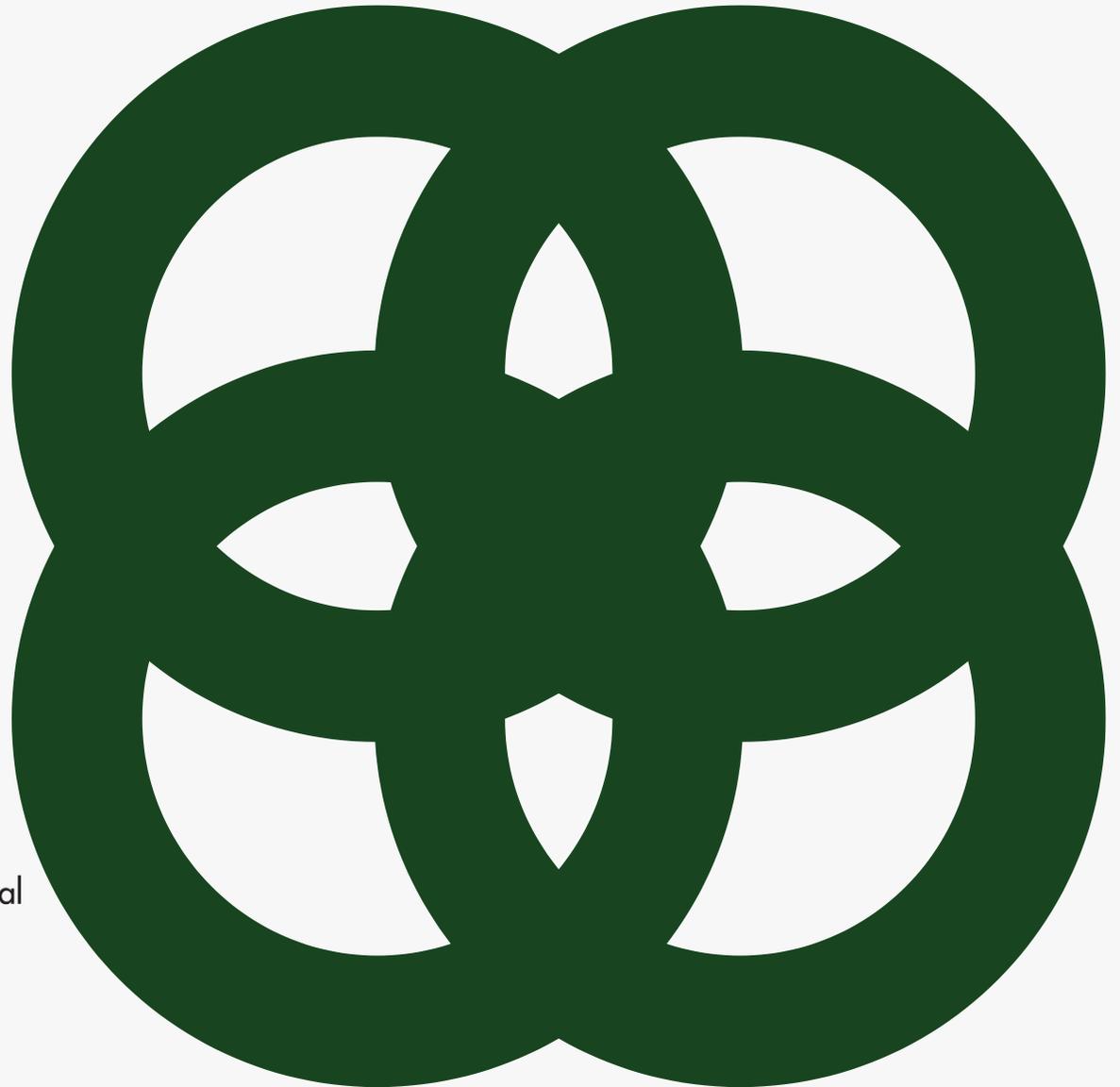


# PERFORMANCE REPORT 2019

Independent  
Objective  
Constructive  
Committed to Excellence



Oifig an Ard-Reachtair Cuntas agus Ciste  
Office of the Comptroller and Auditor General



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## Introduction

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This report presents key performance information for the Office of the Comptroller and Auditor General. The reporting outlines performance in 2019 compared to prior years, under six themes using a combination of quantitative and qualitative methods. Those themes are

- what we deliver
- the impact we have
- financial performance
- staff and resources
- building capacity
- international contribution.

The report also sets out additional information and recent trends for comparative purposes.

A strategy statement for the period 2016 to 2020 is published on our website ([www.audit.gov.ie](http://www.audit.gov.ie)). A new statement of strategy for 2021 to 2025 is being developed.

Currently, the Office's performance is being impacted significantly by the Covid-19 crisis. While it is too early to fully assess the impact, it is likely that there will be both short-term impacts on outputs and longer-term impacts on how we perform our work. The longer term impacts of the changed environment within which the Office is operating, including a potential sustained increase in the level of remote working, will be considered in the development of the new statement of strategy.

## What we deliver

In 2019, the Office of the Comptroller and Auditor General...



completed **285** audits of financial statements (target 272)



certified **97%** of 2018 accounts, when measured by value, within 9 months of the financial year end, (the target was 95%)



completed **24** examinations (target 25) dealing with aspects of public service delivery and the use of public resources



attended **35** meetings of the Public Accounts Committee



responded to **100%** (target 100%) of requests from the Minister for Finance for supply and quarterly credits for the issue of funds from the Central Fund of the Exchequer before the credit period commenced



considered **21** matters reported to the Office under the Protected Disclosures Act 2014 or on an anonymous basis.

## The impact we have

We measure the impact of our work by our interaction with audited bodies in 2019, during which we...



issued a clear audit opinion in **95%** of the financial statements noted by the Public Accounts Committee in the year



following examinations, made **38** recommendations aimed at ensuring good practice and improved performance, of which **100%** were accepted in full or in part by the audited body



drew attention to **28** important matters in understanding the accounts of public bodies and in **78** instances to other matters deemed to be of importance to users of the accounts



contributed to **4** good practice initiatives in the areas of reporting outputs, audit areas of interest, corporate governance and trust and assurance



raised nearly **1,300** matters requiring attention with the management of audited bodies in post audit correspondence.

and through the quality of our work, with...



all financial audits and examinations conducted in accordance with international auditing standards.

## Our financial performance

In 2019, the Office of the Comptroller and Auditor General...



delivered an audit and examinations programme at a total cost of **€13.4 million** (2018: €12.6 million)



collected **€7.4 million** in audit fees in line with partial cost recovery approach (2018: €6.3 million)



employed an average of **174** staff (WTE) at a salary cost of **€10.5 million** (2018: 165 WTE, cost €9.7 million).

## Staff and resources

In 2019, ...



**66%** of the staff assigned to financial audit were qualified accountants and the remainder were part qualified (managers assigned to financial audits are qualified accountants)



staff had an average sickness absence rate of **2%**



gender balance between female and male employees was **50:50**; at senior management level, the ratio was **60:40**



on average, male employees were paid **1.6%** more per hour than female employees.

## Building capacity

Supporting staff through education and continuous development ensures that we have the capacity necessary to carry out the work programme. In 2019, ...



over **18,000** hours were devoted to training courses, professional studies and graduate training which amounted to more than **5%** of available time



**€251,000** was spent supporting post graduate and professional studies, continuing development training and professional membership fees



**57** staff were pursuing professional accountancy or post graduate studies



**6** staff members completed their final examinations and qualified as professional accountants.

## Our international contribution

As the national public sector auditor for Ireland, we contributed to international obligations through...



continuing our four year membership of the audit board of Eurocontrol (an intergovernmental organisation responsible for the delivery of safe, efficient and environmentally-friendly air traffic operations across Europe) and chairing that board from 1 July 2019



attendance at XXIII INCOSAI, the triennial Congress of the International Organization of Supreme Audit Institutions (INTOSAI) hosted by the Russian Federation Supreme Audit Institution in Moscow



participation in selected international fora for public audit in Europe and worldwide, including membership of INTOSAI's Financial Audit and Accounting Sub-committee and INTOSAI's Performance Audit Subcommittee



secondment of a Senior Auditor to the European Court of Audit for a four year period working directly on the Court's annual report



hosting of two auditors for a three month period from the State Audit Institution of United Arab Emirates



participation in an exchange programme for two staff over a three week period with the Office of the Auditor General Canada.

## Additional information and key trends — 2015 to 2019

The following sections provide information on delivery, impact measures and financial performance.

### Programme delivery

The audit of the financial statements of public bodies and the presentation of those financial statements to the Oireachtas are fundamental in ensuring that there is effective accountability for the use of public funds.

#### **Number of accounts subject to audit**

The accounts to be audited by the Comptroller and Auditor General are set by law. In a small number of cases, audits are undertaken with the agreement of the Minister for Public Expenditure and Reform.

The table on the right shows the number of accounts for periods of account ending in the respective years – the audits are due to be completed in the following year.

	Period of account ending in <sup>a</sup>				
	2015	2016	2017	2018	2019
Vote accounts	39	40	41	41	42
Departmental funds	28	25	26	27	26
Financial entities	26	26	26	28	32
Health entities	29	28	28	28	29
North South bodies	7	7	7	7	7
Education sector	47	48	47	47	45
Semi State bodies <sup>b</sup>	116	111	109	108	105
	<b>292</b>	<b>285</b>	<b>284</b>	<b>286</b>	<b>286</b>

Note a Prior periods of account adjusted for consistency.  
b Includes subsidiaries of State bodies.

### **Audits completed**

The graph shows the number of audits completed in each year.

In the case of the appropriation accounts of government departments and offices, the C&AG publishes the accounts in accordance with the Comptroller and Auditor General (Amendment) Act 1993. In the case of the remaining public bodies, the responsibility for laying the audited accounts before the Oireachtas or for publishing the accounts is a matter for the relevant government department or body.



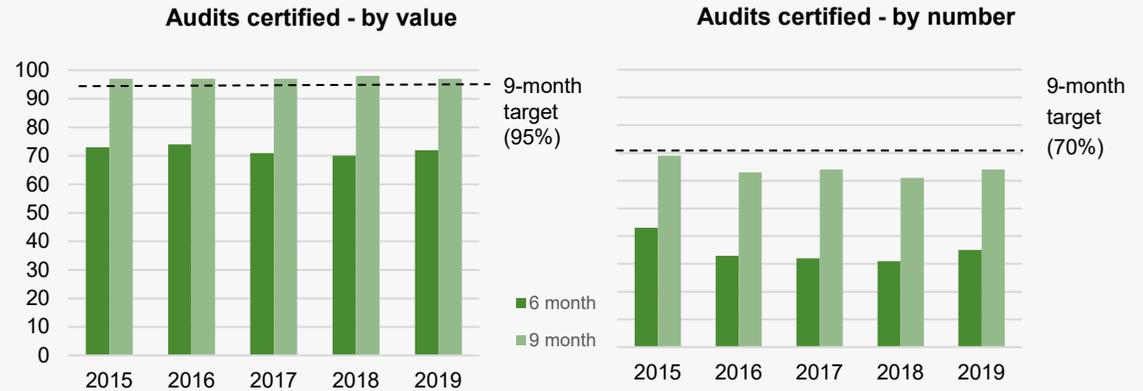
## Audit certification timeliness

### Certified accounts

The Office's key performance indicators on audit timeliness are measured by reference to value of turnover, and to the number of accounts.

The key reference date for the Office is the end of the ninth month following the end of the financial period. In recent years, an audit completion target of 95% by value and 70% by number has been set.

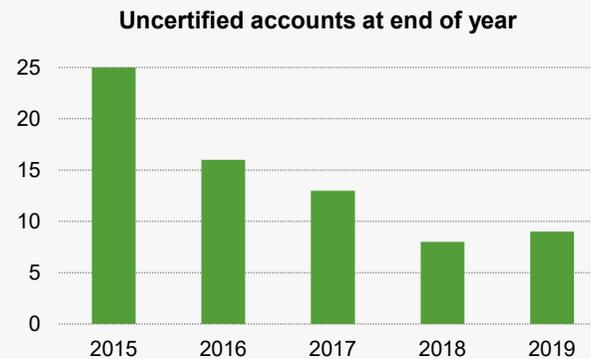
In order to advance audit timeliness overall, priority has been given to certifying high-value accounts earlier.



### Uncertified accounts

The number of audits remaining to be completed at the end of each year (uncertified accounts) is shown in the graph on the right. This has fallen significantly since 2015.

The C&AG publishes a report setting out those bodies where delays in reporting have occurred, and the causes of those delays. The most recent report is available on our website ([www.audit.gov.ie](http://www.audit.gov.ie)).



## Examinations

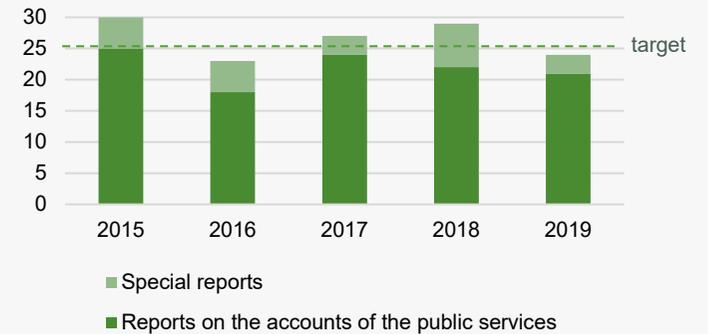
The Comptroller and Auditor General carries out examinations and then reports to Dáil Éireann on matters relating to the management and use of public resources. Reports of the C&AG form the basis of much of the work of the Public Accounts Committee.

Examination topics are determined by the C&AG based on a number of criteria including the significance of the subject, the potential impact or contribution to improvements in public administration and the need for public accountability.

The target is for 25 reports to be published each year. Reports are either included in the report on the accounts of the public services which is published annually, or are published as stand-alone special reports.

The goal set out in the current strategy statement 2016 – 2020 is to increase the number of special and cross-cutting reports completed in the year. The ultimate goal is to publish 10 special reports per annum by 2020. In practice, this goal will not be achieved due to insufficient examination resource capacity.

Number of reports issued

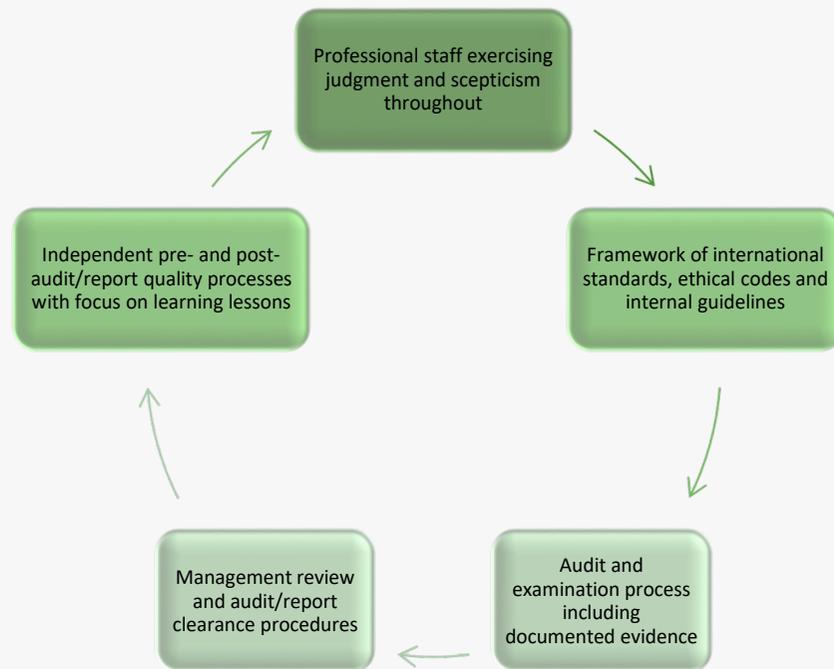


## Ensuring quality

The quality of our work is based on two key principles

- embedding quality within our culture and day-to-day practices, and
- monitoring quality and acting upon the lessons to be learned.

The quality system for both financial audit and examination work has the following key elements



We have policies and processes in place in relation to recruitment, training, continuing professional education and development, codes of conduct, and operational reviews of financial audit work and reports prior to publication.

Our quality control system for financial audit contains measures to monitor quality including reviews of

- selected audits during the course of the audit by a senior manager independent of the team
- all audits undertaken by commercial firms by a senior manager prior to certification
- a sample of audits post certification by an external reviewer every two years.

Our quality control system for examinations contains measures to monitor quality including:

- reviews of selected examinations during the course of the examination by a senior manager independent of the team prior to certification
- post project reviews and annual staff workshops (where staff can raise concerns)
- periodic review of a sample of reports by an external reviewer.

Findings from these reviews are assessed and incorporated into the training needs of the Office.

## Measuring the impact of our work

### Results of financial audits

The C&AG's audit of financial statements has two main focuses

- *accuracy and completeness* of the financial statements,
- *regularity and propriety* of the transactions recorded in the financial statements, and the adequacy of governance of the public bodies, reported on an 'exception' basis.

### Qualified audit opinion

13 sets of financial statements (5% of the total number of accounts) certified in 2019 received a qualified opinion. The reasons for all qualifications were issues concerning the accounting for pensions.

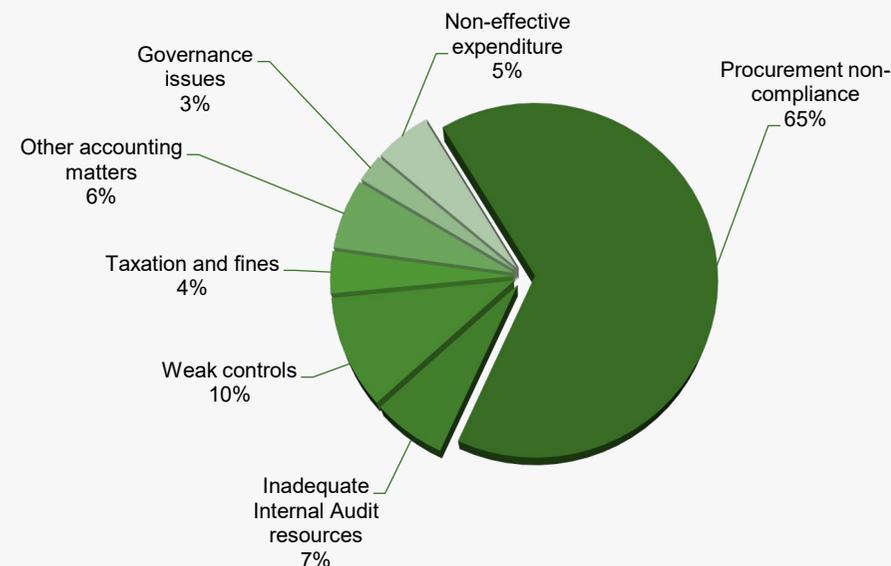
### Emphasis of matter

An audit certificate may, where appropriate, draw attention to a matter that is of importance for readers in understanding the financial statements. 28 sets of financial statements certified in 2019 received an audit report containing emphasis of matter paragraphs. These mainly concerned the manner of accounting for pensions (16 cases), impairment of assets (6), going concern basis of accounting (5) and other accounting matters (1).

### Significant other matters

The C&AG reports by exception if he identifies material irregular transactions (e.g. public money not applied for the purposes intended) or where the statement on internal financial control does not reflect the audited body's compliance with the governance arrangements set out in its code of governance practice. This includes cases where there were material matters relating to the way in which public business has been conducted. There were 78 such instances in the audit reports of financial statements certified in 2019. The chart categorises the issues involved.

Significant other matters noted in audit reports



#### Note

Procurement non-compliance – 'materiality' is procurement of €500,000 or more in one period of account, irrespective of the scale of procurement of the body concerned.

Non-effective expenditure termination of employment payments, material issues related to regularity of payments and unsanctioned payments.

Other accounting matters include issues related to interest on loans, leases and provisions made in the financial statements.

### **Matters raised with management**

In addition to published reports, audit contributes to value by issuing post audit correspondence which aims to assist bodies to enhance their internal control and management by communicating findings, recommendations, and opportunities for improvement.

The chart shows the types of issues raised with bodies in respect of the financial statements certified in 2019.

In general, the matters referred to in the correspondence involve shortcomings in procedures which, if not addressed, could expose the bodies to loss, inaccurate financial reporting, non-compliance with appropriate procedures or governance norms for the public service.

**Number of issued raised with management – accounts certified in 2019**



### ***Impact of recommendations on foot of examinations***

Reports contain specific recommendations for good practice and improved performance together with the responses of the audited body.

In general, audited bodies accepted the recommendations made.

The table on the right sets out the number of recommendations made in reports together with the proportion accepted by bodies.

	2015	2016	2017	2018	2019
Number of published recommendations	63	46	42	47	38
Accepted by audited bodies	92%	83%	93%	94%	95%
Partially accepted by audited bodies	5%	13%	7%	4%	5%

### ***Good practice***

Our strategy statement sets out our commitments to lead or contribute to good practice initiatives. There were four such initiatives in 2019:

#### *Reporting outputs in 2019*

Presentation at IPA Governance Forum event on reporting outputs of OCAG in 2019, with a particular focus on issues and resources of relevance to audit committees.

#### *Audit issues in 2019*

Presentation on current issues arising from audits given to Chartered Accountants Ireland and Chartered Institute of Public Finance and Accountancy (Republic of Ireland) at Chartered Accountants House in November 2019.

#### *Corporate governance*

A revised *Code of Practice for the governance of Education and Training Boards* was published in January 2019. We provided guidance in relation to implementation of the revised code at the ETB annual conference in September 2019. Board Members, Chief Executives and Directors of all ETBs attended this conference facilitated by Education and Training Boards Ireland.

#### *Trust and assurance*

We gave a presentation to the Institute of Public Administration (IPA) Governance Forum on the importance of trust and assurance in the audit process.

## Financial performance

The table summarises key financial data and staffing details for the last 5 years.

The Office is financed in the same manner as government departments through the annual estimates process whereby Dáil Éireann approves estimates of receipts and expenditure each year and gives statutory effect to the estimates in an annual Appropriation Act.

At the end of each financial year, each department and office is required to prepare an account, known as the appropriation account, which reports the outturn for the year compared with the amount provided by Dáil Éireann.

The Office's appropriation account is audited by an independent firm of accountants appointed by the C&AG.

Payroll costs represent almost 80% of the annual cost of the Office. Pay rates are determined by the Minister for Public Expenditure and Reform. Audit fees are charged in respect of certain financial audits upon certification of the account.

Selected financial audits are outsourced. Other costs comprise training and development, professional membership fees, information technology and communications, accommodation, legal costs and consultancy work where experts are engaged to support examination work.

	2015	2016	2017	2018	2019
<i>Financial costs</i>	€000	€000	€000	€000	€000
Total operational cost <sup>a</sup>	12,141	11,567	11,923	13,059	13,799
<i>of which</i>					
Staff costs <sup>a b</sup>	9,869	9,376	9,898	10,133	10,871
Travel expenses	452	517	549	626	611
Contracted audits	416	497	372	959	1,088
Other costs	1,404	1,177	1,104	1,341	1,229
Income					
Audit fees collected <sup>c</sup>	5,589	6,112	5,592	6,301	7,390
ASC (PRD)	535	402	394	427	374
<b>Net Exchequer cost</b>	<b>6,017</b>	<b>5,053</b>	<b>5,937</b>	<b>6,331</b>	<b>6,035</b>

Source: Extracts from audited appropriation accounts of the Office of the Comptroller and Auditor General - available on [www.audit.gov.ie](http://www.audit.gov.ie)

- Note a Staff costs in previous periods have been restated to include additional superannuation contributions from salaries (previously known as pension related deduction) which are retained as appropriation-in-aid.
- b The staff costs for 2015 include 27 pay periods for most staff (53 pay periods for weekly paid staff). In other years, there were 26 pay periods (52 for weekly paid staff).
- c No fees are charged in respect of the audit of appropriation accounts and examinations carried out.

## Staff

### Staffing levels

The average number of staff employed each year based on the whole time equivalent (WTE) are shown in the table. The difference between the authorised number and the average actually employed in each year is generally due to the time lag between the date of staff departures and the completion of recruitment processes.

Staff turnover represents all staff departures in the year as a proportion of the average number employed.

### Contracted services

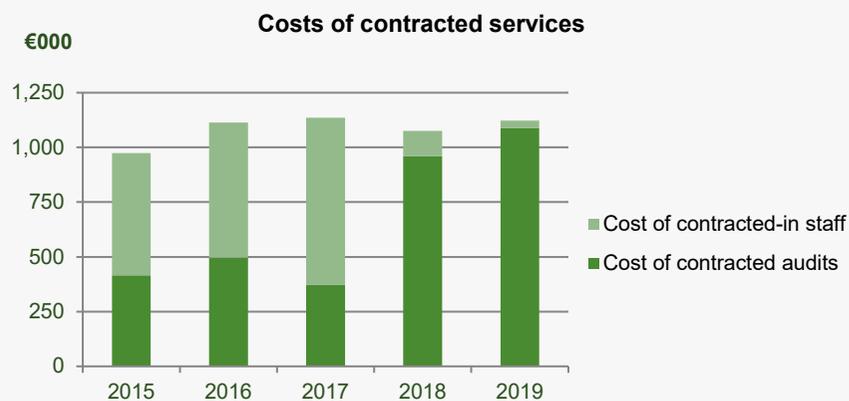
The Office also outsources selected financial audits as a means of meeting part of the peak in audit demand and facilitating timely certification of financial statements. There is an agreement with staff unions to outsource audit work for an average of 8 whole time equivalents per year over the period 2018 to 2020. Firms are competitively procured to undertake this work.

Qualified accountants are contracted-in on an agency-basis for short periods to fill temporary gaps which arise where permanent staff depart. Recourse to this option has decreased as the filling of the staff complement has been achieved.

	2015	2016	2017	2018	2019
<b>Staffing numbers</b>	<b>WTE</b>	<b>WTE</b>	<b>WTE</b>	<b>WTE</b>	<b>WTE</b>
Average employed	145	145	147	165	174
Authorised maximum staff complement	164	164	164	174	178
<i>As a % of staff complement</i>	<i>88%</i>	<i>88%</i>	<i>90%</i>	<i>95%</i>	<i>98%</i>
Staff turnover rate over the year	14%	15%	14%	10%	9%

### Staff number equivalent of other resources employed

Staff contracted-in	7	8	9	1	1
Contracted audits	7	6	5	9	8



### Gender balance

The graph on the right shows the gender breakdown at each of the main grades in the Office. All promotions are on foot of competitive processes.

Overall there is a 50:50 ratio of female to male employees. At the two more senior levels, the female to male ratio is 60:40.

At end 2019, 16% of female employees were working under reduced-hours contracts (job-sharing, parental leave, shorter working year etc.). 1% of male employees were working on reduced-hour contracts.

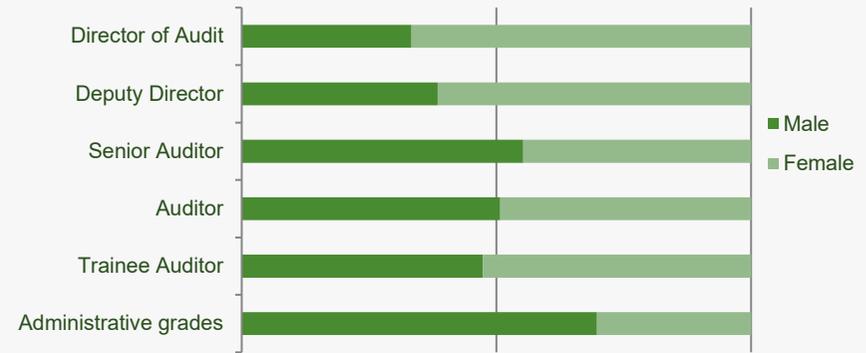
### Pay Differentials

All staff are remunerated on the basis of incremental salary scales for each grade. There are no bonus payments.

On average across all grades for 2019, male employees were paid 1.6% more per contract hour than female employees. The most recent Eurostat fact sheet on the gender pay gap in Ireland, published in November 2018, found that the gender pay gap between men and women at an hourly rate was 13.9%.

The differential in 2019 in median hourly pay rates was 2.76% in favour of male employees. (Median hourly pay rates are the rates paid to the middle ranked employee when ranked from highest to lowest paid) The slightly higher differential on this measure reflects the fact that male employees, on average, have longer service at each grade level.

Gender breakdown by grade



### Diversity

Our Diversity, Equality and Inclusion Statement is available at [www.audit.gov.ie](http://www.audit.gov.ie).

There are over 10 nationalities represented across our workforce.

Our recruitment and promotion is undertaken in accordance with the Public Service Management (Recruitment and Appointments) Act 2004 and the Code of Practice issued by the Commission on Public Service Appointments. We operate under the framework of the civil service policies and procedures.

## Building capacity

### *Learning and development*

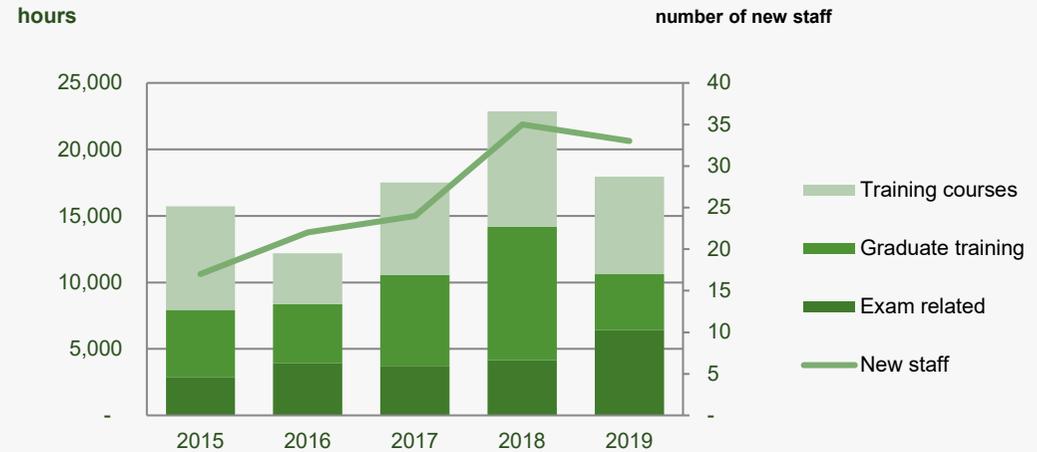
All managers on financial audits are qualified accountants – audits teams comprise a mixture of qualified and trainee accountants.

Our personnel policies and procedures are designed to ensure that we have sufficient staff with the capabilities, competence and commitment to ethical principles necessary to carry out examinations and to perform audits in accordance with professional standards.

Financial support for courses and examinations is provided to staff pursuing post graduate qualifications and staff pursuing professional accountancy qualifications.

In addition, our staff participate in various education, training and development activities the details of which are set out in the graph.

Time allocated to learning and development

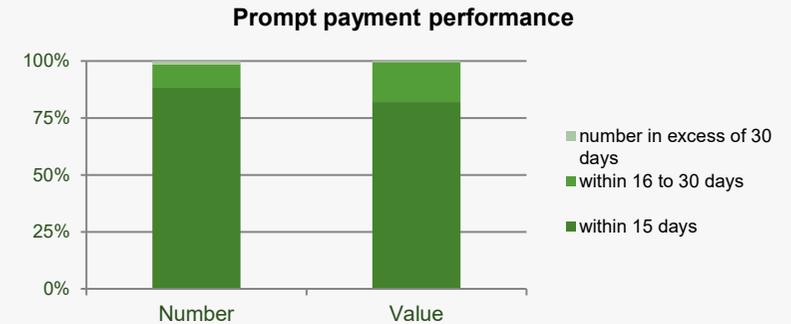


## Corporate responsibilities

### Prompt payments

Payment of invoices on time is governed by legislation which provides for the payment of interest on valid invoices which are unpaid after 30 days from the date of receipt. Furthermore, Government policy requires that public bodies pay suppliers within 15 days from receipt of the invoice. We consider an invoice received when it is complete and relates to goods and services specifically requisitioned and received.

The graph shows our performance in 2019 in relation to the timeliness of payments to suppliers. Payments to suppliers with a combined value of €11,945 were paid outside the 30-day limit, attracting interest payments of €366 and compensation payments of €640.



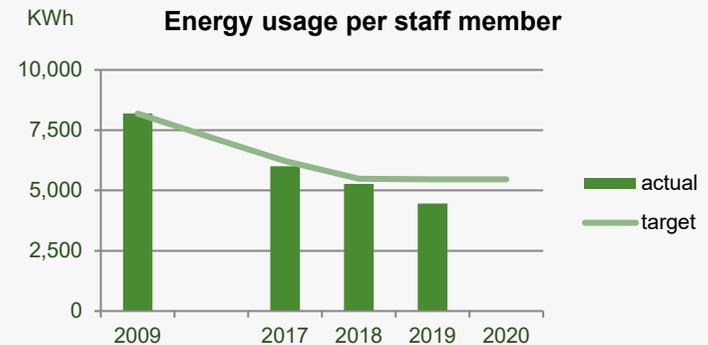
Note Late payment interest is calculated in respect of the period starting on the day after the due date and ending when payment is made. Payment of interest cannot be waived by the supplier and must be included with the amount payable for the invoice.

### Energy consumption

A target to improve energy efficiency in the public sector by 33% by 2020 has been set by the Government. Our performance in meeting this target is measured relative to the number of staff employed (whole time equivalent).

The graph shows that in 2019, energy efficiency was 45.3% (2018:35%) better than the baseline, 18.4% better than the 2020 target and 21.9% better than target 'glidepath'.

The Office uses an energy measurement system which allows us to analyse our electricity usage in more detail and to identify areas for further energy saving opportunities.



Note The figures are shown in KWh per whole time equivalent. The Office participates in the Sustainable Energy Authority of Ireland (SEAI) online system for the purpose of reporting our energy usage. SEAI apply a conversion factor to take account of the environmental impact of different energy types.

The 2019 energy figures are based on energy readings reported to the Office by the energy provider. The figures are subject to verification as part of the SEAI reporting process and will be updated in mid-August.

## **Official Languages Act**

The Office's *Irish Language Scheme*, as required under the Official Languages Act 2003, commenced with effect from March 2018 and is available on the Office's website ([www.audit.gov.ie](http://www.audit.gov.ie)). Reflecting the provisions of the Act, the scheme requires the simultaneous publication in English and Irish of certain documents. The Office is committed to 100% publication of target documents simultaneously.

The Office's website was revamped in 2019 and now provides easier and better access to Irish versions of published information. As far as possible, new material posted on the website is made available simultaneously in both languages.

In 2019, all annual corporate publications were published simultaneously in both languages.

Due to the tight statutory timeframe in which the audits of appropriation accounts must be carried out, simultaneous publication in both languages of the certified accounts and any reports on matters arising from those audits has been challenging.

- Of the 42 appropriation accounts for 2018 published on 30 September 2019, eight (19%) were available in both Irish and English on publication day. The remaining accounts were published in Irish as they were completed. A further 35% were available online within a week and 97% were available on-line by the end of October 2019. However the last appropriation account was not published in Irish until 25 November 2019.

- None of the 21 chapters in the 2019 Report on the Accounts of the Public Services were ready for publication in Irish on 30 September 2019. 42% were published in Irish within a week; 86% were published in Irish within two weeks; and all were published by 21 October 2019.

The Office has radically reorganised its production processes for the 2019 appropriation accounts and report. We expect to improve significantly on the simultaneous publication performance.

## **Disclosures**

The Office has adopted procedures in relation to the Protected Disclosures Act 2014 where employees can raise concerns regarding potential wrongdoing. In 2019, there were 21 disclosures in total, of which nine were made on an anonymous basis.

The Comptroller and Auditor General is a prescribed person under the protected disclosures legislation and disclosures about any matter relating to improper use of public funds and resources or concerning value for money in respect of entities that fall within his remit can be made to the Office.