



Appropriation Account 2013

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 2013 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 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €215,869 is liable for surrender to the Exchequer.

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

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

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 ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal Audit and Audit Committee

The Office has an internal audit function 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

31 March 2014

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.

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 2013.

Seamus McCarthy
Comptroller and Auditor General

30 April 2014

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 2013.

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 expenditure 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 Vote for the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2013 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.

30 April 2014

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2013

| | 2013 | | 2012 |
|------------------------------|--------------------|---------------|---------------|
| | Estimate provision | Outturn | Outturn |
| | €000 | €000 | €000 |
| Programme expenditure | | | |
| A Audit and reporting | 11,852 | 11,098 | 10,920 |
| Gross expenditure | 11,852 | 11,098 | 10,920 |
| <i>Deduct</i> | | | |
| B Appropriations-in-aid | 5,875 | 5,337 | 5,897 |
| Net expenditure | 5,977 | 5,761 | 5,023 |

Surplus for surrender

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

| | 2013 | 2012 |
|---------------------------|---------|-----------|
| | € | € |
| Surplus to be surrendered | 215,869 | 1,568,168 |

Analysis of administration expenditure

| | 2013 | | 2012 |
|--|--------------------|---------------|---------------|
| | Estimate provision | Outturn | Outturn |
| | €000 | €000 | €000 |
| i Salaries, wages and allowances | 9,473 | 9,199 | 9,161 |
| ii Travel and subsistence | 546 | 439 | 444 |
| iii Training and development and incidental expenses | 328 | 266 | 153 |
| iv Postal and telecommunications services | 100 | 86 | 85 |
| v Office equipment and external IT services | 443 | 439 | 399 |
| vi Office premises expenses | 217 | 217 | 248 |
| vii Consultancy services | 350 | 36 | 2 |
| viii Legal fees | 45 | 19 | 21 |
| ix Contract audit services | 350 | 397 | 407 |
| | 11,852 | 11,098 | 10,920 |

Notes to the Appropriation Account

1 Operating Cost Statement 2013

| | 2013 | 2012 |
|--|---------------|---------------|
| | €000 | €000 |
| Pay | 9,199 | 9,161 |
| Non pay | 1,899 | 1,759 |
| Gross expenditure | 11,098 | 10,920 |
| <i>Deduct</i> | | |
| Appropriations-in-aid (Note 4) | 5,337 | 5,897 |
| Net expenditure | 5,761 | 5,023 |
| Changes in capital assets | | |
| Purchases | (148) | |
| Depreciation | 169 | |
| | 21 | 12 |
| Changes in net current assets | | |
| Increase in closing accruals | (367) | |
| Decrease in stock | 7 | |
| | (360) | 46 |
| Direct expenditure | 5,422 | 5,081 |
| Increase in value of work-in-progress | (356) | 33 |
| Expenditure borne elsewhere | | |
| Net allied services expenditure (note 1.1) | 2,615 | 2,489 |
| Notional rents | 203 | 202 |
| Net programme cost | 7,884 | 7,805 |

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts associated with Vote 8 services borne elsewhere.

| | 2013 | 2012 |
|--|--------------|--------------|
| | €000 | €000 |
| Vote 12 Superannuation and Retired Allowances ¹ | 1,381 | 1,315 |
| Vote 13 Office of Public Works | 723 | 664 |
| Account of the Central Fund of the Exchequer ¹ | 511 | 510 |
| | <u>2,615</u> | <u>2,489</u> |

¹ In accordance with instructions issued by the Department of Public Expenditure and Reform for the preparation of Appropriation Accounts, the 2012 figures are estimated figures provided in the final published 2012 Revised Estimates Volume whereas the 2013 figures are actual.

2 Balance Sheet as at 31 December 2013

| | Note | 2013 €000 | 2012 €000 |
|----------------------------------|------|--------------|--------------|
| Capital assets | 2.2 | 392 | 413 |
| Work-in-progress | 2.3 | 934 | 578 |
| | | <u>1,326</u> | <u>991</u> |
| Current assets | | | |
| Bank and cash | 2.4 | 398 | 68 |
| Stocks | | 14 | 21 |
| Prepaid expenses | | 102 | 76 |
| Audit fee debtors | | 179 | 479 |
| Accrued audit fee income | 2.5 | 1,144 | 531 |
| Other debit balances | 2.6 | 92 | 107 |
| Total current assets | | <u>1,929</u> | <u>1,282</u> |
| Less current liabilities | | | |
| Accrued expenses | | 27 | 55 |
| Other credit balances | 2.7 | 326 | 296 |
| Net liability to the Exchequer | 2.8 | 164 | (121) |
| Total current liabilities | | <u>517</u> | <u>230</u> |
| Net current assets | | <u>1,412</u> | <u>1,052</u> |
| Net assets | | <u>2,738</u> | <u>2,043</u> |
| Represented by: | | | |
| State funding account | 2.1 | <u>2,738</u> | <u>2,043</u> |

| 2.1 State Funding Account | Note | 2013 €000 | 2012 €000 |
|--------------------------------------|---------|--------------|--------------|
| Balance at 1 January | | 2,043 | 2,134 |
| Disbursements for the Vote | | | |
| Estimate provision | Account | 5,977 | |
| Surplus to be surrendered | Account | (216) | |
| Net vote | | 5,761 | 5,023 |
| Expenditure (cash) borne elsewhere | 1 | 2,615 | 2,489 |
| Non cash expenditure – notional rent | 1 | 203 | 202 |
| Net programme cost | 1 | (7,884) | (7,805) |
| Balance at 31 December | | <u>2,738</u> | <u>2,043</u> |

2.2 Capital Assets

| | Office equipment | Furniture and fittings | Total |
|---|-----------------------------|-----------------------------------|-------------------|
| | €000 | €000 | €000 |
| Gross assets | | | |
| Cost or valuation at 1 January 2013 | 1,986 | 343 | 2,329 |
| Additions | 133 | 15 | 148 |
| Cost or valuation at 31 December 2013 | <u>2,119</u> | <u>358</u> | <u>2,477</u> |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2013 | 1,672 | 244 | 1,916 |
| Depreciation for the year | 144 | 25 | 169 |
| Cumulative depreciation at 31 December 2013 | <u>1,816</u> | <u>269</u> | <u>2,085</u> |
| Net assets at 31 December 2013 | <u>303</u> | <u>89</u> | <u>392</u> |
| Net assets at 31 December 2012 | <u>314</u> | <u>99</u> | <u>413</u> |

2.3 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 | 2013 | 2012 |
|---------------------------|--|-------------|-------------|
| | | €000 | €000 |
| Cleared for certification | 90% | 226 | 117 |
| Audit review stage | 75% | 289 | 177 |
| Fieldwork complete | 60% | 167 | 75 |
| Final audit in progress | 30% | 16 | 41 |
| Interim audit completed | 15% | 132 | 109 |
| Interim audit in progress | 10% | 104 | 59 |
| | | <u>934</u> | <u>578</u> |

2.4 Bank and Cash

| at 31 December | 2013 | 2012 |
|-----------------------|-------------|-------------|
| | €000 | €000 |
| PMG balances and cash | 398 | 68 |

2.5 Accrued Audit Fee Income

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

| 2.6 Other Debit Balances | 2013 | 2012 |
|--|-------------|-------------|
| at 31 December | €000 | €000 |
| Recoupable travel expenditure and travel pass scheme | 72 | 70 |
| Recoupable expenditure from co-tenants | 20 | 37 |
| | <u>92</u> | <u>107</u> |

| 2.7 Other Credit Balances | 2013 | 2012 |
|----------------------------------|-------------|-------------|
| at 31 December | €000 | €000 |

Amounts due to the State

| | | |
|---------------------------------------|------------|------------|
| Income Tax | 114 | 108 |
| Pay Related Social Insurance | 72 | 63 |
| Income Levy | 38 | 36 |
| Professional Services Withholding Tax | 25 | 6 |
| Value Added Tax | 12 | 9 |
| Pension contributions | 25 | 24 |
| Local Property Tax | 1 | — |
| | <u>287</u> | <u>246</u> |
| Owed to OPW | — | 11 |
| Payroll deductions held in suspense | 39 | 38 |
| Other credit suspense items | — | 1 |
| | <u>326</u> | <u>296</u> |

| 2.8 Net Liability to the Exchequer | 2013 | 2012 |
|---|-------------|--------------|
| at 31 December | €000 | €000 |
| Surplus to be surrendered | 216 | 1,568 |
| Exchequer grant undrawn | (52) | (1,689) |
| Net liability to the Exchequer | <u>164</u> | <u>(121)</u> |

Represented by:**Debtors**

| | | |
|--------------------------|------------|------------|
| Bank and cash | 398 | 68 |
| Debit balances: suspense | 92 | 107 |
| | <u>490</u> | <u>175</u> |

Creditors

| | | |
|---------------------------|--------------|--------------|
| Due to State | (287) | (246) |
| Credit balances: suspense | (39) | (50) |
| | <u>(326)</u> | <u>(296)</u> |
| | <u>164</u> | <u>(121)</u> |

| 2.9 Commitments | 2013 | 2012 |
|--|-------------|-------------|
| at 31 December | €000 | €000 |
| Total of legally enforceable commitments | 26 | 91 |

3 Programme Expenditure by Subhead

| | | 2013 | | 2012 |
|----------|----------------------------|--------------------|---------------|---------------|
| | | Estimate provision | Outturn | Outturn |
| | | €000 | €000 | €000 |
| A | Audit and reporting | | | |
| A.1 | Administration - pay | 9,473 | 9,199 | 9,161 |
| A.2 | Administration - non pay | 2,379 | 1,899 | 1,759 |
| | | <u>11,852</u> | <u>11,098</u> | <u>10,920</u> |

Significant variations

The overall saving on expenditure in the year was €754,000. The main areas where savings occurred were as follows:

Salaries, wages and allowances

There was an under spend of €274,000 due to the average number of staff employed in the year of 140 (full time equivalents) being less than the approved number of 150. This arose due to the length of time taken to fill vacancies.

Consultancy services

The estimate provision for consultancy services was €350,000. The outturn was €36,000. The office uses external expert consultants, if required, to assist in examinations carried out at the direction of the Comptroller and Auditor General. It is difficult in advance of decisions to undertake examinations to estimate the consultancy input that will be required. A business case review is prepared, setting out the reasons why a consultancy input is required, in advance of a contract being put in place.

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform, the Office of the Comptroller and Auditor General used a financial process known as virement in 2013. This allowed for savings on subhead vii Consultancy to be used for additional expenditure of €47,000 on subhead ix Contract Audit Services.

4 Receipts

| 4.1 Appropriations-in-aid | | 2013 | | 2012 |
|---------------------------|---|-----------|----------|----------|
| | | Estimated | Realised | Realised |
| | | €000 | €000 | €000 |
| 1 | Audit fees | 5,275 | 4,772 | 5,327 |
| 2 | Receipts from pension-related deductions on public service remuneration | 600 | 565 | 570 |
| | | 5,875 | 5,337 | 5,897 |

Audit fees are based on the number of accounts certified in the year which was lower than projected.

5 Employee Numbers and Pay

| | 2013 | 2012 |
|---|--------------|--------------|
| Number of staff at year end (full time equivalents) | 142 | 136 |
| | 2013 | 2012 |
| | €000 | €000 |
| Pay | 8,514 | 8,483 |
| Higher, special or additional duties allowances | 57 | 58 |
| Overtime | — | — |
| Employer's PRSI | 628 | 620 |
| Total pay | 9,199 | 9,161 |

5.1 Allowances and Overtime Payments

| | Number of recipients | Recipients of €10,000 or more | Maximum individual payment | Maximum individual payment |
|--------------------------------------|----------------------|-------------------------------|----------------------------|----------------------------|
| | | | 2013 | 2012 |
| | | | € | € |
| Higher, special or additional duties | 8 | 2 | 13,692 | 11,825 |
| Overtime and extra attendance | — | — | — | — |

5.2 Remuneration of Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid directly 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 2013 in relation to the remuneration of the Comptroller and Auditor General was €182,800. As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

The charge on the Central Fund in 2012, when there was a vacancy in the position of Comptroller and Auditor General for three months, was €143,700.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2013 in relation to the remuneration of the Accounting Officer was €135,630 (2012: €146,421).

5.4 Acting up allowances

Five staff received acting up allowances for taking on the roles of higher grades. The total cost was €35,935 (2012: €40,462).

5.5 Re-engagement of Retired Officer

A total of €8,944 was paid to a retired civil servant, in receipt of a civil service pension, who was re-engaged on a short-term basis to aid in the review and clearance of audit files. The payments made were consistent with the principles of the Pensions (Abatement) Act 1965. The Act provides that the pensions of former civil servants who are re-employed after normal retirement age are abated to ensure their total pay in the period of re-employment does not exceed the remuneration they would have received if they had remained in the posts they held on the last day of their reckonable service.

6 Miscellaneous

Audit Committee costs amounted to €4,000 in 2013 (€4,000 in 2012).