



Appropriation Account 2014

Vote 34

National Gallery

Introduction

As Accounting Officer for Vote 34, 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 2014 for the salaries and expenses of the National Gallery, including grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9,663 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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.

The unique characteristics of the Gallery collection renders it incapable of meaningful valuation. Therefore no values have been included in this account in respect of the collection.

This is the final Appropriation Account of the National Gallery. The funding of the National Gallery, which had until 2014 been allocated by way of a dedicated National Gallery Vote, will be provided from 2015 onward, by way of a grant through the Department of Arts, Heritage and the Gaeltacht Vote.

The Gallery will continue to prepare financial statements that are designed to give a comprehensive account of all of its income and expenditure and its state of affairs in accordance with Section 35 of the National Cultural Institutions Act 1997. The funding provided from 2015 through the Department of Arts, Heritage and the Gaeltacht Vote will be accounted for in those financial statements. A service level agreement between the National Gallery and the Department of Arts, Heritage and the Gaeltacht is now in place.

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 Gallery.

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 Gallery.
- 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 Gallery 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. During the year, five contracts with a total value of €188,909 were listed in my annual return in respect of Department of Finance Circular 40/2002. These contracts were awarded on the basis of the experience, knowledge and expertise of the individual contractors. Tenders commenced for two of these services in 2014 and it is planned that tenders will be put in place in 2015 for the remainder.
- Security procedures for safeguarding the collection are reviewed regularly.

Significant financial risks

The Gallery holds the national art collection on behalf of the state and its citizens. This collection is inalienable, irreplaceable, fragile and invaluable. Therefore, the financial risks to the collection, from accidental or willful damage or theft are substantial. The Gallery has implemented a range of specific systems and procedures to mitigate these risks which are continually reviewed and updated.

Internal Audit and Audit Committee

I confirm that the Gallery 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 Gallery 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.

Séan Rainbird
Accounting Officer
National Gallery

6 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 National Gallery

I have audited the appropriation account for Vote 34 National Gallery for the year ended 31 December 2014 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, and 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 by the National Gallery and for the regularity and propriety of all transactions in the appropriation account.

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 each year, a report 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 the Department of Public Expenditure and Reform's *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 34 National Gallery for the year ended 31 December 2014.

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 National Gallery. The appropriation account is in agreement with the books of account.

Cessation of the Vote

I draw attention to the statement of accounting policies and principles which sets out that 2014 is the final appropriation account for the National Gallery due to the change in the funding mechanism. The Gallery will continue to prepare accrual financial statements in accordance with Section 15 of the National Cultural Institutions Act 1997 which are audited by me.

Seamus McCarthy
Comptroller and Auditor General

9 July 2015

Vote 34 National Gallery

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	National Gallery	10,530	10,495	7,843
Gross expenditure		10,530	10,495	7,843
<i>Deduct</i>				
B	Appropriations-in-aid	3,256	3,231	256
Net expenditure		7,274	7,264	7,587

Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	9,663	90,358

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	4,678	4,564	4,836
ii	Travel and subsistence	30	37	38
iii	Security and incidental expenses	666	748	597
iv	Postal and telecommunications services	116	109	100
v	Office equipment and external IT services	214	231	230
vi	Office premises expenses	756	671	803
vii	Consultancy services and value for money and policy reviews	208	273	333
		6,668	6,633	6,937

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	3,862	906
Pay	4,564	4,836
Non pay	2,069	2,101
Gross expenditure	10,495	7,843
<i>Deduct</i>		
Appropriations-in-aid	3,231	256
Net expenditure	7,264	7,587
Changes in capital assets		
Purchases cash	(58)	
Depreciation	166	
	108	164
Changes in net current assets		
Decrease in closing accruals	(31)	
Increase in stock	(3)	
	(34)	(106)
Direct expenditure	7,338	7,645
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	875	952
Net programme cost	8,213	8,597

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 34 borne elsewhere.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	277	283
Vote 13 Office of Public Works	598	669
	875	952

Notional rent is not recorded in respect of Gallery buildings which are in State ownership and maintained by OPW.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	411	518
Current assets			
Bank and cash		107	4,183
Stocks	2.3	9	6
Prepayments		110	90
Other debit balances	2.4	103	30
Total current assets		329	4,309
Less current liabilities			
Accrued expenses		116	126
Other credit balances	2.5	205	5,036
Net liability to the Exchequer	2.6	5	(823)
Total current liabilities		326	4,339
Net current assets		3	(30)
Net assets		414	488
Represented by:			
State funding account	2.1	414	488

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		488	546
Disbursements from the Vote			
Estimate provision	Account	7,274	
Surplus to be surrendered	Account	(10)	
Net vote		7,264	7,587
Expenditure (cash) borne elsewhere	1	875	952
Net programme cost	1	(8,213)	(8,597)
Balance at 31 December		414	488

2.2 Capital Assets

	Office equipment and motor vehicles	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2014	2,574	1,792	4,366
Adjustments ^a	(715)	—	(715)
Additions	31	28	59
Cost or valuation at 31 December 2014	1,890	1,820	3,710
Accumulated depreciation			
Opening balance at 1 January 2014	2,505	1,343	3,848
Adjustments ^a	(715)	—	(715)
Depreciation for the year	68	98	166
Cumulative depreciation at 31 December 2014	1,858	1,441	3,299
Net assets at 31 December 2014	32	379	411
Net assets at 31 December 2013	69	449	518

^a In order to reflect the most accurate valuation of assets, adjustments were required to the cost or valuation of gross assets at 1 January 2014, and to the accumulated depreciation at 1 January 2014 for the removal of older office and IT equipment to reflect their historical physical disposal, which had not been processed on the asset register.

2.3 Stocks

	2014	2013
at 31 December	€000	€000
Stationery	3	5
Cleaning materials	6	1
	9	6

2.4 Other Debit Balances

	2014	2013
at 31 December	€000	€000
Miscellaneous	103	30
	103	30

2.5 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Grant-in-aid fund for acquisitions, refurbishment and conservation	42	4,841
National Gallery Jesuit Fellowship grant-in-aid fund	150	187
Value Added Tax	5	8
Professional Services Withholding Tax	8	—
	<u>205</u>	<u>5,036</u>

2.6 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000

Surplus to be surrendered	10	90
Exchequer grant undrawn	(5)	(913)
Net liability to the Exchequer	<u>5</u>	<u>(823)</u>

Represented by:**Debtors**

Bank and cash	107	4,183
Debit balances: suspense	103	30
	<u>210</u>	<u>4,213</u>

Creditors

Credit balances: suspense	(205)	(5,036)
	<u>5</u>	<u>(823)</u>

The net liability to the exchequer at 31 December 2014 will be settled by end of 2015 and the PMG account will be closed.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	National Gallery			
A.1	Administration - pay	4,678	4,564	4,836
A.2	Administration - non pay	1,990	2,069	2,101
A.3	Grant-in-aid fund for acquisitions, refurbishment and conservation	3,861	3,861	905
A.4	National Gallery Jesuit Fellowship (grant-in-aid)	1	1	1
		10,530	10,495	7,843

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Miscellaneous	3,004	3,004	2
2.	Receipts from pension-related deductions on public service remuneration	252	227	254
		3,256	3,231	256

Miscellaneous appropriations-in-aid includes €3.003 million which was originally allocated as a grant in aid for the acquisition of paintings. This funding has been re-allocated to part-fund the Master Development Plan. See Note 7.

In addition to the funds voted by the Oireachtas, the National Gallery of Ireland generated funds from a variety of activities including exhibitions, donations, royalties, and retail sales and commission. These additional funds are accounted for in the National Gallery annual financial statements.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	95	95
	2014	2013
	€000	€000
Pay	4,130	4,378
Higher, special or additional duties allowances	9	10
Other allowances	2	2
Overtime	31	37
Employer's PRSI	392	409
Total Pay	4,564	4,836

Certain individuals received extra remuneration in more than one category.

In addition to the employee numbers and pay figures reported above, the National Gallery of Ireland also employed a further 5 staff (5 in 2013) at the year end from its own resources, at a cost of €163,387 in the year (€143,094 in 2013).

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	3	—	3,422	3,489
Other allowances	24	—	195	220
Overtime	33	—	8,782	10,451

6 Miscellaneous

6.1 Contingent Liabilities

The Gallery is involved in a number of legal challenges which may give rise to financial liabilities depending on their outcome.

6.2 Legal Costs

	2014	2013
	€000	€000
Legal costs paid during the year	78	125
Compensation paid during the year	79	15
	<u>157</u>	<u>140</u>

Legal costs in the year mainly comprised general employment legal advice and representations at hearings in respect of a staff member.

6.3 Other Expenditure

Due to Government budget cutbacks the Board of Governors and Guardians approved expenditure on operating costs totaling €373,982 in 2014 (€298,090 in 2013) from Gallery own resources.

7 Miscellaneous Accounts

7.1 Grant-in-Aid Fund for Acquisitions, Refurbishment and Conservation

	2014				2013
	Purchase and repair of pictures	Refurbish-ment	Conserva-tion of works of art	Purchase of books and journals	Total
	€000	€000	€000	€000	€000
Balance at 1 January	3,003	1,798	20	20	4,841
Grant-in-aid (subhead A.3)	—	818	25	15	858
Transfer from purchase and repair of pictures to refurbishment (a-in-a)	(3,003)	3,003	—	—	—
Expenditure	—	(5,618)	(14)	(25)	(5,657)
Balance at 31 December	—	1	31	10	42
					4,841

This grant-in-aid fund has been expanded to provide for expenditure on the refurbishment of the Gallery's historic wings under the Master Development Plan (MDP). The MDP is a major refurbishment project which commenced in January 2014, comprising the complete renovation of the Gallery's two oldest wings, at an estimated total cost of €31 million. This project is expected to complete in Spring 2016. The Board of Governors and Guardians committed a total of €11.3 million as a contribution towards the cost of the MDP, the balance of which is being funded by the Department of Arts, Heritage and the Gaeltacht and the Office of Public Works. The National Gallery has provided €5.618 million of its contribution in 2014 as outlined in expenditure above. A further €5.7 million will be provided through the National Gallery's unrestricted funds during 2015 and 2016. These unrestricted funds are accounted for in the National Gallery annual financial statements

7.2 Grant-in-Aid Fund for the National Gallery Jesuit Fellowship

	2014	2013
	€000	€000
Balance at 1 January	187	207
Grant-in-aid (subhead A.4)	1	1
Expenditure	(38)	(21)
Balance at 31 December	150	187