



Annual Report 2014



ISI

Tackling problem debt, together

Insolvency Service of Ireland

Annual Report 2014

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1 Foreword by the Director

The Insolvency Service of Ireland (ISI) was established on 1st of March 2013 under the Personal Insolvency Act 2012 (“the Act”). The ISI’s objective is to restore people who are insolvent to solvency in a fair, transparent and equitable way. Section 9 of the Act sets out the functions of the ISI.

The ISI is required, under section 16 of the Act, to submit an annual report to the Minister for Justice and Equality not later than 4 months after the end of each financial year.

1.1 Activity Levels

2014 was the first full year of operation for the ISI. There were almost 1,000 cases processed in 2014 across all four solutions provided by the ISI. While the solutions for the people involved in these cases were undoubtedly of great value, it became apparent during 2014 that many who would benefit from these solutions were not seeking such assistance. With this in mind, the ISI undertook various initiatives during 2014 to identify and address the reasons for a lower than expected uptake in solutions. In October, the ISI launched a 'Back on Track' campaign and waived all application fees charged by the ISI. The increase in activity since the launch of the campaign is encouraging.

1.2 Protocols

In February, the ISI assembled a protocol group with a view to generating higher acceptance rates for DSA's and PIA's. The group was made up of Personal Insolvency Practitioners, creditors and creditor representatives and consumer and debtor representatives. The group was tasked with agreeing standard terms for the new debt solutions.

The DSA protocol covering unsecured debt was agreed in July. The group is well advanced in its work on a PIA protocol for both secured and unsecured debt.

For practitioners, the amount of time spent on proposal formation and negotiation will be reduced as a direct result of the introduction of the protocols. Creditors will be able to concentrate on the commercial aspects, rather than having to examine the detailed terms of each individual proposal put to them. The result will be a faster and easier process for all parties.

1.3 The Year Ahead

It is encouraging to see that over the course of our first year, three out of every four cases were supported by creditors. During 2015 the ISI will be supporting Personal Insolvency Practitioners with a €750 payment for any case where they prepare a proposal which offers a better return than would be available to creditors in bankruptcy, only for creditors to vote against it at a creditors' meeting. The ISI is also actively contributing to a general government review of mortgage arrears matters and will implement any changes that might come about from such a review.

The ISI's 'Back on Track' information campaign will continue during 2015 with a range of initiatives. The ISI will continue to get its message out to people in need of help with problem debt. That message is very simple – help is available.

Lorcan O'Connor
Director
April 2015

2 The ISI – Our Vision, Mission, Values and Key Objectives

The ISI is an independent statutory body established in 2013 to deal with personal insolvency.



2.1 What We Do

The principal functions of the ISI are to:

- monitor the operation of the arrangements relating to personal insolvency - the Debt Relief Notice (DRN), the Debt Settlement Arrangement (DSA) and the Personal Insolvency Arrangement (PIA) provided for in the [Personal Insolvency Act, 2012](#)
- consider applications for DRNs in accordance with the Act
- process applications for Protective Certificates for DSAs and PIAs in accordance with the Act
- maintain the Registers of DRNs, Protective Certificates, DSAs and PIAs
- provide information to the public on the working of the Act
- advise the Minister on any matter relating to its functions
- authorise, supervise and regulate a person or class of persons to perform the functions of an approved intermediary
- authorise, supervise and regulate individuals to carry on practice as personal insolvency practitioners
- prepare and issue guidelines as to what constitutes a reasonable standard of living and reasonable living expenses for debtors
- arrange for the provision of such education and training, in relation to the performance by them of their functions under this Act, of approved intermediaries, personal insolvency practitioners and other persons, as it thinks fit
- contribute to the development of policy in the area of personal insolvency

- carry out any other duties and exercise any other powers assigned to it by or under the Act such as the administration of the provisions of the reformed bankruptcy legislation, and
- manage the estates of bankrupt individuals with a view to realising assets for the benefit of creditors and arranging for the discharge from bankruptcy of the person concerned.

2.2 ISI Key Objectives

The ISI's primary purpose is to restore insolvent debtors to solvency. Its key objectives are set out in its [Strategic Plan 2013-2016](#).

Over the course of the year, the ISI published quarterly statistics and these are available on the ISI website www.isi.gov.ie.

3 Organisation Structure and Key Management

The following diagram sets out the key business areas of the ISI.



Lorcan O'Connor, Director

Frontline Operational Services



Christopher Lehane

Bankruptcy

Realise assets for the benefit of creditors, manage bankrupt's affairs resulting in a discharge from bankruptcy.



Randall Plunkett

Case Management

Responsible for managing and processing the three debt relief solutions under the Personal Insolvency Act 2012 and operating the Information Line.



Liza Doyle

Legal & Policy

Liaises with all Divisions, oversees the operation of the Act and advises the Minister on any matters relating to the functions of the ISI.



John Phelan



Cathy Clarke

Regulation

Provide a comprehensive authorisation and supervision framework for PIPs and AIs.



Sean Murphy

Corporate Affairs

Responsible for all corporate governance matters and the provision of a range of support services to the organisation.

4 2014 Statistics at a Glance

548

DRN, DSA and PIA
arrangements approved in 2014



The ISI dealt with debt of
€1.5 billion in 2014

 448

Bankruptcies in 2014,
up by 672%, from 58 in 2013, driven by the
increase in debtor petitions, which
represent 95% of 2014 bankruptcies



The number of PIAs approved
in Q4 exceeded all previous
quarters combined



The ISI's dedicated information line, which
provides information to debtors,
dealt successfully with almost
11,000 phone calls and
3,000 email enquiries in 2014



661

Protective
Certificates
issued in 2014

80%

of Protective
Certificates issued in
2014 were for PIAs; the
solution that deals with
mortgage debt and
aims to keep the debtor
in their family home



237 Personal Insolvency Practitioners
and Approved Intermediaries available to
meet face-to-face with debtors, to find a
solution to their debt problems

The two ISI websites had almost
150,000 visits and **1,000,000
pageviews** in 2014



ISI application
fees waived and
bankruptcy application
costs **down by 80%** to
€270



75% of DSA
and PIA proposals
supported by creditors



5 A Year in Review - Key Achievements

2014

5.1 ISI Inaugural Personal Insolvency Conference held

5.2 DSA & PIA Protocol Developed

5.3 PIP Complaints Panel Established

5.4 Back on Track Campaign Launched

5.5 Fees Reduced

5.6 PIP Support Initiative

5.1 ISI Inaugural Personal Insolvency Conference held

The ISI held its inaugural Personal Insolvency Conference in Dublin Castle on 12th February where over 300 creditors and practitioners were in attendance. The purpose of this operations-focused conference was to encourage information sharing between Personal Insolvency Practitioners (PIPs), Approved Intermediaries (AIs), and representatives of creditors; to provide them with updates of emerging trends, issues, solutions and best practices and to concentrate on the practical aspects of acting as a practitioner and making applications.

The conference also served as a platform to seek expressions of interest from parties wishing to be members of a Debt Solutions Protocol Steering Group being formed to develop standard DSA and PIA protocols.

98% of attendees rated it as “good to excellent” and over 90% said they would attend a similar ISI conference in the future.

5.2 DSA and PIA Protocol Development

Following a call for expressions of interest at the ISI's conference, a Debt Solutions Protocol Steering Group was established to develop protocols for both the DSA and PIA. These protocols can be used by PIPs when they are making proposals to creditors for either arrangement.

Adopting a protocol provides some certainty about proposal content and avoids the need for practitioners to develop their own terms. This provides content consistency, reducing the amount of time spent on proposal formation and negotiation and allows all parties to instead concentrate their time and efforts on the commercial aspects of the proposal.

Without an agreed protocol there would be a multitude of varying terms, requiring creditors to check each proposal individually. This would be burdensome and time consuming and need the constant involvement of credit committees and legal divisions. Agreed protocols with standard terms avoid those problems, promote efficiency and trust and reduce costs for all stakeholders.

The DSA Group began work on the DSA protocol in February which was completed and published in July.

The Association of Personal Insolvency Practitioners and the Irish Society of Insolvency Practitioners have approved the DSA protocol on behalf of their members. The Boards of the Irish League of Credit Unions and the Credit Union Development Association have recommended to member credit unions that they support the protocol and likewise the Banking and Payments Federation of Ireland recommended participation in the protocol to members.

Work commenced on the PIA protocol in September and this protocol is on track to be published early in 2015.

5.3 PIP Complaints Panel

A complaints panel was established by the Minister in November 2013 and comprises 18 members from which a PIP Complaints Committee can be convened, as and when required. The term of office of the members of the Complaints Panel will run until 31st December 2018.

In February, a meeting of the members of the complaints panel was held in the ISI offices. The aim of the meeting was to give the panel members an overview of the ISI and of the complaints process. The members were furnished with a copy of their obligations under the Personal Insolvency Act 2012.

When the ISI receives a complaint of improper conduct against a PIP and considers that the complaint has been made in good faith, is not frivolous or vexatious, and is not likely to be resolved by mediation or other informal means between the parties, it will appoint an inspector to conduct an investigation into the complaint.

A PIP Complaints Committee will then be convened which will consider the inspector's final report on the issue and determine the appropriate sanction, if any.

No complaints of improper conduct were received in 2014.

5.4 Back on Track Campaign

In preparation for organising an information campaign, the ISI carried out consultations with 13 key stakeholders and in August commissioned qualitative research to better understand how to reach people struggling with debt and to inform the upcoming information campaign. A specialist firm facilitated a series of focus groups around the country to establish why insolvent people were not availing of the new debt solutions available through the ISI. The reasons put forward by people included:

- debtors not realising they were insolvent
- an absolute commitment to finding their own way out of debt rather than seeking help
- a lack of awareness of the practical help available
- perceived cost of solutions
- a belief that insolvency solutions were for cases more extreme than their own
- a lack of awareness of the ISI and of the range of solutions
- conflicting information in the public arena.

The ISI launched the 'Back on Track' information campaign in October. The campaign was developed from this research and represented a strategic change in how the ISI now provides information to debtors. It included the development of a debtor-friendly website (www.backontrack.ie) and information booklets. It also included publicity posters and focused advertisements on local, national, online and social media, as well as in-transport advertising on a national basis (bus, Luas and DART).

The campaign also involved hosting townhall meetings and communicating with representative groups.

Townhall meetings were directed towards local opinion formers and community leaders. These regional events provided an opportunity for the ISI to inform people about personal insolvency and the debt solutions available.

As part of the campaign the ISI met with, and provided information to, representative groups including professional organisations, trade unions and membership groups.

At the end of November the new debtor friendly booklets and posters were distributed to over 600 locations countrywide including the Dáil and constituency offices of T.D.s and Senators, PIPs, MABS, Citizen Information and Family Resource offices and centres. Information packs were also circulated to libraries nationally.

It is estimated that the resulting media opportunities allowed the ISI to reach approximately 1.5 million radio listeners and similar numbers of newspapers readers around the country.

Since the campaign was initiated the ISI has seen a marked increase in customer contacts, including calls to the ISI Information Line. During the first three months of the campaign the number of PIAs approved exceeded the previous nine months combined. The number of Protective Certificates issued since the campaign launch also increased significantly.



5.5 Fees Reduced

5.5.1 Waiving of Application Fees

In October, the ISI waived the existing application fees for the three statutory debt relief solutions in an effort to remove any possible perceived barrier to debtors availing of solutions. This waiver will continue until the end of 2015, at which stage it will be reviewed.

Previously, the fees associated with the solutions were: DRN €100, DSA €250 and PIA €500.

5.5.2 Reduction in Bankruptcy Fees

In October, and again in December, there were significant reductions made in respect of bankruptcy application costs.

In October, Court fees of €210 which had been payable in respect of the filing of a bankruptcy petition, statement of affairs and accompanying affidavit in the Examiner's Office of the High Court were eliminated. This reduced the cost of making a bankruptcy application to approximately €720.

There was a further reduction in December of €450 in the costs payable to the Official Assignee.

At the end of the year the cost of making an application for bankruptcy consisted of the following:

- €200 payable to the Official Assignee as a contribution to estate costs which are incurred in bankruptcy
- €70 (approximately) payable to Iris Oifigiúil for publication of the bankruptcy notice, as required by the Bankruptcy Act 1988.

5.5.3 Reductions in the costs associated with applying for bankruptcy since 2013:

Main Bankruptcy Costs	2013	End 2014
1. Publication of notice in newspaper (approximate cost)	€600	N/A
2. Court Fees	€102.50	N/A
3. Bankruptcy petition fee	€650	€200
4. Publication of notice in Iris Oifigiúil (approximate cost)	€70	€70
Total	€1,422.50	€270

5.6 PIP Support Initiative

In October, the ISI announced details of an initiative aimed at promoting and supporting greater engagement between PIPs and creditors.

For a limited period, a mechanism has been introduced whereby a PIP can seek a supporting payment from the ISI towards their costs in circumstances where creditors have voted against an arrangement that would have produced a greater return than would be the case in bankruptcy.

This initiative recognises that a PIP currently may incur significant time and expense in providing lengthy and complex independent insolvency advice to a debtor. The work of a PIP includes assisting in the completion of the application for a Protective Certificate, preparing the draft DSA or PIA proposal for creditors to vote on and calling the creditors' meeting. The PIP does this work without certainty that the proposal will be accepted.

This initiative is expected to be available until 31st December 2015, at which point a review of the effectiveness of the initiative will be undertaken.

6 A Year in Review - Organisational Developments

2014

6.1 Bankruptcy

6.2 Legislation/Policy Improvements

6.3 Regulation

6.4 Case Management

As a new organisation the ISI continued to review and enhance its internal processes to ensure it carried out its functions in an efficient, effective and customer focused manner.

6.1 Bankruptcy

2014 was a year of unprecedented change within the Bankruptcy Division of the ISI. During its first full year, the Division (formerly known as the Office of the Official Assignee) dealt with an eightfold increase in the number of people adjudicated bankrupt. This presented challenges to the Division; not only to effectively manage a relatively high case load but also to do so in line with the statutory obligations set out in the Bankruptcy Act 1988 as amended. The Division conducted a review of internal work procedures and underwent major restructuring. In August the implementation of Phase 1 of a new integrated Case and Financial Management IT system commenced.

6.1.1 Change Management

Workshops were held to examine current practices and staff teams were restructured to reflect the changing profile of the debtor cases being dealt with. By the end of the year, the Division was focused on five main activity areas (or case teams) namely: Standard, Complex, Property, Courts and Finance. In-house and external training was provided to staff to support them in their new roles.

6.1.2 Developments in Bankruptcy

The following are some of the major developments in bankruptcy during the year:

- 448 people were adjudicated bankrupt (up from 58 in 2013) 95% of which were self-adjudicating debtors
- 99 cases were disposed of in 2014, the majority of which were automatically discharged.

6.1.3 Bankruptcy legislative changes

2014 saw four applications by the Official Assignee to the Court for orders extending the length of bankruptcy. Their applications were made to, and granted by, the High Court. The period of extension granted in all four cases was one additional year.

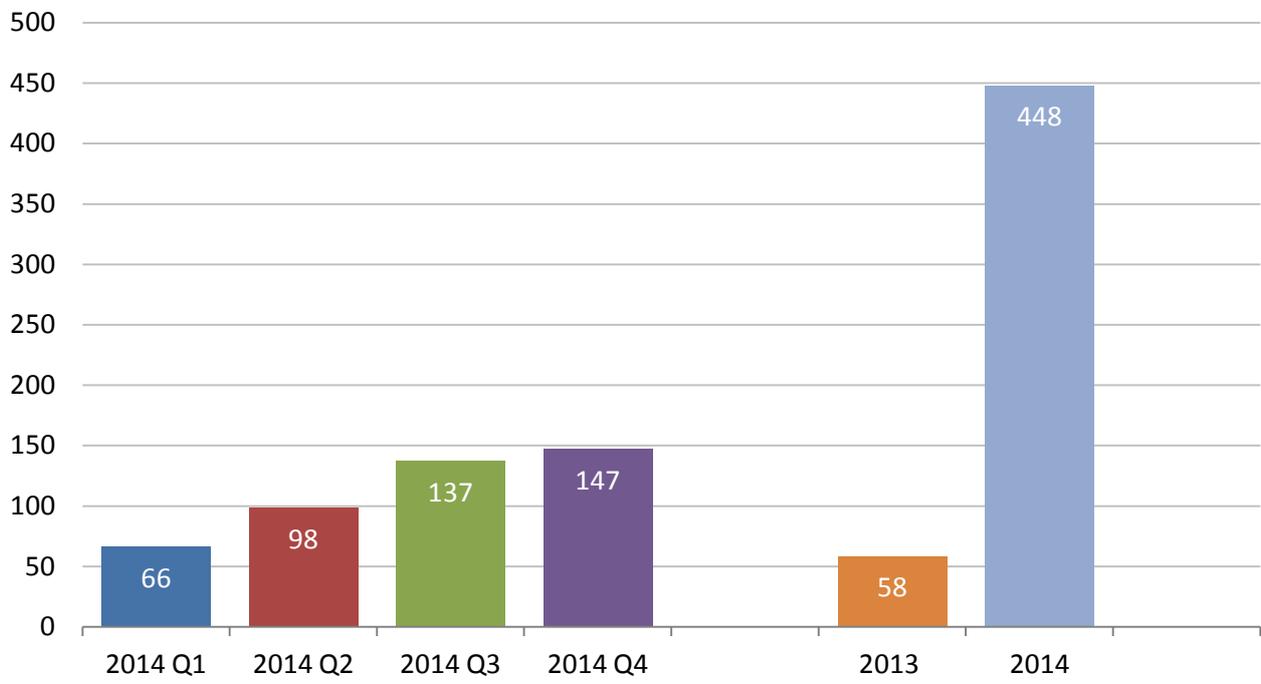
The facility for publishing notice of statutory sittings at no cost on the ISI website as an alternative to newspaper advertising was also introduced.

6.1.4 Communication with stakeholders

Throughout the year, meetings were held between Bankruptcy Division and banks, credit unions and solicitor/accountancy groups. Bankruptcy Division also delivered a number of presentations

at conferences and conducted media interviews regarding bankruptcy developments and processes.

Bankruptcy Adjudications



6.2 Legislation/Policy improvements

6.2.1 Programme for Government

The ISI provided material to the Department of Justice and Equality on legislative changes it considered were required. The submission took into account the views of relevant stakeholders.

6.2.2 Reasonable Living Expenses

As required under legislation, the Guidelines on a Reasonable Standard of Living and Reasonable Living Expenses were updated in July to reflect changes made in the budget. They were further revised in December to reflect the introduction of water charges. The guidelines are subject to ongoing review.

6.2.3 Regulatory Disclosure Statement

The Personal Insolvency Act 2012 (Regulatory Disclosure Statement of a Personal Insolvency Practitioner) Regulations 2014 (S.I. No. 319 of 2014) came into operation on 9th July.

These regulations set out the Regulatory Disclosure Statement to be used in a practitioner's business stationery, electronic communications, advertisement and marketing materials, social media and websites, where these relate to a PIPs' practice.

6.2.4 Protocols

The DSA Protocol was published in July. Work began on the PIA protocol in September.

6.3 Regulation

6.3.1 Authorisation and Supervision of PIPs

A key objective of Regulation Division is to provide a comprehensive supervision framework designed to protect the integrity of the role of PIPs and to ensure the service delivered to debtors and creditors is of a high standard and in compliance with the legislation. Authorised PIPs are obliged to comply with the Personal Insolvency Act 2012 and any associated regulations.

During the year the number of PIPs increased by 43. At the end of December there were 138 authorised PIPs.

Regulatory on-site visits commenced in March. The rationale for the visits was to establish from the outset:

- a strong regulatory relationship with PIPs
- an open flow of communication between practitioners and the ISI
- early identification of any issues or obstacles preventing the personal insolvency arrangements or market from operating effectively.

In October the Division wrote to all PIPs authorised during 2013 requesting them to complete an annual compliance confirmation statement and an information return for the year 2013. The returns provided the ISI with a range of information on the level of personal insolvency activity in the market.

As part of ongoing supervision of PIPs, the ISI monitored the websites and advertising of PIPs to ensure they are in compliance with legislation and regulations.

The ISI also monitored unauthorised activity. During the year 32 individuals and firms who were presenting themselves as PIPs in contravention of the Act were contacted and instructed to cease any unauthorised activity.

6.3.2 Authorisation of AIs

By the end of the year there were 43 MABS companies (represented by 99 responsible persons) and the Irish Mortgage Holders Organisation (IMHO) authorised to provide approved intermediary services around the country.

Ongoing contact and meetings with MABS and the Citizens Information Board were held in relation to building a cohesive model for the supervision and monitoring of the MABS companies.

6.4 Case Management

The ISI is responsible for the processing of debt solution applications which are then transmitted to the Circuit Court, and in some cases the High Court, for determination. Following Court decisions the ISI continues to provide the required support throughout the lifecycle of an arrangement, which can last up to a maximum of six years (DSA) and seven years (PIA).

Case Management Division, in conjunction with the Department of Justice and Equality, continued to develop a secure electronic application management system. Following consultation with various stakeholders, the ISI amended the Prescribed Financial Statement (PFS) in early 2014.

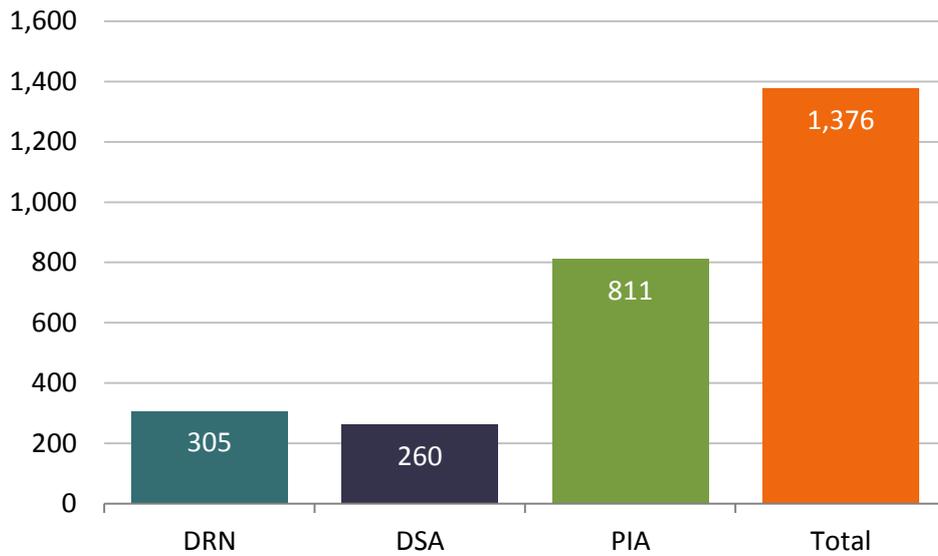
The Division maintains close contacts with the Courts Service.

Throughout the year the Division provided regular guidance to PIPs and Approved Intermediaries by way of regular electronic newsletters. The Division also held a number of regional meetings where they met with PIPs to discuss topical issues and developments in personal insolvency and the processes that are applied to applications. The Division also held regular meetings with MABS and AIs.

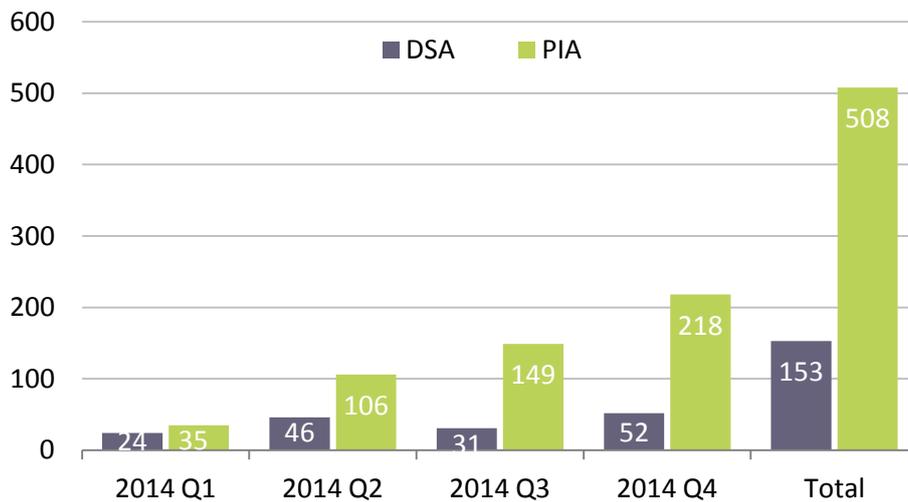
6.4.1 Increase in Applications

Over the course of the year, the ISI received over 1,400 applications, 661 Protective Certificates were issued and 548 arrangements were approved at creditors' meetings and by the Courts.

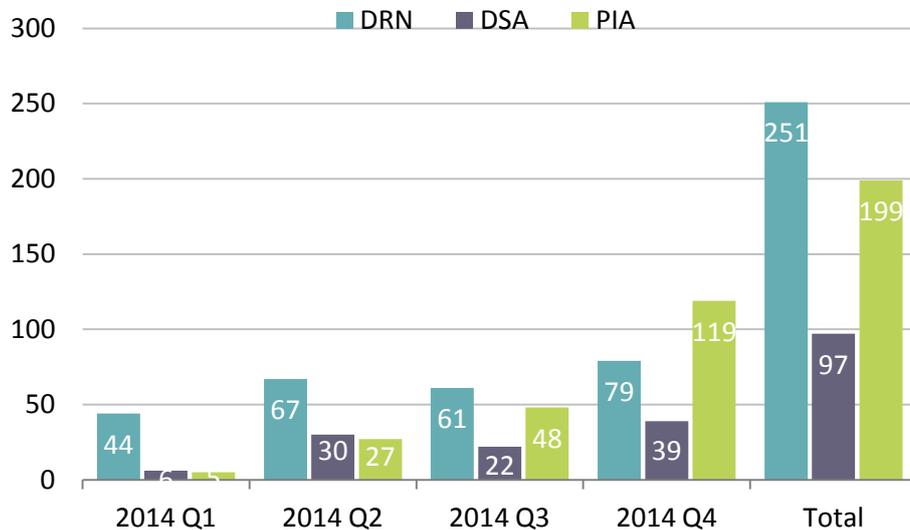
2014 DRN, DSA, PIA Applications



2014 Protective Certificates



2014 Arrangements Approved



7 List of ISI publications issued in 2014

7.1 Statutory Instruments

- [SI 259 of 2014](#): (13th June) - Personal Insolvency Act 2012 (Prescribed Financial Statement) Regulations 2014
- [SI 319 of 2014](#): (9th July) - Personal Insolvency Act 2012 (Regulatory Disclosure Statement of a Personal Insolvency Practitioner) Regulations 2014
- [SI 459 of 2014](#): (13th October) - Personal Insolvency Act 2012 (Prescribed Fees) (No. 2) Regulations 2014

7.2 Back on Track Publications

- [Dealing with Debt](#)
- [Debt Relief Notice \(DRN\)](#)
- [Debt Settlement Arrangement \(DSA\)](#)
- [Personal Insolvency Arrangement \(PIA\)](#)
- [A Guide to Personal Insolvency Practitioners \(PIPs\)](#)
- [Information about Bankruptcy](#)

7.3 Publication of revised guidelines to Reasonable Living Expenses and a Reasonable Standard of Living

- [Reasonable Living Expenses Guidelines](#)

7.4 Statistical Reports for 2014

- [Quarter 1 Statistical Report](#)
- [Quarter 2 Statistical Report](#)
- [Quarter 3 Statistical Report](#)
- [Quarter 4 Statistical Report](#)

8 Protected Disclosures Act

There were no protected disclosures made to the ISI in 2013/2014.

9 Contact Us

Information Line: 076 106 4200 / +353 76 106 4200

Email: info@isi.gov.ie / press@isi.gov.ie

Websites: www.isi.gov.ie / www.backontrack.ie

Facebook: [Back-On-Track](#)



**Financial
Statements
2014**



ISI

Tackling problem debt together

Insolvency Service of Ireland

Financial Statements

For the year ended 31 December 2014

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1 Statement of Insolvency Service of Ireland's Responsibilities

Section 17 (2) of the Personal Insolvency Act 2012 (as amended by Section 39 of the Courts and Civil Law (Miscellaneous Provisions) Act 2013), states the Insolvency Service of Ireland (ISI) shall keep in such form and in respect of such accounting periods as may be approved by the Minister for Justice and Equality, ("the Minister") with the consent of the Minister for Public Expenditure and Reform all proper and usual accounts:

- a) of monies received and spent by the Insolvency Service, including an income and expenditure account and a balance sheet,
- b) relating to the functions of the Official Assignee under the Bankruptcy Act 1988 or any other enactment.

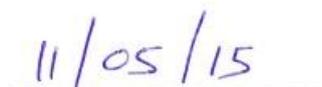
In preparing the financial statements in the form approved by the Minister, the ISI:

- selected appropriate accounting policies and apply them consistently
- made judgements and estimates that are reasonable and prudent
- prepared the financial statements on the going concern basis
- stated, where applicable, accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The ISI is responsible for keeping proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with Section 17(2) of the Personal Insolvency Act 2012. The ISI is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Lorcan O'Connor
Director
Insolvency Service of Ireland



Date

2 Statement of Internal Financial Control

Section 11.3 of the Personal Insolvency Act 2012, states that the Director shall:

- (a) manage and control generally the ISI's staff, administration and business,
- (b) be responsible to the Minister for the performance of his or her functions, and
- (c) perform such other functions (if any) as may be required by the Minister or as may be authorised under this Act.

The Director has overall responsibility for Insolvency Service of Ireland's (ISI) system of internal financial control.

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

There is a non-statutory Senior Management Team in place which is comprised of the Director, Head of Bankruptcy, Head of Case Management and Head of Regulation. All major strategic matters facing the ISI are considered at formal meetings of the Senior Management Team which meets at regular intervals.

A detailed financial procedural manual has been prepared and put in place. Income is subject to overall reconciliation and, where possible, staff duties are appropriately divided taking account of the risks involved and the limited number of staff. The following specific procedures are in place in order to provide effective financial control:

1. formal procedures are in place for the purchase of all goods and services, for approval of invoices in respect of goods and services and authorisation of payment in respect of goods and services
2. monthly management accounts are reviewed by the Senior Management Team
3. the ISI's financial control procedures are subject to review by the Department of Justice and Equality's Internal Audit Division
4. the Department of Justice and Equality Audit Committee reviews the work of Internal Audit

5. a risk management system operates within the ISI
6. The ISI has a Code of Governance which incorporates the Department of Finance guidelines and has been submitted to the Minister for Justice and Equality
7. The ISI ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines

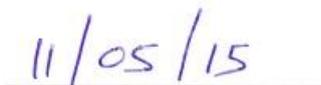
The ISI, in monitoring and reviewing the effectiveness of the system of internal financial control, will be informed by internal audit reports undertaken by the Department of Justice and Equality and the comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that the Senior Management Team conducted a review of the effectiveness of the system of internal financial control in respect of the year ended 31 December 2014.



Lorcan O'Connor
Director
Insolvency Service of Ireland



Date

3 Auditors Report



Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Insolvency Service of Ireland

I have audited the financial statements of the Insolvency Service of Ireland for the year ended 31 December 2014 under the Personal Insolvency Act 2012. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared in the form prescribed under Section 17 of the Act (as amended), and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Insolvency Service of Ireland

The Insolvency Service of Ireland is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of affairs of the Insolvency Service of Ireland and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and 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 circumstances of the Insolvency Service of Ireland, 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 the Insolvency Service of Ireland's 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, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Insolvency Service of Ireland's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Insolvency Service of Ireland. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has 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 Insolvency Service of Ireland's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Insolvency Service of Ireland'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.

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

14 May 2015

4 Statement of Accounting Policies

4.1 Basis of Accounts

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 with the consent of the Minister for Public Expenditure and Reform. Reporting standards, recommended by the recognised accountancy bodies, are adopted as they become operative.

4.2 Income Recognition

Oireachtas funding for the ISI provided through Programme F. – Subhead F4 of the Department’s Vote (Vote 24) is reported on a cash basis. All other income is reported on a cash received basis with the exception of fees for the authorisation of personal insolvency practitioners and renewal fees which are recognised in the year when an application has been approved.

Fee income is remitted to the Department on a quarterly basis. It is recorded as appropriations-in-aid in the Department’s accounts.

4.3 Expenditure

All expenditure, including payroll, is processed by the Department and recorded in the financial statements.

The majority of the ISI’s staff are civil servants and their pension liabilities will be met out of Superannuation Vote 12. Pension liabilities for staff who are on secondment and continue to be employees of parent bodies are borne by the parent body. Consequently, no provision has been made in these financial statements in respect of these costs.

4.4 Official Assignee

Section 17(2A) of the Personal Insolvency Act 2012 (as amended), requires the ISI to maintain accounts relating to the functions of the Official Assignee under the Bankruptcy Act 1988 or any other enactment. These accounts are subject to the supervision of the Court. Consequently, the financial statements of the ISI do not recognise any transactions in relation to bankrupts.

The accounts in respect of the Official Assignee do not form part of these financial statements and do not fall under the remit of the Comptroller and Auditor General. The administration costs and

relevant fees in relation to the work of the Official Assignee are recognised in these financial statements.

The Courts and Civil Law (Miscellaneous Provisions) Act 2013 provided for the transfer of the Office of the Official Assignee in Bankruptcy to the ISI. Under the Act, the Official Assignee continues to be an Officer of the Court and is independent in the performance of his/her functions under law.

4.5 Tangible Fixed Assets

Fixed assets are shown at the net book value at date of transfer to the ISI.

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	10% Straight Line
IT Hardware & Software	20% Straight Line
Office Equipment	20% Straight Line

4.6 Capital Account

The capital account represents the unamortised value of income applied for capital expenditure.

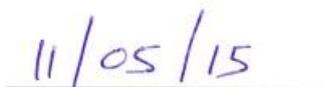
5 Income and Expenditure Account for the year ended 31 December 2014

	Notes	2014 €000's	10 months to 31 December 2013 €000's
Income			
Oireachtas funding	1	8,367	5,597
Other income	2	691	158
Transfer to Capital Account	8	(1,730)	(1,254)
Total Income		7,328	4,501
Expenditure			
Staff Costs	3	4,711	2,951
Administration	4	1,838	1,607
Audit Fee		10	5
Depreciation	5	36	25
Total Expenditure		6,595	4,588
Net Income (Expenditure)		733	(87)
Remittance to the Department of Justice and Equality Vote		(461)	(158)
Fees due to Courts Service		(69)	-
Excess of income over expenditure for the year	9	203	(245)

The Statement of Accounting Policies and notes 1 to 13 form part of these financial statements.



Lorcan O'Connor
Director
Insolvency Service of Ireland

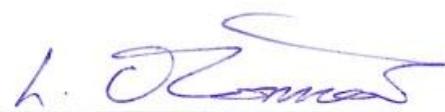


Date

6 Balance Sheet as at 31 December 2014

	Notes	2014	2014	2013	2013
		€000's	€000's	€000's	€000's
Fixed Assets					
Tangible Fixed Assets	5		3,050		1,317
Current Assets					
Bank and Cash		88		170	
Debtors and Prepayments	6	204		-	
Current liabilities		292		170	
Creditors and Accruals	7			(415)	
		(334)			
Net Current Liabilities			(42)		(245)
Total Assets Less Current Liabilities			3,008		1,072
Financed By					
Capital Account	8		3,050		1,317
Income and Expenditure Account	9		(42)		(245)
			3,008		1,072

The Statement of Accounting Policies and notes 1 to 13 form part of these financial statements.



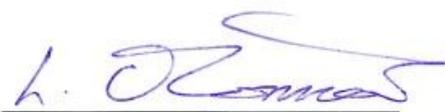
Lorcan O'Connor
Director
Insolvency Service of Ireland

11/05/15
Date

7 Cash Flow Statement for the year ended 31 December 2014

	2014	10 months to
	€000's	31 December
		2013
		€000's
Reconciliation of operating deficit to net cash inflow/(outflow) from operating activities		
Operating income (deficit) for year	203	(245)
Depreciation of Tangible Assets	36	25
Transfer to Capital Account	1,730	1,254
(Decrease) Increase in Creditors and Accruals	(81)	415
Increase in Debtors and Prepayments	(204)	-
Net cash inflow/(outflow) from operating activities	1,684	1,449
Net Capital Expenditure		
Payments to acquire tangible fixed assets	1,766	1,279
(Decrease) Increase in cash	(82)	170
Reconciliation of net cashflow to movement in net (debt)/funds	1,684	1,449
Net funds at start of period	170	-
Net funds at end of period	88	170
(Decrease)increase in Cash	(82)	170

The Statement of Accounting Policies and notes 1 to 13 form part of these financial statements.



Lorcan O'Connor
Director
Insolvency Service of Ireland

11/05/15

Date

8 Notes to the Financial Statements for the year ended 31 December 2014

1. Oireachtas Funding

	2014 €000's	10 months to 31 December 2013 €000's
Vote 24 - Justice and Equality (Programme F. - Subhead F.4)	8,367	5,597
	8,367	5,597

Funding for the ISI is provided from the Vote of the Department of Justice and Equality which makes all payments on behalf of the ISI. The total grant matches the sum charged to the Appropriation Account of that Department.

2. Other income

	2014 €000's	10 months to 31 December 2013 €000's
Personal Insolvency Practitioners authorisation application fees	75	143
Personal Insolvency Arrangements fees	57	13
Debt Settlement Arrangements fees	22	2
Debt Relief Notice Fees	12	-
Bankruptcy Realisation Fees	293	-
Bankruptcy Distribution Fees	5	-
Court Service – Recoupment of IT system costs	158	-
Fees collected on behalf/payable to the Courts Service	69	-
	691	158

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 can prescribe fees for the authorisation and renewal of personal insolvency practitioners. This is set out in S.I. No. 246 of 2013 (Personal Insolvency Practitioner Authorisation and Renewal of Authorisation Prescribed Fees) Regulations 2013. The fee payable for the initial authorisation is €1,500 and the fee payable for renewal of authorisation is €1,000. The term for authorisation of a practitioner is three years.

During the year a total of 53 (2013:95) personal insolvency practitioners were granted authorisations to practice.

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 can prescribe fees for protective certificates and debt relief notices. These fees are set out in S.I. No. 141 of 2014, Personal Insolvency Act 2012 (Prescribed Fees) Regulations 2013.

The prescribed fees are:

- The amount of €100 for application for a Debt Relief Notice(DRN),
- The amount of €250 for application for a protective certificate for a Debt Settlement Arrangement (DSA),
- The amount of €500 for application for a protective certificate for a Personal Insolvency Arrangement (PIA).

Income from arrangement fees for the period 1 January to 12 October 2014 consisted of 222 applications for a protective certificate in relation to PIA,(2013:26), 122 applications for a protective certificate in relation to DSA,(2013:8) and 184 applications for DRN, (2013:Nil)

On the 13 October 2014 the ISI under S.I.459 of 2014 suspended fees for PIA, DSA and DRN until the end of 2015.

From the 13 October to 31 December 2014, 137 applications for a protective certificate in relation to PIA, 55 applications for a protective certificate in relation to DSA and 85 applications for DRN were submitted.

The ISI in exercising its powers under Sections 3 and 20 of the Personal Insolvency Act 2012 (the Act) can prescribe fees to be paid in respect of the performance of the functions of the Official

Assignee under the Bankruptcy Act 1988. These fees are set out in S.I. No. 465 of 2013, Personal Insolvency Act 2012 (Prescribed Fees) Regulations 2013.

The fees are in respect of administration of the bankrupt estate, realisation fees on disposal of assets and distribution fees on the payment of a dividend to creditors of the bankrupt estate.

The ISI paid an amount of €158,297 for a contractor who was employed on the Courts element of the Case Management System. This amount will be reimbursed to the ISI from fees collected by the ISI on behalf of Courts Service from debt settlement and personal insolvency arrangements.

Fee income is remitted to the Department on a quarterly basis net of bank charges.

3. Staff Costs

	2014 €000's	10 months to 31 December 2013 €000's
Wages and salaries	4,667	2,942
Travel and subsistence	44	9
TOTAL	4,711	2,951

The ISI had 85(full time equivalent 83) staff at 31 December 2014.

4. Administration Costs

	2014 €000's	10 months to 31 December 2013 €000's
Postage and telecommunications	19	11
Office supplies	48	66
Office cleaning and maintenance	125	73
IT support	245	212
Contracted Services	233	91
Reimbursement of costs incurred by OPW	-	666
Legal fees	625	437
Public Information Campaign	465	-
General expenses	78	51
TOTAL	1,838	1,607

5. Fixed Assets

	IT	Office Equipment	Furniture	Work in Progress ISI CMS	Work in Progress Bankruptcy CMS	Total
Cost	€000's	€000's	€000's	€000's	€000's	€000's
At 1 January 2014	33	10	284	1,029	-	1,356
Assets acquired from Department	3	-	-	-	-	3
Additions at cost	4	5	8	1,377	372	1,766
Disposals at cost	-	-	-	-	-	-
At 31 December 2014	40	15	292	2,406	372	3,125
Accumulated						
Depreciation						
At 1 January 2014	12	6	21	-	-	39
Charge for the year	6	2	28	-	-	36
At 31 December 2014	18	8	49	-	-	75
Net Book Value						
At 31 December 2014	22	7	243	2,406	372	3,050
At 1 January 2014	21	4	263	1,029	-	1,317

Work in progress ISI CMS consists of the development of a case management system for the processing and handling of debt solutions. The spend incurred to date is for the design, testing and implementation of the system. A Project Steering Group was set up in January 2015 with a

remit to review the project and to agree a timeline and costings for the project through to completion.

Work in progress Bankruptcy CMS consists of the installation of a case management system dealing with the estates of bankrupt individuals. The ISI completed a procurement process in late 2013 and a contract has been agreed to provide the IT software development, licensing and maintenance costs for five years for a total project cost of €1,281,045. The installation commenced in December 2014 and will be completed in 2015.

6. Debtors and Prepayments

	2014	2013
	€000's	€000's
Debtors	89	-
Prepayments	115	-
TOTAL	204	-

Debtors represent an amount which is due to the Insolvency Service of Ireland from the Courts Service under an agreement that the ISI paid for costs for a contractor who was employed on the Courts element of the ISI Case Management System. The total amount paid to the contractor by ISI was €158,297. An amount for €68,610 was offset against the fees collected in 2014 by the ISI for the Courts Service on debt settlement and personal insolvency arrangements which leaves a remaining balance due of €89,687.

7. Creditors and Accruals

	2014	2013
	€000's	€000's
Accruals	314	245
Payable to the Department of Justice and Equality Vote	7	158
Deferred income	8	12
Provision for refunds	5	-
TOTAL	334	415

Deferred income is in respect of application fees paid by individuals for authorisation to act as a personal insolvency practitioner who were still awaiting a decision in relation to authorisation at year end.

8. Capital Account

	2014	2014	2013	2013
	€000's	€000's	€000's	€000's
Balance at 1 January 2014		1,317		
Fixed assets transferred on 1 March 2013				48
Assets acquired from the Department of Justice and Equality		3		15
Fixed asset purchases	1,766		1,280	
Amortisation	(36)		(25)	
Transfer from Income and Expenditure account		1,730		1,254
Balance at 31 December 2014		3,050		1,317

9. Movement in Accumulated Surplus

	2014	2013
	€000's	€000's
Opening deficit	(245)	-
Surplus/(deficit) for the year/period	203	(245)
Total at end of the year/period	(42)	(245)

10. Pension Levy

Salary costs included in this account are the gross costs to the ISI for the year. The Department pays salaries on behalf of the ISI. 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. This amounted to €183,407 in 2014.

11. Premises

The ISI operates from accommodation at Block 2, Phoenix House, Conyngham Road, Dublin 8 the lease of which is paid by the Office of Public Works. Utilities costs are borne by the ISI.

12. Director's Remuneration

The Director's remuneration for the year ended December 2014 totalled €125,405 (the total annual salary in 2013 was €123,286). The Director was paid €3,316 in respect of travel and subsistence expenses for the year 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 2014.

13. Official Assignee

The Official Assignee remitted fees totalling €297,224 to the ISI for the year ended 31 December 2014 in respect of bankrupt estates.

