



Appropriation Account 2012

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2012 for the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2012, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

John Moran
Accounting Officer
Department of Finance

25 March 2013

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

Vote 7 Office of the Minister for Finance

I have audited the appropriation account for Vote 7 Office of the Minister for Finance for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in his Department and for the regularity and propriety of all transactions in the appropriation accounts.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare a report each year on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of Public Financial Procedures have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 7 Office of the Minister for Finance for the year ended 31 December 2012.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

9 September 2013

Vote 7 Office of the Minister for Finance Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
A Budget and Economic Policy	6,812	5,107	6,803
B Financial Services and Taxation Policy	8,860	6,457	7,641
C Banking Sector Policy	9,870	6,843	—
D Provision of Shared Services	7,794	7,788	9,950
Gross expenditure	33,336	26,195	24,394
<i>Deduct</i>			
E Appropriations-in-aid	1,254	1,564	1,812
Net expenditure	32,082	24,631	22,582

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2012	2011
	€	€
Surplus to be surrendered	7,450,784	3,275,382

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	20,484	16,874	17,478
ii	Travel and subsistence	384	392	299
iii	Training and development and incidental expenses	612	650	666
iv	Postal and telecommunications services	540	632	708
v	Office equipment and external IT services	1,040	1,314	982
vi	Office premises expenses	666	884	825
vii	Consultancy and other services	25	—	—
viii	EU Presidency	1,995	791	—
		25,746	21,537	20,958

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	4,443	3,350
Pay	17,732	17,564
Non pay	4,020	3,480
Gross expenditure	26,195	24,394
<i>Deduct</i>		
Appropriations-in-aid	1,564	1,812
Net expenditure	24,631	22,582
Changes in capital assets¹		
Purchases cash	(638)	
Depreciation	1,046	
	408	1,046
Changes in net current assets		
Decrease in closing accruals	(151)	
Decrease in stock ¹	6	
	(145)	254
Direct expenditure	24,894	23,882
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	13,016	14,559
Notional rents	1,432	1,454
Net programme cost	39,342	39,895

¹ The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks. For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the Accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments. As most capital assets are shared, the changes in capital assets are also allocated on the basis of staff numbers.

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2012	2011
	€000	€000
Vote 3 Attorney General	42	—
Vote 12 Superannuation and Retired Allowances	12,497	12,850
Vote 13 Office of Public Works	1,080	2,009
Vote 20 Garda Síochána	—	62
Central Fund – Ministerial pensions	231	163
	<hr/>	<hr/>
	13,850	15,084
Apportioned cost of shared payroll and accounting support for other Votes	(834)	(525)
	<hr/>	<hr/>
	<u>13,016</u>	<u>14,559</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	1,143	1,191
Current assets			
Bank and cash	2.4	505	585
Stocks	2.5	17	23
Prepayments		427	353
Accrued income		282	—
Other debit balances	2.6	230	120
Payroll shared services bank account		713	8
Total current assets		2,174	1,089
Less current liabilities			
Accrued expenses		346	141
Other credit balances	2.7	821	692
Net liability to the Exchequer	2.8	(86)	13
Payroll shared services		713	8
Total current liabilities		1,794	854
Net current assets		380	235
Net assets		1,523	1,426
Represented by:			
State funding account	2.1	1,523	1,426

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		1,426	6,011
Funding drawn down	2.2	37,647	37,141
Non cash expenditure – notional rent	1	1,432	1,454
Other non-cash items – capital assets ¹		(358)	(30)
Other non-cash items – depreciation ¹		718	885
Capital assets transferred gross		—	(24,343)
Capital assets transferred depreciation		—	20,389
Capital assets under development transferred		—	(186)
Net programme cost	1	(39,342)	(39,895)
Balance at 31 December		1,523	1,426

¹ Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition/depreciation figures in the balance sheet do not match those shown in the Operating Cost Statement.

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	32,082	25,857
Surplus to be surrendered	Account	(7,451)	(3,275)
		<u>24,631</u>	<u>22,582</u>
Expenditure (cash) borne elsewhere	1	13,016	14,559
Total funding drawn down		<u><u>37,647</u></u>	<u><u>37,141</u></u>

2.3 Capital Assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2012	—	5,272	2,369	7,641
Additions	218	57	6	281
Cost or valuation at 31 December 2012	<u>218</u>	<u>5,329</u>	<u>2,375</u>	<u>7,922</u>
Accumulated depreciation				
Opening balance at 1 January 2012	—	4,211	2,239	6,450
Depreciation for the year	44	233	52	329
Cumulative depreciation at 31 December 2012	<u>44</u>	<u>4,444</u>	<u>2,291</u>	<u>6,779</u>
Net assets at 31 December 2012	<u><u>174</u></u>	<u><u>885</u></u>	<u><u>84</u></u>	<u><u>1,143</u></u>
Net assets at 31 December 2011	<u><u>—</u></u>	<u><u>1,061</u></u>	<u><u>130</u></u>	<u><u>1,191</u></u>

Up to 31 December 2010, all capital assets were recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance and IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance purchased certain assets in 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

2.4 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	506	586
Orders outstanding	(1)	(1)
	<u>505</u>	<u>585</u>

2.5 Stocks	2012	2011
at 31 December	€000	€000
Stationery	12	17
IT consumables	5	6
	<u>17</u>	<u>23</u>

2.6 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable salaries	52	—
Recoupable travel expenditure	73	43
Travel Imprests	1	—
Recoupable travel pass scheme expenditure	83	71
Other debit suspense items	21	6
	<u>230</u>	<u>120</u>

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	233	264
Pay Related Social Insurance	113	117
Professional Services Withholding Tax	254	46
Value Added Tax	24	22
Pension contributions	44	45
Universal Social Charge	75	78
	<u>743</u>	<u>572</u>
Payroll deductions held in suspense	77	84
Recoupable salaries	—	30
Due for OPW managed services	—	1
Other credit suspense items	1	5
	<u>821</u>	<u>692</u>

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	7,451	3,275
Exchequer grant undrawn	(7,537)	(3,262)
Net liability from the Exchequer	<u>(86)</u>	<u>13</u>

Represented by:**Debtors**

Bank and cash	505	585
Debit balances: suspense	230	120
	<u>735</u>	<u>705</u>

Creditors

Due to State	(743)	(572)
Credit balances: suspense	(78)	(120)
	<u>(821)</u>	<u>(692)</u>

	<u>(86)</u>	<u>13</u>
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2.9 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	4	30

3 Programme Expenditure by Subhead

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Budget and Economic Policy			
A.1 Administration – pay	5,343	3,960	5,966
A.2 Administration – non pay	744	664	270
A.3 Committees and commissions	—	—	326
A.4 Consultancy and other services	75	74	17
A.5 Fiscal Advisory Council (grant-in-aid)	650	409	222
A.6 Commissions and special inquiries	—	—	2
	6,812	5,107	6,803

Significant variations

Overall, the expenditure in relation to the Programme A was €1,705,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,383	The savings arose from the use of pro-bono staff in a number of key senior posts, delays in making appointments to other posts and lower than anticipated starting salaries for certain grades.
Fiscal Advisory Council (grant-in-aid)	241	The savings arose due to the unanticipated delay in the establishment of the Fiscal Advisory Council.

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B Financial Services and Taxation Policy			
B.1 Administration – pay	6,875	5,240	4,585
B.2 Administration – non pay	790	773	188
B.3 Committees and commissions	351	352	26
B.4 Consultancy and other services	830	77	2,213
B.5 Commissions and special inquiries	14	15	629
	8,860	6,457	7,641

Significant variations

Overall, the expenditure in relation to the Programme B was €2,403,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Consultancy and other services	753	The savings arose from the deferral of planned consultancy costs.

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Banking Sector Policy			
C.1 Administration – pay	3,813	2,679	—
C.2 Administration – non pay	387	433	—
C.3 Consultancy and other services	5,670	3,731	—
	9,870	6,843	—

Significant variations

Overall, the expenditure in relation to the Programme C was €3,027,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	1,134	The savings arose from the use of pro-bono staff in a number of key senior posts, delays in making appointments to other posts and lower than anticipated starting salaries for certain grades.
Consultancy and other services	1,939	The savings arose from lower than expected legal advisory fees arising from the postponement of bank and debt restructuring projects.

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
D Provision of Shared Services			
D.1 Administration – pay	6,053	5,638	6,927
D.2 Administration - non pay	1,741	2,150	3,023
	7,794	7,788	9,950

Significant variations

An explanation is provided in the case of each expenditure subhead where the outturn varied from the amount provided, by more than €100,000, and by more than 25%. No outturn of programme D met these criteria in 2012.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Recoupment of certain expenses in relation to the stabilisation of the banking sector	250	387	532
2. Receipts from pension-related deductions on public service remuneration	998	1,085	1,158
3. Miscellaneous	6	92	122
Total	1,254	1,564	1,812

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%

Description	Less/(more) than estimated €000	Explanation
Recoupment of certain expenses in relation to the stabilisation of the banking sector	(137)	The costs recoupable under the scheme are difficult to predict.

4.2 Extra receipts payable to the Exchequer

Other receipts totalling €90,677 were transferred to the Exchequer during the year in respect of monies received in 2011 and 2012 which were not proper to the Vote. A figure of €90,005 is in respect of recoupment of costs incurred for service officers shared with a Government office. A figure of €672 is in respect of overtime costs recouped from a Government department.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	319	272
	2012	2011
	€000	€000
Pay ¹	16,298	15,927
Redundancy	—	145
Higher, special or additional duties allowance	119	166
Other allowances	50	117
Overtime	314	352
Employer's PRSI	951	857
Total Pay	17,732	17,564

¹ The total pay figure is inclusive of pay in subheads A.1, A.5, B.1, C.1, D.1.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	35	2	15,401	15,934
Other allowances	69	—	6,229	89,038
Overtime	95	13	28,398	28,672

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Two retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €5,314.

This account includes expenditure of €541,659 in respect of 11 officers who were serving outside the Department for all or part of 2012 and whose salaries were paid by the Department.

6 Miscellaneous

6.1 Banking System Functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (S.I.) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under S.I. no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and Commissions

	Year of appointment	2012 €000	2011 €000
Credit Union Advisory Committee	1967	21	26
Disabled Drivers Appeals Board	1989	331	326
Independent Review Panel on the Department of Finance	2010	—	2
Commission of Investigation into the banking sector in Ireland	2010	—	629
		352	983

The total costs incurred in respect of committees and commissions whose work is complete is as follows

The Independent Review Panel on the Department of Finance was €213,507.

The Commission of Investigation into the banking sector in Ireland was €1,348,311.

6.3 Other Payments

The Department has paid 50% of the dilapidation costs following the vacation of leased accommodation, which amounted to €175,000. The remaining costs were borne by Vote 11 Office of the Minister for Public Expenditure and Reform.