



Appropriation Account 2012

Vote 8

**Office of the Comptroller and Auditor
General**

Introduction

As Accounting Officer for Vote 8, 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 Comptroller and Auditor General.

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.

In addition, the following accounting policy has been adopted in respect of work in progress.

Work in progress represents the estimated recoverable value associated with audit work completed at year end in cases where an audit opinion has not been reported, and is stated at the lower of cost or net realisable value.

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 Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. 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 Office
- 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 Office 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 Office 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 Office 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.

The internal audit function is provided by a private firm which uses appropriately trained personnel.

Andrew Harkness
Accounting Officer
Office of the Comptroller and Auditor General

15 March 2013

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

Vote 8 Office of the Comptroller and Auditor General

The appropriation account for Vote 8 Office of the Comptroller and Auditor General has been audited on my behalf by Mr Tommy Doherty of Mazars, Chartered Accountants and Registered Auditors under section 13 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. The accounting policies and notes form part of the account.

On the basis of his audit and report, in my opinion, the appropriation account properly presents the receipts and expenditure of Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2012.

Seamus McCarthy
Comptroller and Auditor General

21 June 2013

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act, 1993

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, I have audited the Appropriation Account of the Office of the Comptroller and Auditor General for the year ended 31 December 2012.

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. My audit work has been undertaken so that I can state to the Comptroller and Auditor General those matters I am required to state to him in my opinion and for no other purposes. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the Accounting Officer and the Auditor

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the Appropriation Account. He is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the Appropriation Account.

It is my responsibility to audit the Appropriation Account in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Appropriation Account properly presents the receipts and payments of the Vote. I also report to you whether in my opinion proper books of account have been kept by the Office. In addition, I state whether I have obtained all the information and explanations necessary for the purpose of my audit and whether the Office's Appropriation Account is in agreement with the books of account

Basis of Opinion

I conducted my audit of the Appropriation Account of the Office of the Comptroller and Auditor General in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Appropriation Account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of Public Financial Procedures have been complied with.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the Appropriation Account is free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Appropriation Account.

Opinion

In my opinion, the Appropriation Account of the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2012 and there are no matters on which I need to report, pursuant to Section 3(10) of the Comptroller and Auditor General (Amendment) Act 1993.

I have obtained all the information and explanations which I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the books of account.

Tommy Doherty

For and on behalf of Mazars
Chartered Accountants and Registered Auditors
Block 3
Harcourt Centre
Dublin 2.

6 June 2013

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
A Audit and Reporting	12,466	10,920	11,487
Gross expenditure	12,466	10,920	11,487
<i>Deduct</i>			
B Appropriations-in-aid	5,875	5,897	7,171
Net expenditure	6,591	5,023	4,316

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	1,568,168	2,528,030

Analysis of administration expenditure

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	9,970	9,161	9,407
ii Travel and subsistence	546	444	469
iii Training and development and incidental expenses	328	153	297
iv Postal and telecommunications services	100	85	150
v Office equipment and external IT services	443	399	410
vi Office premises expenses	260	248	233
vii Consultancy services	350	2	103
viii Legal fees	45	21	12
ix Contract audit services	424	407	406
	12,466	10,920	11,487

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Pay	9,161	9,407
Non pay	1,759	2,080
Gross expenditure	10,920	11,487
<i>Deduct</i>		
Appropriations-in-aid	5,897	7,171
Net expenditure	5,023	4,316
Changes in capital assets		
Purchases cash	(159)	
Depreciation	171	
	12	74
Changes in net current assets		
Decrease in closing accruals	38	
Decrease in stock	8	
	46	75
Direct expenditure	5,081	4,465
Decrease in value of work-in-progress	33	477
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,489	3,018
Notional rents	202	203
Net programme cost	7,805	8,163

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 8 borne elsewhere.

	2012	2011
	€000	€000
Vote 4 Central Statistics Office	—	14
Vote 12 Superannuation and Retired Allowances	1,315	1,885
Vote 13 Office of Public Works	664	652
Account of the Central Fund of the Exchequer	510	467
	<u>2,489</u>	<u>3,018</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	413	425
Work-in-progress	2.4	578	611
		991	1,036
Current Assets			
Bank and cash	2.5	68	—
Stocks		21	29
Prepaid expenses		76	85
Audit fee debtors		479	726
Accrued audit fee income	2.6	531	297
Other debit balances	2.7	107	155
Net liability to the Exchequer	2.9	121	209
Total current assets		1,403	1,501
Less current liabilities			
Bank and cash	2.5	—	40
Accrued expenses		55	39
Other credit balances	2.8	296	324
Total current liabilities		351	403
Net current assets		1,052	1,098
Net assets		2,043	2,134
Represented by:			
State funding account	2.1	2,043	2,134

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		2,134	2,746
Funding drawn down	2.2	7,512	7,334
Non cash expenditure – notional rent	1	202	203
Transfers		—	14
Net programme cost	1	(7,805)	(8,163)
Balance at 31 December		2,043	2,134
2.2 Funding drawn down			
Note			
€000			
Disbursements from the Vote			
Estimate provision	Account	6,591	6,844
Surplus to be surrendered	Account	(1,568)	(2,528)
		5,023	4,316
Expenditure (cash) borne elsewhere	1	2,489	3,018
Total funding drawn down		7,512	7,334

2.3 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2012	1,843	343	2,186
Additions	147	12	159
Disposals	(4)	(12)	(16)
Cost or valuation at 31 December 2012	1,986	343	2,329
Accumulated depreciation			
Opening balance at 1 January 2012	1,539	222	1,761
Depreciation for the year	137	34	171
Depreciation on disposals	(4)	(12)	(16)
Cumulative depreciation at 31 December 2012	1,672	244	1,916
Net assets at 31 December 2012	314	99	413
Net assets at 31 December 2011	304	121	425

2.4 Work in Progress

Work in progress assigns a value to audit work where a fee is charged but where the audit has not yet been completed. The value of work in progress is calculated as a percentage of the agreed audit fee, based on the status of the audit at year end, as follows:

Status of Audit	Percentage of audit fee included in work-in- progress	2012 €000	2011 €000
Cleared for Certification	90%	117	188
Audit Review Stage	75%	177	66
Fieldwork Complete	60%	75	47
Final Audit in Progress	30%	41	5
Interim Audit Completed	15%	109	154
Interim Audit in Progress	10%	59	151
		578	611

2.5 Bank and Cash

	2012 €000	2011 €000
at 31 December		
PMG balances and cash	68	(40)
Orders outstanding	—	—
	68	(40)

2.6 Accrued Audit Fee Income

Accrued audit fee income represents audit work completed but not yet invoiced at the year end.

2.7 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	70	60
Recoupable expenditure from co-tenants	37	86
Advances to OPW	—	9
	<u>107</u>	<u>155</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000

Amounts due to the State

Income Tax	108	118
Pay Related Social Insurance	63	66
Income Levy	36	40
Professional Services Withholding Tax	6	24
Value Added Tax	9	11
Pension contributions	24	24
	<u>246</u>	<u>283</u>
Owed to OPW	11	—
Payroll deductions held in suspense	38	41
Other credit suspense items	1	—
	<u>296</u>	<u>324</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	1,568	2,528
Exchequer grant undrawn	(1,689)	(2,737)
Net liability to the Exchequer	<u>(121)</u>	<u>(209)</u>

Represented by:**Debtors**

Bank and cash	68	—
Debit balances: suspense	107	155
	<u>175</u>	<u>155</u>

Creditors

Due to State	(246)	(283)
Credit balances: suspense	(50)	(41)
Bank and cash	—	(40)
	<u>(296)</u>	<u>(364)</u>
	<u>(121)</u>	<u>(209)</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	91	1

3 Programme Expenditure by Subhead

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Audit and Reporting			
A.1 Administration - pay	9,970	9,161	9,407
A.2 Administration - non pay	2,496	1,759	2,080
	<u>12,466</u>	<u>10,920</u>	<u>11,487</u>

Significant variations

Overall, the main savings on the programme arose from temporary gaps in the number of staff employed during the year, resulting in reduced pay expenditure and other consequential savings. These savings were offset to some extent by the cost of employing contracted-in accountants on a temporary basis to fill some of the gaps.

Expenditure was significantly less than provided for in the following areas.

Training and development, and incidental expenses

The estimate provision for training and development and incidental expenses was €328,000. The outturn was €153,000. The savings arose mainly due to less use being made of external training providers and translation services than anticipated.

Consultancy services

The estimate provision for consultancy services was €350,000. Only €2,000 was spent. Savings arose mainly because a provision of €200,000 had been made for National Asset Management Agency (NAMA) related consultancy. There was also a saving of €148,000 on general consultancy as the examinations undertaken during the year required less external expert input than originally estimated.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Audit fees	5,275	5,327	6,570
2. Receipts from pension-related deductions on public service remuneration	600	570	601
	<u>5,875</u>	<u>5,897</u>	<u>7,171</u>

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	136	146
	2012	2011
	€000	€000
Pay	8,483	8,738
Higher, special or additional duties allowance	58	57
Other allowances	—	1
Overtime	—	—
Employer's PRSI	620	611
Total Pay	9,161	9,407

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	14	1	11,825	10,395
Overtime and extra attendance	—	—	—	233

5.2 Remuneration of Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid out of the Central Fund of the Exchequer, as provided for in section 14 of the Comptroller and Auditor General (Amendment) Act 1993. The charge on the Central Fund in 2012 in relation to the remuneration of the Comptroller and Auditor General was €143,700. There was a vacancy in the position for three months during 2012. As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2012 in relation to the remuneration of the Accounting Officer was €146,421

5.4 Other Remuneration Arrangements

Eleven staff received acting up allowances for taking on the roles of higher grades. The total cost was €40,462.

As part of their pay structure, some Trainee Auditors received additional remuneration totalling €4,321 (€47,520 in 2011), following their qualification as accountants and their assumption of the responsibilities attaching to the Auditor grade. This is included in the pay figure above.

6 Miscellaneous

6.1 Audit Committee costs amounted to €4,000 (€6,000 in 2011).