



RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

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RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

GENERAL INFORMATION



Address	4 th Floor Metropolitan Building James Joyce Street Dublin 1	
Members of the Board	Mr. David O'Callaghan, Chairperson Mr. Damian Casey Mr. Thomas Daly Ms. Katherine Finn BL Ms. Frances Harrington Mr. Francis W. Treanor Dr. Mary T. Lodato Ms. Patricia Carey Mr. Thomas Cronin Ms. Rosemary Adaser Ms. Phyllis Morgan Mr. Austin Currie Mr. David Lane	(Reappointed on 25/03/2017) (Reappointed on 25/05/2017) (Reappointed on 25/05/2017) (Reappointed on 25/05/2017) (Reappointed on 25/05/2017) (Appointed on 25/05/2017) (Appointed on 25/05/2017) (Resigned on 01/02/2018) (Appointed on 25/05/2017) (Appointed on 25/05/2017) (Resigned on 16/02/2018) (Term ended 24/03/2017) (Term ended 24/03/2017) (Term ended 24/03/2017) (Term ended 24/03/2017)
Senior Executive	Ms. Mary Higgins Ms. Rachel Downes Mr. David Yeomans Ms. Saragh Fitzpatrick	Chief Executive Officer Director of Services (up to 04/10/2017) Acting Chief Executive Officer (from 05/10/2017) Director of Finance & Corporate Affairs (up to 19/03/2018) Director of Finance & Corporate Governance (from 23/04/2018)
Accountants	Crowleys DFK 16/17 College Green Dublin 2	
Auditor	Comptroller and Auditor General 3a Mayor Street Upper Dublin 1	

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT



Governance

The Board of the Residential Institutions Statutory Fund was established under the Residential Institutions Statutory Fund Act 2012. The functions of the Board are set out in section 7 of this Act. The Board is accountable to the Minister for Education and Skills, 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 Residential Institutions Statutory Fund are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the Residential Institutions Statutory Fund.

Board Responsibilities

The work and responsibilities of the Board are set out in the Board Governance Handbook, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- statement of interests,
- matters arising,
- chair report,
- reports from executive,
- reports from committees,
- reserved matters.

Section 31 of the Residential Institutions Statutory Fund Act 2012 requires the Board of the Residential Institutions Statutory Fund to keep, in such form as may be approved by the Minister for Department of Education and Skills with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the Residential Institutions Statutory Fund 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.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT



The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 31 of the Residential Institutions Statutory Fund Act 2012. The maintenance and integrity of the corporate and financial information on the Residential Institutions Statutory Fund's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the Residential Institutions Statutory Fund by reference to the annual plan and budget was carried out on 1 February 2018.

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 Residential Institutions Statutory Fund give a true and fair view of the financial performance and the financial position of the Residential Institutions Statutory Fund at 31 December 2017.

Board Structure

The Board consists of the chairperson and 8 members, of whom 4 are persons who were resident in an institution specified in the Schedule to the Act of 2002 before they attained the age of 18 years. All Board members are appointed by the Minister for Education and Skills. The members of the Board were appointed for a period of four years and meet at least on a monthly basis. The table below details the appointment period for current members:

Board Member	Role	Date (Re)appointed
David O'Callaghan	Chair	25/03/2017
Damian Casey	Board Member	25/05/2017
Frances Harrington	Board Member	25/05/2017
Francis W. Treanor	Board Member	25/05/2017
Katherine Finn BL	Board Member	25/05/2017
Patricia Carey	Board Member	25/05/2017
Thomas Daly	Board Member	25/05/2017

The Board commenced a self-evaluation of Board Effectiveness and Evaluation Review in December 2017, which will be completed in 2018.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT



The Board has established one committee:

Audit and Risk Committee: comprises three Board members, CEO and Director of Finance and may also have three independent members. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. In particular, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Damian Casey (Chair), Katherine Finn and Thomas Daly. There were 6 meetings of the committee in 2017.

Sub Committee to Oversee Review of 2016 Criteria Terms of Reference: comprises three Board members. The members of this Committee are: Patricia Carey (Chair), Frances Harrington and Francis W. Treanor. There was 1 meeting of the committee in 2017.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2017 is set out below including the fees and expenses received by each member:

Number of meetings	Board	Audit & Risk Committee	Review of 2016 TOR Sub-committee	Fees 2017 €	Expenses 2017 €
David O'Callaghan	7	-	-	-	96
Damian Casey	5	6	-	-	-
Frances Harrington	7	-	1	-	1,938
Francis W. Treanor	5	-	1	-	760
Katherine Finn BL	5	4	-	-	173
Mary T. Lodato	5	-	-	-	3,359
Patricia Carey	4	-	1	-	-
Thomas Cronin	4	-	-	-	1,116
Thomas Daly*	5	5	-	-	1,569
Rosemary Adaser	2	-	-	-	1,205
Phyllis Morgan	2	-	-	-	897
Austin Currie	2	-	-	-	-
David Lane	2	-	-	-	1,905
Total Meetings	7	6	1	-	13,018

*includes €701 in relation to 2016 Board meetings

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT



Key Personnel Changes

All nine members of the Board terms of office ended on 24th March 2017. In accordance with the Residential Institutions Statutory Fund Act 2012 the Minister reappointed five members and appointed four new members. Two Board members resigned on 1st February 2018 and 16th February 2018 respectively.

The contract of CEO Mary Higgins came to an end on 10th April 2018. On the 5th of October 2017 Rachel Downes was appointed Acting CEO.

Director of Finance, David Yeomans, resigned on 19th March 2018. On the 23rd of April 2018 Saragh Fitzpatrick was appointed Director of Finance and Corporate Governance.

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

The Board is responsible for ensuring that the Residential Institutions Statutory Fund 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

Employees' short-term benefits in excess of €60,000 are categorized into the following bands:

Range		Number of employees	
From	To	2017	2016
€ 60,000	- € 69,999	2	2
€ 70,000	- € 79,999	-	-
€ 80,000	- € 89,999	1	1
€ 90,000	- € 99,999	-	-
		3	3

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

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2017	2016
	€	€
Legal advice	51,015	32,218
Human Resources	16,408	80,627
Business improvement	17,491	28,049
Total consultancy costs	84,914	140,894
Consultancy costs capitalized	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	84,914	140,894
Total	84,914	140,894

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT



Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Residential Institutions Statutory Fund which is disclosed in consultancy costs above.

	2017	2016
	€	€
Legal fees - legal proceedings	33,691	18,255
Conciliation and arbitration payments	-	-
Settlements	-	21,525
Total	33,691	39,780

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017	2016
	€	€
Domestic		
- Board*	8,077	6,831
- Employees	4,129	17,319
International		
- Board*	4,940	11,395
- Employees	10,528	6,805
Total	27,674	42,350

* includes travel and subsistence of €6,186 paid directly to Board members in 2017 (2016: €15,743). The balance of €6,831 (2016: €2,514) relates to expenditure paid by Residential Institutions Statutory Fund Board on behalf of the Board members.

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017	2016
	€	€
Staff hospitality	983	1,150
Client hospitality	-	-
Total	983	1,150

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

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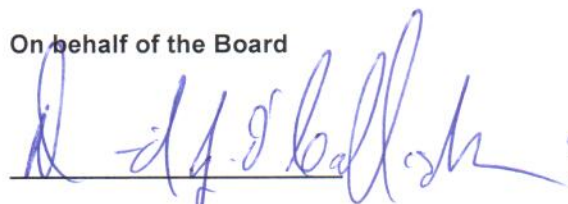
STATEMENT OF COMPLIANCE

The Residential Institutions Statutory Fund has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016.

The Code of Practice for the Governance of State Bodies provides that agreement may be sought by State bodies from their relevant Minister/parent Department in respect of provisions that may be applied proportionately for use by them. The Residential Institutions Statutory Fund had written to the relevant Department in this regard in respect of the following:

- Provisions in relation to Head of Internal Audit
There is no designated executive that would equate to Head of Internal Audit role. Administratively the Director of Finance and Corporate Affairs is the formal contact point.

On behalf of the Board



David O'Callaghan
Chairperson

Date: 13/12/2018



Rachel Downes
Acting Chief Executive Officer

Date: 13/12/2018

Caranua is the name of the
Residential Institutions Statutory Fund

Board: David O'Callaghan (Chair)
Patricia Carey, Damian Casey,
Katherine Finn BL, Frances Harrington,
Francis W. Treanor BL, Thomas Daly

RESPONSIBILITY FOR THE SYSTEM OF INTERNAL CONTROL

On behalf of the Residential Institutions Statutory Fund Board, I acknowledge our responsibility for ensuring that an effective system of Internal Control is maintained and operated.

The system can only provide reasonable but not absolute, assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

KEY CONTROL PROCEDURES

In accordance with the provisions of the Residential Institutions Statutory Fund Act 2012, an account was established at the Central Bank for the purposes of receiving cash contributions. Section 29(3) of the Residential Institutions Statutory Fund Act 2012 provides that the Statutory Fund shall establish an investment account into which the amount paid under section 29(1) & (2) shall be deposited. Periodically, the Board draws down funds from this account to meet its liabilities as they fall due.

The Board was established in March 2013 and has taken steps to ensure an appropriate control environment by implementing a system of clearly defined management responsibilities and has developed a procedures manual for the awarding of payments to survivors and for the processing and approval of other payments.

The Board also established an Audit and Risk Committee. The Committee meets at least four times a year. The Committee's terms of reference include ensuring systems that guarantee Internal Control.

While expenditure in respect of payments to survivors is demand-led and therefore not amenable to annual budgeting, the Board through its procedures, including in particular the consideration and review by the Audit and Risk Committee of the management accounts, carefully monitors on a regular basis expenditure patterns and any issues arising.

The Board has engaged the services of a firm of accountants to prepare the annual financial statements. These services are used also to produce quarterly management accounts and to provide further advice on financial and control matters as required.

The Board's Internal Audit function is provided by an external service provider. The programme of work is agreed with the Audit and Risk Committee and is set out in their 2-year plan. The Board's External Audit function is provided by the Office of the Comptroller and Auditor General.

The Board's system of Internal Controls is based on a framework of regular management information, a system of delegation and accountability, a set of financial procedures, administrative procedures including segregation of duties and rigorous ongoing checks by the finance function. In particular, it includes:

- a budgeting system on operational expenditure
- setting authorisation limits for the disbursement of the Residential Institutions Statutory Fund Boards' funds
- regular reviews by the Audit and Risk Committee and senior management of periodic and annual financial information and reports including management accounts.

CONTROL INITIATIVES

The audit of the 2016 financial statements identified weaknesses in internal control where the Board's procedures were not always followed in respect of payments to survivors. The Board has taken a number of steps to address the control weaknesses identified.

Processing of payments to survivors

During the audit of the 2016 annual financial statements, control weaknesses were identified over the processing of payments to survivors, as follows:

- In cases where invoices and receipts were required to be presented to the Board, the audit found evidence that such documentation had not been presented in all cases in 2016.
- For certain types of housing expenditure, proof of tenancy or ownership must be presented by the applicant. The audit found that such evidence had not been provided in all cases in 2016.
- The audit examined that required quotes had been presented to the Board for a sample of payments made in 2016 and did not find evidence in all cases that the required quotes had been presented.

The Board accepted the recommendations made by the audit and assigned responsibility for their implementation. Prior to the payment of successful applications, invoices, quotations, or receipts of sufficient standard and content are required in all instances. Where these sufficiently detailed and itemised invoices are not provided, no payment is made. In addition, where payment is made on foot of an invoice or quotation, receipts are requested from the applicant and uploaded to the system when received. Where service payments are in relation to structural alterations to housing, specific documentation is required in relation to proof of tenancy or ownership.

Internal Audit Reviews

The outsourced internal audit provider undertook work during the year to cover a review of internal financial controls. The report provided satisfactory assurance on the system of controls in place and highlighted four medium issues with associated control recommendations. This included implementation of purchase requisition forms and a segregation of duties in relation to online banking. These recommendations were accepted in full with responsibility assigned for their implementation. Segregation of duties in relation to online banking has been implemented, and purchase requisition forms are now required for all purchases not part of an ongoing contract.

CONTROL WEAKNESSES

Payments to survivors

The audit of the 2014, 2015 and 2016 financial statements identified weaknesses in internal control where the Board's procedures were not always followed in respect of payments to survivors. These matters continued into 2017 and the following issues were noted:

- In cases where post payment invoices and receipts were required to be presented to the Board, the audit found evidence that such documentation had not been presented for around 50% of such cases sampled in 2017.
- For certain types of housing expenditure, proof of tenancy or ownership must be presented by the applicant. The audit examined a sample of payments and found that in 55% of the sample where proof of tenancy or ownership was required such evidence had not been provided to the Board.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

STATEMENT ON INTERNAL CONTROL (CONTINUED)



- The audit examined that required quotes had been presented to the Board prior to payment for a sample of payments made in 2017 and did not find evidence in 56% of the cases sampled that the required quotes had been presented.

Revised guidelines, introduced in 2017 for all payments, provided for mandatory post payment checks but these were not conducted in 2017 due to lack of resources.

The Board has taken or is planning the following initiatives to address these weaknesses.

- The Board commenced a process in early 2017 to establish panels of preferred suppliers to provide approved services for survivors on an open competition basis using a specialist procurement consultancy firm. Feedback from survivors indicated that panels of preferred suppliers were not in line with the needs led approach taken by the Board in relation to payments. As a result, this approach was discontinued. Where a survivor is experiencing difficulty in relation to obtaining quotations, advisors, with permission from the applicant, can assist in obtaining such quotations by contacting suppliers directly.
- The outsourced internal audit provider undertook work during the year to cover a review of internal financial controls. The report provided satisfactory assurance on the system of controls in place and highlighted four medium issues with associated control recommendations. This included implementation of purchase requisition forms and a segregation of duties in relation to online banking. These recommendations were accepted in full with responsibility assigned for their implementation. Segregation of duties in relation to online banking has been implemented, and purchase requisition forms are now required for all purchases not part of an ongoing contract.
- During 2018, the Board implemented enhanced controls over payments. These included (i) Clarified guidelines in relation to acceptable standards of documentation that must be received prior to payment (ii) Introduction of additional levels of checking of documentation prior to payment and (iii) additional controls in relation to requirement for presentation of receipts and invoices post payment.
- In cases where the applicant has failed to provide receipts where payments had been made on foot of quotes, a protocol exists where the supplier may be contacted directly to provide receipts that confirm the delivery of the service. The Board are mindful of the need to safeguard the confidentiality of survivors, and obtain permission from survivors prior to making such contact.
- The Board proposes introducing the mandatory post payment checks as provided for in the revised guidelines in 2017 between now and end 2019 wind down.

Salesforce System

The audit noted a number of discrepancies in the records maintained within "Salesforce", the Caranua case management system which maintains the history of payments made to survivors:

- a. Cannot reconcile Salesforce data to Fexco (payment system) data.
- b. No internal audits of Salesforce system were carried out in 2017.
- c. Salesforce cannot run historical reports, but takes snapshots at a point in time.
- d. Application data on Salesforce can be amended by multiple users, though an audit trail is maintained of all amendments made.
- e. Audit noted a significant number of anomalies in the Salesforce data. i.e. Currency errors and zero balances.

Audit note that these errors relate to the case management data on Salesforce and does not affect the actual amounts noted in the Financial Statements as this information is drawn from the third-party payment provider's payment system records which accounts for the actual amounts paid.

However, the issues raised provides limited assurance over the case management system and highlights the reliance that is placed on the service provider to ensure that funds are expended and recorded appropriately.

Throughout 2018, the Board have implemented additional controls in relation to Salesforce data to obtain additional assurance over the data held in relation to funds expended, as follows:

- Monthly reconciliations of payments from Salesforce and the service provider and correction of any errors identified;
- Monthly download of information from Salesforce, effectively creating a record of historical information for use in year-end reconciliations;
- Ongoing maintenance of full audit trail of all amendments of application data by any user.

Non-compliant procurement

During 2017, expenditure of €142,031 was incurred in relation to goods and services where the procedures employed did not comply with procurement guidelines. This was due to the lack of evidence and / or documents to support a proper procurement process being complete. Caranua will review their procurement procedures in 2018 in order to ensure compliance with procurement guidelines.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

STATEMENT ON INTERNAL CONTROL
(CONTINUED)



APPROVAL BY THE BOARD

The Statement on System of Internal Controls has been reviewed by the Audit and Risk Committee and the Board to ensure it accurately reflects the control system in operation during the reporting period.

A review of Internal Controls in 2017 was carried out by an external firm in August 2017. This review was brought to the Board at their meeting in October 2017 and signed off by the Board of the Authority in 2018.

The Board is reasonably assured that the systems of Internal Control instituted and implemented in the Residential Institutions Statutory Fund Board for the financial year ended 31st December 2017 are effective.

On behalf of the Board

David O'Callaghan
Chairperson

Date: 13/12/2018

Rachel Downes
Acting Chief Executive Officer

Date: 13/12/2018

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS



Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Residential Institutions Statutory Fund Board (Caranua)

Opinion on financial statements

I have audited the financial statements of the Residential Institutions Statutory Fund Board for the year ending 31 December 2017 as required under the provisions of section 31 of the Residential Institutions Statutory Fund Act 2012. The financial statements comprise

- the fund account
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Board at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Board and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Board has presented certain other information together with the financial statements. This comprises the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Inadequate control over grant payments

I draw attention to the statement on internal control which discloses that weaknesses in the Board's control over grant payments continued in 2017. This created a risk that in some cases grant expenditure in 2017 might not have been used for the purposes intended. The statement sets out the steps being taken by the Board to resolve the weaknesses identified.

Seamus McCarthy
Comptroller and Auditor General
20 December 2018

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS



Appendix to the report

Responsibilities of Board members

The governance statement and Board members' report sets out the Board members' responsibilities. The Board members are responsible for

- the preparation of financial statements in the form prescribed under section 31 of the Residential Institutions Statutory Fund Act 2012
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 31 of the Residential Institutions Statutory Fund Act 2012 to audit the financial statements of the Board and to report thereon to the Houses of the Oireachtas.

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

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

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Residential Institutions Statutory Fund Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Residential Institutions Statutory Fund Board to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

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

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

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

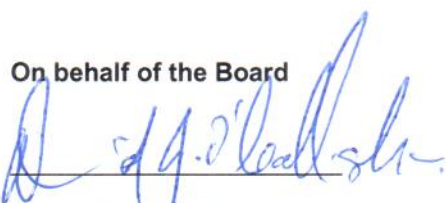
RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD
**FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 €	2016 €
INCOME			
Cash contributions received	2	4,911,034	11,194,081
INVESTMENT RETURN			
Interest (charged)/earned		(19,851)	(41,102)
Transfer (to)/from capital account	7	(6,266)	(36,569)
		<u>(26,117)</u>	<u>(77,671)</u>
EXPENDITURE			
Payments to Survivors	4	14,954,781	13,197,864
Administration Costs	5	2,062,038	2,199,973
		<u>17,016,819</u>	<u>15,397,837</u>
DECREASE IN FUND DURING THE PERIOD		(12,131,902)	(4,281,427)
FUND VALUE BROUGHT FORWARD		38,994,332	43,275,759
TOTAL FUND VALUE AT YEAR END		<u>26,862,430</u>	<u>38,994,332</u>

All income and expenditure for the year relates to continuing activities at the reporting date. The Fund Account includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 13 form part of these financial statements.

On behalf of the Board


David O'Callaghan
 Chairperson

Date: 13/12/2018


Rachel Downes
 Acting Chief Executive Officer

Date: 13/12/2018

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017 €	As at 31 December 2016 €
FIXED ASSETS			
Property, plant and equipment	6	77,599	71,333
CURRENT ASSETS			
Exchequer notes held	3	24,004,563	28,004,563
NTMA Investment Accounts	3	106,309	8,760,151
Bank	3	2,828,807	2,770,022
Debtors and prepayments	8	616,345	198,140
		<u>27,556,024</u>	<u>39,732,876</u>
CURRENT LIABILITIES (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Creditors and accruals	9	<u>(693,594)</u>	<u>(738,544)</u>
		<u>(693,594)</u>	<u>(738,544)</u>
NET CURRENT ASSETS		<u>26,862,430</u>	<u>38,994,332</u>
TOTAL NET ASSETS		<u>26,940,029</u>	<u>39,065,665</u>
REPRESENTING			
Capital Account	7	77,599	71,333
Fund account		26,862,430	38,994,332
		<u>26,940,029</u>	<u>39,065,665</u>

The Statement of Cash Flows and Notes 1 to 13 form part of these financial statements.

On behalf of the Board

David O'Callaghan
Chairperson

Date: 13/12/2018

Rachel Downes
Acting Chief Executive Officer

Date: 13/12/2018

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €	2016 €
Net cash flows from Operating Activities			
Decrease in Fund for the period		(12,131,902)	(4,281,427)
Depreciation of fixed assets	6	24,750	23,786
(Increase)/decrease in debtors		(418,205)	323,256
Decrease in creditors		(44,950)	(35,033)
Capital account movement		6,266	36,569
Net cash outflow from operating activities		(12,564,041)	(3,932,849)
Cash flow from Investing Activities			
Payments to acquire property, plant & equipment		(31,016)	(60,355)
Net Decrease in cash and cash equivalents		(12,595,057)	(3,993,204)
Cash and cash equivalents at 1 January		39,534,736	43,527,940
Cash and cash equivalents at 31 December		26,939,679	39,534,736

1. ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

GENERAL INFORMATION

The Residential Institutions Statutory Fund Board (RISFB) was established on 25 March 2013 under the provisions of the Residential Institutions Statutory Fund Act 2012, with a head office at 4th Floor, Metropolitan Building, James Joyce Street, Dublin 1. It oversees the use of the cash contributions of up to €110 million pledged by religious congregations to support the needs of survivors of residential institutional child abuse. The key functions of the RISFB as defined in the Act include payments to former residents in order that they may avail of approved services, which include; mental health services, health and personal social services, educational services and a housing support service.

Pending the establishment of the RISFB, a special interest-bearing account was established in the Central Bank under the dual control of the Department of Public Expenditure and Reform and the Department of Education and Skills to receive cash contributions from religious congregations. In March 2013, the total funds in this account totalling €41,314,845 including interest of €270,529 were transferred to the RISFB investment account held in the National Treasury Management Agency (NTMA) and the special account was closed. In April 2013 a further €12,376 in accrued interest was paid into the investment account.

Section 29(2) of the Act provides for the receipt of further funds from religious congregations to the RISFB investment account on foot of instructions from the Department of Education and Skills with the consent of the Department of Public Expenditure and Reform.

The Act also provides that the amounts paid into the investment account will not exceed €110 million plus associated interest, and that monies not required for the time being shall be invested. The cumulative amount received into the investment account to 31 December 2017 is €101,023,284.

STATEMENT OF COMPLIANCE

The financial statements of the RISFB 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.

BASIS OF PREPARATION

The financial statements are prepared under the accrual method of accounting and in accordance with generally accepted accounting principles under the historical cost convention, except as indicated below.

The financial statements are in a form approved by the Minister for Education and Skills with the concurrence of the Minister for Public Expenditure and Reform.

INCOME

Income is recognised in the financial statements when cash received from religious congregations is deposited in the RISFB investment account on the direction of the Minister for Education and Skills with the consent of the Minister for Public Expenditure and Reform as provided for under Section 29 (1) and (2) of the Residential Institutions Statutory Fund Act 2012.

PAYMENTS

Commitments made by the Education Finance Board transferred into the RISFB are recognised in these financial statements when approved by the Board.

Payments to survivors made by the RISFB are recognised in the year in which the claims have been approved for payment by the Board.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, over their expected useful lives as follows: -

Computer Equipment and Software	25% per annum
Office Furniture	10% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

CANCELLED PAYMENTS

RISFB make payments to survivors through a third-party arrangement with an external firm for confidentiality purposes. Payments approved by the Board are paid to the firm who in turn issue cheques to survivors and suppliers. Cancelled cheques are recorded in the period to which they relate to and amounts shown as cancelled payments represent cheques for current period which were cancelled after the year end date to the date the financial statements are prepared.

CAPITAL ACCOUNT

The Capital Account balance represents the unamortised value of income applied for capital expenditure purposes.

GOING CONCERN

Section 29(4) of the Act provides that amounts paid into the investment account will not exceed €110 million, plus associated interest. At 31 December 2017, the cumulative value of cash contributions received from religious congregations was €101.02 million and the cumulative value of funds expended was €74.43 million. The balance on the fund at 31 December 2017 was €26.86 million. The Board's application process was closed to new applicants with effect from 1st August 2018. Given the current and anticipated future cash resources available, the Board considers that it will have discharged all its funding by late 2019 / early 2020 at which point the Board will be dissolved. The Board is in discussions with the Department of Education and Skills on the orderly wind down of the Board's operations. It is anticipated that legislation will be required to underpin the wind up and dissolution of the Board and that it will provide for the transfer of any assets and liabilities of the Board to the Department or other appointed entity. On the basis of the above, the Board considers it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustment to the carrying amounts and classification of assets and liability that may arise if the Board was unable to continue as a going concern.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or forward purchase contract rates where such contracts exist.

PENSIONS

New entrant public service staff employed by the Residential Institutions Statutory Fund Board after 1 January 2013, are members of the Single Public Service Pension Scheme (the Scheme) in accordance with the Public Services Pensions (Single Scheme and Other Provisions) Act 2012. The Residential Institutions Statutory Fund Board makes the necessary deductions from salaries for staff who are part of the Scheme and employee contributions are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the provisions of the Scheme. There is no charge in these financial statements for any liabilities which may arise in respect of the retirement benefits of staff of the Residential Institutions Statutory Fund Board. Such liabilities, on wind up of the Residential Institutions Statutory Fund Board, will transfer to the Department of Education and Skills for payment, and will be provided for in the legislation governing such wind up. In the case of seconded staff from other public bodies the cost of their employment, including charges for employer's PRSI and pension costs is recouped by their employers.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements required that had a significant effect on amounts recognised in the financial statements for 2017.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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

2. INCOME

	2017 €	2016 €
Amounts lodged to investment account under Section 29 (2) of 2012 Act	4,911,034	11,194,081
	<u>4,911,034</u>	<u>11,194,081</u>

CUMULATIVE AMOUNTS	Cumulative to 31 December 2017 €	Cumulative to 31 December 2016 €
Cash contributions received	101,023,284	96,112,250
Interest earned	321,479	341,329
Transferred from Education Finance Board	29,490	29,490
Transfer to capital account	(77,598)	(71,333)
Payments to Survivors	(66,809,427)	(51,854,646)
Administration costs	(7,624,798)	(5,562,758)
Fund value at 31 December 2017	<u>26,862,430</u>	<u>38,994,332</u>
Cash contributions due to be received	<u>10,358,727</u>	<u>15,269,761</u>

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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



3. CASH AND BANK

As provided for under Section 29 (1) & (2) receipts from the religious congregations are paid into the RISFB investment account on the direction of the Minister for Education and Skills with the consent of the Minister for Public Expenditure.

Since August 2013, amounts required to make payments are transferred to a commercial bank account. The balance on that account at 31 December 2017 was €2,828,807 (2016: €2,770,022). Prior to August 2013, amounts were transferred to City of Dublin ETB who made payments on behalf of the Board on an agency basis.

Funds not required to make payments may be invested. At 31 December 2017, €24,004,563 (2016: €28,004,563) had been converted to Exchequer notes with the balance remaining in the NTMA investment account of €106,309 (2016: €8,760,151).

	2017*	2016*
	€	€
4. PAYMENTS TO SURVIVORS		
Housing Support	10,795,855	8,928,752
Health	3,707,901	3,679,370
Socially Active and Connected	137,893	352,372
Education, Learning and Development	256,064	179,812
Exceptional Needs	57,068	57,558
	14,954,781	13,197,864

Included in the payments to survivors' total figure above are charges to the external firm tasked with generating EFT payments and anonymised cheques for provision to survivors. In 2017, the total charge amount in relation to this was €32,943 (2016: €25,626)

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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

5.	ADMINISTRATION COSTS	2017 €	2016 €
	Salaries and Wages	1,346,900	1,493,025
	Telephone, postage, stationery	118,288	97,252
	Transport and couriers	175	1,179
	Travel and Subsistence – Staff (National)	4,129	17,319
	Travel and Subsistence – Staff (International)	10,528	6,805
	Travel and Subsistence – Board (National)	8,077	6,831
	Travel and Subsistence – Board (International)	4,940	11,395
	Rent and Service Charge	114,020	61,833
	Information Technology	81,550	81,809
	Relocation Costs	7,414	-
	Insurance	10,125	9,565
	Meeting and Conference Costs	13,421	3,941
	Legal Costs	76,359	80,719
	Accounting Services	18,557	12,226
	Audit Fee	14,000	19,400
	Internal Audit	5,500	31,102
	Maintenance	-	14,027
	Organisational Review	-	14,354
	Other Consultancy	43,082	11,152
	General Expenses	8,738	8,711
	Communications	48,960	45,090
	Subscriptions and Memberships	8,400	8,661
	Printing and Publications	27,912	13,055
	Bank Charges	379	400
	Staff Training and Development	33,958	21,582
	Recruitment Costs	(5,107)	82,354
	Appeals Officer	36,000	22,400
	Depreciation	24,750	23,786
	Staff Benefit	983	-
		2,062,038	2,199,973

Included in Administration Costs is an amount of €36,000 (2016: €22,400) representing amounts that the Minister has requested to be drawn down from the Investment Account to make payments to the Appeals Officer under Section 31(3) of the Act.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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



5(a)	STAFF COSTS	2017 €	2016 €
	Salaries and Wages	1,346,900	1,493,025
	Travel and Subsistence	14,657	24,124
		<u>1,361,557</u>	<u>1,517,149</u>

A pension levy of €30,488 was deducted from the salaries during the year.

Average staff members during the period	2017	2016
Seconded Staff	1.00	0.25
Temporary Agency Staff	2.90	6.80
Fixed term / Purpose Contract Staff	21.86	18.00
	<u>25.76</u>	<u>25.05</u>

5(b) EMPLOYEE BENEFITS BREAKDOWN

Range of total employee benefits		Number of Employees	
From	To	2017	2016
€60,000	- €69,999	2	2
€70,000	- €79,999	-	-
€80,000	- €89,999	1	1
Total		<u>3</u>	<u>3</u>

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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

	2017	2016
	€	€
5(c) BOARD EXPENSES		
Travel	2,427	6,805
Subsistence / Meals	7,020	4,319
Accommodation	3,571	7,102
	<u>13,018</u>	<u>18,226</u>

Board members are not remunerated and therefore none of the Board members received a fee during the year.

BOARD MEMBERS' EMOLUMENTS

Board Member	Vouched Expenses	Meetings attended
Damien Casey	0	5
David O'Callaghan	96	7
Frances Harrington	1,938	7
Francis W. Treanor BL	760	5
Katherine Finn BL	173	5
Mary T. Lodato	3,359	5
Patricia Carey	0	4
Thomas Cronin	1,116	4
Thomas Daly*	1,569	5
Rosemary Adaser	1,205	2
David Lane	1,905	2
Phyllis Morgan	897	2
Austin Currie	0	2
	<u>13,018</u>	

*Includes €701 in relation to 2016 Board meetings.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**5(d) CHIEF EXECUTIVE OFFICER'S
REMUNERATION**

	2017	2016
	€	€
Chief Executive Officer basic salary	88,059	86,440
All in cost of the Chief Executive Officer total remuneration package	<u>88,059</u>	<u>86,440</u>

The Chief Executive Officer claimed travel and subsistence expenses amounted to €1,244 (2016: €3,081) during the period.

The Chief Executive Officer received no performance related pay scheme during the period. The Chief Executive Officer's pension entitlements do not extend beyond the standard entitlement in the model public sector defined benefit superannuation scheme.

**5(e) ACTING CHIEF EXECUTIVE OFFICER'S
REMUNERATION**

	2017	2016
	€	€
Acting Chief Executive Officer basic (from 5 th October)	23,526	-
All in cost of the Acting Chief Executive Officer total remuneration package (from 5 th October)	<u>23,526</u>	<u>-</u>

The Acting Chief Executive Officer claimed travel and subsistence expenses amounted to €253 (2016: €Nil)

The Acting Chief Executive Officer received no performance related pay scheme during the period. The Acting Chief Executive Officer's pension entitlements do not extend beyond the standard entitlement in the model public sector defined benefit superannuation scheme.

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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

	Computer Equipment and Software	Office Furniture & Fittings	Total
	€	€	€
6. PROPERTY, PLANT AND EQUIPMENT			
<u>Cost</u>			
As at 1 January 2017	72,026	57,792	129,818
Additions	9,795	21,221	31,016
Disposals	-	-	-
As at 31 December 2017	81,821	79,013	160,834
<u>Depreciation</u>			
As at 1 January 2017	52,195	6,290	58,485
Charge for the period	16,849	7,901	24,750
Disposals	-	-	-
As at 31 December 2017	69,044	14,191	83,235
Net Book Value at 31 December 2017	12,777	64,822	77,599
Net Book Value at 31 December 2016	19,831	51,502	71,333

	Capital Account	Fund Account	Total
	€	€	€
7. RESERVES			
As at 1 January 2017	71,333	38,994,332	39,065,665
Amounts applied for purchase of fixed assets	31,016	-	31,016
Amortisation in line with asset depreciation	(24,750)	-	(24,750)
Decrease in fund during the year	-	(12,131,902)	(12,131,902)
Balance at 31 December 2017	77,599	26,862,430	26,940,029

	As at 31 December 2017	As at 31 December 2016
	€	€
8. DEBTORS AND PREPAYMENTS		
Prepayments	153,774	66,162
Accrued Interest	(2,559)	(11,584)
Cancelled payments recoverable	465,130	143,562
	616,345	198,140

RESIDENTIAL INSTITUTIONS STATUTORY FUND BOARD

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

	As at 31 December 2017 €	As at 31 December 2016 €
9. CREDITORS AND ACCRUALS (amounts falling due within one year)		
Creditors	8,079	129,072
Committed Payments to Survivors	490,282	381,690
Other Accruals	194,042	224,917
PAYE/PRSI	10	10
Other Creditors	1,181	2,855
	693,594	738,544

10. OPERATING LEASE

Caranua had been in substandard accommodation on the 4th floor of Frederick Court, Frederick Street, Dublin 1 since inception and the potential for relocating had been reviewed on a number of occasions with Departmental approval provided in principle. The lease expired in May 2017 and the OPW decided not to renew the lease.

On the 11th August 2017 Caranua entered into a State Occupant Agreement with the OPW for a premises (4th floor) in the Metropolitan Building on James Joyce Street, Dublin 1 which they now occupy for an annual rent of €243,020 per annum (inclusive of VAT at 23%) and service charge of €36,389 per annum.

At 31st December 2017, the Board had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017 €	2016 €
Payable within one year	279,409	44,167
Payable within two to five years	139,705	-
Payable after five years	-	-
	419,114	44,167

11. RELATED PARTY DISCLOSURES

Key management personnel in the Residential Institutions Statutory Fund Board consist of the CEO and members of the Board of Directors. Total compensation paid to key management personnel, including board members' expenses, total CEO and Acting CEO remuneration, amount to €124,602 (2016: €104,666).

For a breakdown of the remuneration and benefits paid to key management personnel, please refer to Note 5.

The Residential Institutions Statutory Fund Board adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personnel interests of Board members. In the normal course of business, the Residential Institutions Statutory Fund Board may enter into contractual arrangements with entities in which Residential Institutions Statutory Fund Board members are employed or are otherwise interested.

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request in all such instances.

There were no transactions in the year in relation to the Board's activities in which the board members had any beneficial interest.

12. COMPARATIVE FIGURES

Some changes have been made to the presentation of items in the financial statements and the comparative figures have been reclassified where necessary on a basis consistent with the current year presentation.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board at its meeting on 13/12/18.