

Vote 42 - An Roinn Ealaíon, Oidhreachta, Gaeltachta Agus Oileáin

39. Appropriation Account

Accounting Officers are required to sign and present Appropriation Accounts for their Votes to me before 1 April of the year following that to which the account relates. The Appropriation Account for Vote 42 for the year ended 31 December 2000 submitted for audit had not been signed by the Accounting Officer, because of his absence from the office at the time due to illness. The Account therefore did not conform to the statutory requirements and was regarded as a draft account for audit purposes.

While audit work commenced on the draft Account, preliminary audit tests disclosed that

- The Department had been unable to reconcile its accounting records with those records maintained on its behalf by the Paymaster General (PMG) – effectively the Department's banking records. In addition, discrepancies which had come to light during attempted reconciliation exercises in respect of this accounting period had not been resolved.
- The Department did not have a fixed asset register. The maintenance of an asset register is a requirement under Department of Finance rules issued in 1995. As a result the statement of capital assets presented by the Department in its draft account was based on accounting records only. Difficulties in maintaining these records resulted in their being unreliable.
- Assets and Stock, transferred to Waterways Ireland with effect from 1 April 2000, were recorded in the accounts of the Department at 31 December 2000
- Receipts collected by Waterways Ireland were incorrectly accounted for by the Department
- Certain suspense balances used in the reconciliation of the Vote's liability to the Exchequer had not been included in the account submitted
- Information on accruals and prepayments by the Department which are required to be disclosed in the accounts were incomplete
- A receipt of £6million had been omitted from the account.

After being made aware of the difficulties arising on audit the Accounting Officer declined to formally sign a revised account until certain additional accounting and reconciliation work had been carried out

Similar issues had arisen in the preceding year's account and were the subject of correspondence between my Office and the Department's Finance Division. These issues resulted in a material change to that account and in a significant increase in the Vote surrender to the Exchequer and necessitated the Accounting Officer re-signing the Account.

Following the suspension of the audit in June 2001, the Department undertook to rectify the errors and omissions, to reconcile the Department's records with those of the PMG and to present a signed Appropriation Account.

The Appropriation Account for the Vote for 2000 was signed by the Accounting Officer on 27 July 2001 and re-presented for audit.

As the audit findings and the late presentation of a signed Appropriation Account raised serious questions about the quality of the underlying accounting records and financial control framework of the Department I asked the Accounting Officer what remedial action was being taken.

The Accounting Officer informed me that on being made aware of the difficulties which had arisen, he took steps to ensure that action to resolve these was given absolute priority. He has also initiated a root and branch review of structure, staffing, expertise and experience in the Accounts Branch and assured me that necessary changes arising therefrom would be implemented as a matter of urgency.

The Accounting Officer stated that the difficulties that were experienced during the preparation of the 2000 Appropriation Account had reinforced the need for detailed procedure manuals to be drafted by the Finance Branch. These manuals would document established procedures and outline the steps that would have to be carried out on a daily, monthly or annual basis, with particular emphasis on recording receipts and reconciling monthly with the PMG.

He also stated that the Department intended to provide any staff training necessary with regard to monthly reconciliation with the PMG. Responsibilities would be delegated for tasks, and these would be subject to monthly review by management. In this respect, external consultants would advise the Department on the most effective way of achieving this in the short to medium term.

The Accounting Officer indicated that the fixed asset recording system was being updated so that all additions for 2000 and 2001 would be in electronic format. Fixed asset management software would be installed by the Department in the near future to ensure that adequate systems of control were maintained over all assets. He also said that the possibility of appointing additional staff in this area was being examined.

The Department is also seeking to make improvements in its present accounts system ahead of the introduction of the Management Information Framework. However, he suggested that because of the age of the existing system, – it was ‘inherited’ from OPW and is over sixteen years old - opportunities for significant improvement could be limited.

The Accounting Officer stated that a full review of the issues raised by my Office during the 2000 audit was being carried out with each issue being identified and the necessary steps being taken to ensure that the errors would not recur. Additional staff resources had been allocated to Accounts Branch and the Department was seeking the approval of the Department of Finance for further appointments.

Finally, the Accounting Officer stated that a detailed review of the procedures involved in preparing the annual Appropriation Account was being undertaken so that a framework could be established within the timeframe necessary to present a signed Appropriation Account to my Office before the statutory deadline. He also said that the Department’s efforts to complete the Appropriation Account process continued to be hindered by the late receipt of information on receipts from the PMG. This was a particular problem at year-end, but the Department was seeking to resolve it.