront of good practice.

It is notable that since our national economic problems have arisen, there has been a growing recognition of the important, ongoing role that the Institute plays in supporting the development of our public sector. With an increasingly ageing workforce, the loss of expertise and experience, and the ongoing challenges of change, public sector



John McHale, Professor of Economics, National University of Ireland, Galway, speaking at the IPA 2012 National Conference, Economic Recovery & Public Service Reform.

FOREWORD

organisations generally need to address the development and renewal of capacity and competency in a strategic way. To do this they need evidence-based research to inform their approach, as well as the availability of tailored education and training programmes that reflect a real understanding of public administration and public policy. This is what the Institute does best and continued to do during 2012.

While the various services that the Institute delivers commercially are well profiled, it is also important to recognise that many of the specialist staff of the Institute provide support to the public service, and to individual public service bodies, on a pro bono basis. During 2012 this included the development of research papers requested by some government departments, involvement in audit committees in different sectors and the hosting of groups from Ireland and abroad at the request of departments and agencies. The Institute also hosted a very successful event for senior public servants from across all sectors in October, which provided those present with an opportunity not only to get information on progress with public sector reform in the UK, through a presentation by the UK's Institute of Government, but also to establish those connections and relationships that are vital to addressing the increasingly complex, cross-sectoral challenges in public administration.

In many respects, 2012 represented a critical year for the Institute. Difficult choices had to be made in the process of internal change and restructuring. At the same time new services had to be developed to meet the needs of clients while the quality of existing programmes and services also had to be maintained. Combining all of these elements in the midst of a highly turbulent external environment represented a real challenge for management and staff, and I congratulate them on an excellent performance by all of these standards.

I would also like to thank all of my fellow Board members for the time and effort they contributed to the Institute during the year, including their contribution to the work of the various Board subcommittees. Their wise counsel and their commitment to the best interests of the Institute and its clients contributed to the achievement of substantial progress during 2012 and also to good governance.

No doubt many further challenges lie ahead for the Institute but the combined efforts of the Board, management and staff, and the ongoing support of our clients, have left the Institute in a stronger position at the end of 2012. In terms of overall strategy I think it is fair to say that we have made steady and solid progress and are now better placed as an organisation to capitalise on the opportunities that will inevitably arise as our economy begins to recover.



Donal Connell
Chairman



Donal Connell
Chairman

DIRECTOR GENERAL'S REPORT



DIRECTOR GENERAL'S REPORT

While during 2012 the ongoing cutbacks in public expenditure in support of national economic recovery meant that there were continued major constraints on the budgets for training, education, research and other services provided by the Institute, the level of change consequent on the reductions in staff levels and the loss of expertise and experience across the public service, together with the need to address the public reform agenda, also meant that the training, education and research services provided by the Institute were more critical than ever.

As a public service agency, the Institute was affected by the consolidation process during 2012 with a further reduction in the Exchequer grant-in-aid, and the aforementioned constraints on budgets in the public sector led to a further fall in revenues of 12% compared to 2011, with the largest reductions occurring in training activity. Despite the major savings that had already been achieved by the Institute over the previous three years, the ongoing difficult budgetary situation meant that further savings had to be achieved in 2012. During the year overall costs were further reduced by 15% compared to 2011. This was achieved mainly by reducing staff costs through the redeployment of staff to other public service bodies, resulting in an overall reduction in staff numbers from 98 to 78 in the year.

Arising from our strategy *Professional Development and Public Service Renewal*, which was launched in 2011, and our aim to become the foremost professional development agency for public servants in Ireland, but also arising from the reductions in staff numbers mentioned above, we undertook a major restructuring of the Institute during 2012. A key aspect of this was to organise and profile the Whitaker School of Government and Management as the locus of academic, research and publishing activity for the public service. Another objective was to develop a more flexible Training & Development Division to enable it to support the Irish public service in addressing the many practical and frequently urgent challenges it faces. While this process of change was difficult, it was also essential, and the successful implementation of the process by the end of the year has put the Institute in a much stronger position for the future. The willingness of our staff, and staff representative groups, to recognise both the reality of the challenges we faced and the need to address them reflects very positively on their commitment to the future of the Institute.

While addressing these internal challenges, most importantly the Institute continued to innovate and deliver critical services for the Irish public service. In terms of education programmes we developed a new and innovative Professional Diploma in Official Statistics for Policy Evaluation in collaboration with the Central Statistics Office that has proved very successful. We also developed a new Professional Certificate in Governance aimed at senior managers in the public service. These were the first programmes accredited through University College Dublin (UCD) as part of our partnership with that university, and 2012 was also the first year in which we had



Ruairi Quinn, Minister for Education and Skills, speaking at a reception to mark the occasion of the IPA becoming a Recognised College of University College Dublin.

DIRECTOR GENERAL'S REPORT

students graduating from UCD-accredited programmes. In overall terms the IPA's Whitaker School now manages and delivers over seventy accredited programmes from certificate up to doctoral level.

As part of our strategy we also set out to continue to maintain a focus on research, and to inform the debate on public service reform with relevant research evidence and analysis. In this regard continued progress was made through the State of the Public Service series of research papers, including reports on workforce planning in the public service and agency rationalisation. A new series of research papers for local government commenced in 2012, and this included papers on cost recovery for services and on local government and local bodies. Our annual conference addressed the theme of *Economic Recovery & Public Service Reform*, with contributions from academics and practitioners from Ireland and abroad.

We continued to progress our publishing work, not least with a major relaunch of our journal, *Administration*. The relaunch coincided with the sixtieth anniversary of the journal, which predates the establishment of the Institute, and this was marked by a special edition on public service reform that included a contribution by the Minister for Public Expenditure and Reform, Brendan Howlin, TD.

It was also recognised in our new strategy that a key role for the Institute should be continued practical engagement with the system of public administration. In many ways this practical engagement in all sectors of the public service is what distinguishes the Institute from other providers of education, training and consultancy services. The range and nature of activities in 2012 reflected in many respects the current key issues and concerns in public administration. For example, the demand for advice on governance and risk management continued to grow, and there was significant demand for leadership development and change management services. The IPA supported the amalgamation and merger process in local government, and also supported networks for chief executives of commercial state bodies, chairs of audit committees and heads of administration in state agencies, a public service information technology forum and the Local Government Directors Association. This engagement with practice and practitioners also helps to inform the development of new services and programmes and helps to assure the ongoing relevance of our teaching and training services.

Finally, the Institute continued to deliver services internationally, including through active networking with other schools and institutes of public administration throughout Europe. We have had some notable successes with degree programmes being delivered in China, Lesotho and other countries. We also provided financial and project-management training for the Romanian administration, and hosted several groups from the Bulgarian public service for training events in Dublin.



*John Moran, Secretary General,
Department of Finance, speaking at the
IPA 2012 National Conference, Economic
Recovery & Public Service Reform.*

DIRECTOR GENERAL'S REPORT

In overall terms the past year has focused on achieving the changes of direction, balance and emphasis set out in our strategy, both internally in terms of organisation and structure and externally through our services to, and engagement with, clients. It also focused on addressing the ongoing, serious financial challenges facing the Institute. From a financial perspective, and primarily as a result of the redeployment and reorganisation process and further cost-cutting measures referred to earlier, despite the further fall in revenues from services, the Institute managed to record a small overall surplus for the third year in a row.

Much has been achieved during 2012. While it has been a difficult year, the creativity and support of the management team and staff, the wise counsel and guidance of our Chairman and Board, and the significant support from our parent department and clients across the public service, who in these difficult times have more than ever affirmed the role and mission of the Institute, meant that by the end of 2012 the Institute was in a much stronger and stable position than at the start of the year. I wish to acknowledge again the major contribution of staff but also to thank the Board and the various Board subcommittees for providing guidance on many of the above issues.

Finally, our former Director General Pat Hall passed away in September 2012. In his long career at the Institute, Pat made a major contribution to progressing our research, education and training activities, and continued to serve as a member of our Education Committee after his retirement in 2003. On behalf of all his colleagues at the Institute past and present, I would like to express our sincere sympathies to his family and friends.



Brian Cawley
Director General

A handwritten signature in dark ink that reads "Brian Cawley". The signature is written in a cursive, flowing style.

Brian Cawley
Director General

EDUCATION



EDUCATION

NATIONAL UNIVERSITY OF IRELAND AND UNIVERSITY COLLEGE DUBLIN ACCREDITED PROGRAMMES

Between 2001 and 2011 the IPA was a recognised college of the NUI. In 2011 the IPA became a recognised college of UCD. Students who enrolled on education programmes from September 2011 are eligible to receive UCD-accredited qualifications. Students who had enrolled in prior years will complete their qualifications under NUI accreditation.

The conferring ceremony for NUI-accredited programmes took place on 29 November 2012 when 610 graduates were conferred.

The first conferring of IPA students on UCD-accredited programmes took place on 4 December 2012 when 137 graduates were conferred. An additional 340 students were presented with UCD certificates.

Over the academic year 2011/2012, the Institute offered a suite of undergraduate and postgraduate programmes ranging from level 6 to level 10 of the National Framework of Qualifications.

UNDERGRADUATE PROGRAMMES

The flagship programmes – the BA (Hons) and the BBS (Hons) – were offered through three delivery methods: lectures at the IPA, lectures at regional centres and distance education.

In 2011/2012 seven specialisms were offered on the BA (Hons) and four on the BBS (Hons).

The Institute offered a range of certificates and diplomas ranging from Law to Computer Studies and from Local Government Management to European Union Studies. Approximately 1,000 students participated in undergraduate programmes.

POSTGRADUATE PROGRAMMES

The Institute's MA programmes have a common first year, for which there is an award of Postgraduate Diploma in Public Management. In year two, students progress to a choice of six specialist areas. In 2012 the total number of students on MA programmes was approximately 190.



Pictured at the IPA conferring of NUI awards in the RDS were Vera O'Loughlin, BBS (Hons) (Accounting), with her daughter Addison.



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Sinead Kenny-Cullen, Adrian Kelly and Niamh Bolger, BA (Public Management).



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were David McAndrew, BA (Public Management), Andrew Ryan and Cian O'Brien, BA (Administration of Justice).

EDUCATION

The MEconSc in Policy Analysis is a two-year programme with an award of Postgraduate Diploma in Policy Analysis at the end of the first year. Students study a range of policy-related subjects in the first year and they work on applied dissertations in the second year. In 2012 thirteen students enrolled on the programme and eight students graduated, having successfully completed the programme.

The MSc in Business and Management is a new programme that commenced in September 2011. The MSc is a two-year, part-time programme. Forty-five students were enrolled in the first intake and sixty were enrolled in the second intake.

The Professional Certificate in Governance commenced with its first intake of students in September 2011. The professional certificate is a one-year programme. Twenty students were enrolled in the first intake and twenty-two in the second intake.

The Doctorate in Governance programme commenced in 2003, and the first graduates were conferred in 2006. In 2011 approximately forty students were enrolled in the doctorate programme. Between 2003 and 2011 the Doctorate in Governance programme was jointly offered with Queen's University Belfast. In 2011 the Institute embarked on a new arrangement to jointly offer the programme with UCD. The new arrangement began in September 2011 with an enrolment of fourteen students. In 2012 eleven students registered for the second intake.



Pictured at the IPA conferring of NUI awards in the RDS was Norah Kobusingye, BBS (Hons) (Accounting).

Dr Michael Mulreany
Assistant Director General



*Dr Michael Mulreany
Assistant Director General*

RESEARCH

Research Paper N°7

Workforce Planning in the Irish Public Service

Joanna O’Riordan



RESEARCH

The IPA has a small, full-time, dedicated team of staff undertaking applied research for government departments and other public sector bodies.

The year 2012 saw the continuation of the IPA State of the Public Service research series, which started in 2010. This initiative tracks public service transformation and provides an evidence-informed perspective on public service change, facilitating key media contributions and other activities by the IPA. This is in line with the strategic objectives of developing an IPA 'voice' on key aspects of the transformation agenda, developing an IPA position on certain key aspects of change and building the IPA's reputation as a source of public sector reform expertise. Under this series, two reports were published in 2012:

- *Workforce Planning in the Irish Public Service* (State of the Public Service Series, Research Paper No. 7). This report looks at why workforce planning can be challenging to organisations, particularly in the public service, and how organisations can best address these challenges to secure a more productive and motivated workforce.
- *Public Sector Trends 2012* (State of the Public Service Series, Research Paper No. 8). This is the third annual trends report, which provides information on the size and cost of the public sector, the quality of public administration, efficiency and performance, and levels of trust, presented in a simple but rigorous manner.

Two further reports in the series, on political accountability and public service motivation, were also underway at the end of the year. The reports are available to download at <http://www.ipa.ie/index.php?lang=en&p=page&id=60>.

The year also saw the further development of a research series focused on the needs of local government, which started in 2011. The Local Government research series provides information on national and international experience with management reforms and highlights good practice. Three reports were published in 2012:

- *Strategic Collaboration in Local Government: A Review of International Examples of Strategic Collaboration in Local Government* (Local Government Research Series, Research Report No. 2). Case studies presented in this paper provide a number of examples along a continuum of collaboration that have proved successful in other countries, from easier options (such as informal cooperation and contracting) to harder options (such as transfer of functions and mergers/consolidations).
- *Using Fees and Charges – Cost Recovery in Local Government* (Local Government Research Series, Research Report No. 3). This report examines three key issues to be addressed concerning cost recovery: (i) setting cost-recovery policy and principles; (ii) capturing, monitoring and reviewing the cost of services; and (iii) fee and charge collection and enforcement.



RESEARCH

- *The Changing Structure of Irish Sub-National Governance* (Local Government Research Series, Research Report No. 4). Building on a survey of local and regional bodies in Ireland published by the IPA in 2007, the current landscape of Irish sub-national governance is considered and a number of issues pertinent to the reform agenda are raised.

Two further reports, on innovation in local government and local government capacity, were underway at the end of the year.

Other areas of work undertaken by the research team in 2012 included:

- support for local government reorganisation, including writing of reports, in Tipperary and Waterford;
- work for the Department of Public Expenditure and Reform on international trends in public service reform;
- review of implementation of strategy for Cosc;
- an Irish case study of working conditions and industrial relations in central public administration for Eurofound (in cooperation with the European Institute of Public Administration);
- a questionnaire survey for the Houses of the Oireachtas;
- running of the Certificate and Diploma in Civil Service and State Agency Studies;
- providing two EU policy bulletins and two editions of *Local Authority Times* as part of an information service to local authorities throughout the year;
- contributing to IPA Education & Training programmes and acting as thesis supervisors and markers on postgraduate programmes;
- academic publications in international journals and contributions to international books on public management;
- involvement in restructuring and relaunch of *Administration*, the journal of the Institute, by member of the research team in role as journal editor.

Dr Richard Boyle
Head of Research



Dr Richard Boyle
Head of Research

TRAINING & DEVELOPMENT



TRAINING & DEVELOPMENT

Despite reductions in public sector training and development budgets, there continued to be a sustained demand for training and development services within the specialist areas of leadership and management, governance, finance, audit, information technology and human resource management. Institute specialists continued to be involved in providing training, advice and consultancy services to a wide range of organisations undergoing restructuring and reorganisation as part of the general reform process, including the Courts Service and Limerick, Waterford and Tipperary local authorities. Consultancy also involved working with chief executives and senior teams from the statutory and voluntary sectors to prepare strategic plans for their organisations and conducting consultation processes with key stakeholders in relation to strategy development in voluntary organisations.

The Leadership in Local Government Programme continues to attract a diverse group of high-potential candidates from a wide range of local authorities across Ireland. Cognisant of the current economic climate, the programme focused on delivering value to the organisation and the public through a challenging, practical and multidimensional approach.

Delivered in conjunction with Cambridge Leadership Associates, MA, incorporating senior faculty from the John F. Kennedy School of Government at Harvard, the Leadership Challenge Programme, aimed at senior public servants and designed to develop leadership capacity to support transformation and change in public administration, saw significant demand, with two programmes taking place.

The Governance Forum, now in its seventh year, continues to evolve and expand, and is recognised as providing a unique and important service through its particular emphasis on public and state bodies, public interest and public benefit organisations. A monthly programme of events combined core briefings on governance topics set in the context of issues that member organisations and senior management were facing. The diverse schedule of events covered many contemporary issues in governance, including *Standards and Codes of Conduct*, *Good Governance and Public Sector Reform*, *Roles and Responsibilities of Board Members*, *Risk Management*, *Getting Value for Public Resources* and *Strategic Planning in a Period of Uncertainty*. A number of special events were also provided to members, including a programme on contemporary financial reporting issues and public financial procedures for board members.

The programme of events included two conferences. The first, the annual Good Governance Conference, was held in March and addressed the theme of *Leadership and Accountability*. Contributors including Caroline Al-Beyerty, Head of Audit Practice, UK Audit Commission; Gabriel D'Arcy, Chief Executive, Bord na Móna; Dan O'Brien, Economics Editor, *The Irish Times*; and Eddie Molloy, Director, Advance Organisation,



Pictured (l-r) at the IPA Governance Forum Conference, Rationalising State Agencies – Challenges and Consequences, were Paul O'Toole, FÁS; Muiris MacCarthaigh, IPA; and Professor Kutsal Yesilkagit, School of Governance at Utrecht University, Netherlands.



Pictured (l-r) at the IPA conferring of UCD awards in the Barrington O'Reilly Auditorium, IPA, were Anne Marie Brophy and Siobhan Bermingham, who received a Certificate in Management Development.



Pictured (l-r) at the IPA conferring of UCD awards in the Barrington O'Reilly Auditorium, IPA, were Amanda McLoughlin, Garda Síochána Ombudsman Commission; Noreen Fahy, Programme Director, IPA; and David Thomas Stratton, Citizens Information Board. Amanda and David received a Certificate in Finance.

TRAINING & DEVELOPMENT

considered the role of and the example set by those in key leadership positions and the unprecedented challenges that are now faced by those in authority. The panel deliberated on the key leadership attributes required, the ways in which leadership priorities can be delivered and the lessons learned from the past.

The second conference, held in May, focused on the theme of *Rationalising State Agencies – Challenges and Consequences* and included contributions from Dr Muiris MacCarthaigh, IPA; David Denny, Department of Public Expenditure and Reform; Professor Kutsal Yesilkagit, School of Governance at Utrecht University, Netherlands; Sally Howes, Director of IT and Systems Analysis, UK National Audit Office; and Paul O'Toole, Chief Executive of FÁS, who was involved in the establishment of the new training agency SOLAS. The agenda included an analysis of the current organisation of state agencies in Ireland and the level of change that has taken place, an update on the implementation of government policy on agency rationalisations and an overview of lessons learned from rationalisation programmes in Europe.

The Governance Forum team also assisted many organisations with independent reviews of compliance with legal and regulatory governance obligations, and implementation of risk-management systems, board-evaluation systems, competency assessments and related services. In November 2012 they were engaged to support the establishment and launch of the Governance Forum for the chairpersons, chief executives and members of the boards of health agencies and of voluntary hospitals and hospital groups.

The Institute also organised a number of special conferences for the local government sector, where various groups had opportunities to listen to and discuss current policy and implementation issues. The Legislative Training Programme continued to be in strong demand across the local authority sector throughout the year.

In addition to the UCD-accredited programmes, we continued to offer programmes for formal membership of professional bodies, including the Mediators' Institute of Ireland (MII), the Chartered Institute of Personnel Development (CIPD) and the Chartered Institute of Public Finance and Accountancy (CIPFA). Our established programme on workplace mediation, accredited by the MII, continued to attract strong numbers, and the CIPD Foundation Level Certificate in HR Practice began its third run at the end of 2012, with the CIPD Foundation Level Diploma continuing to offer a follow-on pathway for those completing the certificate. In addition, the CIPD Foundation Level Certificate in Learning and Development Practice was launched at the end of 2012.

The CPD seminar series for public sector accountants and finance professionals, offered in conjunction with the professional accountancy bodies ACCA and CIPFA, experienced continued growth in 2012. The MSc in Computer Science by Negotiated Learning (MScNL) – Cloud Computing Stream, which is delivered in conjunction with the School of Computer Science and Informatics in UCD, was awarded 'Postgraduate



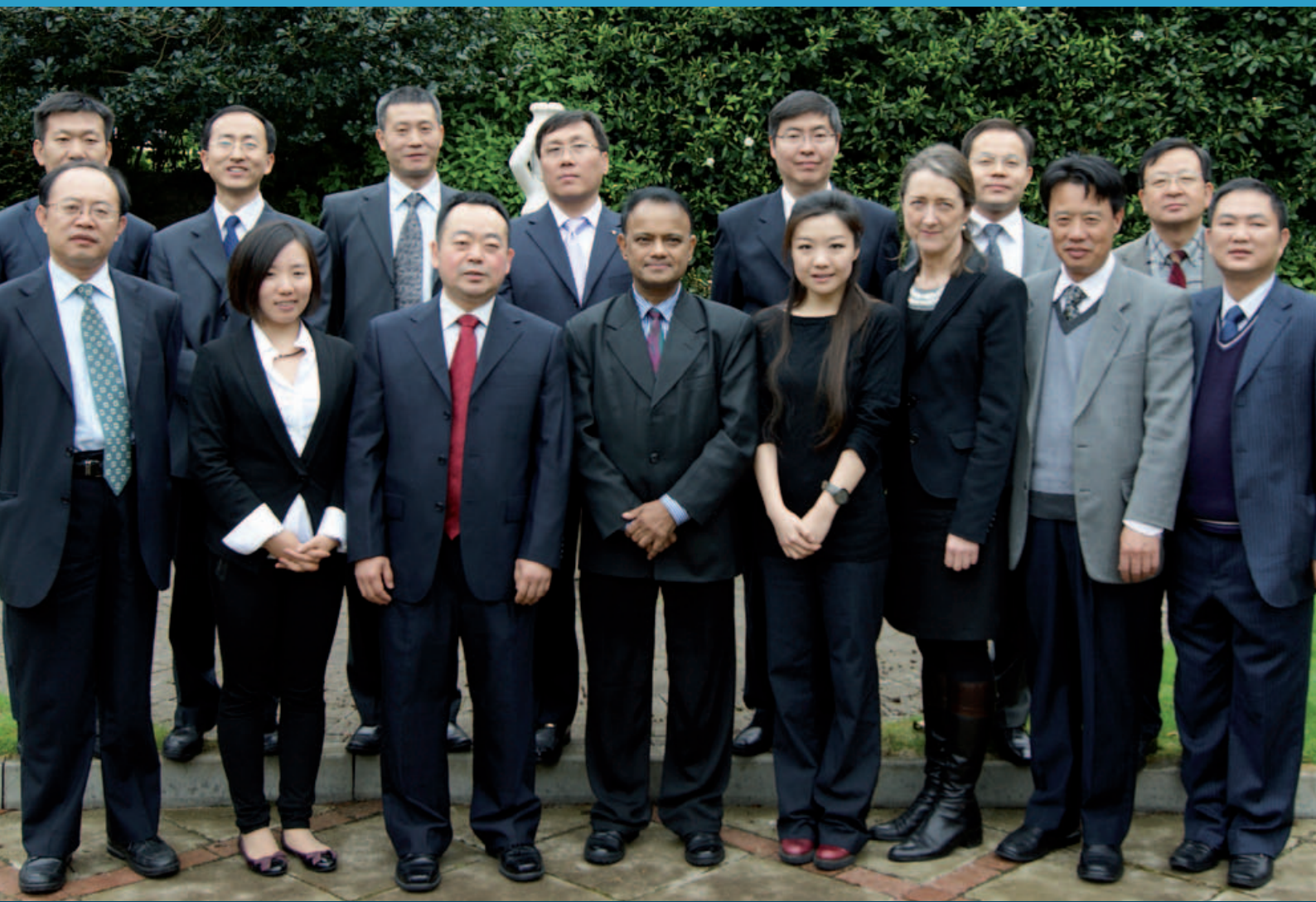
Pictured (l-r) at the IPA conferring of UCD awards in the Barrington O'Reilly Auditorium, IPA, were Eimear O'Connor, Kerry County Council; Dr Philip Byrne, Programme Director, IPA; and Catherine O'Sullivan, Kerry County Council. Eimear and Catherine received a Certificate in Local Government Studies.

TRAINING & DEVELOPMENT

Course of the Year – IT’ at the postgradireland Postgraduate Course of the Year Awards 2012. Both the MScNL and the original MSc in Computer Science programme have continued to attract national and international students. Services in areas such as virtualisation and cloud computing were also provided in addition to more traditional end-user training.

All certificate and diploma programmes continued to attract strong numbers.

INTERNATIONAL SERVICES



INTERNATIONAL SERVICES

In 2012 the International Services Unit continued to play a strategic role in international projects and hosted a number of study programmes, providing senior managers from other countries with an opportunity to update their knowledge of public sector reform and other key areas of public administration in Ireland. The Institute continued to explore the potential of new markets in emerging economies and to strengthen existing relationships with a number of European institutes and schools of public administration. The Institute has been the national contact point for the EU's 'Twinning' activities since 1999. Twinning has remained an important pre-accession instrument, which is now available for all the candidate countries and pre-candidates. In addition, the Institute acts as the national contact point for the Europe for Citizens programme, co-funded by the EU and the Department of Arts, Heritage and the Gaeltacht.

Active tendering activity took place throughout the year, with several contract opportunities pursued, involving work for EU institutions, capacity-building programmes in Turkey, Moldova, Romania, Macedonia and Montenegro, as well as support to sister institutions in Bulgaria and the Balkans.

In April the Institute hosted a study visit from the Swedish National Financial Management Authority. Forty participants with a financial management function and working in a range of ministries and agencies in Sweden, including the police force, the Prison and Probation Service and the National Board of Health and Welfare, visited the Institute to further enhance their understanding of the Irish public sector and how it manages various change initiatives, governance issues, business planning and performance measurement. In May the Institute hosted a high-level delegation, including a series of tailor-made seminars, workshops and site visits, for a group of senior Chinese public servants, in collaboration with the Deputy Head of the Mission of the Irish Embassy in China, Mr Sean O'Reogain, and as part of the China–Europe Public Administration Project. The purpose of the visit was to assist the Chinese government to improve the responsiveness and performance of its administration and public service system in accordance with the principles of openness, accountability, effectiveness, coherence and participation. The visit helped to establish a sustainable dialogue platform between relevant EU and Chinese counterparts by providing a mechanism for consultation and exchange on public management and public administration.

In addition, the Institute provided training expertise in human resource management, including recruitment and selection training, to the Regional School of Public Administration (ReSPA) in the region of the Western Balkans. ReSPA is an international institution set up as a joint initiative of the EU and the Western Balkan countries to work towards fostering and strengthening the regional cooperation in public administration, human resource management and civil service reform among its member states. It provides innovative and qualitative training programmes, networking events, mobility



*Teresa Casserly
Head of International Unit*

INTERNATIONAL SERVICES

schemes, conferences and comparative studies to public administrations from all the countries of the Western Balkans, and seeks to ensure that the shared values of respect, tolerance, collaboration and integration are reaffirmed and implemented throughout the public administrations in the region.

Finally, the Institute hosted a series of intensive, tailor-made programmes in human resource management, internal audit, governance and risk management for some 150 middle- and senior-level public servants from the Bulgarian public administration system. These highly flexible, practical-based programmes, which included case studies and visits to central government departments and agencies, were designed in the context of an institutional relationship with the Institute of Public Administration, Bulgaria. They provided participants from a range of central and local government organisations in Bulgaria with an opportunity to update their knowledge and skills in critical areas of public administration and management approaches and techniques.

Teresa Casserly
Head of International Unit

LIBRARY & INFORMATION SERVICES



LIBRARY & INFORMATION SERVICES

During the year the Library provided an information, reference and lending service to students, staff and members of the Institute. The service is provided to a diverse and countrywide range of clients and its area of specialisation is public management covering a wide range of subjects, including management, economics, sociology, law, criminology, health care, finance and local government. The Library contains in excess of 30,000 books (mostly available to borrow), 100 hard-copy journal titles, research studies, annual reports, statistics, official publications, etc.

The aim of the Library is to provide the right information and resources in the most appropriate format and in a timely manner. The reading rooms are a place for quiet study, for consulting and borrowing printed material and for accessing electronic resources by connecting to the IPA's wireless network. Distance education students can avail of the service by telephone, email or post and by accessing thousands of full-text journal articles via the IPA website. Materials not held in the Library can be requested through the inter-library loans service and items can be delivered in hard copy or electronically.

During term the Library is open from 9.15 a.m. until 8.00 p.m., Monday to Thursday, and until 5.30 p.m. on Friday. It also opens on a restricted basis on the majority of Saturdays during term. Full and up-to-date information on opening hours is available on the IPA website.

Patricia Trotter
Librarian



Patricia Trotter
Librarian

PUBLISHING



PUBLISHING

The year 2012 saw the publication of two new books, together with the forty-seventh edition of the *Administration Yearbook & Diary*. A significant milestone was the relaunch of the IPA's journal, *Administration*, marking its sixtieth anniversary with a special issue on public sector reform, including a landmark article by the Minister for Public Expenditure and Reform, Brendan Howlin, TD, on 'Reform of the Public Service', in which he set out his vision for public service reform. Three issues of the journal were published. The Publications Division also continued to carry out a number of consultancy projects for other public sector organisations.

BOOKS PUBLISHED IN 2012

The Institute's Book Publishing Committee had another productive year, overseeing the submission of a number of book proposals. Two titles were published by the Institute during the course of 2012:

- *Governing Ireland: From Cabinet Government to Delegated Governance*, edited by Eoin O'Malley and Muiris MacCarthaigh, which was launched in March in Boston College, St Stephens Green, with Minister Brendan Howlin as guest of honour;
- *An Introduction to Irish Planning Law* (2nd edition), by Berna Grist.

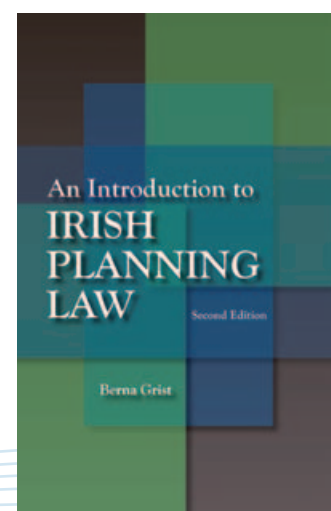
RESEARCH REPORTS PUBLISHED

A number of reports were also published on behalf of the Institute's Research Division, including:

- *Workforce Planning in the Irish Public Service* (State of the Public Service Series, Research Paper No. 7), by Joanna O'Riordan;
- *Public Sector Trends 2012* (State of the Public Service Series, Research Paper No. 8), by Richard Boyle;
- *Strategic Collaboration in Local Government: A Review of International Examples of Strategic Collaboration in Local Government* (Local Government Research Series, Research Report No. 2), by Orla O'Donnell;
- *Using Fees and Charges – Cost Recovery in Local Government* (Local Government Research Series, Research Report No. 3), by Richard Boyle;
- *The Changing Structure of Irish Sub-National Governance* (Local Government Research Series, Research Report No. 4), by Muiris MacCarthaigh.



Guest of honour Brendan Howlin, Minister for Public Expenditure and Reform, at the launch of *Administration Yearbook & Diary* 2013.



PUBLISHING

PERIODICALS

Administration Yearbook & Diary 2013 was published in December. Three issues of the Institute's journal, *Administration*, were published throughout the year.

PUBLISHING CONSULTANCY

The Publications Division continued to offer its expertise in the production and management of publishing projects on behalf of other public sector organisations. *The Irish Probation Journal* was produced on behalf of The Probation Service and Probation Board, North/South Ireland, and *Documents on Irish Foreign Policy, Volume 8: 1945–1948* was produced on behalf of the Royal Irish Academy.

A full list of IPA publications is available on the IPA website (www.ipa.ie). Books may be purchased through the click-pay facility on the website.



Editors Muiris MacCarthaigh and Eoin O'Malley at the launch of *Governing Ireland: From Cabinet Government to Delegated Governance* in Boston College.

AWARDS & PRIZE WINNERS



AWARDS & PRIZE WINNERS

A total of 747 students were the recipients of diplomas, bachelor degrees and/or postgraduate degrees during 2012. These were presented to students at the NUI/UCD conferring ceremonies in the RDS on Thursday 29 November 2012 and in the IPA on Tuesday 4 December 2012. The awards and prize presentations for 2012 were as follows:

Whitaker School of Government and Management Students of the Year:

Emma Baker, Master of Arts (Public Management)

Patricia Curran, Master of Economic Science in Policy Analysis

Postgraduate Diploma in Public Management:

Dale Sunderland

Postgraduate Diploma in Policy Analysis:

Barry Comerford

Master of Arts (Criminal Justice):

Maeve Hogan

Master of Arts (Financial Management):

Niamh Faherty, Kevin O'Sullivan

Master of Arts (Healthcare Management):

Thomas Walsh

Master of Arts (Human Resource Management):

Patricia Sheehan

Master of Arts (Local Government Management):

Valerie Kavanagh

Master of Arts (Public Management):

Emma Baker

Master of Economic Science in Policy Analysis:

Patricia Curran

Bachelor of Arts (Hons) (Administration of Justice):

Cian O'Brien

Bachelor of Arts (Hons) (Healthcare Management):

Eoin O'Riain

Bachelor of Arts (Hons) (Human Resource Management):

Audrey Cadden, Annette McNeice

Bachelor of Arts (Hons) (Information Technology Management):

Stephen Brady

Bachelor of Arts (Hons) (Local Government):

David Deering

Bachelor of Arts (Hons) (Management):

Ann Kelly



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Dr Michael Mulreany, Assistant Director General, IPA, and Frank Burke, prize winner, Diploma in Computer Studies.



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Jack Keyes, County Manager, Cavan County Council, and Valerie Kavanagh, prize winner, MA (Local Government Management).



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Noreen O'Neill, Cork County Council, and David Deering, prize winner, BA (Hons) (Local Government).

AWARDS & PRIZE WINNERS

Bachelor of Arts (Hons) (Public Management):
Hugh Geoghegan

Diploma in European Union Studies:
Cathy Barnicle

Diploma in Health Economics:
Jacqueline Moore

Diploma in Human Resource Management:
Mark Kelly

Diploma in Law:
Paul O'Farrell

Diploma in Management:
Deborah Blackweir

Professional Certificate in Governance:
Jean Keating, John Lohan

CIMA Prize for best Bachelor of Business Studies (Hons) (Accounting) student:
Richard Gibson

Bachelor of Business Studies (Hons) (Human Resource Management):
Sinéad Gleeson

Bachelor of Business Studies (Hons) (Information Systems Management):
Marc O'Maonaigh

Bachelor of Business Studies (Hons) (Marketing):
Orla Twomey

Diploma in Civil Service and State Agency Studies:
Assumpta Manning

Diploma in Health Services Policy:
Caroline Hughes

Diploma in Healthcare Management:
Aisling Coffey

Diploma in Local Government Studies:
Sarah Brophy

Diploma in Public Management:
James Russell

Diploma in Business Studies:
Declan O'Halloran

Diploma in Computer Studies:
Frank Burke

Diploma in Finance:
Tomasz Majszyk



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Dr Frank Murray, Chairman, IPA Education Committee, and Thomas Walsh, prize winner, MA (Healthcare Management).



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Sinéad Gleeson, prize winner, BBS (Hons) (Human Resource Management), and Dermot Clynes, HR Manager, Department of Public Expenditure and Reform.



Pictured (l-r) at the IPA conferring of NUI awards in the RDS were Eoin O'Riain, prize winner, BA (Hons) (Healthcare Management), and Brian Cawley, Director General, IPA.

OUTREACH



OUTREACH

As noted in previous annual reports, the Institute is the body dedicated to the profession of public service. Consequently, the expertise of its staff is constantly called upon in ways other than the direct provision of services. From time to time, they also act in positions of leadership in the professional bodies to which they are attached. The Director General is a member of an informal network of heads of schools and institutes of public administration in the EU.

Dr Michael Mulreany, Assistant Director General, is a standing member of the Value for Money and Policy Review Group convened by the Department of Public Expenditure and Reform. Dr Richard Boyle is Chairman of the Irish Evaluation Network and a member of the international evaluation research group on policy and programme evaluation.

Five staff members are non-executive members of the audit committees of a number of government departments, local authorities and state-sponsored bodies; in three cases, acting as chair and vice-chair of the committees. Several staff members play prominent officer roles in the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Management Accountants. Several staff members also act as secretaries to external committees, such as the committee for the heads of administration in state agencies.

The Institute facilitates a number of informal networks in order to disseminate best practice and sharing of information, experience and expertise. For example, the Institute supports a network of chief executives of state bodies, a network of heads of administration in state agencies and a forum for chairpersons of various public sector groupings.

During 2012 the Institute hosted a number of morning seminars to promote dialogue and debate amongst senior civil and public servants on key issues. Three issues of the Institute's electronic newsletter, *ezine*, were also produced during the year.

The IPA annual conference, entitled *Economic Recovery & Public Service Reform*, took place in the IPA on 19 October. The guest of honour was Minister of State Alex White, TD. The conference heard presentations from a number of speakers, including John Moran, Secretary General, Department of Finance; Dr Ambrose McLoughlin, Secretary General, Department of Health; Andrew Haldenby, Director, Reform, UK; and Professor John McHale, Established Professor of Economics, National University of Ireland, Galway. Full details and presentations are available at <http://ipa.ie/index.php?lang=en&p=page&id=48>

INSTITUTE GOVERNANCE & ADMINISTRATION



INSTITUTE GOVERNANCE & ADMINISTRATION

The IPA, which is a company limited by guarantee, was incorporated in 1963. It operates under the aegis of the Department of Public Expenditure and Reform, is a not-for-profit organisation with registered charity status and is subject to statutory audit by the Comptroller and Auditor General. It is also designated a non-commercial state agency.

It is governed by a Board – under the current chairmanship of Donal Connell – comprising elected/nominated representatives of various public administration sectors, Institute management and staff, and the academic and trade union sectors, together with a student representative. The Board operates through its scheduled monthly meetings and three standing Board subcommittees: the Finance and Strategy Committee, which deals with strategic financial management issues, including capital works; the Administration Committee, which monitors day-to-day operating performance, human resource issues, etc., and meets on an ‘as needed’ basis; and the Audit Committee, which deals with risk assessment and governance matters. In addition, there is an Education Committee, which advises on and monitors educational qualifications and courses, and a Book Publishing Committee, which advises on publications strategy.

The Institute President presides at the annual general meeting (AGM) and has the support of a number of vice-presidents. The 49th AGM of the Institute took place on 26 June 2012. The names of the honorary officers, Board members and Board subcommittee members are contained on the inside front cover of this annual report.

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE

Raymond Dolan reports:

The committee met four times during 2012. It carried out its role of supporting the Board in meeting its corporate governance responsibilities. Activities during the year included reviewing the annual Financial Statements, internal financial controls and the corporate risk register; monitoring compliance with the State Governance Code and approving an updated corporate governance manual; overseeing the internal auditor’s programme; and ensuring compliance with all other relevant obligations. It also met with the representative of the Institute’s auditors – the Comptroller and Auditor General.



*Cyril Sullivan
Director of Finance and Support Services,
and Company Secretary*



*Christine McNally
Human Resource Manager*

INSTITUTE GOVERNANCE & ADMINISTRATION

REPORT OF THE CHAIRMAN OF THE FINANCE AND STRATEGY COMMITTEE

Donal Connell reports:

The committee met on four occasions during the year. With the ongoing difficult economic trading environment generally, the main business transacted was to monitor the Institute's monthly financial and cash flow reports to ensure that they were performing as planned. The committee monitored the progress of the Institute's redeployment process, which was viewed as key to achieving the financial targets for the year. The committee also approved the 2012 budget and, on behalf of the Board, reviewed the quarterly management accounts and financial forecasts. As stated above, given the continued difficult trading conditions for the IPA in 2012, the committee placed a particular emphasis on this work.

The committee advised the Board on a number of key strategic issues that arose during the year, including reviewing performance against the 2012 corporate business plan. As part of its deliberations on the strategy, the committee also monitored the progress of the IPA/UCD strategic alliance.

REPORT OF THE CHAIRMAN OF THE ADMINISTRATION COMMITTEE

There were no meetings of the committee in 2012.

MEMBERSHIP

The Institute is the professional body for public servants. It caters for those in the civil service, local authorities, health service, state-sponsored bodies, education sector, Garda Síochána and the defence forces. Members are kept abreast of current public management issues through access to special briefings, an e-newsletter and the journal *Administration*, and enjoy discounts on publications and other services. Members are consulted on current public management issues and future IPA service provision, and thereby contribute to the professional development of the Institute. There are currently 69 corporate members of the Institute and 1,800 individual members, incorporating both students and interested members of the general public.

INSTITUTE GOVERNANCE & ADMINISTRATION

BOARD ATTENDANCE 2012 - 8 MEETINGS HELD

No.	Name	Attended	Notes
1	Phyllis Behan	3	Term of office ended June 2012
2	Patricia Byron	4	Appointed June 2012
3	John Campion	3	Term of office ended June 2012
4	Brian Cawley	8	
5	Donal Connell	6	
6	Gabriel D'Arcy	2	Term of office ended June 2012
7	Raymond Dolan	7	
8	Des Dowling	6	
9	Breeda Doyle	5	Appointed June 2012
10	Michael Errity	1	Term of office ended June 2012
11	David Feeney	5	Appointed June 2012
12	Jim Fleming	3	Term of office ended June 2012
13	Robert Galavan	2	Term of office ended June 2012
14	Paul Haran	2	Term of office ended June 2012
15	David Hughes	2	Term of office ended June 2012
16	Connie Kelleher	3	Appointed June 2012
17	Morgan McKnight	2	Term of office ended June 2012
18	Sinéad McNamara	2	Term of office ended June 2012
19	Brian Nolan	2	Appointed June 2012
20	Peter Nolan	1	Appointed June 2012
21	Barry O'Brien	0	Appointed June 2012
22	Niamh O'Donoghue	7	
23	Frances Spillane	4	
24	John Tierney	3	

INSTITUTE GOVERNANCE & ADMINISTRATION

AUDIT COMMITTEE ATTENDANCE 2012 - 4 MEETINGS HELD

No.	Name	Attended	Notes
1	John Campion	2	Term of office ended June 2012
2	Raymond Dolan	4	
3	Robert Galavan	2	Term of office ended June 2012
4	David Hughes	1	Term of office ended June 2012
5	Connie Kelleher	1	Appointed June 2012
6	Morgan McKnight	1	Term of office ended June 2012
7	Brian Nolan	1	Appointed June 2012
8	Peter Nolan	0	Appointed June 2012
9	Frances Spillane	1	Appointed June 2012

FINANCE AND STRATEGY COMMITTEE ATTENDANCE 2012 - 4 MEETINGS HELD

No.	Name	Attended	Notes
1	Brian Cawley	4	
2	Donal Connell	2	Appointed June 2012
3	Gabriel D'Arcy	1	Term of office ended June 2012
4	Des Dowling	3	
5	Breeda Doyle	2	Appointed June 2012
6	Michael Errity	0	Term of office ended June 2012
7	David Feeney	2	Appointed June 2012
8	Paul Haran	1	Term of office ended June 2012
9	Sinéad McNamara	2	Term of office ended June 2012
10	Barry O'Brien	0	Appointed June 2012
11	John Tierney	4	

The Administration Committee did not meet in 2012.

INSTITUTE GOVERNANCE & ADMINISTRATION

HUMAN RESOURCES MANAGEMENT

During 2012 the Human Resources Unit oversaw a number of significant staff changes. In 2011 the Board approved a revised organisation structure as part of the 2011–2015 corporate strategy and revised staff numbers based on business activity in each business area. The revised structure was put in place in 2012 along with the redeployment of a number of staff through the system established by the Public Appointments Service. There were also a number of secondments of staff to other public service organisations, including in preparation for the period of Ireland's EU Presidency. This meant an overall reduction in staff numbers from 98 to 78. A number of internal transfers also took place as a consequence of reorganisation and redeployment.

The series of monthly staff meetings continued to provide updates on internal and external developments, and half-yearly division meetings were established to inform staff of the changes in structure, personnel and work-related issues.

Work continued on the staff development plans and staff were supported in attending conferences, training events and various third-level courses.

FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE

The Financial Statements that follow set out in detail the financial operation of the Institute for the year. The ongoing trading difficulties in the Irish economy, and the related contraction in government spending, continued to impact on the Institute's operating income during 2012. Compared with 2011, operating income was down at €10.9m from €12.4m, a decrease of 12%. However, as the IPA foresaw the potential impact on its 2012 turnover, it took the necessary steps to reduce both its pay and non-pay costs. The impact of this work was to reduce expenditure to €10.8m (which includes a contribution to the Exchequer of €1.9m) compared to €12.3m for 2011, representing a decrease of the order of 12%. In summary, the Institute continued to stabilise its finances during this ongoing difficult economic period and ended the year with a surplus of €139,091.

The Institute's earnings were made up of training and international services (31%), education-fee income (33%), research income (3%), publications and membership income (6%), release of capital grants (2%) and a grant-in-aid (25%) paid by the Department of Public Expenditure and Reform. Overall, year-on-year decreases in income are directly related to decreases in levels of activity in a more uncertain trading environment. The IPA's cost structure, on the other hand, was primarily governed by direct and indirect costs (which decreased in line with lower income and successful value-for-money reviews), salary costs and debt-servicing costs.

While the Institute has very successfully reduced its non-pay costs since 2008, the key focus for cost reduction in 2012 was pay costs. To achieve the cost savings required to maintain at least a break-even outcome for 2012, with the sanction of the Department of Public Expenditure and Reform, the IPA implemented a very successful redeployment process. The result was to reduce the number of staff employed from 98 in 2011 to 78 at the end of 2012, with a salary saving in the order of €0.9m. The IPA also fully complied with its other salary-related obligations, with the payment of staff salary increments (per the Croke Park Agreement) and the Institute's obligations to the staff defined-benefit pension scheme. With the transfer of its privately managed pension fund to the National Pension Reserve Fund (NPRF) in 2010, the annual pension contribution is treated as a 'contribution to the Exchequer' in the Financial Statements, and this decreased slightly in 2012 to €1.78m from €1.8m in the previous year. The level of employer pension contribution continues as before (at 34.6% of salaries) following the fund transfer to the NPRF.

The financing costs for the long-term loan facility used in the purchase of No. 55, Lansdowne Road (acquired in mid 2006), are based on inter-bank interest rates, which increased slightly in 2012. This resulted in a full-year interest charge of €77,205. No major capital works were completed in 2012.



FINANCIAL PERFORMANCE

In overall financial management terms, given the ongoing straitened trading conditions, the Institute continued to stabilise its finances during 2012 with a small operating surplus achieved. In addition, the IPA's Balance Sheet reserves have also recovered positively at €13m to pre-2005 values.

INTERNAL SYSTEMS ENHANCEMENTS

In line with the Institute's information systems strategy, there were further developments in the internal IT hardware and software infrastructure. The quality of the IPA's financial management system (FMS) continues as a key support in providing timely and accurate forecasts to management and the Board. Internal management systems were further developed during the year, with enhanced management information system reporting facilities from the IPA's FMS being made available across the IPA. In addition, the Director of Finance and Support Services held a number of financial awareness sessions for all staff. The focus on good-quality management information reporting, including the development of non-financial indices, will be a key focus during 2013.

FINANCIAL PROSPECTS FOR 2013

Given that the ongoing difficult economic trading conditions for all businesses are expected to continue until at least 2016, the Institute is focusing on maintaining a relatively stable set of finances for 2013. The Institute's grant-in-aid for 2013 will remain at the same level as for 2012, at €2.75m. Overall, turnover is expected to stabilise at €10.8m with a small surplus of the order of €130,000 budgeted. The IPA continues to look for new opportunities to sustain its income base (such as the collaboration with UCD) and to reduce both its pay and non-pay cost structures.

COMPLIANCE

The Institute complied with its financial, taxation and regulatory obligations during 2012, and continued to review and update its corporate governance structures.



INSTITUTE OF PUBLIC ADMINISTRATION
Company Limited by Guarantee

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012



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DIRECTORS & OTHER INFORMATION

DIRECTORS

D. Connell (Chair)
N. O'Donoghue (Vice-Chair)
B. Cawley (Director General)
P. Behan (Term of office ended June 2012)
P. Byron (Appointed June 2012)
J. Campion (Term of office ended June 2012)
G. D'Arcy (Term of office ended June 2012)
R. Dolan
D. Dowling
B. Doyle (Appointed June 2012)
M. Errity (Term of office ended June 2012)
D. Feeney (Appointed June 2012)

J. Fleming (Term of office ended June 2012)
R. Galavan (Term of office ended June 2012)
P. Haran (Term of office ended June 2012)
D. Hughes (Term of office ended June 2012)
C. Kelleher (Appointed June 2012)
M. McKnight (Term of office ended June 2012)
S. McNamara (Term of office ended June 2012)
B. Nolan (Appointed June 2012)
P. Nolan (Appointed June 2012)
B. O'Brien (Appointed June 2012)
F. Spillane
J. Tierney

AUDITORS

The Comptroller & Auditor General
Dublin Castle
Dublin 2

SOLICITORS

O'Donnell Sweeney Everards Solicitors
Earlsfort Terrace
Dublin 2

SECRETARY & REGISTERED OFFICE

Cyril Sullivan
59 Lansdowne Road
Dublin 4

PRINCIPAL BANKERS

Allied Irish Bank
Bank Centre, Ballsbridge
Dublin 4

REPORT OF THE DIRECTORS IN RESPECT OF THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

1. Company law requires the directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus of the company for that period. In preparing those Financial Statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Acts, 1963 to 2012. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

2. The Institute is engaged in activities aimed at promoting the study of and improving the standard of public administration, developing a sense of vocation in public servants and fostering mutual understanding between the public and public servants.

REVIEW OF BUSINESS & FUTURE DEVELOPMENTS

3. Both the level of business and the year-end financial position were satisfactory and the directors expect that the present level of activity will be at least sustained for the foreseeable future.

RESULTS

4. The income and expenditure account for the year and the appropriation thereof are set out on page 54.

HEALTH & SAFETY

5. The Board has developed the necessary safety statement required by the Safety, Health and Welfare at Work Act, 2005.

CORPORATE GOVERNANCE

6. In accordance with good corporate governance, the Board has established an effective committee structure to assist in the discharge of its responsibilities. Each committee has formal terms of reference approved by the Board, and each committee periodically reports to the Board on its activities. The committees in operation at 31 December 2012 were the Administration Committee, the Audit Committee, and the Finance and Strategy Committee. On behalf of the Board, management carry out an annual review of business operational risks.

RESEARCH & DEVELOPMENT

7. The company is not involved in any research and development on its own behalf.

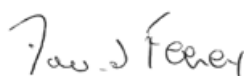
PROPER BOOKS OF ACCOUNT

8. In order to ensure that proper books of account are kept in accordance with Section 202 of the Companies Act, 1990, appropriately qualified personnel are employed and appropriate resources are made available to the company's finance function. The books of account are located at the company's registered office at 59 Lansdowne Road, Dublin 4.

AUDITORS

9. In accordance with Section 5 of the Comptroller and Auditor General (Amendment) Act, 1993, the Comptroller and Auditor General is responsible for the audit of the company's accounts.

On behalf of the Board



David Feeney



Breeda Doyle

DIRECTORS

18 April 2013, Dublin

COMPTROLLER & AUDITOR GENERAL REPORT FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

INSTITUTE OF PUBLIC ADMINISTRATION

I have audited the Financial Statements of the Institute of Public Administration for the year ended 31 December 2012 under the Comptroller and Auditor General (Amendment) Act, 1993. The Financial Statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Statement of Income and Expenditure, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for the preparation of the Financial Statements, for ensuring that they give a true and fair view of the state of the company's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

RESPONSIBILITIES OF THE COMPTROLLER & AUDITOR GENERAL

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

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

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

SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

OPINION ON THE FINANCIAL STATEMENTS

In my opinion, the Financial Statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs at 31 December 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion, proper books of account have been kept by the company. The Financial Statements are in agreement with the books of account.

In my opinion, the information given in the Directors' Report is consistent with the Financial Statements.

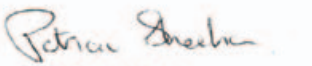
COMPTROLLER & AUDITOR GENERAL REPORT FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

MATTERS ON WHICH I REPORT BY EXCEPTION

I report by exception if

- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them;
- or
- the information given in the Annual Report for the year ended 31 December 2012 is not consistent with the Financial Statements; or
- the Statement on Internal Financial Control does not reflect the company's compliance with the Code of Practice for the Governance of State Bodies; or
- I find there are other material matters relating to the manner in which public business has been conducted.

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



Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General

30 April 2013

STATEMENT ON INTERNAL FINANCIAL CONTROL

The Board acknowledges its responsibility for the Institute of Public Administration's system of financial control. It also recognises that any system of financial control can only give a reasonable and not absolute assurance against any material errors. The internal financial controls in operation within the Institute during 2012 are outlined in the following.

The key procedures, which have been put in place by the Board, designed to provide effective financial control are:

A) CONTROL ENVIRONMENT

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

- establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation;
- clearly defining and documenting management responsibilities and powers;
- developing a strong culture of accountability across all levels of the organisation.

All staff members have been supplied with financial control procedures, including procurement, and debtor and creditor procedures.

Expenditure limits are applied rigorously to all levels of management. These limits were updated during 2012 and were subject to Board approval. This control is monitored by the Institute's Finance Office by way of both manual and electronic automated checks.

There is consistent separation of function for coding and authorisation operated across the Institute's business units and monitored centrally by the Finance Office.

The procurement function for overhead expenditure operates on the basis of standards agreed with the Director of Finance and Support Services and approved by the Director General and the Board.

B) IDENTIFICATION OF BUSINESS RISKS & FINANCIAL IMPLICATIONS

In line with the IPA's annual processes, a business risk review was carried out during the year, involving the senior management group, highlighting the significant risks to the IPA's business with related necessary mitigating actions. The business risks identified in the review are being addressed, in the first instance, through the implementation of the Institute's corporate plan (corporate-level risk register), and then through the business planning process. For 2012, the Board reviewed the IPA's business plans on a half-yearly basis and its risk management activities on a monthly basis. For 2013, each business division will again be embedding their risk-mitigation activities in their annual business plans.

C) INFORMATION SYSTEMS

The Institute's information systems include an integrated financial and management accounting package, 'Integra'. There are integrated electronic financial control modules for income, expenditure, debtors, creditors, purchase ordering, payroll, staff travel and subsistence, and fixed assets on the system. Most of the information processing controls are automated within the electronic systems; the controls include proper authorisation, segregation of duties and scanning of original documentation and records. There is a full suite of control procedures governing the Institute's information processing.

In addition, there are a number of business support systems integrated into the financial management system (FMS). The IPA's Publications Division operates a Sales Order Processing (SOP) module, catering for the sales ordering, invoicing and stock control. The Training Division uses an integrated Training Administration and Management System (TAMS) to manage the client booking and invoicing process. For our Education programmes, an integrated Student Information and Administration System (SIAS) manages student registration and fee collection.

STATEMENT ON INTERNAL FINANCIAL CONTROL

D) PROCEDURES FOR MONITORING EFFECTIVENESS OF FINANCIAL CONTROL SYSTEM

Monthly management accounts are prepared comparing budgeted income and expenditure with that actually incurred. The senior management group reviews these accounts, involving a detailed examination of the underlying transactions and activities to ensure completeness and accuracy. These accounts are put before the Board on a quarterly basis.

The annual budgetary process is extensive whereby each unit produces a detailed income and direct expenditure budget, which is reviewed and approved by the Board. Detailed capital expenditure budgets are also prepared. In addition, the Institute operates a three-year rolling system of multi-annual budgeting.

The Institute has an internal audit function that is currently outsourced. A detailed audit programme is prepared annually and approved by the Board through its Audit Committee. The internal audit plan is reviewed on an ongoing basis. The Board Audit Committee reviews the audit reports prepared, including the implementation of recommendations.

The Institute's Finance Office monitors income and expenditure transactions to ensure compliance by each of the business units for accuracy, validity and appropriateness.

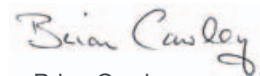
E) ANNUAL REVIEW

An annual review of the Institute's internal financial controls in operation during 2012 was carried out. The Institute's Board reviewed the effectiveness of the internal financial control systems at its meeting on 14 February 2013.

On behalf of the Board,



Donal Connell,
Chairman



Brian Cawley,
Director General

18 April 2013

STATEMENT OF ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings.

A) INCOME

Income is included on a receivable basis with the exception of subscriptions, which are taken into income when received. Course fees, which are accounted for under fee income, are taken into income during the period of the course.

B) FIXED ASSETS & DEPRECIATION

Fixed assets, including buildings, are stated at their historical cost or valuation less accumulated depreciation. Depreciation is provided on the basis and rates stated below, which are estimated to reduce the assets to realisable values by the end of their expected working lives:

Freehold Buildings	2% Straight Line
Leasehold Premises	2% Straight Line
Furniture and Fittings	5% Straight Line
Equipment	10% Straight Line
Library Books	20% Reducing Balance
Office Machines	25% Straight Line
Leased Assets	33.3% Straight Line
Prefabricated Buildings	33.3% Straight Line

Depreciation commences in the year in which the asset is brought into use. Land is not depreciated. The Institute has not adopted a policy of revaluation; however, certain assets were revalued before the adoption of Financial Reporting Standard 15 'Tangible Fixed Assets'. In accordance with the provisions of the standard, the Institute has retained these valuations as set out in Note 9.

C) STOCKS

Stocks have been valued consistently with prior years, at the lower of cost and net realisable value. Provision is made, where necessary, for obsolete and slow-moving stock.

D) DEBTORS

Known bad debts are written off and specific provision is made for any amounts the collection of which is considered doubtful.

E) CAPITAL GRANTS

Capital grants relating to fixed assets are treated as deferred credits and are amortised in the Statement of Income and Expenditure over the expected useful life of the assets.

F) LEASED ASSETS

Assets held under finance leases are capitalised and included with similar owned assets in the Balance Sheet. Obligations under finance leases are included with liabilities, analysed between current liabilities and long-term liabilities. Payments made under operating leases are charged to the Statement of Income and Expenditure.

G) PENSION COSTS

A defined-benefit pension scheme is in place for all employees of the Institute of Public Administration, as appropriate. Under the provisions of the Financial Measures (Miscellaneous Provisions) Act, 2009, the Institute's pension fund assets, which were measured at fair value, transferred to the National Pension Reserve Fund (NPRF) on 30 June 2010. The pension scheme continues in force for existing members with no impact on benefits or associated provision for members.

STATEMENT OF ACCOUNTING POLICIES

Pension scheme liabilities are measured on an actuarial basis using the projected unit method, and represent the present value of future pension payments earned by staff to date. In line with the pension funding arrangements, an asset equal in amount to this liability is recognised and represents the amounts to be reimbursed in future periods by way of Oireachtas grant.

The pension charge in the Income and Expenditure Account comprises the Institute's contribution payable to the Department of Public Expenditure and Reform from the date of transfer in line with the funding arrangements.

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2012

INCOME	Note	2012 €	2011 €
Fee Income	1	7,369,416	8,539,224
Sale of Publications	2	420,353	494,422
Subscriptions		295,079	283,978
Vote 42 - Office of the Minister of Public Expenditure and Reform, Grant-in-Aid	3	2,654,000	2,904,000
Amortisation of Capital Grant	13	149,823	149,823
		10,888,671	12,371,447

LESS:

OPERATING EXPENDITURE

Direct Costs	5	2,405,840	3,115,312
Salary Costs	6	5,054,740	5,932,496
Administration Expenses	7	1,430,898	1,389,644
Interest Payable and Similar Charges		77,205	64,143
		8,968,683	10,501,595
Operating Surplus for the Year		1,919,988	1,869,852
Less Contribution to Exchequer in Respect of Pensions	15c	(1,780,897)	(1,804,323)
Surplus after Exchequer Contribution		139,091	65,529

STATEMENT OF MOVEMENTS IN ACCUMULATED SURPLUS

Accumulated Surplus at 1 January 2012		82,247	16,718
Surplus for the Year		139,091	65,529
Accumulated Surplus at 31 December 2012		221,338	82,247

The surplus for the year ended 31 December 2012 relates to continuing activities.

FINANCIAL STATEMENTS

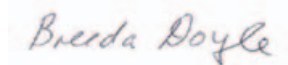
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 €	2011 €
Surplus for the Year	139,091	65,529
Total Recognised Gains/Losses in the Year	139,091	65,529

The accounting policies on pages 52 and 53 and notes on pages 59 to 67 form part of these Financial Statements.



David Feeney
Member of the Board



Breeda Doyle
Member of the Board

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2012

FIXED ASSETS	Note	2012		2011	
		€	€	€	€
Tangible Assets	9		16,635,490		17,081,850
CURRENT ASSETS					
Stocks	8	153,500		187,514	
Debtors	10	1,378,112		1,734,113	
Cash at Bank and in Hand		1,285,554		1,003,230	
		2,817,166		2,924,857	
CREDITORS					
Amounts Falling Due within One Year	11	2,706,279		2,949,735	
Net Current Assets/(Liabilities)			110,887		(24,878)
Total Assets Less Current Liabilities			16,746,377		17,056,972
20-Year Mortgage Facility	11		(3,650,708)		(3,950,571)
Total Assets Less Liabilities			13,095,669		13,106,401
Long-Term Pension Liability	15(a)		(50,200,000)		(40,433,000)
Deferred Pension Asset	15(a)		50,200,000		40,433,000
Net Assets			13,095,669		13,106,401
CAPITAL AND RESERVES					
Reserves	14		11,761,548		11,761,548
Accumulated Surplus on Income & Expenditure Account	14		221,338		82,247
Capital Grants	13		1,112,783		1,262,606
			13,095,669		13,106,401

The accounting policies on pages 52 and 53 and notes on pages 59 to 67 form part of these Financial Statements.

David Feeney

David Feeney
Member of the Board

Breeda Doyle

Breeda Doyle
Member of the Board

FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	€	2012 €	€	2011 €
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating Surplus After Exchequer Contribution		139,091		65,529
Net Interest	77,205		64,143	
Depreciation	530,925		526,481	
Amortisation of Grants	(149,823)		(149,823)	
Decrease/(Increase) in Stock	34,014		(15,583)	
Decrease/(Increase) in Debtors	356,001		(244,931)	
Decrease in Creditors	(243,456)		(404,209)	
	604,866		(223,922)	
Net Cash Inflow/(Outflow) from Operating Activities		743,957		(158,393)

CASH FLOW STATEMENT

Net Cash Inflow from Operating Activities		743,957		(158,393)
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RETURN ON INVESTMENTS AND SERVICING OF FINANCE

Interest Paid		(77,205)		(64,143)
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CASH FLOWS FROM INVESTING ACTIVITIES

Payments to Acquire Tangible Fixed Assets		(84,565)		(229,518)
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CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in 20-Year Mortgage Facility		(299,863)		(231,069)
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Increase/(Decrease) in Cash in Year		282,324		(683,123)
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FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

RECONCILIATION OF NET CASH TO MOVEMENT IN NET DEBT	2012 €	2011 €
Increase/(Decrease) in Cash	282,324	(683,123)
(Increase)/Decrease 20-Year Mortgage Facility	299,863	231,069
Movement in Net Debt in Year	582,187	(452,054)
Net Debt at 1 January	(2,947,341)	(2,495,287)
Net Debt at 31 December	(2,365,154)	(2,947,341)

ANALYSIS IN CHANGES IN NET FUNDS/(DEBT)

	At 31 December 2011	Cash Flows	At 31 December 2012
Cash in Hand/at Bank	1,003,230	282,324	1,285,554
20-Year Mortgage Facility	(3,950,571)	299,863	(3,650,708)
Total	(2,947,341)	582,187	(2,365,154)

The accounting policies on pages 52 and 53 and notes on pages 59 to 67 form part of these Financial Statements.



David Feeney
Member of the Board



Breeda Doyle
Member of the Board

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

	2012 €	2011 €
1. FEE INCOME		
Training	3,411,360	4,489,398
Education	3,620,863	3,749,316
Research	337,193	300,510
	7,369,416	8,539,224

2. SALE OF PUBLICATIONS

Income from IPA Publications	420,353	494,422
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3. GRANT-IN-AID

An amount of €2,750,000 was received from the Department of Public Expenditure and Reform, of which €96,000 was accounted for in subscriptions and €2,654,000 is in grant-in-aid. The grant is provided by the Department of Public Expenditure and Reform towards liabilities under general non-pay expenses and is drawn down by the Institute on an annual basis.

4. OPERATING SURPLUS

The operating surplus is stated after charging or crediting.

(A)	DIRECTORS' EMOLUMENTS:		
	The members of the IPA Board do not receive fees. While Board members do not travel on official business as members of the Institute, they are entitled to claim travel and subsistence for their attendance at Board and subcommittee meetings. For 2012, only one member (R. Dolan) claimed travel and subsistence in the amount of €2,166.72.		
(B)	Remuneration of the Director General (including salary, employer's PRSI and contribution towards pension). The Director General's pension entitlements do not extend beyond the standard entitlements in the public sector superannuation scheme.	272,729	272,596
	The Director General's 2012 travel and subsistence expenses were €4,132.84.		
(C)	Auditor's Remuneration	18,000	18,000
(D)	Depreciation (Net of Disposals)	530,925	526,481
(E)	Interest Payable on Sums Repayable over a Period Greater than Five Years	77,205	64,143
(F)	Capital Grant Amortised	(149,823)	(149,823)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

5. ANALYSIS OF DIRECT COSTS	2012 €	2011 €
Training	811,130	1,157,689
Education	1,308,843	1,509,226
Publications	218,845	207,492
Research	44,530	42,894
General	22,492	198,011
	2,405,840	3,115,312

6. EMPLOYEE INFORMATION

(A) The average number of permanent employees of the company including full-time directors during the year is analysed below.

Training	23	42
Education	26	22
Publications	4	4
Research	4	5
General	21	25
	78	98

(B) The company's salary costs for all employees comprise:

Wages and Salaries	4,576,304	5,379,261
Social Insurance Costs	478,436	553,235
	5,054,740	5,932,496

€371,518 (2011: €388,384) of pension levy has been deducted and paid over to the Department of Public Expenditure and Reform.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

7. ANALYSIS OF ADMINISTRATION EXPENSES	2012	2011
	€	€
Repairs, Cleaning, Maintenance	292,488	258,499
Depreciation	530,925	526,481
Stationery and Photocopying	103,364	148,946
Light, Heat, Phone	119,130	136,774
Postage	68,771	72,678
Insurance	17,634	27,369
Corporate Affairs and Marketing	88,970	31,460
Staff Development	28,642	45,671
General	180,974	141,766

	1,430,898	1,389,644
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8. STOCKS

Stationery and Books	153,500	187,514
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FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

9. FIXED ASSETS, TANGIBLE ASSETS	Land and Buildings ^(a)	Office Machines	Furniture, Fittings, Equipment & Library Books	Total
COST OR VALUATION (At 1 January 2012)	€	€	€	€
Cost	13,044,621	1,655,045	2,506,931	17,206,597
Revaluation 1975	177,763			177,763
Revaluation 1999	7,382,114			7,382,114
	20,604,498	1,655,045	2,506,931	24,766,474
Additions	1,599	64,402	18,564	84,565
At 31 December 2012	20,606,097	1,719,447	2,525,495	24,851,039
DEPRECIATION				
At 1 January 2012	4,116,772	1,508,326	2,059,526	7,684,624
Charges for Year	410,341	82,553	38,031	530,925
At 31 December 2012	4,527,113	1,590,879	2,097,557	8,215,549
NET BOOK VALUE				
At 31 December 2012	16,078,984	128,568	427,938	16,635,490
NET BOOK VALUE				
At 31 December 2011	16,487,726	146,719	447,405	17,081,850

Note (a) Schedule of Properties and Type of Holding

57-61 Lansdowne Road	Freehold
49-51 Lansdowne Road	Freehold
55 Lansdowne Road	Freehold
Vergemount Hall, Clonskeagh	Virtual Freehold by Way of Peppercorn Rent

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

10. DEBTORS AND PREPAYMENTS	2012	2011
	€	€
Trade Debtors	1,318,849	1,725,821
Prepayments and Accrued Income	59,263	8,292

(Trade Debtors is net of Bad Debts Provision of €21,437 (2011 - €77,189)).	1,378,112	1,734,113
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11. CREDITORS AND ACCRUALS

(A) Amounts Falling Due within One Year

Trade Creditors	188,948	211,796
Deferred Fee Income	1,991,667	2,032,268
Sundry Creditors and Accruals	323,167	472,049
PAYE/PRSI	202,497	233,622

	2,706,279	2,949,735
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(B) Long-Term Loan Facility

€5m 20-Year Variable Rate Facility	3,650,708	3,950,571
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12. SHORT-TERM INVESTMENTS

There were no short-term investment monies in 2012.

13. CAPITAL GRANTS

At 1 January	1,262,606	1,412,429
Amount Amortised to Income in Year	(149,823)	(149,823)

At 31 December	1,112,783	1,262,606
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FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

	Capital Reserve	Revenue Reserve	Accumulated Surplus on Income and Expenditure	Total
	€	€	€	€
At 1 January 2012	7,810,977	3,950,571	82,247	11,843,795
Transfer to Capital Reserves	299,863	(299,863)		
Surplus on Income and Expenditure Account			139,091	139,091
At 31 December 2012	8,110,840	3,650,708	221,338	11,982,886

The Institute's Balance Sheet reserves comprise a capital reserve, a revenue reserve and an accumulative surplus reserve on income and expenditure. The capital reserve is held to fund the development of the IPA's building infrastructure, the revenue reserve caters for the principal on the long-term mortgage debt facility, while the accumulative surplus reserve is used to fund ongoing operating activities.

15. PENSIONS

(A) Pension Liability and Asset

As outlined in Accounting Policy (g) above, the Institute's pension fund was transferred to the National Pension Reserve Fund (NPRF) on 30 June 2010 in accordance with the Financial Measures (Miscellaneous Provisions) Act, 2009. Following the transfer of scheme assets, the Institute is required to pay the Department of Public Expenditure and Reform an annual contribution after taking account of pensions due for payment. The department will provide funding where the pensions paid exceed the contribution. The Board has adapted the treatment and disclosures required by the accounting standard Financial Reporting Standard 17 (Retirement Benefits) to reflect the arrangements in operation. While the funding arrangement operates on a net pay over basis with the department, the Institute believes the nature of the arrangement is akin to a full reimbursement of the pension liability when those liabilities fall due for payment, and therefore recognises its right to the reimbursement as a separate asset in an amount equal to the liability at the year-end.

The FRS 17 pension liability at 31 December 2012 is €50,200,000 (2011: €40,433,000) based on an actuarial valuation of the pension liabilities in respect of Institute staff as at 31 December 2012, carried out by a qualified independent actuary for the purposes of FRS 17. A deferred funding asset of €50,200,000 equal to the liability at 31 December 2012 is recognised as a separate asset on the Balance Sheet.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

Year to 31/12/12
€million

Year to 31/12/11
€million

MOVEMENT IN PENSION LIABILITY

PRESENT VALUE OF SCHEME OBLIGATIONS AT BEGINNING OF YEAR	40.4	38.4
Current Service Cost	0.8	0.6
Interest Cost	2.1	2.1
Actuarial Gain/Loss	8.7	0.8
Benefits Paid	(1.7)	(1.4)
Expenses Paid	(0.1)	(0.1)
PRESENT VALUE OF SCHEME OBLIGATIONS AT END OF YEAR	50.2	40.4
PENSION ASSET	50.2	40.4

The net effect on Income and Expenditure of the above is nil.

(B) PENSION COST RECOGNISED IN THE STATEMENT OF INCOME AND EXPENDITURE

With the transfer of the fund assets to the NPRF in 2010, there is no pension cost recognised in the Statement of Income and Expenditure for 2012. This was also the case in 2011.

(C) CONTRIBUTION TO THE EXCHEQUER IN RESPECT OF PENSIONS

In accordance with the arrangements set out in note 15a, the Institute is required to make an annual contribution to the Exchequer in respect of pensions. The contribution is set at 34.6% of the Institute's payroll charge and comprises the Institute's contribution of €1.78m (2011: €1.8m) and employee contributions of €124,793 (2011: €115,903).

The Institute makes pension and related payments on behalf of the Exchequer and the amount payable to the Exchequer is calculated after taking account of such payments.

Amounts payable to the Exchequer are set out below:

	€
Balance at 1 January	149,353
Institute Contributions	1,780,897
Employee Contributions	124,793
Pension and Related Payments	(1,823,540)
Payments to Exchequer	(200,619)
Balance at 31 December	30,884

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

(D) DESCRIPTION OF SCHEME AND ACTUARIAL ASSUMPTIONS

The pension scheme is a defined-benefit final salary pension arrangement with benefits defined by reference to current public sector scheme regulations. The scheme provides a pension (in one-eightieths per year of service), a gratuity or lump sum (at three-eightieths per year of service) and spouse's and children's pension. Normal retirement age is a member's 65th birthday. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation. The current practice of increasing pensions in line with public sector salary inflation is taken into account in measuring the defined-benefit obligation.

The financial assumptions used for FRS 17 purposes were:

	At Year-end 31/12/2012	At Year-end 31/12/2011
Rate of Increase in Salaries	3.00%	3.00%
Rate of Increase in Pensions in Payments	3.00%	3.00%
Rate of Increase in Pensions in Deferment	2.50%	2.50%
Discount Rate	4.00%	5.10%
Inflation	3.00%	3.00%

The key mortality assumptions used in estimating the actuarial value of the scheme liabilities are:

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2012:

	At Year-end 31/12/2012	At Year-end 31/12/2011
Male Member Age 65 (Current Life Expectancy)	23.2	23.0
Female Member Age 65 (Current Life Expectancy)	24.6	24.5
Male Member Age 40 (Life Expectancy at Age 65)	26.3	26.2
Female Member Age 40 (Life Expectancy at Age 65)	27.3	27.2

The above mortality assumption is in line with the standard table allowing for projected improvements. The actuary has adopted the published mortality tables '85% PMA 2015' for existing pensioners and '85% PMA 2030' for future pensioners. The above assumptions are the same as those used in last year's disclosures.

(E) FUNDING OF PENSION

The IPA expects to contribute €1.7m to the Exchequer in 2013.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

16. FREEHOLD AND LEASEHOLD PROPERTIES OWNED BY IPA

57-61 Lansdowne Road	Freehold
49-51 Lansdowne Road	Freehold
55 Lansdowne Road	Freehold
Vergemount Hall, Clonskeagh	Virtual Freehold by Way of Peppercorn Rent

17. BOARD MEMBERS' INTERESTS

The Board adopted procedures in accordance with the revised Code of Practice (2009) for the Governance of State Bodies in relation to the disclosure of interests by Board members, and those procedures have been adhered to in the year. There were no transactions in the year in relation to the Board's activities in which members had any beneficial interest.

18. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of the Institute on 18 April 2013.

INSTITUTE SENIOR MANAGEMENT



Dr Brian Cawley

Director General

bcawley@ipa.ie



Dr Michael Mulreany

Assistant Director General, Education and Research

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