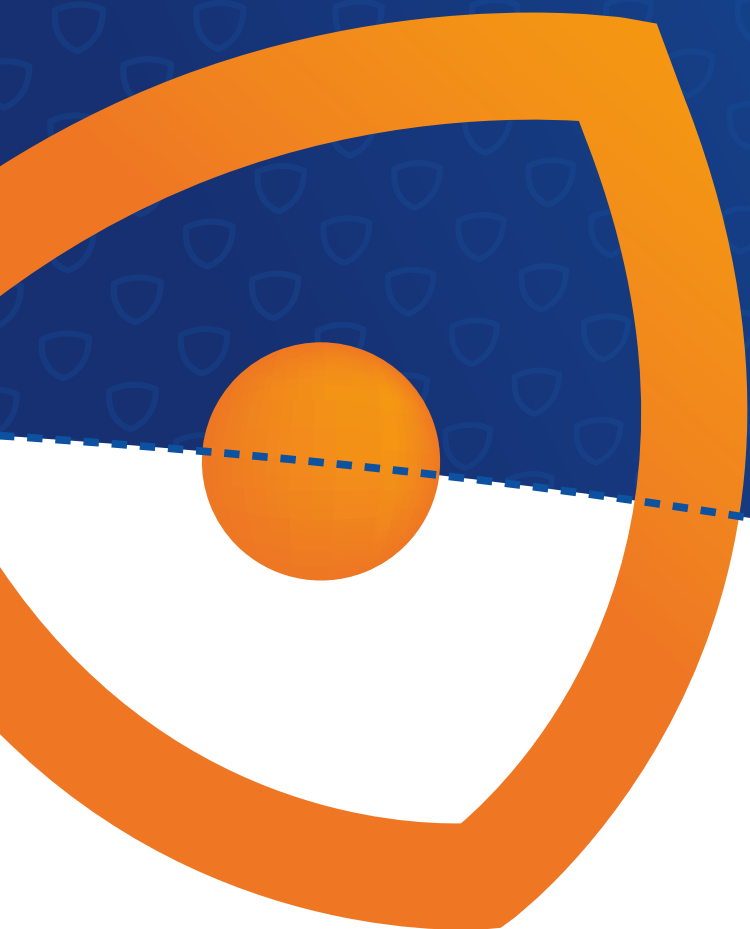




An tÚdarás Slándála Príobháidí
The Private Security Authority

Financial Statements 2017



OUR MISSION

To regulate the activities of those involved in the private security industry to ensure that the interests of consumers are fully protected through the establishment, promotion, monitoring and enforcement of appropriate standards



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

Governance

The Board of the Private Security Authority (PSA) was established under the Private Security Services Acts 2004 and 2011. The current Board was appointed in November 2017 for a term of four years. The term of the previous Board had expired in June 2017. The functions of the Board are set out in Section 8 of the Acts.

The Board is accountable to the Minister for Justice and Equality and an oversight agreement for 2017 was in place with the Minister's Department. The oversight agreement defines the relationship between the PSA and the Department and sets out agreed goals and objectives for the year.

The Board is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the PSA are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and senior management team follow the broad strategic direction set by the Board, and ensure that all Board members have a clear understanding of the key activities and decisions related to the PSA, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the PSA.

Board Responsibilities

The work and responsibilities of the Board are set out in the Private Security Services Acts. Board Members are committed to ensuring that they act in accordance with best governance practice. In addition to the Code of Practice for the Governance of State Bodies, Board members must further adhere to the following PSA documents;

- General Governance Guidelines,
- Code of Business Conduct,
- Ethics in Public Office,
- Protected Disclosures Policy,
- Compliance with Non Disclosure provisions of the Private Security Services Act 2004 and 2011.

Standing items on the agenda of Board meeting include:

- Declaration of Interests,
- Minutes of meeting,
- Committee reports,
- Financial reports/Management accounts,
- Risk Register,
- Annual Business Plan and Strategic plan updates.

At Board meetings, the CEO provides regular updates on operational matters, the implementation of Board policy, budgetary matters and any other issues of relevance.

Section 4 of Schedule 1 of the Private Security Services Acts requires the CEO, under the direction of the Board, to keep, in such form as may be approved by the Minister for Justice and Equality with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position. The Board is responsible for preparing the financial statements and in preparing these statements, the Board is required to:

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

The Board is responsible for approving the annual business plan and budget and this takes place each year at the January Board meeting.

The Board's Evaluation of performance for 2016 was signed by the Chairman of the Board in March 2017 prior to the end of the term of the outgoing Board.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the PSA give a true and fair view of the financial performance and the financial position of the PSA at 31 December 2017.

Board Structure

A new board was appointed by the Minister for Justice and Equality on the 9th November 2017, their first meeting was held on 4th December 2017 and was attended by all members. The list of current Board members is as follows;

Noel Lappin	Chairman
Padraic Cafferty	Employers Representative
Siobhán Carew	PSA Staff Representative
Alan Durnan	Employers Representative
John Garry	Representative of the Minister for Justice and Equality
Sean Heading	Employee Representative
Geraldine Kelly	Legal Representative
A. Commissioner John O’Driscoll	Representative of An Garda Síochána
Richard O’Farrell	Discretionary Non Defined Appointee
Bryan Redmond	Representative of the Minister for Education and Skills
Christy Waters	Employee Representative

The term of the previous Board of the PSA ended during 2017 and the outgoing Board met on three occasions during the year. The table below summarises the attendance at these meetings:

NAME	30/01/2017	27/03/2017	29/05/2017
Noel Lappin	√	√	√
Ann Reid	√	√	√
Padraic Cafferty	√	√	√
Freda O’Dowd	x	√	√
Arthur Hall	x	x	x
John O’Driscoll	√	√	x
Christy Waters	√	x	√
Helen Curley	√	√	√
Mary Rose Kinane	√	√	√
Marion Walsh	√	√	√
Geraldine Kelly	√	√	√

Audit and Risk Committee.

The outgoing Board had an Audit Committee consisting of two Board Members and a Secretary. This Committee met on two occasions in 2017 and on one occasion met with a senior Auditor from the Office of the Comptroller and Auditor General (without the PSA Executive).

At the first meeting of the incoming Board a new Audit and Risk Committee (ARC) was appointed in accordance with the Code of Practice for the Governance of State Bodies. The members of the Committee are Geraldine Kelly (Chairperson), John Garry, Alan Durnan and Richard O'Farrell.

The Secretary to the ARC is Pat Gooley. The Board, having considered the size and structure of the PSA decided not to appoint a non-Board member to the Committee. Because of the passage of time between the outgoing committee and the incoming one it was not possible to arrange the minimum of 4 meetings required under the Code of Practice for the Governance of State Bodies. The first meeting of the new Committee took place in January 2018.

The role of the ARC is to support the Board in relation to its responsibilities for the issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular, the ARC ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board at each meeting, formally and in writing.

BOARD MEMBERS FEES

Fees of €37,834 were paid to board members in 2017 (2016: €58,140) as follows:

Board Member	2017	2016
	€	€
Noel Lappin (Chairperson)*	8,977.50	11,970
Padraic Cafferty*	5,771.25	7,695
Geraldine Kelly*	5,771.25	7,695
Christy Waters*	5,771.25	7,695
Arthur Hall**	3,847.50	7,675
Freda O' Dowd**	3,847.50	7,695
Ann Reid**	3,847.50	7,695
John O' Driscoll*	-	-
Marian Walsh**	-	-
Helen Curley**	-	-
Mary Rose Kinane**	-	-
Alan Durnan*	-	-
Sean Heading*	-	-
Richard O' Farrell*	-	-
John Garry*	-	-
Bryan Redmond*	-	-
Siobhan Carew*	-	-
	37,833.75	58,140

* Current Board Member

** Previous Board Member

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

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

Employee Short-Term Benefits Breakdown in excess of €60,000			
Range of Total Employee Benefits		Number of Employees	
From	To	2017	2016
€60,000	- €69,999	2	2
€70,000	- €79,999	2	1
€80,000	- €89,999	0	1
€90,000	- €99,999	1	0

	2017	2016
Consultancy Costs	€	€
- Consultancy services	32,437	85,631
- Legal advice	1,794	Nil
- Public relations/marketing	228,161	139,679
- Other	30,967	33,882
Legal Costs		
- Legal fees	34,776	69,176
- Legal advice	1,794	Nil
Hospitality		
- Hospitality	Nil	Nil
Travel and Subsistence Expenditure		
- Board Members Domestic Travel	1,847	3,487
- Board Members International Travel	Nil	Nil
- Employees Domestic Travel	89,215	84,594
- Employees International Travel	496	Nil
CEO Salary/Travel and Subsistence		
- Salary	90,426	85,614
- Travel/Subsistence	8,593	9,486

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to comply with the Code. The PSA will continue to adopt the Code of Practice for the Governance of State Bodies and will take into account any items of non-compliance identified by respective auditors going forward.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

On behalf of the Board of the Private Security Authority and in accordance with the requirements of the 2016 Code of Practice for the Governance of State Bodies (the “Code”), I wish to acknowledge the Board’s responsibility for ensuring that an effective system of internal control is maintained and operated by the Authority.

Purpose of System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than eliminate it. It can therefore only provide reasonable and not absolute assurance that a loss or error will not occur. The current system of controls has developed over many years and been subject to continuous review by the Board of the Authority. The current Board was appointed in November 2017.

Risk Management

The Authority had an Audit and Risk Committee (ARC) for the period from January 2017 to July 2017 comprising of two Board members and a Secretary. The Committee met two times in 2017 and ceased on the expiry of the PSA Board in July 2017.

A new Committee was appointed at the first Board meeting of the new Board in December 2017. It comprises of four Board members of the Board one with financial expertise and one of whom is Chair. A member of the Executive acts as Secretary. The first meeting of the Committee was in January 2018.

The Department of Justice and Equality’s Internal Audit Unit provide internal audit services to the Authority. The work programme is agreed between the Unit, ARC and Executive.

The risk management policy is continually reviewed by the Committee and a risk report is presented at each meeting of the Committee and Board.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the Authority and these have been evaluated and graded according to their significance. The register is reviewed and updated (by the PSA Executive), considered by the Audit and Risk Committee and reviewed at PSA Board Meetings. The outcome of these assessments is to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific managers. The control environment includes the following;

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by the Board and senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

All control processes are monitored by senior management. Control deficiencies are reported and discussed at management meetings. The Board is kept informed by the Chief Executive's report at each Board meeting and the Risk Register of relevant matters. In addition, the Chief Executive has established an audit team who undertake periodic checks across all aspects of the business. I confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any deficiencies,
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

During 2017 the Authority complied with current procurement rules and guidelines and adhered to the Department of Justice and Equality guidelines on the payment of invoices.

Review of Effectiveness

The current Board of the Authority was appointed in November 2017 after the term of the previous Board expired in May 2017. The Audit and Risk Committee was appointed at the first meeting of the Board in December 2017. A review of the internal controls in place in 2017 was completed by the Audit and Risk Committee in 2018.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2017 that require disclosure in the financial statements.

Mr. Paul Scallan
Chief Executive:



Date: 24/9/18

Mr. Noel Lapin
Chairperson:



Date: 24/9/18

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	€	2017 €	€	2016 €
INCOME					
Oireachtas Grant	2		2,658,163		2,681,444
Licence Fees	3		3,042,919		3,169,951
Inspectorate	16		9,524		-
			<u>5,710,606</u>		<u>5,851,395</u>
Transfer to Capital Account	9		<u>(97,025)</u>		<u>(59,014)</u>
			5,613,581		5,792,381
EXPENDITURE					
Staff Costs	4	1,843,165		1,832,153	
Administration	5		<u>723,357</u>		<u>803,365</u>
Total Expenditure		<u>2,566,522</u>		<u>2,635,518</u>	
Surplus for the year before remittances			3,047,059		3,156,863
Remitted to the Department of Justice and Equality	3		<u>(3,161,954)</u>		<u>(3,240,000)</u>
(Deficit) for the year			(114,895)		(83,137)
Surplus brought forward			272,105		355,242
Surplus at 31 December			<u>157,210</u>		<u>272,105</u>

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year. The statement of cash flows and notes 1 to 17 form an integral part of these financial statements

Mr. Paul Scallan
Chief Executive:



Date:

24/9/18

Mr. Noel Lapin
Chairperson:



Date:

24/9/18

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	€	2017 €	€	2016 €
TANGIBLE ASSETS					
Property, plant and equipment	6		239,165		142,140
CURRENT ASSETS					
Receivables	7	8,402		8,365	
Bank and cash		158,642		271,813	
Inventory		<u>5,778</u>		<u>7,539</u>	
			<u>172,822</u>		<u>287,717</u>
CURRENT LIABILITIES					
Payables	8		<u>15,612</u>		<u>15,612</u>
NET CURRENT ASSETS					
			<u>157,210</u>		<u>272,105</u>
TOTAL NET ASSETS					
			<u>396,375</u>		<u>414,245</u>
LONG TERM LIABILITIES					
Capital Account	9		239,165		142,140
Income and Expenditure and Retained Earnings			<u>157,210</u>		<u>272,105</u>
			<u>396,375</u>		<u>414,245</u>

The statement of cash flows and notes 1 to 17 form an integral part of these financial statements

Mr. Paul Scallan
Chief Executive:



Date: 24/9/18

Mr. Noel Lapin
Chairperson:



Date: 24/9/18

**STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2017**

Cash flows from operating activities	2017	2016
	€	€
Operating (deficit) for year	(114,895)	(83,137)
Depreciation of Tangible Assets	47,990	29,782
Transfer to Capital Account	97,025	59,014
Decrease/(Increase) in Inventory	1,761	(2,043)
(Increase)/Decrease in Receivables	(37)	1,033
(Decrease)/Increase in Payables	0	7,495
Loss on Disposal of property, plant & equipment	0	2,795
	-----	-----
Net cash inflow from operating activities	31,844	14,939
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(145,015)	(91,591)
(Decrease) in cash and cash equivalents	(113,171)	(76,652)
	=====	=====

STATEMENT OF CHANGES IN NET FUNDS

	2017	2016
	€	€
Net funds at 1 January	271,813	348,465
Net funds at 31 December	<u>158,642</u>	<u>271,813</u>
(Decrease) in Cash	<u>(113,171)</u>	<u>(76,652)</u>
	=====	=====

Notes 1 to 17 form an integral part of these financial statements

Mr. Paul Scallan
Chief Executive:



Date: 24/9/18

Mr. Noel Lapin
Chairperson:



Date: 24/9/18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATEMENT OF ACCOUNTING POLICIES

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

A. GENERAL INFORMATION

The Private Security Authority was set up under the Private Security Services Act 2004, with a head office in Tipperary town. The Private Security Authority is a Public Benefit Entity.

B. STATEMENT OF COMPLIANCE

The financial statements of the Private Security Authority for the year ended 31 December 2017 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Private Security Authority's second set of financial statements prepared in accordance with FRS 102.

C. BASIS OF ACCOUNTING

The financial statements have been prepared under the accruals method of accounting, except where stated below, and in accordance with generally accepted accounting principles under the historical cost convention and in the form approved by the Minister for Justice and Equality.

D. LICENCE FEES

Licence fee income is recognised in the period in which the related licence is issued. Licence fee income is remitted monthly as appropriations-in-aid in the Department of Justice and Equality appropriation account, based on the amounts received by the Authority in the prior month.

E. OIREACHTAS GRANTS

These are accounted for on a cash received basis. Oireachtas grants comprise funds provided to the Authority by the Vote of the Department of Justice and Equality through the direct payment by the Department of salary and administration costs.

F. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are shown at cost, or estimated market value, less accumulated depreciation.

Fixed assets are depreciated on a straight-line basis over their estimated useful life starting in the month the asset is placed in service.

Furniture & fittings	10%
IT Equipment	20%
Online renewal system	20%
Office Equipment	20%

	2017	2016
	€	€
2. OIREACHTAS GRANT		
Sub-Head B16 of Vote 24 – Justice and Equality	2,658,163	2,681,444
- for pay and general administration costs		

3. LICENCE FEES

The licensing cycle is a two-year cycle for contractors, and a three-year cycle for individuals, with the majority of contractors falling due for renewal in year 1 and the majority of individuals falling due for renewal in year 2 of the 3 year cycle.

Individual applicants are greater in number but give rise to less licence fee income. The Authority's fee income, therefore, fluctuates in line with the licensing cycle.

Remittance to the Department of Justice and Equality

	2017	2016
	€	€
Licence fees received in prior period due to be remitted as at start of year	271,613	348,265
Bank charges in the year	(3,499)	(6,603)
Licence fee income in the year	3,042,919	3,169,951
Inspectorate Income	9,524	-
Remitted to the Department of Justice and Equality	<u>(3,161,954)</u>	<u>(3,240,000)</u>
Amount due to be remitted at end of year	<u>158,603</u>	<u>271,613</u>

4. STAFF COSTS

	2017	2016
	€	€
Salaries and wages	1,753,454	1,747,559
Travel and subsistence - National	89,215	84,594
Travel and subsistence - International	496	-
	<u>1,843,165</u>	<u>1,832,153</u>

The Authority employed 41 Staff at 31 December 2017 (2016: 40).

	2017	2016
	€	€
5. ADMINISTRATION		
Consultancy Costs		
Consultancy services	32,437	85,631
Legal advice	1,794	-
Audit fee	11,000	18,776
Accountancy fee	4,612	4,612
Public Relations / Marketing	228,161	139,679
Other	30,967	33,882
General		
Office expenses	75,796	75,905
Authority members' fees	37,834	58,140
Communications costs	67,655	63,360
Licensing costs	83,879	112,495
Depreciation	47,990	29,782
Repairs & maintenance	4,342	4,208
External Inspectors	27,450	41,250
Non capitalised IT development	-	25,387
Other IT costs	34,664	41,082
Legal Costs		
Legal fees	34,776	69,176
	<u>723,357</u>	<u>803,365</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	IT Equipment	Online Renewal System	Office Equipment	Total
	€	€	€	€	€
COST					
At 1 January	6,922	509,327	161,974	33,644	711,867
Additions	-	449	144,566	-	145,015
Disposal	-	(5,717)	-	(2,139)	(7,856)
At 31 December	6,922	504,059	306,540	31,505	849,026

ACCUMULATED DEPRECIATION

At 1 January	6,679	502,801	27,920	32,327	569,727
Charge for year	242	6,304	40,673	771	47,990
Disposals	-	(5,717)	-	(2,139)	(7,856)
At 31 December	6,921	503,388	68,593	30,959	609,861

NET BOOK VALUE

At 31 December	1	671	237,947	546	239,165
	=====	=====	=====	=====	=====
At 1 January	243	6,526	134,054	1,317	142,140
	=====	=====	=====	=====	=====

7. RECEIVABLES

	2017	2016
	€	€
Prepayments	8,402	8,365

8. PAYABLES

	2017	2016
	€	€
Audit fee	11,000	11,000
Accountancy fee	4,612	4,612
	15,612	15,612

9. CAPITAL ACCOUNT

	2017	2016
€	€	€
Opening Balance	142,140	83,126
Additions	145,015	91,591
Disposals	-	(2,795)
Amortisation	(47,990)	(29,782)
	97,025	59,014
Transfer from Statement of Income and Expenditure	97,025	59,014
Balance as at 31 December	239,165	142,140

10. RETIREMENT BENEFIT COSTS

All of the Authority's staff have been seconded from the Department of Justice and Equality. Pension liabilities of such staff will be met out of Superannuation Vote 12 and no provision has been made in these financial statements in respect of these costs.

11. PRIVATE SECURITY APPEAL BOARD

The Private Security Appeal Board was set up to hear and determine appeals against decisions by the Authority. The Appeal Board is made up of five members and a Chairperson. The Appeal Board is appointed by the Government and is independent of the Authority. The costs incurred by the Board are met by the Department of Justice and Equality and are not reflected in the Authority's financial statements.

12. PENSION LEVY

Salary costs included in this account are the gross costs to the Authority for the period. The Department of Justice and Equality pays salaries on behalf of the Authority. Pension levy deductions, as per Section 2(3) of the Financial Emergency Measures in the Public Interest Act 2009 (No. 5 of 2009), are made by the Department and are retained as Appropriations-in-Aid for that Department. This amounted to €61,367 in 2017 (2016: €63,719).

13. RELATED PARTY DISCLOSURES

In accordance with the Code of Practice for the Governance of State Bodies, the authority has in place procedures in relation to the disclosure of interests by Board Members and employees. These codes include guidance in relation to the disclosure of interests by Board Members and these procedures have been adhered to by the Board during the year. There were no transactions in the year in relation to the Authority's activities in which members had any beneficial interest.

14. ACCOMMODATION NOTE

The Authority operates from accommodation at Davis Street, Tipperary Town which is provided free of charge by the Office of Public Works.

15. CHIEF EXECUTIVE REMUNERATION

The Chief Executive's remuneration for 2017 was made up of an annual basic salary of €90,426 (2016: €85,614). In addition the Chief Executive received €8,593 in respect of travel and subsistence expenses in 2017 (2016: €9,486) in accordance with civil service travel and subsistence rates. Pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme. No performance related payments were made in 2017.

16. INSPECTORATE FEES

Inspectorate fees consist of fines for non-compliance with the Authority's regulations and amounted to €9,524 in 2017 (2016: €0). These fees are accounted for in licence fee income.

17. APPROVAL OF FINANCIAL STATEMENTS

These accounts were approved by the Authority on 24/9/18

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The Private Security Authority

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