

PSRA



Property Services Regulatory Authority

Annual Report 2016





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Foreword by Geraldine Clarke, Chairperson of the Property Services Regulatory Authority

I am pleased to present the 2016 annual report of the Property Services Regulatory Authority.

This past year has been a very productive and innovative one for the Authority and licensees. In April 2016, the Authority introduced an online licence renewal and payments facility for licensees. It has proved to be a great success and this success can be attributed to the level of engagement the Authority undertook with the representative bodies of the profession, the nationwide seminars and the establishment of a dedicated helpdesk. Licensees are to be highly commended for their level of engagement with the online process. Their active co-operation and enthusiasm contributed significantly to its success. The Authority now has in place a significantly more efficient and effective licence renewal process, which was widely welcomed by the sector and licensees.

Since its establishment, the unavailability of adequate resources to the Authority has been a challenge and particularly so during the embargo on staff recruitment. The Authority was assigned replacement staff early in the year to address the complaint arrears. In addition, the Authority tendered for outsourced resources to undertake investigations of complaints against licensees. In July 2016, the Authority signed a contract with a party with the necessary skills to undertake such investigations on behalf of the Authority. By year end, approximately 400 audits were underway and at various stages of completion. Overall, the audits were well received by the profession and there is general recognition that they are a valuable tool in assisting licensees in complying with their statutory obligations.

Towards the end of the year, the external inspectors were also assigned complaint investigations and this greatly assisted the Authority in addressing the complaints arrears.

In April 2016, six members of the Authority completed their term of office. The Minister for Justice and Equality re-appointed three outgoing members, Mr Paul Mooney, Mr Edward Carey and myself and three new members Ms Hilary Griffey, Dr Aideen Hayden and Dr Muiris O'Ceidigh. I was delighted to be reappointed as Chairperson. I would like to welcome the re-appointed members and the newly appointed members who have a diverse range of expertise and experience that will be hugely beneficial in carrying out the Authority's statutory functions. In addition, I would also like to thank sincerely the outgoing members, Ms Carol Boate, Mr Myles O'Reilly and Mr James Doorley for their dedication and support over the last number of years. I of course also want to express my gratitude to my colleagues on the Authority for their continued commitment and enthusiasm, which is of paramount importance to the continued success of the Authority.

The achievements this year would not have been possible without the hard work, dedication and perseverance of our CEO, Ms Maeve Hogan and the staff of the Authority. Their ongoing efforts have resulted in a level of achievement across all the functions of the authority, which allows us to look forward with confidence to the coming years.

Finally, I would also like to thank the Minister for Justice and Equality, Ms Frances Fitzgerald and the staff of the Department of Justice and Equality for their continued valued support and assistance.

Geraldine Clarke
Chairperson



Introduction by Maeve Hogan, Chief Executive of the Property Services Regulatory Authority

I am delighted as Chief Executive of the PSRA to present my second annual report on its activities over the past year. The ongoing work of the Authority has resulted in the streamlining of a new regulatory regime, one that establishes standards, promotes professionalism and protects consumer interests. I hope to continue to build on these established foundations to make the PSRA an effective regulatory organisation for both licensees and consumers.

During my tenure as Chief Executive, I will continue to build on the established structures of the Authority. One key priority project for me on taking up duty in August 2015 was to commence the process of moving from a manual licence applications system to an online licence renewal and payments system. By the end of 2016, the online licence renewal project was in its final development stages, which at that point, had delivered significant efficiencies for licensees in renewing their licence applications and for the staff of the Authority in managing an effective and significantly more efficient licence renewal process. Efficiencies continue to be realised from this project, which has not only delivered efficiencies in terms of processing time, but has delivered resource savings.

As part of the information campaign in relation to the online process, the Authority undertook a series of seminars nationwide to inform licensees of the new licence renewal process. Seminars were held in Navan, Sligo, Galway, Cork, Portlaoise and Dublin. In addition, information leaflets, video guides and a dedicated helpdesk were made available by way of providing maximum assistance to ensure the project's success.

To facilitate the delivery of continual learning and increased professionalism in the sector, the presence of a Continuing Professional Development (CPD) scheme is essential. The Authority approved a scheme of CPD, which will be delivered on its behalf on an accredited basis by appointed providers. Delivery of CPD to licensees will be through attending lectures and online courses and will be provided on a regional basis. Progress in developing a CPD tender process was at an early stage by end of 2016.

In July, 2016 the Authority engaged a company with expertise in investigations to conduct compliance audits and complaint investigations. At end of 2016, staff of the Authority and outsourced inspectors commenced approximately 400 audits. Based on the results of the audits completed by year end, there was a very high level of compliance by licensees.

The Authority's Compensation Fund continues to grow and by year end the total value of the Fund stood at approximately €2.7 million. Throughout 2016, the process of exploring options of insuring the compensation fund continued. No grants were made from the Fund at December, 2016.

Addressing complaint arrears continued to be a priority for the Authority. Through the assignment of staff to the Complaints section, additional available resources achieved through efficiencies in the Navan office and engagement of outsourced inspectors, significant improvement was achieved in addressing complaints arrears.

The progress made to date would not have been possible but for the dedication and commitment of the staff of the Authority who have supported me in my role and I would like to express my sincere gratitude and thanks to all.

Maeve Hogan
Chief Executive



Who We Are

The Property Services Regulatory Authority (Authority) was established on 3rd April 2012 pursuant to the Property Services (Regulation) Act 2011 (the Act) and is the statutory body with responsibility for licensing and regulating the property services industry in Ireland.

The Authority's headquarters is based in Navan, Co Meath since its establishment, with a second office established at Bishops Square, Dublin 2 in December 2013. At the end of 2016, in addition to the Chief Executive of the Authority, the PSRA had 17.3 full time staff.

The Authority is independent in the exercise of its functions. The Authority is chaired by Ms. Geraldine Clarke, Solicitor, and its membership consists of the property services industry and consumer interest representatives.

The legislation establishing the Authority provides for the licensing of a number of categories of property services providers namely:

Auctioneers/Estate Agents

Persons engaged in the auction of property other than land (Licence Type A) and those engaged in the sale of land by whatever means (Licence Type B)

Letting Agents

Persons engaged in the letting of land (Licence Type C)

Management Agents

Persons engaged in the provision of management services on behalf of Management Bodies (Licence Type D).



Membership of the Authority

In appointing members to the Authority under the Act, the Minister for Justice and Equality must have regard to the desirability of their having knowledge or experience in consumer affairs, business, finance, management or administration or any other subject which would, in the Minister's opinion, be of assistance to the Authority in performing its functions under this Act.

However, the Act also prescribes that the membership of the Authority must include:

(a) not more than 3 persons who are representatives of persons who provide property services, and

(b) not less than 3 persons who have knowledge of, or experience in, consumer affairs.

Membership of the Authority complies with the statutory requirement outlined above.

The membership of the Authority up to 3 April, 2016 included:

Ms. Geraldine Clarke (*Chairperson*)

Ms. Carol Boate

Mr. Edward Carey

Mr. Patrick Davitt

Mr. James Doorley

Ms. Deirdre Fox

Mr. Martin Hanratty

Ms. Josephine Henry

Mr. Paul Mooney

Mr. Myles O' Reilly

Ms. Regina Terry

On 3 April, 2016 a total of six of the eleven Authority's members' terms of office ceased. On 28 November, 2016, the Minister for Justice and Equality reappointed three of the outgoing members and appointed three new Authority members. All members of the Authority hold office for a period of four years. Members of the Authority at 28 November, 2016 comprised of representatives or persons who provide property services, have knowledge or experience in consumer affairs or is an officer of the Minister.

Members of the Authority include:

Ms. Geraldine Clarke (*Chairperson*)

Mr. Patrick Davitt

Dr. Muiris O Ceidigh

Mr. Edward Carey

Ms. Hilary Griffey

Ms. Deirdre Fox

Mr. Martin Hanratty

Ms. Josephine Henry

Mr. Paul Mooney

Dr. Aideen Hayden

Ms. Regina Terry



Authority Meetings

During 2016 the Authority met on six occasions. As outlined, six members of the Authority's term of office ceased on 3 April, 2016. Two meetings were held in June and July attended by the remaining five Authority members. On 28 November, 2016, the former Chairperson Ms Geraldine Clarke and two outgoing members – Mr Edward Carey and Mr Paul Mooney were reappointed to the Authority. Three new Authority members, Dr. Muiris O Ceidigh, Ms. Hilary Griffey and Dr. Aideen Hayden were also appointed to the Authority by the Minister for Justice and Equality.

Details of attendance at Authority meetings are outlined below:

| Name | 02-Feb-16 | 01-Apr-16 | 22-Jun-16 | 14-Jul-16 | 12-Oct-16 | 19-Dec-16 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Geraldine Clarke* | √ | √ | N/M | N/M | N/M | √ |
| Edward Carey* | √ | √ | N/M | N/M | N/M | √ |
| Paul Mooney* | √ | √ | N/M | N/M | N/M | √ |
| Myles O'Reilly* | √ | √ | N/M | N/M | N/M | N/M |
| James Doorley* | √ | √ | N/M | N/M | N/M | N/M |
| Patrick Davitt | √ | √ | √ | √ | √ | √ |
| Deirdre Fox | X | X | √ | √ | X | √ |
| Martin Hanratty | √ | √ | √ | √ | √ | √ |
| Josephine Henry | √ | √ | √ | √ | √ | X |
| Regina Terry | √ | √ | √ | √ | √ | √ |
| Dr. Muiris O'Ceidigh** | N/M | N/M | N/M | N/M | N/M | √ |
| Hilary Griffey** | N/M | N/M | N/M | N/M | N/M | √ |
| Dr. Aideen Hayden** | N/M | N/M | N/M | N/M | N/M | √ |
| Carol Boate*** | | | | | | |

√ attendance at meeting

x non-attendance

N/M non member

* Authority members Ms. Geraldine Clarke (Chairperson), Mr. Edward Carey, Mr. Paul Mooney, Mr. James Doorley and Mr. Myles O'Reilly ceased their term as members of the Authority in April 2016. Ms. Geraldine Clarke (Chairperson), Mr. Edward Carey and Mr. Paul Mooney were reappointed to the Authority in November 2016.

** Dr. Muiris O'Ceidigh, Ms. Hilary Griffey and Dr. Aideen Hayden were appointed to the Authority in November 2016.

*** Ms. Carol Boate was on statutory leave at the start of the year and ceased her term as an Authority member in April 2016.



The Role of the Authority

A key role of the Authority is to implement the objectives of the legislation and to ensure that those licensed to provide property services meet the highest standards in service provision and that consumers are fully protected through the rigorous application of the provisions of the Act.

The key functions of the Authority include:

- To control, supervise and regulate Property Services Providers (i.e. Auctioneers/Estate Agents, Letting Agents and Management Agents); To operate a comprehensive licensing system covering all Property Services Providers;
- To specify and enforce standards for the granting of licences to Property Services Providers (e.g. educational/training standards; levels of professional indemnity insurance), and; standards to be observed in the provision of property services by Property Services Providers (e.g. technical standards; appropriate ethical standards);
- To establish and administer a system of investigation and adjudication of complaints against Property Services Providers;
- To establish and administer a system of investigation of standards in the provision of Property Services;
- To impose sanctions on Property Services Providers for improper conduct (including making a payment up to €250,000 and the revocation of a licence);
- To promote increased consumer protection and public awareness of property services in general;
- To establish, maintain and administer a Compensation Fund to compensate clients who lose money as a direct consequence of the dishonesty of a Property Services Provider;
- To develop Codes of Practice for Property Services Providers;
- To establish and maintain a Public Register of Property Sales Prices;
- To establish and maintain a Commercial Leases Database;
- To establish and maintain a Public Register of Licensed PSPs;
- To Act as State Competent Authority for Money Laundering;
- To Assist the Minister in the development of policy relating to the regulation of the Property Services Industry; and
- To undertake or commission research projects.



Mission and Values

Mission

The Authority's mission is to control and supervise Auctioneers, Estate Agents, Letting Agents and Management Agents and to protect the interests of the public in their interaction with them by ensuring that high standards are maintained in the delivery of property services.

Values

Public Interest

The Authority is committed to carrying out its functions in the public interest.

Good Governance

The Authority is committed to compliance with high standards of governance and probity, and to conduct its business in an efficient and cost-effective manner.

Consultation

The Authority is committed to engaging with its stakeholders in the ongoing development and delivery of its services.

Commitment to Staff

The Authority is committed to supporting its staff in delivering its strategic goals and in developing fulfilling careers within the organisation.



Strategic Plan 2014 – 2017

The first Strategic Plan of the Property Services Regulatory Authority (PSRA) covers the period 2014 to 2017 and maps out the key issues, which the Authority must address during this period. This plan builds on the work and progress made to date and provides a road map for the strategic direction of the Authority. The strategic plan focuses on:

- **Improving the organisational structures, systems, procedures, protocols, rules and regulations that have been established since the Authority commenced its work and which are fundamental to the long term functioning of the Authority, and**
- **Ensuring that a robust regulatory framework will continue to apply in the industry.**

The Strategic Plan outlines the role, objectives and direction of the PSRA and charts the progress made to date that will bring about greater uniformity and transparency in the licensing, regulation and control of PSPs and in the provision of information to consumers. It also sets out what the Authority expects to achieve and how as an organisation, it intends to deliver on its goals. Therefore, this is the core document from which the organisation’s business planning, performance management and development will be derived. The Authority adopted the following key goals:

- GOAL 1: Maintain a comprehensive licensing system for Property Services Providers;**
- GOAL 2: To maintain a system of investigation and adjudication of standards in the delivery of property services;**
- GOAL 3: To promote public awareness of the Authority;**
- GOAL 4: To maintain Public Registers;**
- GOAL 5: To be efficient in the use of human, financial, management and technical resources; and**
- GOAL 6: To ensure appropriate governance policies, structures and procedures are implemented.**



Progress Strategic Goal 1

Maintain a comprehensive licensing system for Property Services Providers

Licensing

The Act provides that any person providing property services in Ireland must be licensed by the Authority and defines such services as including:

- **The Auction of Property other than Land (Licence Type A)**
- **The Purchase/Sale of Land - by whatever means (Licence Type B)**
- **The Letting of Land (Licence Type C), and**
- **The Provision of Property Management Services (Licence Type D)**

The Authority issues four different types of licence which correspond with the four types of property services defined in the Act. Any person may apply for one or more licences for which there is no additional cost. Licences are renewable annually.

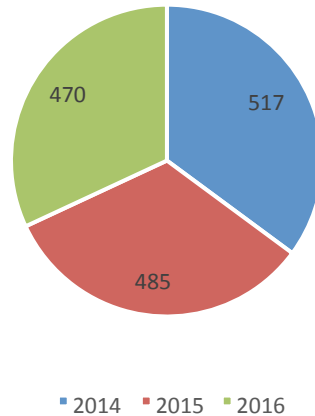
The Authority commenced licensing of property services in 2012 and at the end of 2016 the process continues to be streamlined to operate in a more efficient and effective manner. As the Authority was established mid-year in 2012, the terms of annual licences tend to span across more than one calendar year. As a result, when comparing licensing statistics across licensing years it is necessary to present data from outside the reporting period in question. In the period from 6th July 2012 to the end of 2016 a total of 8,380 licence applications were received. Of these, licences were granted in 7,366 cases with 934 applications refused and 80 new applications under review. Of the licences issued since July 2012 some 1,587 licences have not been renewed or ceased trading by the end of 2016.

New Licences

The property services sector was seriously impacted by the economic recession. However, notably with the turn around in the economy, the Authority is issuing new licences to those who now wish to work in the property services sector. Chart 1 outlines that in 2016 the Authority issued 470 new licences compared with 485 in 2015 and 517 in 2014. This is encouraging to the Authority as it reflects an understanding in the sector of the requirement to be licensed where providing a property service.



Chart 1 New Licences Issued



Licence Renewal

At the end of 2015, work commenced on an online licensing and payment system provided by An Post through Licences.ie. The Authority agreed to commence the online project with licence renewal applications as part of Phase 1 with Phase 2 of the project addressing new licence applications. The direct benefits of this project included:

- **Compliance with Government E-Payments policy;**
- **Elimination of fraud;**
- **Significant reduction in level of refunds;**
- **Elimination of 6,500 manually completed application forms;**
- **Full integration through online completion of licence renewal application, payment of licence fee and contribution to Compensation Fund with the PSRA licensing database;**
- **Improved efficiency in issuing of licences;**
- **Staff savings resulting from efficiencies of project.**



Following positive engagement by the Authority with An Post and the IT Division of the Department of Justice and Equality, Phase 1 of this project became operational in April 2016. This enabled licensees to renew and pay for their licences, and make their contribution to the compensation fund online.

As part of this project, an online payment facility was made available where licence fees and contributions to the Compensation Fund could be paid online by debit/credit cards or by electronic fund transfer (EFT). In response to feedback from the sector, through additional development, this online facility was also made available to employers, who often make such payments on behalf of their employees. The online licence renewal and payment system significantly decreased the manual processes and paperwork previously involved with processing applications, with all documentary evidence (Accountants Report, PI Insurance, Certificate of Incorporation) associated with licence applications to be submitted electronically. All processes related to licence renewals for both employer and employee licences were completed online.

The Authority, in preparation for one of its biggest challenges since the introduction of licensing, developed a comprehensive campaign of engagement with licensees and the sector as a whole. In early 2016, the Authority held nationwide seminars where it availed of the opportunity to demonstrate and inform licensees on the new system. In the interest of accessibility and practicality, the Authority developed a number of online videos to assist in providing step by step guidance with the online process. A dedicated helpdesk was established and made available to licensees to assist in the transition to the online licence renewal system. Guidance sheets were prepared and published on the Authority's website providing all the required information. The support provided by both the Institute of Professional Auctioneers of Ireland (IPAV) and the Society of Chartered Surveyors of Ireland (SCSI) was of significant assistance in helping their member's transition to the new system. Further, the Authority made available a facility to provide practical assistance in uploading applications for licensees who experienced broadband issues.

As with any new system, there were some minor teething problems, including unfamiliarity with the system, delays in uploading information, password and PIN retrieval. The requirement for tax clearance access number details to be provided on the new licence renewal system also caused some delay. As part of the licensing process, all business entities, directors and partners are required to be tax compliant and the Authority availed of the Revenue Commissioners' new online tax clearance verification process which was introduced in December 2015. In that regard, all licensed employers/directors/partners were requested to submit details of their Revenue Tax Clearance Access Numbers (TCANs) and Revenue Tax Reference number to allow the Authority to undertake online tax clearance checks. A significant number of licensees were unfamiliar with the new Revenue process which resulted in numerous calls and queries to the dedicated helpdesk.

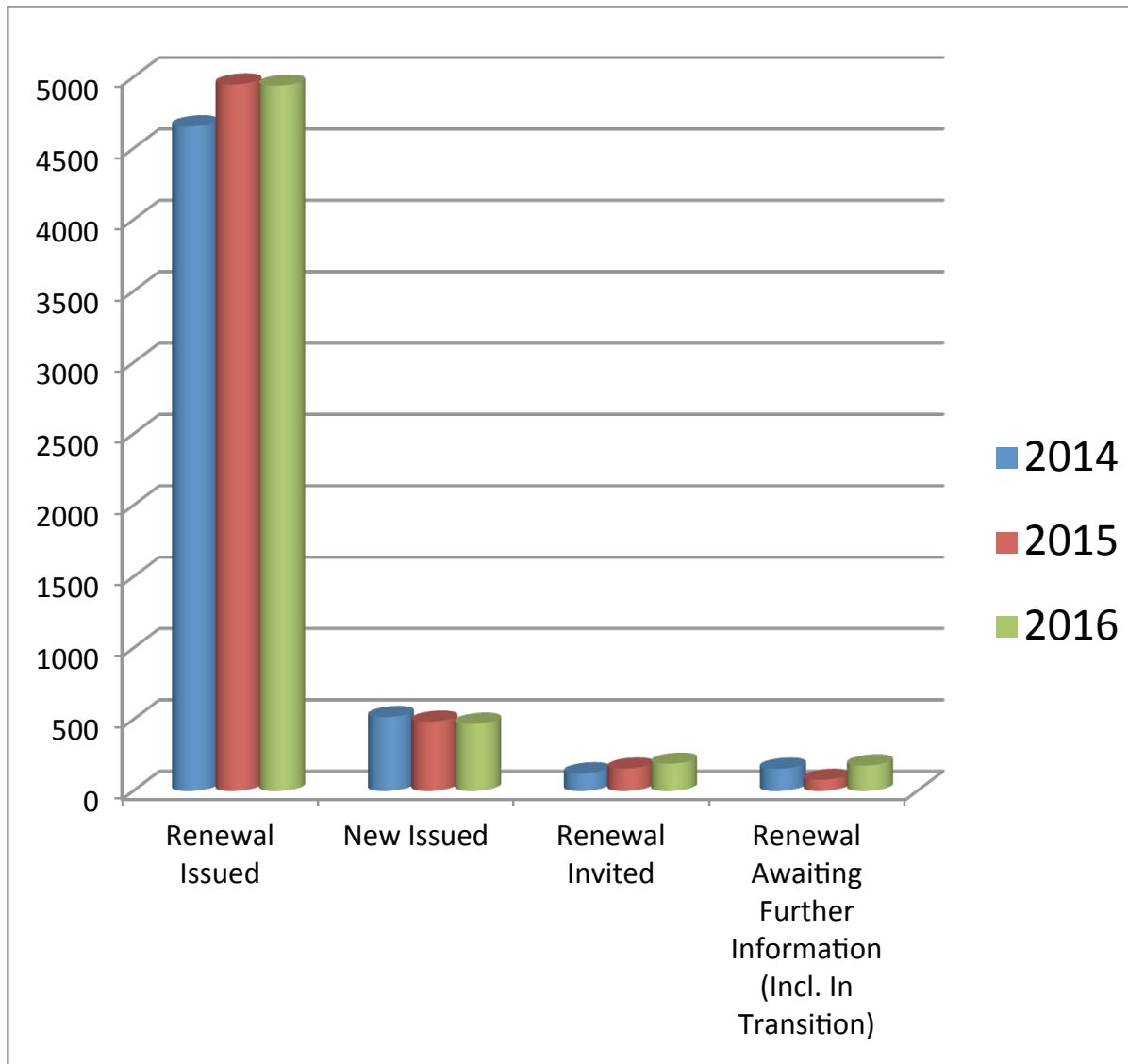
The system was broadly welcomed by the representative bodies and licensees and facilitated with the speedier issuing of licence renewals. Some 85.4% of licence renewals submitted in May 2016 were issued by the end of August 2016 and this compares with 73.1% over the same timeframe in 2015. It is expected that the turnaround times for the issue of licences will continue to improve, as licensees become more familiar with the online system and as the proficiency of staff of the Authority in processing applications increases.

The licence renewal process for 2016 saw the greatest number of licence renewals processed since the commencement of licensing by the Authority in 2012. In total, 5,029 licence renewal applications were processed in 2016 which represents an increase of 1.6% on the renewals processed by the Authority in 2015. This compares to a 6% increase in the number of licence renewals processed between 2014 and 2015.

Taken together with the total of new licences issued, renewal invites and renewal of licences awaiting further information, Chart 2 outlines a total of 5,779 licences active at the end of 2016 compared with 5,668 licences in 2015 representing a 1.9% increase overall across all licence types. The number of active licences increased by 6% across all licensing types between 2014 and 2016.



Chart 2 Position of Licences at 31 December, 2016



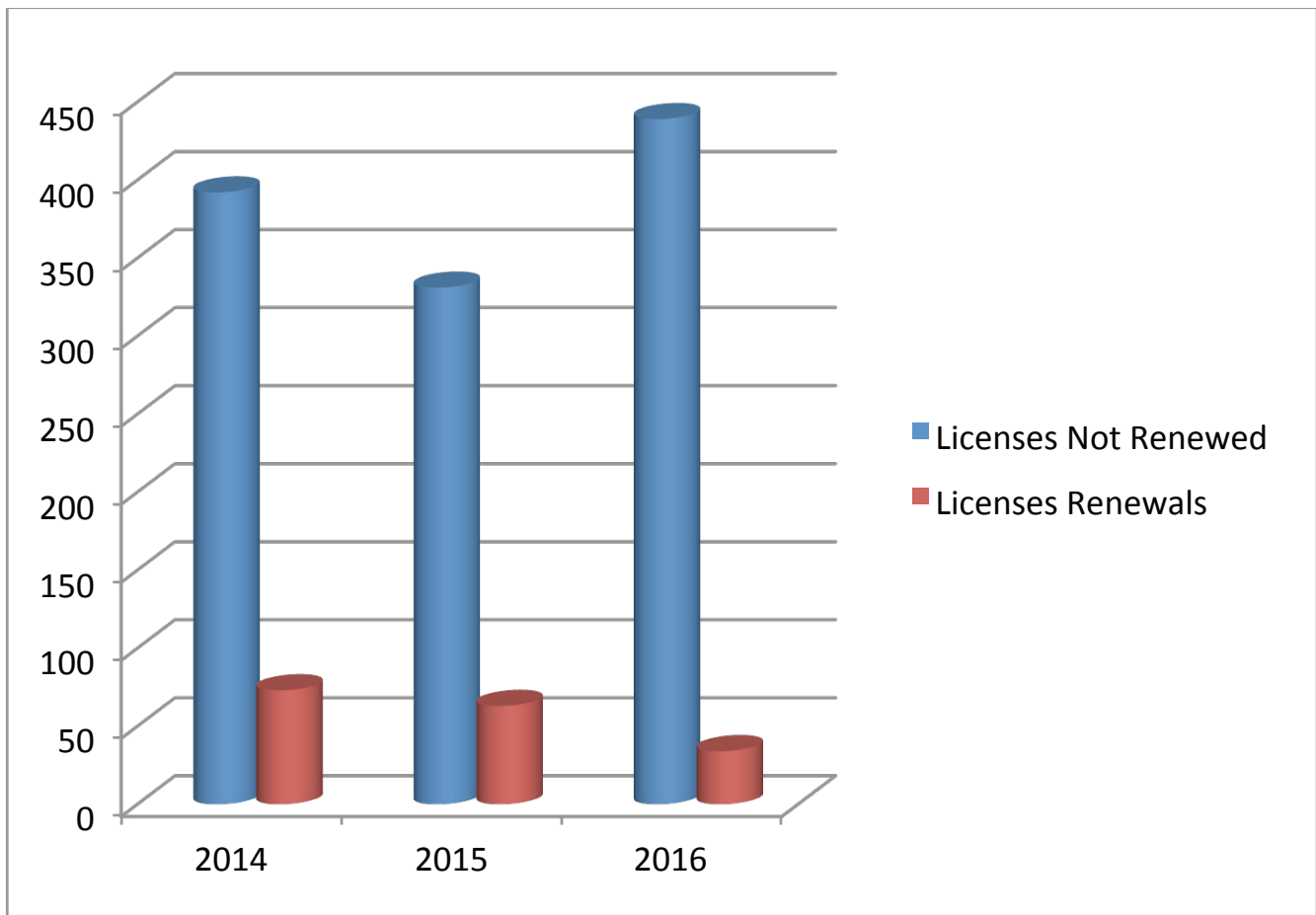
Non-Renewals

The level of non-renewal of licences is outlined in Chart 3 for 2014, 2015 and 2016. In 2016 a total of 439 (7.75%) of licensees did not renew their licence. This compares with non-renewal of licences in 2015 of 331 (6.7%) and with 392 (8.4%) of licensees in 2014. This can be partly explained by licensees retiring from the sector. Lack of recovery in the sector has also been cited by licensees as a reason for the non-renewal of licences.

The Authority refused fewer licence renewals in 2016 than in 2015 and 2014. This can be attributed to increased knowledge of the full requirements of renewing a licence and having the necessary qualifications and documents at time of licensing.



Chart 3 Comparison of licences not renewed and refused



Licence Refusals

The Authority continues to refuse applications for new licences. Reasons for refusing a first time licence application include where the qualification standard is not met, incomplete accountants report, no tax clearance certificate and where additional information sought by the Authority is not provided. In all instances the Authority is supportive of new applicants and considers in full all information and documentation submitted in support of their licence application prior to making a final decision on all applications.

New Licence Application Appeals

In 2016 a total of 110 new licence applications were refused. This compares with a similar number (110) of new licence applications refused in 2015, with 141 applications refused in 2014 and 527 applications in 2013. A noticeable increase in the quality of new licence applications received, suggests that potential applicants are now more aware of the Authority's requirements and standards to become licensed.

A total of 21 licence appeals were made in 2016 compared to 13 licence appeals made to the Property Services Appeal Board (PSAB) in 2015 in relation to decisions by the Authority to refuse a licence application. The outcome of these cases by the Appeal Board were as follows:

- In 6 cases the Authority's decision was overturned;
- In 9 cases the PSRA decision was upheld;

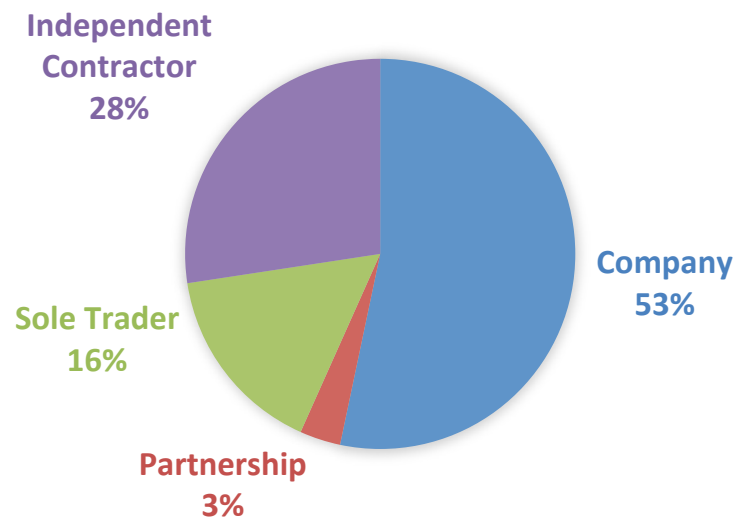


- **In 2 cases, the PSRA was advised to reconsider the licence application:** -
-In relation to these appeals, following further engagement with the applicant, the Authority's revised decision was to issue licenses after receipt of additional supporting information by the applicant.
- **In 1 case, the appeal was withdrawn from the PSAB as a licence issued on the basis of additional information submitted to the PSRA.**
- **In 1 case, the appellant submitted additional information to the PSRA and a licence subsequently issued.**
- **In 2 cases, the appeal was with the PSAB at end 2016.**

Business Licence Distribution by Category

An analysis of the distribution of the 5,779 licences issued during 2016 between employers and employees, highlights that a total of 3,918 (67.8%) of all licences issued in 2016 were in respect of employees. Chart 4 outlines that a total of 1,861 licences were allocated to employers, comprising of companies, partnerships, sole traders and independent contractors. Within this group, companies hold the greatest number of employer licences representing approximately 53.3%, followed by independent contractors, representing 28% of licences issued to employers. The proportional breakdown for licences issued between employers and employees in 2016 was 32.2% Employers and 67.8% Employees. In 2015 the breakdown was 32.9% Employers and 67.1% Employees. In 2014 the respective figures were 34% Employers and 66% Employees.

Chart 4 Business Licences by Category for 2016

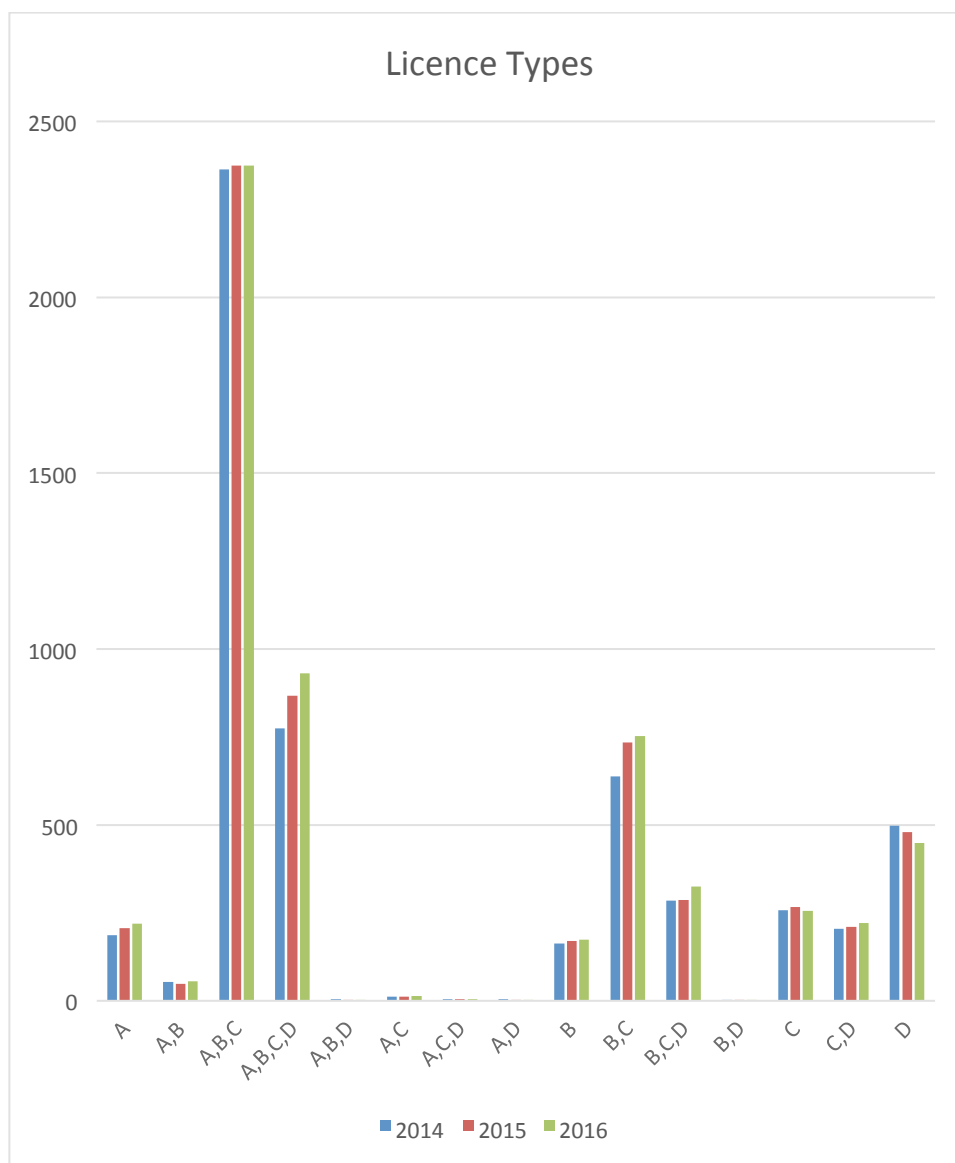


Licence Type

In 2016, the Authority granted a total of 5,779 licences compared to 5,668 licences in 2015. Chart 5 illustrates the number of licences issued by the Authority in 2016, categorised by licence type. Categories of licence include single type licences and a combination of some or all licence types. This Chart conveys a significant increase in the number of licensees holding a combination of licence types ABCD, BCD and A only licence type. It also highlights a significant reduction in the number of licensees holding licences in respect of D only and C only licences.



Chart 5 Distribution by licence type issued in 2014 - 2016



Overall, the response of licensees to the requirements necessary to obtain a licence showed another significant improvement in 2016. Despite this marked improvement, there is still concern that many within the industry do not fully appreciate the implications of their failure to fully comply with their obligations under the Act. To this end, the Authority ran media campaigns to highlight the requirement to hold a licence and has been actively pursuing unlicensed operators.

Since its establishment and in particular throughout 2016 the Chief Executive has availed of opportunities to address industry conferences promoting the message of compliance with the Property Services (Regulations) Act, 2011. These events have allowed the Authority to provide guidance and assistance on matters presented by licensees. However, conscious that not all licensees are members of a professional body, the Authority when issuing licences include a covering letter reminding licensees of their statutory obligations and the implications of failing to comply with such obligations. The Authority also issues newsletters to all licensees via email to keep them informed of licencing requirements.



Progress Strategic Goal 2

Maintain a system of investigation and adjudication of standards in the delivery of property services

Investigations

A central element of the Authority's regulatory powers is the investigation of Property Services Providers. There are three types of investigations that the Authority can undertake, namely:

- **the investigation of the illegal provision of property services by unlicensed service providers,**
- **the inspection of the standards in the provision of property services and statutory compliance by licensed service providers,**
- **the investigation and adjudication of complaints made against licensed property service providers.**

Section 28 of the Act makes it an offence to provide, advertise or offer property services without the appropriate licence. The investigation of persons providing property services without the appropriate licence is limited to establishing that the person in question is providing a property service as defined in the Act and that such service is provided for a consideration (payment). Once these two facts have been established it is a matter for the Authority to bring a prosecution before the courts for a breach of section 28 of the Act.

Inspection of standards in the provision of property services and statutory compliance by licensed service providers are carried out on the Authority's own volition. These involve examination of whether or not a licensee has engaged in "improper conduct" and whether or not the licensee has breached the Act.

The third type of investigation relates solely to "improper conduct" and arises following complaints made against a Property Services Provider. The basic legal framework and procedures for these types of investigations are set out in Part 7 of the Act. Briefly these cover:

- **the circumstances and the manner in which the Authority may investigate "improper conduct", as defined, by a Licensed Property Services Provider;**
- **the powers of entry and inspection of Inspectors appointed by the Authority to carry out investigations and the duties of such Inspectors;**
- **the duties of the Authority following the conclusion of an investigation; and**
- **the matters which the Authority must consider when coming to a decision on foot of an Inspector's report and in imposing sanctions.**

It is important to understand that the Authority may only carry out an investigation of alleged "improper conduct" against a property service provider which is defined in the Act as follows:

- “(a) the commission by the service provider of an act which renders him/her no longer a fit and proper person to provide property services,



- (b) the commission by the service provider of a contravention of the following sections of the Act—
section 28(1), 29(9), 31(5), 37(1), (2), (4), (5), (6) or (7), 41(1), 43(1), (2) or (3), 44, (2), 56(1), 57(1), 58(3), 59(1), 60(1), 61, or 81(1) or (2),
or
- (c) the commission by the service provider of a contravention of a provision of regulations made under section 46, 62 or 95 of the Act,
- (d) the giving by the service provider of a statement of advised market value or advised letting value of land which is clearly unreasonable.”

Complaints

During 2016, the Authority received 285 complaints, a minimal increase on the 283 complaints received in 2015. This figure includes reports of unlicensed provision of property services. Chart 6 outlines all complaints received since July 2012 up to 31 December 2016 (equivalent figures for 31 December 2015 are also shown for the purposes of illustration):

Chart 6 Status of Complaints received up to 31 December, 2016

| Complaint Status | 31 /12/16 | 31/12/15 |
|---|-----------|----------|
| Initial Assessment Phase | 148 | 410 |
| Inspection Phase | 186 | 130 |
| Concluded - Declined/Not Accepted/ Frivolous/Vexatious and Outside Remit | 862 | 398 |
| Settled/Agreed Between Parties | 14 | 13 |
| Withdrawn by Complainant | 53 | 30 |
| Appeals Pending | 5 | 5 |
| Appeal Withdrawn | 13 | - |

Despite ongoing challenges with regard to available resources, Chart 6 illustrates significant progress made on reducing the backlog of complaints cases in two main areas:

- (i) **the number of complaints which have been concluded without the need for an investigation and**
- (ii) **the number of complaints which remain to be “triaged” at Initial Assessment Phase.**

Progress with this important aspect of the Authority’s work was made possible by the freeing up of internal staff resources as a result of the online licence renewal initiative described earlier in this report.

At the end of 2016, in total 862 or 67% of complaints received to date were concluded without a requirement for the appointment of an inspector to conduct an investigation. This compares with 398 or 40% of cases in 2015. In all such cases the Authority explained the reasons as to why an investigation could not be pursued, principally because the subject matter of the complaint did not fall within the definition of “improper conduct” specified in the Act. The Authority’s decision to decline to investigate may be appealed to the Property Services Appeal Board. At year end, 148 or 12% of complaints received were awaiting initial assessment to decide if they should be declined or investigated (net of the 285 complaints received during 2016). Equivalent figures at the end of 2015 were 410 or 42% of all cases. In some cases, initial assessment



includes seeking clarification from the licensee or complainant before a decision is reached. The Authority also takes the opportunity at this stage to remind both parties that informal settlement as envisaged in section 63(2)(c) of the Act is a possibility.

Investigations were deemed necessary in 186 cases, and were either underway following the appointment of an Inspector or were awaiting the appointment of an Inspector at year end. Some progress in this area also resulted from the freeing up of internal staff resources arising from the reduction on the number of cases requiring initial assessment or “triaging”. In addition, the Authority has outsourced some of this investigative work in the latter part of 2016 and it is envisaged that this will continue into 2017. Following a competitive tender process, the Authority engaged the services of a company which employs Investigators with extensive experience in carrying out investigations of many different types for a variety of State agencies.

By the end of 2016, the open caseload had reduced significantly in both numerical and percentage terms. There were 334 open cases at the end of 2016, or 26% of the total received. This compares with the position at 31 December 2015 when 540 or 55% of the 981 cases received at that point, were open.

Chart 7 Reasons for Complaints received up to 31 December, 2016

| Category | No. of Complaints | % of Total |
|---|-------------------|------------|
| Service Provision (Complainant unhappy with service provided) | 428 | 33% |
| Unlicensed Operation (A report is made of unlicensed trading, or a complaint is made against a business which turns out not to be licensed) | 359 | 28% |
| Retention of Money by Property Service Provider | 300 | 23% |
| Fee or Outlays (Complainant disputes the amount of fees charged or expenses /outlays incurred) | 170 | 13% |
| Ethical Conduct (Complainant feels that the Property Services Providers behaviour was unethical) | 150 | 12% |
| Letter of Engagement (Letter of Engagement was either absent or deficient in some way) | 131 | 10% |
| Client Account (Allegation of impropriety in relation to the operation of the Client Account) | 69 | 5% |

The nature of complaints covered a broad range of issues. Chart 7 shows the seven most common categories into which complaints may be placed, based on the nature of the complaint. In interpreting the numbers and percentages in the chart, it is important to bear in mind that a complaint may be multi-faceted and, therefore, may fall into more than one category. Nevertheless, the chart is a good indicator of the nature of the complaints and reports, which the Authority must assess and investigate. The behaviour or omission complained of in some of the categories, for example, Service Provision and Ethical Conduct, are open to interpretation. The complainant may genuinely feel unhappy or aggrieved at what transpired in their dealings with the property services provider, but it may not fall under the definition of “improper conduct” in section 2 of the



Act. This difference between the perception of a wrongdoing and what constitutes improper conduct, largely explains the relatively high number of complaints which the Authority has declined to investigate as shown earlier in Chart 6.

Major Sanction

An investigation took place at a property service provider in Co. Wicklow, following receipt of a complaint in April 2014 alleging that a substantial booking deposit had not been returned to a client of a licensee when a sale fell through. The Authority immediately intervened with the service provider to ensure the protection of client funds, requiring the licensee to replenish client funds.

The investigation continued in parallel with the Authority's intervention, and an investigation report was submitted to the Authority. The Authority considered this report on 14 July 2016 and was satisfied that improper conduct had occurred arising from, inter alia, the mismanagement of client funds by the licensee. In determining the appropriate sanction, the Authority took into account various factors including the fact that no client of the licensee had suffered any permanent financial loss. The Authority imposed a major sanction and directed the licensee to pay the sum of €25,000 into the Property Services Compensation Fund. As required by section 71(2) of the Act, the Authority's decision to impose a major sanction was confirmed by the High Court on 10 October 2016.

The licensee also agreed to enter into an arrangement whereby an independent firm of accountants will report to the Authority on a quarterly basis for a period of two years on the operation of the licensee's client account. Reports to year end gave no cause for concern about the handling of client funds.

Complaint Appeals

The Act provides for an independent appeals process, under which the Property Services Appeal Board (PSAB) may hear and determine appeals against the following decisions of the Authority.

- (a) Refusal to issue a licence on grounds that a person is not a fit and proper person to provide a property service or does not comply with certain requirements of the Act or Regulations made under the Act;**
- (b) Declining to investigate a complaint under section 63(2);**
- (c) Imposition of a minor sanction under section 68(4)(a);**
- (d) Dismissal of a complaint under section 68(4)(c); and**
- (e) Refusal to make a grant, or relating to the amount of the grant made, out of the Compensation Fund.**

Anyone, including a legal person or company, aggrieved by a decision of the Authority may appeal within 30 days of receipt of the Authority's decision to the PSAB. An appeal must be in writing, addressed to the Secretary of the Appeal Board, and must set out the grounds of the appeal and the reasons, considerations and arguments on which they are based. The Authority becomes a party to every appeal. At present there is no prescribed fee to be paid by an appellant.

On receipt of notice of appeal, within 14 days, the Authority must submit to the Appeal Board copies of all documents or information relevant to the decision, the subject of the appeal. The Authority may, at its discretion, make submissions in writing to the Appeal Board within 30 days. Where the Appeal Board is of the opinion that any information necessary to enable it to determine an appeal, it may serve on any party a notice requiring the submission of specified information.



The Appeal Board may either (a) confirm the decision the subject of appeal, (b) remit the matter to the Authority for reconsideration and the making of a new decision, or (c) annul and substitute the decision the subject of appeal.

The Appeal Board must dismiss any appeal which in its opinion is frivolous or vexatious or without substance or foundation. Any party to an appeal may appeal to the High Court on a question of law arising from the appeal determination.

Appeals Considered and Outcomes

During 2016 the Appeal Board received 27 appeals brought by complainants:

- (i) whose complaints the Authority had declined to investigate under section 63(2) of the Act or
- (ii) who wished to appeal the Authority's decision under section 68(4) (a) or (c) of the Act on dismissal or sanction at the completion of an investigation.

Appeals were considered by the Appeal Board in 17 cases during 2016 including five cases carried forward from 2015. Two appeals were withdrawn by the appellant before they were considered by the Appeal Board.

The term of appointment of all ordinary members of the Property Services Appeal Board expired in July 2016 and those vacancies had not been filled at 31 December 2016. This resulted in consideration of 13 appeals submitted to the Appeal Board still pending at year end.

Chart 8 Summary of Appeal Board Decisions during 2016

| Outcome | No. of Appeals | Percentage of Total |
|--|----------------|---------------------|
| Appeal Disallowed – Authority's Decision Upheld | 13 | 76% |
| Appeal Allowed - Remitted for Reconsideration by Authority | 3 | 18% |
| Appeal Allowed – Authority's Decision Overturned | 1 | 6% |

The Appeal Board made decisions in 17 cases during 2016, i.e., the five appeals carried forward from 2015 and twelve of the 27 appeals received during 2016. Chart 8 shows a summary of the outcomes in the 17 appeals dealt with by the Appeal Board.

The Appeal Board disallowed the appeal in 13 cases (76% of the total where a decision was reached) thereby affirming the decision of the Authority in each case.

In three cases (18%), where the Authority had declined to investigate because it considered the details in the complaint did not constitute improper conduct, the Appeal Board remitted the cases to the Authority for reconsideration. On reconsideration, the Authority once again declined to investigate in all three cases for the original reason. These decisions were explained in more detail to the complainants.

In one other case, the Appeal Board overturned the Authority's decision to decline to carry out an investigation. This complaint is now being investigated and the investigation was not concluded by year end.



Unlicensed Trading and Prosecutions

The Authority takes the statutory requirement to have a licence when providing, offering or advertising property services very seriously. Companies or individuals providing services without a licence deprive their clients of the important consumer protections offered by the Act and constitute unfair competition for those who provide services in a law-abiding fashion. The Authority conducts investigations into companies or individuals suspected of unlicensed trading with a view to bringing prosecutions under section 28 of the Act.

These investigations may arise on foot of reports from members of the public of unlicensed trading, or from complaints of improper conduct made in good faith by clients of service providers who do not realise that the company or individual about which they complain of is, in fact, operating without a licence.

Investigation of persons providing property services without the appropriate licence is limited to establishing that the person in question is providing, offering or advertising a property service as defined in the Act and that such service is being provided for consideration (payment). Once these two facts have been established it is a matter for the Authority to bring a prosecution before the courts for a breach of section 28 of the Act.

One prosecution was taken by the Authority during 2016 involving a livestock mart operating without a licence. When presented with the Authority's evidence, the defendant pleaded guilty in court. Sentencing had not been concluded at year end and the case was still before the court for this reason. The court has indicated that it will be taking into account the guilty party's efforts to become licensed when deciding on sentence. The mart in question had applied for a licence in the past, but the application was refused.

A key aim of the Authority is to ensure, as far as is possible, that all property service providers in the State are licensed. The Authority must balance the cost and complexity involved in taking a prosecution through the courts against its duty to ensure that all property service providers are properly licensed. Where a property service provider is found to be providing services without a licence, the Authority may decide that it is not in the public interest to pursue a prosecution where the offending party becomes licensed, or where they have ceased trading.

In the case of livestock marts, the Authority is aware that they provide a valuable service to the local community and their demise would cause considerable inconvenience and cost to farmers in the locality. While not compromising on the protection of client funds and other qualification criteria in deciding on licence applications, the Authority is still determined to have all such marts licensed and providing the protective framework to customers that being licensed confers.

Two more investigations revealed marts operating without being licensed, both of which had been refused licences in the past. Evidence was gathered during the investigations and prosecutions were commenced. However, through active involvement on the part of the Authority with both marts, issues of concern were addressed in full, such that the Authority was eventually in a position to grant licences to both.

In the circumstances, it was decided not to proceed with the prosecutions, although the investigations and commencement of prosecutions played a valuable part in bringing matters to a satisfactory conclusion. Since the Authority commenced operations in July 2012 to year end 2016, a total of 323 files have been opened with regard to companies or individuals alleged to be trading without a licence. The number of files does not exactly correlate to the number of investigations as multiple complaints may be made about a single operator, which would generate a single investigation; it is also possible for a single investigation to result in several prosecutions, e.g., against a company and its principal(s).

Chart 9 provides status details of the 323 files as follows:



Chart 9 Complaint Status of Unlicensed Operators

| No. of Files | Status |
|--------------|--|
| 80 | Subject of report was already licensed or became licensed before investigation concluded. |
| 12 | The behaviour reported was not a property service and no licence was required. |
| 82 | These files were concluded for varied reasons including no prima facie evidence of trading without a licence, not enough information supplied to identify or locate the subject of the complaint, preliminary investigations do not support the report. |
| 42 | Undergoing initial assessment to establish if there is prima facie evidence of trading without a licence or awaiting the outcome of a licence application. |
| 90 | Awaiting the appointment of an Inspector to carry out an investigation. While many of these investigations can be expected to lead to prosecution, in several cases, the eventual investigation is likely to confirm the Authority's suspicion that no unlicensed trading is, in fact, taking place. |
| 16 | Investigation underway or at an advanced stage. |
| 1 | Prosecution currently before the courts. |

All property service providers must be licensed. In that context, it is customary for the Authority to write to companies or individuals about whom reports of unlicensed trading are made, informing them of the provisions of the Act, the need to hold a licence and to cease trading immediately if, in fact, they are trading without the necessary licence. In addition to issuing the straightforward instruction to cease trading, these letters serve an important purpose in the prosecution process in that they leave the court in no doubt that the defendant was fully aware that they were breaking the law. One somewhat unexpected but, nevertheless, welcome outcome from a previous short campaign of issuing "cease trading" letters is that a significant number of companies and individuals engaged with the Authority and became licensed.

Audit Compliance Inspections

During the course of 2016, the Authority undertook audit compliance inspections of licensed businesses. The Authority considers audit inspections to have a dual purpose, firstly to identify breaches of the Act but more importantly, they provide a means of engaging with licensees and driving compliance in delivering a consistent professional standard of service for all clients of property service providers.

In July 2016, the Authority engaged contract investigators with the necessary expertise to undertake compliance audits on behalf of the Authority. Following the provision of training to new staff of the Authority and the outsourced investigators regarding the provisions of the Act and procedures of the Authority, compliance audits commenced at the latter part of the year. In planning the assignment of the audits, regard was had to the number of property service employers based in each county. Accordingly, audits were assigned and had commenced in each county by year end.

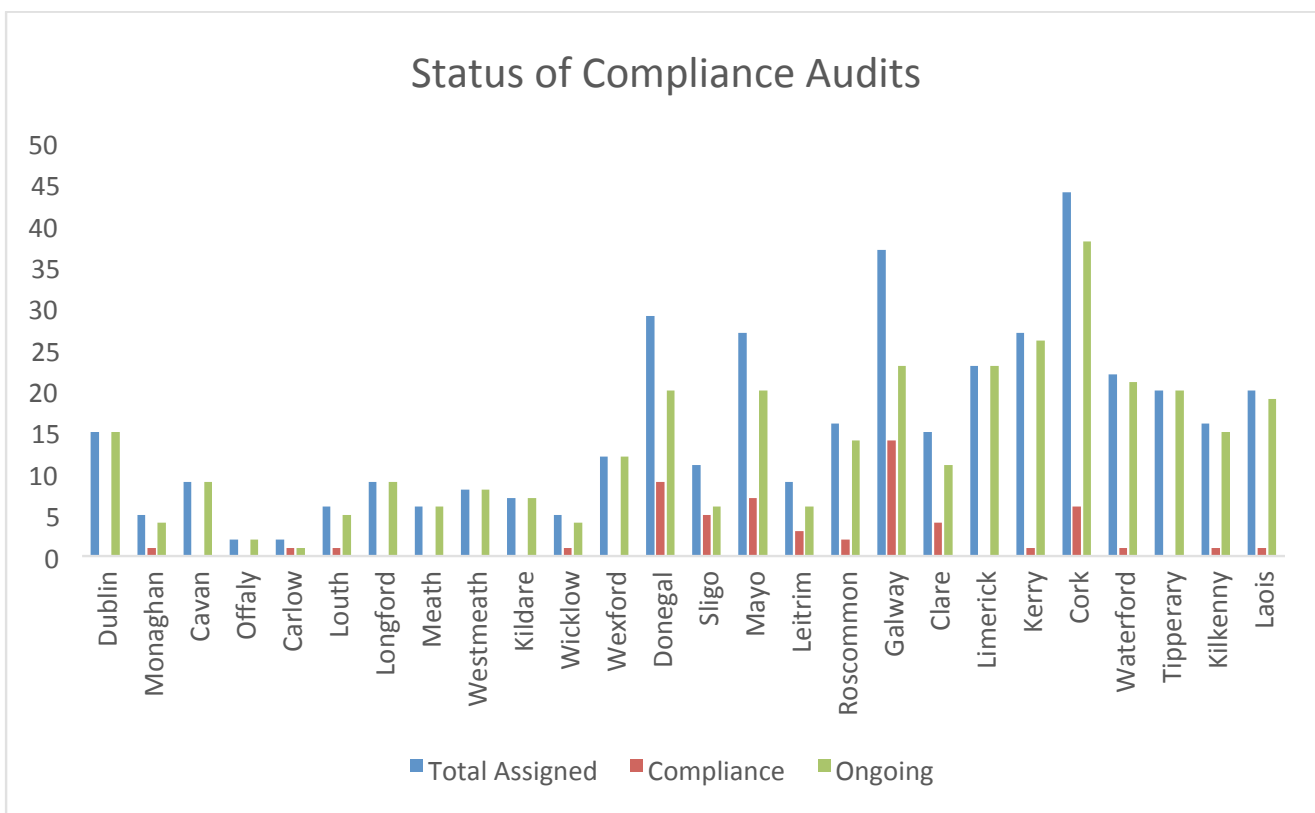
Some 400 compliance audits were assigned to investigators, which included staff of the Authority and contract inspectors. Of the audits commenced, 58 were finalised by year end. The overall results of the finalised audits showed that of the

businesses audited, all were found to be compliant with the Act. At year end approximately 340 (85.5%) of the audits assigned were ongoing.

Following an audit, licensees are provided with a draft report, identifying areas of concern and providing an opportunity to respond to the draft report findings of the audit. This is an opportunity for the licensee to address such findings and to provide evidence where matters identified have or will be addressed.

Chart 10 outlines the number of audits assigned per county, the number compliant and ongoing audits by year end.

Chart 10 Status of Compliance Audits





Progress Strategic Goal 3

Promote Public Awareness of the Authority

The Authority avails of every opportunity to promote awareness of the role and function of the PSRA.

Media Campaign

In 2016, the Authority utilised radio advertisement at both national and local levels to promote the Authority and inform the public of the role and function of the PSRA.

The Authority organised two media information campaigns on national and local radio in April and November, where the themes addressed included consumer protection and highlighting to the public the consequences of using an unlicensed property service provider.

Following both radio campaigns, the Authority received positive feedback from the sector and an increase in receipt of reports relating to unlicensed operators. Similar information events are planned.

Newsletter

The Authority issued four newsletters during 2016 to all licensees. The newsletters covered a wide range of relevant topics including the proposed new online licence renewal application and payment system, guidance manuals relating to various sector issues, unlicensed operators, outsourcing anti-money laundering. The introduction of the newsletter to the licensees has been well received by the sector and the Authority plans to build on this success as part of its communications strategy as an effective means of communicating with licensees.

Seminars

The Authority undertook twelve seminars countrywide (Navan, Dublin, Sligo, Galway, Cork and Portlaoise) as part of its information campaign relating to the online licence renewal process where approximately 1,200 licensees attended the events. The Authority also utilised this information campaign to address a number of issues with licensees including, the planned introduction of Continuous Professional Development, (CPD), the PSRA in becoming the competent authority for money laundering for the sector, matters relating to complaints, conduction of audits, compensation fund, letters of engagement. The seminars provided licensees with the opportunity to address on a one to one basis any questions or queries with staff members of the PSRA present.

Video

As part of the introduction of online licence renewal and payment the Authority undertook to create a range of videos to assist licensees in completing their application electronically online. The videos were placed on the websites of the Authority, Society of Chartered Surveyors of Ireland (SCSI) and the Institute of Professional Auctioneers (IPAV). This collaboration ensured licensees were provided with every assistance in submitting their renewal application online.

Website

Development of the Authority's website is ongoing and aims to be more interactive with those who visit the site, is easier to navigate and also provides the information sought by the visitor. The new site will include a section dedicated for consumers, where they can acquire information and guidance on using a property service provider. The development of the site commenced late in 2016.

Forum

The PSRA established Forum of sector stakeholders, which includes members of the two representative groups, compliance officers, service providers met on two occasions during the year. The Forum discussed issues relating to licensing, unlicensed operators, complaints, engagement with the sector and the online licence renewal process. The Forum is a positive means of exchange of views on sector issues.



Progress Strategic Goal 4

Maintain Public Registers

Public Registers

The Authority maintains three Public Registers namely, the Residential Property Price Register, the Register of Licensed Property Services Providers and the Register of Commercial Leases.

Residential Property Price Register

The Property Price Register publishes the price, the date of sale and the address of each residential property sold in Ireland since January 2010. The property price sales information is received from E-Stamping section of the Revenue Commissioners. This information is updated on a weekly basis and published within a month of the date of sale of the property.

In 2016 there were a total of 1.6 million visits to the Property Price Register, making it one of the Authority's most visited registers. From its initial publication in September 2012 to the end of December 2016 the site had over 7.2 million visits.

Register of Licensed Property Services Providers

The Register of licensed property service providers is published on the Authority's website. Clients of property service providers avail of this register to establish that the service provider they engage is licensed. By using a licensed service provider, the client has protections under the Act including access to the Authority's complaints mechanism, the right to have their complaint investigated and access to the Authority's compensation fund should the client suffer a loss as a result of a dishonest act by the licensee. The Authority cannot investigate complaints made by clients of unlicensed property services providers, as they are not licensees.

However, in such circumstances the Authority will investigate the unlicensed operator against whom the client has made a complaint.

The particulars published on the Register of Licensed Service Provider include:

- **Name of Licensee**
- **Address of Licensee**
- **Category of Licensee (i.e. Company, Sole Trader, Employee)**
- **Type of Licence (A,B,C,D)**
- **Licence Expiry Date**

The Register is updated on a weekly basis.



Register of Commercial Leases

There is a statutory obligation on tenants of commercial properties to furnish the following information in respect of commercial leases entered into on or after 3 April, 2012:

- The address of the leased commercial property;
- The date of the lease of the property;
- The term of years of the lease;
- The rent payable in respect of the property;
- The commencement date of the terms of the lease;
- The capital consideration (if any) to be paid by the tenant or landlord in respect of the commercial property the subject of the lease;
- The frequency of the rent review in respect of the property;
- The particulars relating to who is liable in respect of the rates, insurance, service charges and repairs in respect of the property;
- The net floor area, per each floor, of the property;
- The particulars (if any) relating to rent-free periods, fitting out time allowed, fit out allowances and capital contributions in respect of the property;
- The particulars relating to any break-in clause in the lease; and
- The certificate identification number within the meaning of the Stamp Duty (E-stamping of Instruments) Regulations 2009.

In addition to providing detailed information on leases entered into on or after 3 April, 2012, the register also contains basic information in respect of leases entered into between 1 January, 2010 and that date. In total, there were 52,704 entries up to end of December 2016. This compares with a figure of 43,574 at the end of December 2015. The legal requirement under section 88 of the Act provides that those who take out a commercial lease are legally obliged within one month to register on the Authority's Commercial Lease Database. A significant amount of tenants who take out such leases are not compliant with the requirement to do so.

At the end of 2016, the Authority was in the process of re-designing the Commercial Leases Database to facilitate the compulsory capturing of the required information in a more structured and user-friendly manner. This development was ongoing at year end, but when completed will provide the necessary information online and will eliminate the necessity to submit documentation in relation to the entry.



Progress Strategic Goal 5

Efficient use of human, financial, management and technical resources

Staffing Resources

Staffing resources continued to be one of the Authority's more significant challenges in 2016.

When the Authority was established it was considered that, at a minimum, a total of 30 staff (1CEO, 2AP, 10HEO, 11EO and 6CO) would be required to enable the Authority to carry out its functions. In addition to the initial allocation of staff to the Authority, a total of six extra staff were provided towards the end of 2013 to manage the annual intake of some 300 complaints and to address the considerable arrears in the investigation of complaints. However, due to retirements and transfers to other areas of the Department, the staffing levels of the Authority became a significant factor in its ability to progress and finalise complaint investigations, audit compliance inspections, consumer information and awareness briefings to a satisfactory level.

Additional Resources

In December, 2015 a notice issued to the staff of the Department seeking 'Expressions of Interest' from those interested in working with the Authority. In total, expressions were received from two HEO's and six EO's. One HEO and three EO's were assigned to the Complaints Investigations Unit. Intensive training was provided which has positively impacted the completion of investigation of complaints and addressing complaint arrears.

However, at the end of 2016, two of the EO's assigned to the Complaint Investigations unit were successful in gaining promotion. By the end of the year one EO had been reassigned and one further EO was awaiting re-assignment. As a result, there was one EO vacancy at end of the year. Separately, a replacement HEO was also awaited for the Complaints Investigation Unit.

Outsourced Resources

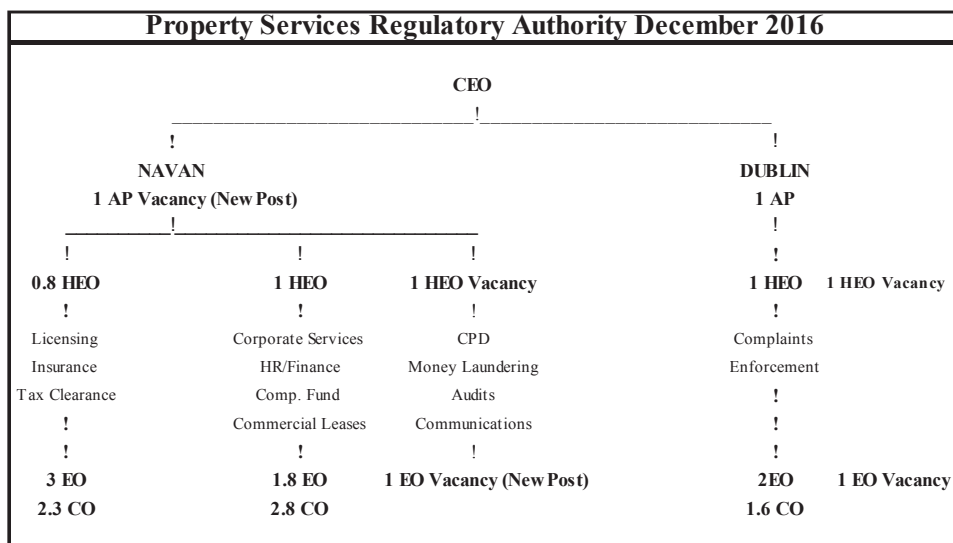
In reviewing the level of resources available to the Authority during the staff embargo years, a review of availing of additional resources indicated that an outsourcing model would provide the necessary qualified resources to undertake investigations. Following a tender process, IP Forensics Ltd was the successful tenderer. Following consultation with unions, assignment of staffing resources for the Complaints Investigation Unit was underway. Agreement to assign permanent resources to the Complaints Investigations Unit was reached and in July 2016 a contract for the services of IP Forensics Ltd was signed.

A key area in relation to investigation work is audit inspection of licensee's compliance with the Property Services (Regulation) Act, 2011. Some 10 external inspectors commenced audit investigations of licensees in September, 2016. By the end of the year approximately 400 compliance audits were assigned across each county and were at various stages of progress at year end. Audit compliance inspections undertaken, were well received by licensees, both as an awareness opportunity for licensees regarding their statutory requirements under the Act and as a means for licensees to be compliant. Audit compliance inspections are a tool for the Authority to drive compliance and standards in the sector.

In addition to the compliance audit investigations, the outsourced inspectors have commenced investigations of complaints, which will assist in reducing complaints arrears. Outsourced contract work will continue in 2017.



Chart 11 Staffing structure at 31 December 2016



During the summer of 2016, the Authority was supported by 10 temporary clerical officers, five for 10 weeks and five for 13 weeks, totalling 115 weeks work, to assist in the processing of licence renewal applications. The availability to the Authority of these additional resources positively impacted on the processing time and efficiency gains for both new and licence renewal applications.

Financing the Authority

Each year the fees generated by the Authority are paid directly into the Exchequer and financial provision is then made by the Exchequer to the Authority.

Section 25(3) of the Act provides that the Authority make neither a profit nor a loss and that the total amount of the fees charged annually shall, as nearly as may be, taking one year with another, be equal to the total expenditure incurred annually.

On establishment in April 2012 and up to the 31 December 2016 the Authority returned a licence fee income of €11.3 million to the Exchequer of which €2.3 million was returned in 2016. In that period, the total amount of the grants made from the Exchequer to the Authority has been €6.2 million.

Compensation Fund

The Authority administers the Property Services Compensation Fund established under the Act. The Fund is financed by the sector annually with the level of contribution payable into the Fund by a Property Services Employer is €200 per annum while that for an Employee is €50 per annum.

The Authority, where it is satisfied that a client of a Property Services Provider has sustained a loss as a result of the dishonesty of the Property Services Provider must, subject to certain conditions specified in the Act, pay compensation from the Fund to the client. At 31 December 2016, the amount standing to the credit of the Fund was over €2.7 million. The requirement to have €2 million in the Fund within 4 years of the establishment of the Authority was achieved in 2016. In addition, no grants were made from the Compensation Fund by end of 2016.

Insuring Compensation Fund

The Authority agreed to insure the Compensation Fund in order to protect it and ensure that the amount standing to the credit of the Fund is maintained at a minimum of €2 million, such that all claims on the Fund could be met. Following a tender process in 2015 to insure the Fund, no tender application was received. Preliminary discussions and arrangements for insuring the Fund commenced with insurance brokers in London at end of 2016. There have been significant ongoing discussions and matters addressed with an underwriter relating to risk and insuring the Fund. At the end of 2016, negotiations on the risk and cost of insuring the Fund remained ongoing.



Progress Strategic Goal 6

Ensure appropriate governance policies, structures and procedures are implemented

Corporate Governance

Corporate governance within the PSRA is guided by:

- **Property Services (Regulations) Act, 2011**
- **Code of Practice for the Governance of State Bodies;**
- **Code of Business Conduct for members of the Authority;**
- **Financial and Procurement procedures**

As a public body, the PSRA complies with all relevant matters relating to corporate governance issued by the Department of Justice and Equality, Department Public Expenditure and Reform and with any other Government Department.

As the PSRA falls under the remit of the Department of Justice and Equality, it is subject to an annual audit by the Internal Audit Division of the Department. Separately, the PSRA is audited annually by the Controller and Auditor General (C&AG) to ensure proper books of accounts and processes are maintained and procedures adhered to.

The Chief Executive is responsible to the Authority for the performance of those functions provided for under s.19 of the Property Services (Regulations) Act 2011, including such information as required, regarding the performance of those functions. The CEO presents at each meeting of the Authority an update relating to the Strategic Plan and the Risk Register.

The Authority is fully committed to ensuring the PSRA maintains a strong culture of corporate governance across all its functions and responsibilities and where necessary to address any weaknesses identified.

In 2016, the Department of Public Expenditure and Reform issued a revised Code of Practice for Governance of State Bodies (2016). The Code has become more expansive identifying specific responsibilities and reporting requirements. The Authority has reviewed each of these requirements and has put in place a process for implementation.

Operation of Authority

The Chairperson of the Authority leads the Board and ensures its effectiveness through organisation of its business and setting its agenda. In addition to the Chairperson, there are ten other members of the Authority with a wide range of strong and complementary skills. Prior to each Authority meeting, relevant reports and papers, including financial performance data and detailed updates on the progress and implementation of the Strategic Plan where appropriate, are circulated to members of the Authority. The Board has the opportunity to discuss these reports and to receive updates from the Chief Executive who attends the meetings.

The key responsibilities and areas of focus for the Board include:

- **Strategy – contribute to the development of, and agree, the Authority's strategy;**
- **Financial and Operational performance – review and monitor the performance of the Authority through regular reporting and discussions with the Chief Executive;**
- **Resources – ensure that the Authority has the skills and resources to deliver the strategy;**



- **Evaluation and composition – review the performance of the Board to ensure its effectiveness;**
- **Internal controls – maintain an appropriate internal control framework.**
- **Risk – ensure that there are effective risk management policies and processes in place and an appropriate governance structure.**

The Board has approved a schedule of functions delegated to the Chief Executive amongst others and relates to, licensing matters, reports to the Minister, complaint investigations and applications to the High Court.

Performance Evaluation of Authority

The performance evaluation of the Authority, as required under the Code of Practice for the Governance of State Sponsored Bodies 2016 did not take place. This was due to an eight month period when the Authority consisted of only six of its eleven members, while awaiting the appointed of five new members to the Authority in November 2016. The Authority's self-assessment evaluation will take place in 2017.

Risk Management

The Authority operates a formal Risk Management policy and maintains a Risk Register in accordance with the Department of Finance guidelines, which is managed on an ongoing basis. The maintenance of the register is designed to ensure that risks are continually identified and assessed and necessary mitigating actions, subject to resources, are put in place. The Risk Register is a standing item on the Agenda of each Board meeting.

Reflecting the key priorities for the Authority, the main potential risks to the organisation include:

- **Insufficient and appropriate investigative administrative resources**
- **Comprehensive Commercial Leases Register**
- **Appropriate level of insurance on the Compensation Fund**
- **Addressing complaint arrears**

Public Expenditure Compliance

During 2016, the Authority complied with the relevant provisions of the Code of Practice for Governance of State Bodies published by the Department of Public Expenditure and Reform.

A Performance Management Agreement concluded for 2016 between the Chief Executive and the Department of Justice and Equality. The Agreement mandates ongoing compliance with the relevant requirements of the Code of Practice for the Governance of State Bodies.

Public Spending Code

During 2016, the appropriate requirements of Authority concerning the Department of Public Expenditure and Reform's Public Spending Code were complied with.

Continuous Professional Development (CPD)

Following drafting of proposals relating to the development and delivery of CPD, an outline was submitted to the Authority for approval, following which work commenced on drafting the scheme. The Scheme will provide for five



formal hours of CPD for all licensees. There will be two main CPD categories namely Legislation/Regulation and General Management. At year-end, details in relation to the sub-categories remained under development. The Scheme will be based on an accredited model where the Authority will accredit CPD providers to deliver CPD on behalf of the Authority. An annual audit of completion of CPD will be undertaken. At year end, the Authority had commenced engagement with the Office of Government Procurement to scope out drafting of issuing a tender for the provision of CPD.

Competent Authority for Money-Laundering

The Minister for Justice and Equality prescribed the Property Services Regulatory Authority (PSRA) as the State competent authority for property service providers for the purposes of Part 4 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010.

As a competent authority, the PSRA is tasked with monitoring property service providers who are described as “designated persons” and taking measures that are reasonably necessary for the purpose of securing compliance by property service providers with the requirements of Part 4 of the 2010 Act. Property Service Providers are “designated persons” under the Act. As the competent authority, the Authority audits property service employers as to compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. At year end, approximately 400 AML audits were assigned and were at various stages of completion at year end.

Freedom of Information (FOI)

The Authority came under the remit of Freedom of Information Act (FOI) for the first time on 14 April 2015, by virtue of the Freedom of Information Act 2014. The objective of the FOI Act is to ensure that official information is available to the public to the greatest extent possible, consistent with the public interest and the right to privacy.

The FOI Act provides that each person has the following rights:

- **the right to access official records held by public bodies unless exempted under law;**
- **the right to have personal information corrected or updated where such information is incomplete, incorrect or misleading; and**
- **the right to be given reasons for decisions taken by public bodies, where those decisions expressly affect them.**

With a view to ensuring best practice in the administration of its new statutory FOI function, the Authority appointed a member of its staff to act as FOI Officer and to assist the public in using FOI procedures to optimum effect.

The Authority received 3 FOI requests in 2016. In assessing each and every request, the Authority operated a policy of aspiring to grant the request, and subsequently applied the “harm” test followed by the “public interest” test in accordance with the provisions of the FOI Act. Adherence to the strict time limits set out in the FOI Act was respected.

Two of the requests were made by members of the public with one request made by a journalist. All three requests were part-granted. The type of information sought was both non-personal and a mix of personal and non-personal information. There were no requests for only personal information.

In all three cases, personal information was sought as part of the requests and all of which were refused under section 37 of the Act. In two instances, information was sought which, if the information was released could impair the fairness of legal proceedings.

Chart 12 summarises the outcome of all requests and indicates the exemptions in the FOI Act that prevented the release of information.



Chart 12 FOI Act Exemptions Used

| File Ref. | Requester Category | Granted | Part-Grant | Refused | Exemptions – Relevant Sections of FOI Act | | | | |
|-----------|--------------------|---------|------------|---------|---|----|----|----|----|
| | | | | | 15 | 32 | 35 | 36 | 37 |
| 1 | M | | ✓ | | X | X | | | |
| 2 | M | | ✓ | | | | | X | X |
| 3 | J | | ✓ | | | X | | X | X |

J = Journalist

M = Member of the Public

In all cases the Authority gave the requester a detailed explanation of its decision and the reasons for it. Frequently, in cases where information sought was not deemed capable of being provided within the realm of FOI, it would be made available to the requester by other means outside of FOI.

FOI Appeals

During 2016 the Authority received one internal review of a decision made in 2015. This involved a complete reconsideration of the original FOI request at a more senior level. The original decision was upheld on appeal.

Protected Disclosures Act 2014

One complaint purporting to be a protected disclosure was received by the Authority during 2016. On assessment the complaint was adjudicated not be a protected disclosure under the Act.

Amendments to the Act

As part of the Department of Justice and Equality General Scheme of a Courts Civil Law (Miscellaneous Provisions) Bill, the Authority submitted two amendments relating to the Property Services (Regulation) Act 2011. The first related to capping the maximum payment from the Compensation Fund and the second related to an amendment to the definition of major sanction to include a provision for an imposition by the Authority of an oversight regime on the licensee. Both amendments were included in the Bill.



APPENDIX A

Financial Statements



Financial Statements

Property Services Regulatory Authority

For the year ended 31 December 2016



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PROPERTY SERVICES REGULATORY AUTHORITY

STATEMENT OF AUTHORITY MEMBERS' RESPONSIBILITIES


Section 22 (2) of the Property Services (Regulation) Act 2011, requires the Authority to keep, in such form as may be approved by the Minister for Justice and Equality 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 Authority 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 the Authority will continue in operation.
- State where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Authority is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time its financial position of the Authority which enables it to ensure that the financial statements comply with Section 22(2) of the Property Services (Regulation) Act 2011. The Authority is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Property Services Regulatory Authority


 Ms. Maeve Hogan, Chief Executive Officer:

Date: 30-5-17


 Ms. Geraldine Clarke, Chairperson:

Date: 30-5-17



PROPERTY SERVICES REGULATORY AUTHORITY

STATEMENT OF INTERNAL FINANCIAL CONTROL

On behalf of the Property Services Regulatory Authority, we hereby acknowledge our responsibility for ensuring that an appropriate system of internal financial control is in operation in the Authority.

We are satisfied that the systems, which the Authority has in place, are reasonable and appropriate for the Authority’s circumstances having regard to its size, level of expenditure, staff resources and the nature of its operations. However, the systems do not, and cannot, provide absolute assurance against material error.

The Property Services Regulatory Authority has adopted the Code of Practice for the Governance of State Bodies issued by the Department of Finance in 2009.

The Chief Executive Officer reviews the account of expenditure recorded on a monthly basis together with income received.


The Authority takes the major strategic decisions and meets at regular intervals to monitor performance and plans. The executive management only act within the authority delegated to them by the Authority to give effect to the Authority’s policy and decisions.

A detailed procedural manual has been prepared and put in place. 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. Procedures in this regard have been strengthened during the year through the implementation of recommendations emerging from internal audits.
2. Monthly management accounts are reviewed by the Chief Executive Officer.
3. The Authority’s financial control procedures are subject to review by the Department of Justice and Equality internal audit division.
4. The Department of Justice Audit Committee reviews the work of internal audit.
5. The Authority is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

We confirm that the Board conducted a review of the effectiveness of the system of internal financial control in respect of the year ended 31 December 2016.

On behalf of the Board of Property Services Regulatory Authority


 Ms. Maeve Hogan, Chief Executive Officer:

Date: 30-5-17


 Ms. Geraldine Clarke, Chairperson:

Date: 30-5-17



AUDITOR'S REPORT



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Property Services Regulatory Authority

I have audited the financial statements of the Property Services Regulatory Authority for the year ended 31 December 2016 under the Property Services (Regulation) Act 2011. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 22 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Property Services Regulatory Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Authority and of the state of its affairs 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 Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

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

In addition, I read the Authority'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:

- give a true and fair view of the assets, liabilities and financial position of the Authority as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- 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 Authority's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- 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.

Mary Henry

**For and on behalf of the
Comptroller and Auditor General
31 May 2017**




PROPERTY SERVICES REGULATORY AUTHORITY

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2016

| Income | Notes | 2016 € | 2015 € |
|--|-------|--------------------|--------------------|
| Oireachtas Grant | 2 | 1,694,560 | 1,361,434 |
| Own Resources | 3 | 2,303,449 | 2,241,386 |
| Total Income | | 3,998,009 | 3,602,820 |
| Expenditure | | | |
| Staff costs | 4 | 1,032,263 | 957,941 |
| Administration, Operations & Promotion | 5 | 638,928 | 341,101 |
| Audit Fee | | 16,500 | 10,100 |
| Depreciation | 6 | 18,767 | 4,174 |
| Total Expenditure | | 1,706,458 | 1,313,316 |
| Surplus for the year before appropriations | | 2,291,551 | 2,289,504 |
| Transfer from Capital Account Remitted to the Department of Justice and Equality | 7 | 18,767 | 4,174 |
| | | <u>(2,260,000)</u> | <u>(2,240,000)</u> |
| Surplus for the year after Appropriations | | 50,318 | 53,678 |
| Surplus brought forward at 1 January | | 75,127 | 21,449 |
| Surplus carried forward at 31 December | | 125,445 | 75,127 |

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year. The Statement of Cash Flows and notes 1 to 14 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


Ms. Maeve Hogan, Chief Executive Officer:

Date: 30-5-17


Ms. Geraldine Clarke, Chairperson:

Date: 30-5-17




PROPERTY SERVICES REGULATORY AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Notes | 2016 € | 2015 € |
|-----------------------------|-------|----------------|----------------|
| Fixed Assets | | | |
| Property Plant & Equipment | 6 | 201,868 | 20,206 |
| Current Assets | | | |
| Cash & Cash Equivalents | | 93,197 | 77,750 |
| Inventory | 8 | 14,827 | 17,177 |
| Receivables and prepayments | | 61,918 | 14,313 |
| | | 169,942 | 109,240 |
| Current liabilities | | | |
| Payables and accruals | | 44,497 | 34,113 |
| Net Current Assets | | | |
| | | 125,445 | 75,127 |
| Total Net Assets | | | |
| | | 327,313 | 95,333 |
| Representing | | | |
| Capital Account | 7 | 201,868 | 20,206 |
| Retained revenue reserves | | 125,445 | 75,127 |
| | | 327,313 | 95,333 |

The Statement of Cash Flows and notes 1 to 14 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


Ms. Maeve Hogan, Chief Executive
Officer:

Date: 30-5-17


Ms. Geraldine Clarke, Chairperson:

Date: 30-5-17



PROPERTY SERVICES REGULATORY AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

| Net Cash Flows from Operating Activities | 2016 | 2015 |
|--|----------------|---------------|
| | € | € |
| Operating surplus for year | 50,318 | 53,678 |
| Depreciation of property, plant and equipment | 18,767 | 4,174 |
| Net Transfer to capital account | 181,662 | 11,816 |
| Decrease /(Increase) in inventory | 2,350 | (2,913) |
| (Increase)/Decrease in receivables and prepayments | (47,605) | 2,348 |
| Increase/(Decrease) in payables and accruals | 10,384 | (36,275) |
| | <hr/> | <hr/> |
| New cash inflows from Operating Activities | 215,876 | 32,828 |
| Cash Flows from investing activities | | |
| Payments to acquire property, plant and equipment | (200,429) | (15,990) |
| | <hr/> | <hr/> |
| Increase in Cash & Cash Equivalents | 15,447 | 16,838 |
| Statement of changes in net funds | | |
| Net funds at 1 January 2016 | 77,750 | 60,912 |
| Net funds at 31 December 2016 | 93,197 | 77,750 |
| Net Increase in cash and cash equivalents | <hr/> | <hr/> |
| | 15,447 | 16,838 |

Notes 1 to 14 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


 Ms. Maeve Hogan, Chief Executive
 Officer:

Date: 30-5-17


 Ms. Geraldine Clarke, Chairperson:

Date: 30-5-17



PROPERTY SERVICES REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

a) The basis of accounting and significant accounting policies adopted by the Property Services Regulatory Authority are set out below. They have all been applied consistently throughout the year and for the preceding year.

b) General Information

The Property Services Regulatory Authority was set up under the Property Services (Regulation) Act 2011, with a head office at Abbey Buildings, Abbey Road, Navan, Co. Meath, C15 K7PY. The Property Services Regulatory Authority's primary objectives as set out in Section 11 of the Property Services (Regulation) Act 2011 are as follows:

- Issue and renew licences;
- Establish and maintain the Register;
- Specify and enforce qualifications requirements and other requirements
- Specify and enforce standards including technical standards and appropriate ethical standards;
- Establish, maintain and administer the Fund;
- Establish and administer a system of investigation of licensees;
- Impose minor sanctions or major sanctions on licensees;
- Apply to the High Court for the confirmation of the imposition of major sanctions on licensees;
- Promote public awareness and disseminate information to the public in respect of property services;
- Promote and development and adoption of Codes of Practice;
- Keep the Minister informed of developments in respect of the provision of property services by licensees and assist the Minister in co-ordinating and developing policy in that regard;
- Maintain and publish particulars of residential property sales prices;
- Establish and maintain the Commercial Leases Database; and
- Perform any other functions conferred on it by any other provision of the Act or any other enactment or by regulations made under the Act or any other enactment.

The Property Services Regulatory Authority is a Public Benefit Entity (PBE).

c) Statement of Compliance and basis of accounting

The financial statements of the Property Services Regulatory Authority for the year ended 31 December 2016 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Property Services Regulatory Authority's second set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 January 2015. The transition to FRS 102 did not affect its previously reported financial position or financial performance. The financial statements have been prepared under the accruals method of accounting, except where stated below, and in accordance with generally accepted accounting principles under the historical cost convention and in



the form approved by the Minister for Justice and Equality with the consent of the Minister for the Department of Public Expenditure and Reform.

d) Revenue

Grant income from the Department of Justice and Equality and licence fee income are reported on a cash receipts basis. Licence fee income is recognised upon receipt of an application for a licence. Licence fee income is remitted on a quarterly basis to the Department of Justice and Equality. It is recorded as appropriations-in-aid in the Department's accounts. The Authority retains a balance in its accounts for refunding of fees.

Section 77(1) of the Act requires the Authority to establish, administer and maintain a fund to be known as the Property Services Compensation Fund. The accounts of the Fund are prepared and audited separately in accordance with Schedule 6 of the Act.

e) Expenditure

Payroll is processed by the Payroll Shared Service Centre (PSSC) of the Department of Public Expenditure and Reform and recorded in the financial statements on a cash payments basis.

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

f) Property, Plant and Equipment

Property, plant and equipment is shown at the net book value at date of transfer to the Authority.

Property, plant and equipment is 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 |

g) Capital Account

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

h) Employee Benefits

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the expenditure figures in the Statement of Financial Position.



| | | |
|---|------------------|------------------|
| 2 Oireachtas Grant | 2016 | 2015 |
| | € | € |
| Sub-head F3 of Vote 24 – Justice and Equality | 1,694,560 | 1,361,434 |

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

In addition to the Oireachtas Grant the amount of €243,724 was provided to the Authority for the purposes of capital expenditure on the implementation of online licensing. Of this amount, €43,295 is a prepayment made in 2016 and has been included in the receivables and prepayments amount.

| | | |
|--|-------------------------|-------------------------|
| 3 Own Resources | 2016 | 2015 |
| | € | € |
| Licence fee income received | 2,389,952 | 2,385,770 |
| Less refunds | <u>(102,350)</u> | <u>(151,260)</u> |
| Commercial property register access fees | - | 30 |
| Miscellaneous Income | 15,847 | 6,846 |
| Total income | <u>2,303,449</u> | <u>2,241,386</u> |

Auctioneers, estate agents, letting agents and property management agents must be licensed and regulated by the Authority. Licence fees are payable on an annual basis. The Authority in exercise of the powers conferred on it by section 95 of the Property Services (Regulation) Act 2011 with the consent of the Minister for Justice and Equality made regulations which came in to operation on 30 May 2012. The Property Services (Regulation) Act 2011 (Licensing) Regulations 2012 sets out the fee for the issue or renewal of a licence: property services employer €1,000, independent contractor €1,000 and principal officer or employee €100.

| | | |
|------------------------|-------------------------|-----------------------|
| 4 Staff Costs | 2016 | 2015 |
| | € | € |
| Wages and salaries | 1,008,308 | 942,187 |
| Travel and subsistence | 23,955 | 15,754 |
| Total | <u>1,032,263</u> | <u>957,941</u> |

The Authority employed 18.3 whole time equivalent permanent staff in 2016 (2015:18.2) and 10 temporary staff in 2016 (2015:10).

There were no Salary overpayments at 31 December 2016 or at 31 December 2015

Employee Benefits breakdown

| | | | |
|----------------------------------|-----------|---------------------|-------------|
| Range of Total Employee Benefits | | Number of Employees | |
| From | To | 2016 | 2015 |
| €70,000 | €79,999 | 1 | 1 |
| €80,000 | €89,999 | 1 | 1 |
| €90,000 | €99,999 | - | 1 |



5 Administration, Operations and Promotion

| | 2016 | 2015 |
|--|----------------|----------------|
| | € | € |
| Board member fees | 28,928 | 50,873 |
| Postage and telecommunications | 49,919 | 53,589 |
| Office machinery and other office supplies | 45,106 | 36,328 |
| Office cleaning and maintenance | 7,606 | 7,434 |
| Light and Heat | 12,025 | 14,571 |
| Legal fees | 139,208 | 157,083 |
| Marketing and Promotion | 63,644 | - |
| Investigation Fees | 240,453 | 4,906 |
| Bank and licensing fees | 28,001 | 538 |
| General expenses | 14,797 | 4,658 |
| Accountancy fees | 9,241 | 11,121 |
| | 638,928 | 341,101 |

6 Property Plant & Equipment

| | IT | Office Equipment | Furniture | Total |
|----------------------------------|----------------|---------------------|---------------|----------------|
| | € | € | € | € |
| Cost | | | | |
| At 1 January 2016 | 15,536 | 2,950 | 17,624 | 36,110 |
| Additions | 200,429 | - | - | 200,429 |
| Disposals | | | | |
| At 31 December 2016 | <u>215,965</u> | <u>2,950</u> | <u>17,624</u> | <u>236,539</u> |
| Accumulated Depreciation | | | | |
| At 1 January 2016 | 10,387 | 2,950 | 2,567 | 15,904 |
| Charged in the year ¹ | 17,168 | - | 1,599 | 18,767 |
| Disposals | | | | |
| At 31 December 2016 | <u>27,555</u> | <u>2,950</u> | <u>4,166</u> | <u>34,671</u> |
| Net Book Value | | | | |
| At 1 January 2016 | <u>5,149</u> | - | <u>15,057</u> | <u>20,206</u> |
| At 31 December 2016 | <u>188,410</u> | - | <u>13,458</u> | <u>201,868</u> |

¹Depreciation was charged in the year on the original purchase cost of the assets.

7 Capital Account

| | 2016 | 2015 |
|--|----------------|---------------|
| | € | € |
| Balance at 1 January | 20,206 | 8,390 |
| Amortisation in line with depreciation | (18,767) | (4,174) |
| Additions | 200,429 | 15,990 |
| | 201,868 | 20,206 |



8 Inventory

| | 2016 | 2015 |
|-------------------|---------------|---------------|
| | € | € |
| Stationery | 11,419 | 9,990 |
| Photocopying / IT | 2,567 | 5,250 |
| Miscellaneous | 841 | 1,937 |
| | 14,827 | 17,177 |

9 Pension Levy

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

10 Premises

The Authority's head office is at Abbey Buildings, Abbey Road, Navan, Co Meath, C15 K7PY and, for investigating complaints, from an office in Bishop's Square, Dublin, D02 TD99. Both offices are provided free of charge by the Office of Public Works.

11 Members Declaration of Interests

The Authority adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by members and those procedures were adhered to in the period. There were no transactions in the period in relation to the Authority's activities in which members had any beneficial interest.

12 Chief Executive Remuneration

The remuneration of the office of the Chief Executive Officer for the year ended 31 December 2016 was €83,151 (€84,797 in 2015). Travel and Subsistence payment of €6,920 (€5,000 in 2015) in 2016 made to the Chief Executive was in accordance with Civil Service rates. Travel and subsistence claims submitted in 2016 by the former Chief Executive who retired in July 2015 but who did not submit expenses due, from 2013 to July 2015, was paid €11,132 in 2016.

The Chief Executive Officer's pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme. No performance related payments were made in 2016 to the Chief Executive Officer.



13 Board Member Fees

The Property Services Regulatory Authority Board was set up on 3 April 2012. Fees of €38,155 were paid to the Authority Board members in 2012, €50,872 paid in 2013, €50,873 paid in 2014 and 2015 and €29,928 in 2016 as follows:

| Board Member | 2016 € | 2015 € |
|---|---------------|---------------|
| Geraldine Clarke (Chairperson) (Note 1) | 2,993 | 8,978 |
| Paul Mooney (Note 1) | 1,995 | 5,985 |
| Edward Carey (Note 1) | 1,995 | 5,985 |
| Patrick Davitt (Note 2) | 5,985 | 5,985 |
| Josephine Henry (Note 2) | 5,985 | 5,985 |
| Deirdre Fox (Note 2) | 5,985 | 5,985 |
| Myles O'Reilly (Note 3) | 1,496 | 5,985 |
| James Doorley (Note 3) | 1,496 | 5,985 |
| Hilary Griffey (Note 4) | 499 | - |
| Aideen Hayden (Note 4) | 499 | - |
| | - | - |
| | 28,928 | 50,873 |

Notes – Board Members' Tenure

- 1 January to 2 April 2016 and 28 November to 31 December 2016
- 1 January to 31 December 2016
- 1 January to 2 April 2016
- 28 November to 31 December 2016

The gap in tenure between April and November 2016 arose due to the absence of government to appoint those board members whose term had expired.

14 Approval of financial statements

These accounts were approved by the Board of Property Services Regulatory Authority on 02/05/2017



Financial Statements

Property Services Compensation Fund

For the year ended 31 December 2016



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PROPERTY SERVICES COMPENSATION FUND

STATEMENT OF PROPERTY SERVICES REGULATORY AUTHORITY MEMBERS' RESPONSIBILITIES

Section 22(2) of the Property Services (Regulation) Act 2011, requires the Authority to prepare financial statements in such forms and in respect of such accounting periods as may be approved by the Minister for Justice and Equality with the consent of the Minister for Public Expenditure and Reform. In preparing the financial statements, the Authority is required to:


- Select appropriate 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 the Authority will continue in operation.
- State where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Authority is responsible for keeping proper and usual accounts of all moneys paid into the Compensation Fund and disbursements from the Compensation Fund, including an income and expenditure account, a cash-flow statement and a balance sheet, in accordance with Schedule 6 (7) of the Property Services (Regulation) Act 2011. The Authority is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Property Services Regulatory Authority


 Ms. Maeve Hogan, Chief Executive Officer:

Date: 30/5/17


 Ms. Geraldine Clarke, Chairperson:

Date: 30/5/17



PROPERTY SERVICES COMPENSATION FUND

STATEMENT OF INTERNAL FINANCIAL CONTROL

On behalf of the Property Services Regulatory Authority, we hereby acknowledge our responsibility for ensuring that an appropriate system of internal financial control is in operation in the Authority.

We are satisfied that the systems, which the Authority has in place, are reasonable and appropriate for the Authority’s circumstances having regard to its size, level of expenditure, staff resources and the nature of its operations. However, the systems do not, and cannot, provide absolute assurance against material error.

The Property Services Regulatory Authority has adopted the Code of Practice for the Governance of State Bodies issued by the Department of Finance in 2009.

The Chief Executive Officer reviews the account of expenditure recorded on a monthly basis together with income received.

The Authority takes the major strategic decisions and meets at regular intervals to monitor performance and plans. The executive management only act within the authority delegated to them by the Authority to give effect to the Authority’s policy and decisions.

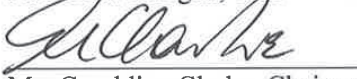
A detailed procedural manual has been prepared and put in place. Where possible, staff duties are appropriately divided taking account of the risks involved and the limited number of staff. The following specific procedures are in place in order to provide effective financial control.

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. Procedures in this regard have been strengthened during the year through the implementation of recommendations emerging from internal audits.
2. Monthly management accounts are reviewed by the Chief Executive Officer.
3. The Authority’s financial control procedures are subject to review by the Department of Justice and Equality internal audit division.
4. The Department of Justice Audit Committee reviews the work of internal audit.
5. The Authority is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

We confirm that the Board conducted a review of the effectiveness of the system of internal financial control in respect of the year ended 31 December 2016.


 Ms. Maeve Hogan, Chief Executive Officer:

Date: 30/5/17


 Ms. Geraldine Clarke, Chairperson:

Date: 30/5/17



AUDITOR'S REPORT



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Property Services Compensation Fund

I have audited the financial statements of the Property Services Compensation Fund for the year ended 31 December 2016 under the Property Services (Regulation) Act 2011. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 6 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Property Services Regulatory Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to 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 Fund Accounts circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

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

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund Accounts as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Fund were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- 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
- 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.

Mary Henry
For and on behalf of the
Comptroller and Auditor General
31 May 2017




PROPERTY SERVICES COMPENSATION FUND
STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE
RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2016


| | Notes | 2016 € | 2015 € |
|--|-------|------------------|------------------|
| Income | | | |
| Contributions to the Fund | 2 | 579,600 | 564,200 |
| Deposit Interest received | 2 | 4,985 | 6,352 |
| Total Income | | 584,585 | 570,552 |
| Expenditure | | | |
| Bank Charges and DIRT | | 1,796 | - |
| Total Expenditure | | 1,796 | - |
| Surplus for the year | | 582,789 | 570,552 |
| Balance brought forward at 1 January 2016 | | 2,209,499 | 1,638,947 |
| Balance carried forward at 31 December 2016 | | 2,792,288 | 2,209,499 |

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year. The Statement of Cash Flows and notes 1 to 5 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


 Ms. Maeve Hogan, Chief Executive Officer:

Date: 30/5/17


 Ms. Geraldine Clarke, Chairperson:

Date: 30/5/17



PROPERTY SERVICES COMPENSATION FUND

STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2016


| | 2016 € | 2015 € |
|----------------------------|------------------|------------------|
| Current Assets | | |
| Cash and cash equivalents | 2,792,288 | 2,209,499 |
| | <u>2,792,288</u> | <u>2,209,499</u> |
| Current liabilities | | |
| Payables and accruals | - | - |
| | <u>-</u> | <u>-</u> |
| Net Current Assets | <u>2,792,288</u> | <u>2,209,499</u> |
| Total Net Assets | <u>2,792,288</u> | <u>2,209,499</u> |
| Representing | | |
| Retained revenue reserves | 2,792,288 | 2,209,499 |
| | <u>2,792,288</u> | <u>2,209,499</u> |

The Statement of Cash Flows and notes 1 to 5 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


Ms. Maeve Hogan, Chief Executive Officer:

Date: 30/5/17


Ms. Geraldine Clarke, Chairperson:

Date: 30/5/17



PROPERTY SERVICES COMPENSATION FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

| Net cash flows from operating activities | 2016 | 2015 |
|--|------------------|------------------|
| | € | € |
| Excess income over expenditure | 582,789 | 570,552 |
| Net cash inflow from operating activities | 582,789 | 570,552 |
| Increase in cash and cash equivalents | 582,789 | 570,552 |
| Cash and cash equivalents at 1 January 2016 | 2,209,499 | 1,638,947 |
| Cash and cash equivalents at 31 December 2016 | 2,792,288 | 2,209,499 |

Notes 1 to 5 form an integral part of these financial statements.

On behalf of the Board of Property Services Regulatory Authority


Ms. Maeve Hogan, Chief Executive Officer:

Date: 30/5/17


Ms. Geraldine Clarke, Chairperson:

Date: 30/5/17



PROPERTY SERVICES COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

(a) The basis of accounting and significant accounting policies adopted by Property Services Compensation Fund are set out below. They have all been applied consistently throughout the year and for the preceding year.

(b) General Information

The Property Services Regulatory Authority was set up under the Property Services (Regulation) Act 2011, with a head office at Abbey Buildings, Abbey Road, Navan, Co. Meath, C15 K7PY.

The Property Services Regulatory Authority's primary objectives as set out in Section 11 of the Property Services (Regulation) Act 2011 are as follows:

- Issue and renew licences;
- Establish and maintain the Register;
- Specify and enforce qualifications requirements and other requirements;
- Specify and enforce standards including technical standards and appropriate ethical standards;
- Establish, maintain and administer the Fund;
- Establish and administer a system of investigation of licensees;
- Impose minor sanctions or major sanctions on licensees;
- Apply to the High Court for the confirmation of the imposition of major sanctions on licensees;
- Promote public awareness and disseminate information to the public in respect of property services;
- Promote and development and adoption of Codes of Practice;
- Keep the Minister informed of developments in respect of the provision of property services by licensees and assist the Minister in co-ordinating and developing policy in that regard;
- Maintain and publish particulars of residential property sales prices;
- Establish and maintain the Commercial Leases Database; and
- Perform any other functions conferred on it by any other provision of the Act or any other enactment or by regulations made under the Act or any other enactment.

The Property Services Regulatory Authority is a Public Benefit Entity (PBE). Section 77(1) of the Property Services (Regulation) Act 2011, requires the Authority to establish, administer and maintain a fund known as the Property Services Compensation Fund. Schedule 6 to the Act sets out the provisions of what shall be paid into and paid out of the Fund.

(c) Statement of Compliance and basis of preparation

The financial statements have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Property Services Compensation Fund's second set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 January 2015. The transition to FRS 102 did not affect its previously reported financial position or financial performance.



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

(d) Income Recognition

Contributions to the Fund are reported on a cash received basis.

(e) Surplus on the Fund

The Fund is required, in accordance with Section 77(3) of the Act, to have a balance of not less than €2 million on and after the fourth anniversary of the date of its establishment.

(f) Awards

Awards are recognised as expenditure when the Authority is satisfied that a client of a licensee suffers a loss as a result of dishonesty on the part of that licensee, or any persons acting on his/her behalf, arising from the provision of property services.

2. Compensation Fund Income

| | 2016 | 2015 |
|---------------------------|----------------|----------------|
| | € | € |
| Contributions to the Fund | 579,600 | 564,200 |
| Deposit interest received | 4,985 | 6,352 |
| | 584,585 | 570,552 |

The Property Services Regulatory Authority in exercise of the powers conferred on it by section 95 of the Property Services (Regulation) Act 2011 with the consent of the Minister for Justice and Equality made regulations which came into operation on 30 May 2012. The Property Services (Regulation) Act 2011 (Compensation Fund) Regulations 2012 sets out the contribution to be made to the Fund by a person making an application for a licence or the renewal of a licence: property services employer €200, independent contractor €200 and principal officer or employee €50.

3. Commitments

No awards were made out of the Fund for the year ended 31 December 2016 and there are no outstanding commitments to grant awards at year end.

4. Awards - Contingency

An Allegation has been made to the Authority of a significant incident involving the misuse of client funds. This matter is currently under investigation and may give rise to a claim or claims against the Fund.

5. Approval of the financial statements

These financial statements were approved by the Board of the Property Services Regulatory Authority on 02/05/2017.



Notes



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PSRA



Údarás Rialála Seirbhísi Maoine
Property Services Regulatory Authority

www.psr.ie