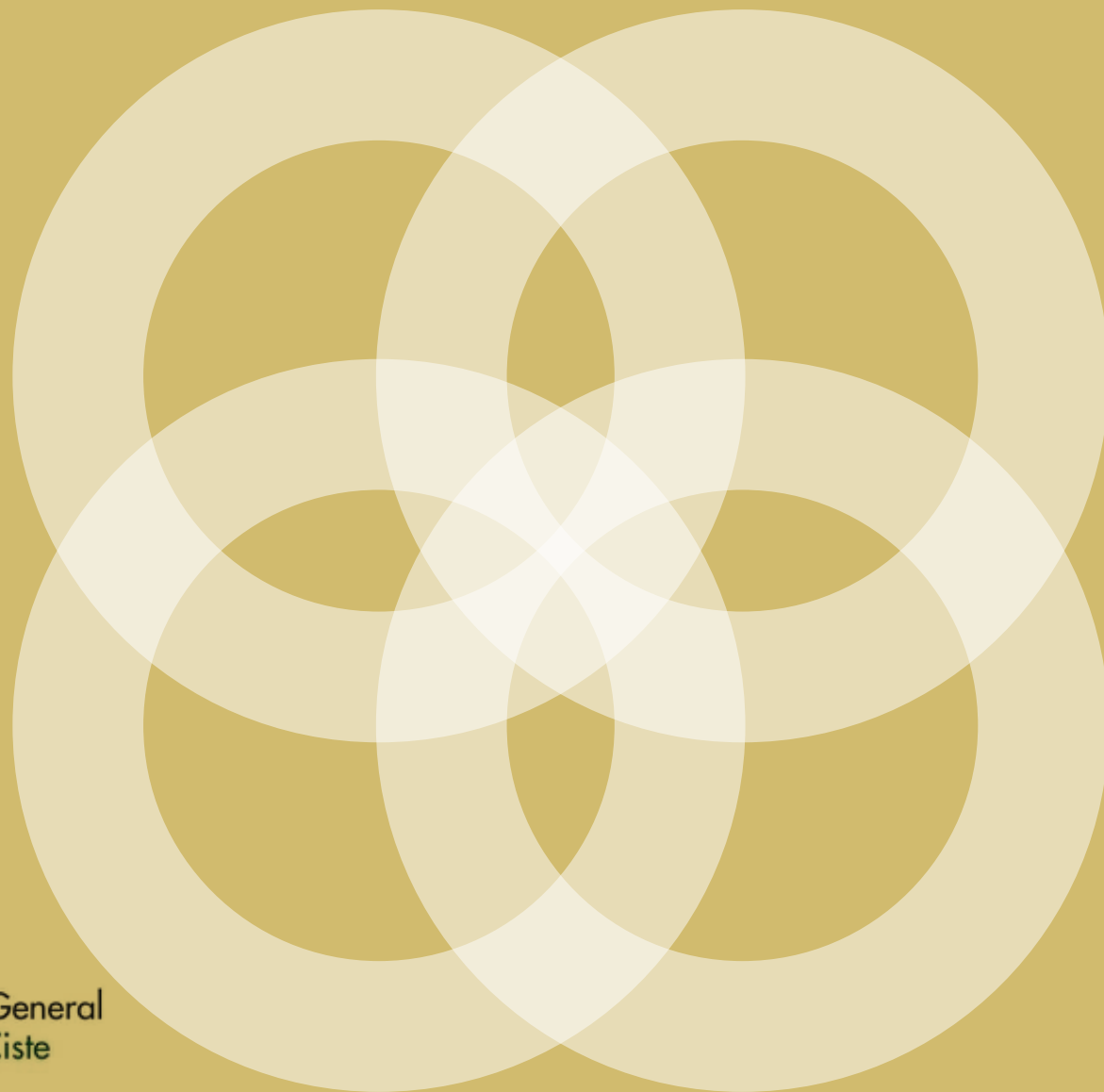


PERFORMANCE REPORT 2015

Independent
Objective
Constructive
Committed to Excellence



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



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Introduction

This report presents key performance information for 2015 for the Office of the Comptroller and Auditor General under five different themes using a combination of quantitative and qualitative methods to measure and report on our performance. Those themes are

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

The report also sets out information and trends covering the previous four years for comparative purposes.

A strategy statement has been developed for the period 2016 to 2020 with input from stakeholders. The strategy statement and stakeholder views are published on our website (www.audgen.gov.ie).

Stakeholders viewed the Office of the C&AG as being independent of government, being fair and objective in undertaking our work and reported a high level of professionalism by our staff. Stakeholders made suggestions for areas for improvement and the strategy statement outlines priority actions. A review of performance measures and reporting will be undertaken as part of the strategy action plan.

What we DELIVER

In 2015, the Office of the Comptroller and Auditor General...



completed **337** audits of financial statements



certified **95%** of 2014 accounts by the end of September 2015, when measured by value and **66%** when measured by number (the targets were **95%** and **70%** respectively)



reported the results of **30** examinations to Dáil Éireann including an overview report on the accounts of the public services and special reports dealing with aspects of public service delivery and the use of public services



attended **28** meetings of the Public Accounts Committee



responded to **100%** of requests from the Minister for Finance for credit for the issue of funds from the Central Fund of the Exchequer before the credit period commenced



considered **9** matters reported to the Office under the Protected Disclosures Act 2014.

The IMPACT we have

We measure the impact of our work by our interaction with audited bodies in 2015, during which we...



made **63** recommendations in reports aimed at ensuring good practice and improved performance, of which **97%** were accepted or partially accepted by the audited body



raised **789** matters with the management of audited bodies in post audit correspondence



sponsored a good practice event on the effectiveness of audit committees attended by **130** chairs and members of audit committees, that was viewed as very useful by **87%** of participants who responded



All financial audits conducted in accordance with international auditing standards



74% of the staff assigned to financial audit are qualified accountants and **26%** are part qualified. The managers of all financial audits are qualified accountants



17 staff (WTE) with relevant qualifications assigned to reporting work.

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

Our FINANCIAL performance

In 2015, the Office of the Comptroller and Auditor General...



delivered an audit and reporting programme at a total cost of **€11.6 million**



recovered **€5.6 million** in audit fees



employed an average of **145** staff (WTE) at a salary cost of **€9.3 million**

Staff and resources

A climate survey among our staff indicates



a high level of engagement, with **76%** of staff feeling fulfilled with their work



high levels of resilience, with **76%** reporting a sense of well being and **71%** being comfortable to adapt to change



commitment to the organisation measured at **50%**, with **71%** of staff viewing their work as meaningful and **70%** satisfied with social support.



balanced gender diversity at senior management level with **53%** female



an average sickness absence rate of **2.8%**, compared to a civil service average of 4.4%



14% staff turnover for the year.

In 2015, the Office of the Comptroller and Auditor General had.....

INTERNATIONAL contribution

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



membership of the audit boards of **2** international bodies – the European Stability Mechanism and the European Space Agency



secondment of experts to carry out the audits of **2** international bodies – the European Centre for Medium Range Weather Forecasting and the European Space Agency



participation in international forums for public audit – European and worldwide



hosting international delegations and study visits – in 2015, we hosted **4** visits from other national and public audit offices.

Key trends – 2011 to 2015

The following sections provide information on delivery, impact measures and financial performance over 5 years.

Programme delivery

Number of accounts subject to audit

The number of accounts to be audited by the Comptroller and Auditor General is set by legislation, other than a small number which are undertaken with the agreement of the Minister for Public Expenditure and Reform.

The table shows the accounts for each of the last five financial years – the audits are due to be completed in the following year.

The rationalisation programme to reorganise, reform and reduce the number of agencies has led to a decrease in the number of accounts subject to audit. There will be 290 accounts for the 2015 financial year due for audit in 2016.

The major reductions in recent years involved the County Enterprise Boards (35) which were incorporated into local authorities and Vocational Education Committees (33) which were rationalised and formed into 16 Education and Training Boards.

	Period of account ending in					
	2010	2011	2012	2013	2014	2015
Vote accounts	40	42	39	39	40	39
Departmental funds	35	35	33	29	30	28
Financial entities	24	24	21	27	25	26
Health entities	31	28	27	27	28	28
North South bodies	7	7	7	7	7	7
Third level education	26	26	26	26	26	26
Education and Training Boards ^a	33	33	33	33	16	16
Other education entities	9	9	8	7	5	5
Semi State	97	94	91	92	94	87
Subsidiaries of State Bodies	32	31	31	29	28	28
County Enterprise Boards ^b	35	35	35	-	35	-
	369	364	351	316	334	290

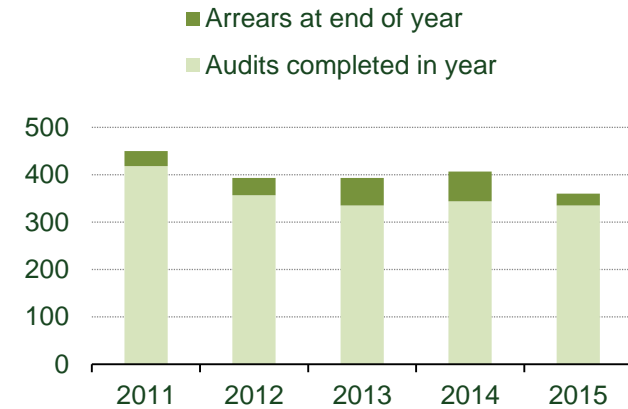
Note a Formerly Vocational Education Committees

b The final accounts covered a 16 month period ending in April 2014.

Audits completed

The graph shows the number of audits completed in each year (i.e. current year audits and audits in arrears at the start of the year) in respect of the preceding accounting year.

There were 25 audits in train at the end of 2015.

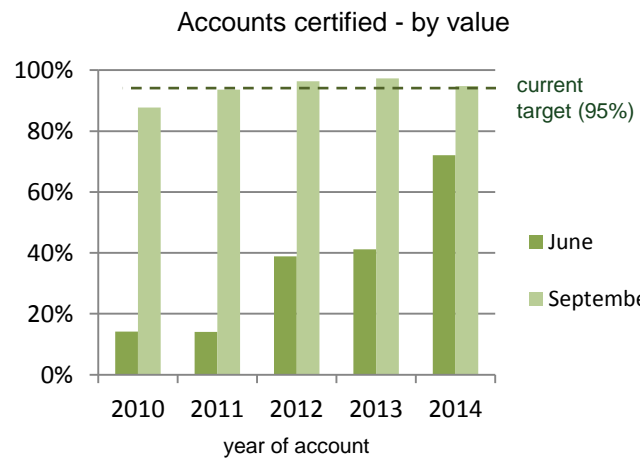


Audit timeliness

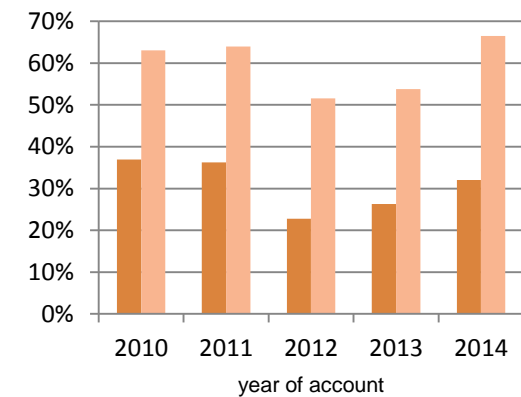
The Office's key performance indicators on audit timeliness are set out in the Revised Estimates Volume each year. These are measured by reference to value of turnover, and to the number of accounts.

End September is the key reference date because of the statutory requirement for the audits of central government accounts to be completed by that date. In recent years, a 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 significant accounts earlier (measured by the value of the account). The graphs show progress in advancing the certification timeline at the end of September and the end of June (6 months after financial year end).



Audits certified - by number



Published reports

The Comptroller and Auditor General reports to Dáil Éireann in accordance with law 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.

Reporting 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 matters of public accountability.

The target of the number of reports to be published is set out in the Revised Estimates Volume each year. In recent years a target of 25 reports has been set.

The Office's strategy statement 2016 - 2020 sets out a goal of increasing the number of special and cross-cutting reports.



Impact

Published recommendations

Since 2012, reports of the C&AG contain specific recommendations for good practice and improved performance together with the responses of the audited body.

The table sets out the number of recommendations made and the percentage accepted by the audited bodies.

	2012	2013	2014	2015
Number of published recommendations	70	48	68	63
Accepted by audited bodies	61%	90%	88%	92%
Partially accepted by audited bodies	33%	10%	3%	5%

Matters raised with management

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

The table shows the number and types of issues raised with management. In general, the matters referred to in the correspondence involve shortcomings in procedures which, if not addressed, could expose organisations to loss.

	2011 ^a	2012 ^a	2013	2014	2015
Corporate governance	78	38	27	78	106
Expenses and supply contracts	95	58	44	51	103
Systems and general control	144	85	49	49	85
Staff and payroll	65	48	32	51	80
Accounting and reporting	40	59	33	54	77
Fixed assets and funding	77	53	33	39	71
Creditors and purchases	30	25	23	41	58
Schemes and programmes	50	18	25	24	48
Banking	78	50	28	22	47
Debtors	26	19	6	10	28
Income	38	12	19	16	28
Taxation	24	15	9	10	16
Other	60	30	27	23	42
Total	805	510	355	467	789

Note a Some issues for 2011 and 2012 have been recategorised from the details previously published.

Financial

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 giving 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 over 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 the certain financial audits upon certification of the account.

Selected financial audits are outsourced as a means of meeting part of the peak in audit demand and facilitating timely certification of financial statements. Procurement of firms to undertake this work is subject to regular market testing.

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 reporting work.

	2011	2012	2013	2014	2015
<i>Financial costs</i>	€000	€000	€000	€000	€000
Total operational cost ^a	10,886	10,350	10,533	10,513	11,606
<i>of which</i>					
<i>Staff costs^{a b}</i>	8,806	8,591	8,634	8,650	9,334
<i>Travel expenses</i>	469	444	439	415	452
<i>Contracted audits</i>	406	407	397	407	416
<i>Other costs</i>	1,205	908	1,063	1,041	1,404
Audit fees	6,570	5,327	4,772	5,269	5,589
Net Exchequer cost	4,316	5,023	5,761	5,244	6,017

Source: Extracts from audited appropriation accounts of the Office of the Comptroller and Auditor General. The Office also publishes an audited accrual account each year which is available on www.audgen.gov.ie

- Note a Staff costs are shown net of receipts from pension related deductions on salaries which are retained as appropriations-in-aid.
 b The staff costs for 2015 include an extra pay period which arises from the build up of a salary accrued element as the number of days covered by pay periods does not exactly match the number of days in the calendar year.

Staffing levels

The average number of staff employed each year based on the whole time equivalent (WTE) are shown in the table.

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

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

	2011	2012	2013	2014	2015
Staffing numbers	WTE	WTE	WTE	WTE	WTE
Average employed	145	138	146	143	145
Staff turnover	4%	9%	5%	13%	14%

Office accommodation

At the end of 2015, the Office relocated to new accommodation in Mayor Street Upper, Dublin 1 from the two premises previously occupied – a State-owned heritage building in Dublin Castle and a leased commercial office building, which was constructed in the late 1970s. This reduced the space occupied by around 40%. During 2015, the Office relocated its primary computer network to a central government site which leverages from economies of scale at the site.

Information Security

The Office of the Comptroller and Auditor General has been certified under the international standard for information security management ISO 27001 since 2008.

The Secretary and Director of Audit has overall responsibility for information security, and a Security Forum is in place with responsibility for the development, promotion and ongoing management of all aspects of security in the Office, and for overseeing the management of ISO 27001 certification.

The ISO standard was revised in October 2013 with more emphasis on measuring and evaluating how well an organisation's information security management system is performing.

The scope of the certification was updated to reflect the Office's move to a single operational location at Mayor Street Upper and incorporates the security of the computer systems, databases, information and information handling procedures in place in that premises and the off site data centre. The Office successfully completed its transition to the revised standard in August 2015.

Implementing the standard provides the Office with an organised approach to managing and securing confidential business and client information.