



Appropriation Account 2014

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, I am required to prepare the annual 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 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €9.31 million 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 except for the following.

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks and, in general, the usage of capital assets.

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, allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been 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 of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are 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, 2013 and 2014 which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of HR and Payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of services to this Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

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 of Finance 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. Of the contracts dealt with under the procedures set out in Circular 40/2002, seven contracts did not fully comply with the requirements of same. Payments totaling €405,415 were made under these contracts in 2014. Details of the seven contracts concerned have been reported to the Comptroller and Auditor General in accordance with Circular 40/2002. The Department is taking steps, where possible, to redress the position in 2015.

Significant financial risks

There are no significant financial risks for the Vote.

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.

Derek Moran

Accounting Officer
Department of Finance

26 March 2015

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 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 his Office 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 7 Office of the Minister for Finance 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 Department of Finance. The appropriation account is in agreement with the books of account.

Seamus McCarthy

Comptroller and Auditor General

20 August 2015

Vote 7 Office of the Minister for Finance

Appropriation Account 2014

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A European Union and International Policy	3,707	2,834	3,464
B Financial Services Policy	11,175	6,813	9,648
C Fiscal Policy	4,212	3,580	3,661
D Economic Policy	2,513	1,737	1,913
E Provision of Shared Services	11,093	9,179	8,655
Gross expenditure	32,700	24,143	27,341
<i>Deduct</i>			
F Appropriations-in-aid	1,500	2,248	2,732
Net expenditure	31,200	21,895	24,609

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	9,305,117	8,577,861

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	19,225	17,563	18,151
ii	Travel and subsistence	541	613	445
iii	Training and development and incidental expenses	847	780	726
iv	Postal and telecommunications services	549	488	457
v	Office equipment and external IT services	1,468	1,003	1,222
vi	Office premises expenses	649	374	394
vii	Consultancy and other services	112	56	—
viii	<i>EU Presidency</i>	—	—	<i>1,719</i>
		23,391	20,877	23,114

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
€000	€000	€000
Programme cost	3,266	4,226
Pay	17,563	19,164
Non pay	3,314	3,951
Gross expenditure	24,143	27,341
<i>Deduct</i>		
Appropriations-in-aid	2,248	2,732
Net expenditure	21,895	24,609
Changes in capital assets		
Purchases cash	(574)	
Depreciation	459	
	(115)	295
Changes in net current assets		
Decrease in closing accruals	(39)	
Decrease in stock	9	
	(30)	239
Direct expenditure	21,750	25,143
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	10,900	9,249
Notional rents	1,746	1,511
Net programme cost	34,396	35,903

1.1 Net Allied Services Expenditure

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

	2014	2013
	€000	€000
Vote 3 Attorney General	e —	—
Vote 12 Superannuation and Retired Allowances	e 11,243	9,939
Vote 13 Office of Public Works	294	367
Vote 18 Shared Services	e 14	—
Central Fund – Ministerial pensions	e 223	244
	11,774	10,550
Apportioned cost of shared payroll and accounting support for other Votes	(874)	(1,301)
	10,900	9,249

'e' indicates that the number is an estimated value or an apportioned cost.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	611	874
Current assets			
Bank and cash	2.3	269	183
Stocks	2.4	14	23
Prepayments		364	321
Accrued income		29	59
Other debit balances	2.5	462	282
Payroll shared services bank account	2.8	—	1,618
Total current assets		1,138	2,486
Less current liabilities			
Accrued expenses		236	262
Other credit balances	2.6	628	614
Payroll shared services	2.8	—	1,618
Net liability to the Exchequer	2.7	103	(149)
Total current liabilities		967	2,345
Net current assets		171	141
Net assets		782	1,015
Represented by:			
State funding account	2.1	782	1,015

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,015	1,523
Disbursements from the Vote			
Estimate provision	Account	31,200	
Surplus to be surrendered	Account	(9,305)	
Net vote		21,895	24,609
Expenditure (cash) borne elsewhere	1	10,900	9,249
Non cash items – capital assets ^a		(544)	(78)
Non cash items – depreciation ^a		166	104
Non cash expenditure – notional rent	1	1,746	1,511
Net programme cost	1	(34,396)	(35,903)
Balance at 31 December		782	1,015

^a 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 Capital Assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2014	218	5,378	2,393	7,989
Additions	4	26	—	30
Cost or valuation at 31 December 2014	222	5,404	2,393	8,019
Accumulated depreciation				
Opening balance at 1 January 2014	87	4,685	2,343	7,115
Depreciation for the year	45	218	30	293
Cumulative depreciation at 31 December 2014	132	4,903	2,373	7,408
Net assets at 31 December 2014	90	501	20	611
Net assets at 31 December 2013	131	693	50	874

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	258	183
Commercial bank account balance	11	—
	269	183

2.4 Stocks

	2014 €000	2013 €000
at 31 December		
Stationery	9	12
IT consumables	5	11
	14	23

2.5 Other Debit Balances

	2014 €000	2013 €000
at 31 December		
Recoupable salaries	28	54
Recoupable travel expenditure	—	85
Travel imprests	3	—
Recoupable travel pass scheme expenditure	97	92
Advances to OPW	8	43
Other debit suspense items	326	8
	462	282

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

Amounts due to the State

Income Tax	203	217
Pay Related Social Insurance	111	112
Professional Services Withholding Tax	95	94
Value Added Tax	5	1
Pension contributions	42	37
Local Property Tax	1	1
Universal Social Charge	66	72
	<hr/> 523	<hr/> 534
Payroll deductions held in suspense	73	76
Other credit suspense items	11	4
Recoupable travel expenditure	21	—
	<hr/> 628	<hr/> 614

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

Surplus to be surrendered	9,305	8,578
Exchequer grant undrawn	(9,202)	(8,727)
Net liability to the Exchequer	<hr/> 103	<hr/> (149)

Represented by:

Debtors

Bank and cash	269	183
Debit balances: suspense	462	282
	<hr/> 731	<hr/> 465

Creditors

Due to State	(523)	(534)
Credit balances: suspense	(105)	(80)
	<hr/> (628)	<hr/> (614)
	<hr/> 103	<hr/> (149)

2.8 Payroll Shared Services

Up to 31 August 2014, the Department of Finance provided a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account in 2013 represented money lodged to the account by those client offices to cover the funding for salaries over the New Year period.

2.9 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	53	104

2.10 Matured Liabilities	2014	2013
at 31 December	€000	€000
Estimate of matured liabilities not discharged at year end	4	—

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	European Union and International Policy			
A.1	Administration – pay	2,555	2,245	2,837
A.2	Administration – non pay	432	392	555
A.3	Consultancy and other services	720	197	72
		<u>3,707</u>	<u>2,834</u>	<u>3,464</u>

Significant variations

Overall, the expenditure in relation to Programme A was €873,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Consultancy and other services	523	Savings arose because the majority of costs on the International Assignee Programme are payroll related, whereas the budget was provided on the consultancy subhead, and because a number of placements were funded externally.
		Smaller variances arose on both A.1 and A.2 because of unanticipated retirements.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Financial Services Policy			
B.1	Administration – pay	3,969	4,045	5,178
B.2	Administration – non pay	642	559	903
B.3	Committees and commissions	20	—	18
B.4	Consultancy and other services	6,544	2,209	3,549
		<u>11,175</u>	<u>6,813</u>	<u>9,648</u>

Significant variations

Overall, the expenditure in relation to Programme B was €4.4 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Committees and commissions	20	The new Credit Union Advisory Committee was not appointed until late 2014. Therefore, expected costs did not materialise.
Consultancy and other services	4,335	<p>The nature of this subhead is that issues arising and associated expenditure, cannot be predicted with certainty. The savings arose as follows:</p> <p>Shareholding Management Unit – savings of approx. €2.7m arose in relation to the budget for litigation and transactional activity.</p> <p>National Payments Plan (NPP)/SME/Mortgage initiatives – savings were achieved arising from delays in progressing a number of projects within the plan and because certain works were completed in-house. This has pushed some expenditure on the NPP into 2015.</p> <p>Central Bank Consolidation Act – there was a delay in progressing with the tender. Savings in this area were approx. €0.25m.</p>

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Fiscal Policy			
C.1	Administration – pay	2,855	2,685	2,887
C.2	Administration – non pay	452	211	289
C.3	Committees and commissions	330	289	324
C.4	Consultancy and other services	575	395	161
		4,212	3,580	3,661

Significant variations

Overall, the expenditure in relation to Programme C was €632,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	241	Significantly less travel was required than originally budgeted due to meeting cancellations and more limited scheduling. There were also lower than anticipated costs associated with accommodation than had been expected.
Consultancy and other services	180	Consultancy costs associated with Capital Taxes/Agri Tax and other reviews were less than anticipated with significant elements conducted in-house.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	Economic Policy			
D.1	Administration – pay	1,672	1,463	1,261
D.2	Administration – non pay	211	204	551
D.3	Consultancy and other services	630	70	101
		2,513	1,737	1,913

Significant variations

Overall, the expenditure in relation to Programme D was €776,000 lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Consultancy and other services	560	The Economic Planning Initiative/Medium Term Economic Strategy budget of €350k was not called upon in 2014.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Provision of Shared Services			
E.1	Administration – pay	8,174	7,126	7,001
E.2	Administration - non pay	2,429	1,948	1,653
E.3	Consultancy and other services	490	105	1
		<u>11,093</u>	<u>9,179</u>	<u>8,655</u>

Significant variations

Overall, the expenditure in relation to Programme E was €1.91 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – pay	1,048	Savings arose because a number of vacancies were not filled and because payroll staff transferred to the Payroll Shared Services Centre in December.
Consultancy and other services	385	There is an underspend on this programme due to delays in the implementation of the Fiscal Transparency Assessment project and lower than anticipated spend on the Transformational project. This work is continuing in 2015.

4 Receipts

4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1	Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	1,123	1,364
2	Receipts from pension-related deductions on public service remuneration	950	1,016	1,148
3	Miscellaneous	50	109	95
4	Central Bank support for ECOFIN	—	—	125
Total		1,500	2,248	2,732

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	(623)	Increased recoupments arose in relation to costs of the stabilisation of the banking sector, (specifically the recapitalisation of PTSB). These had not been budgeted because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.
Miscellaneous	(59)	Miscellaneous receipts are by their nature difficult to predict. One key driver of this variance was a recoupment in respect of Strategic Banking Corporation of Ireland (SBCI) branding.

4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Per diem allowances – IMF and World Bank	8	2
Salary recouped from former Department official	3	1
Payroll deductions prior to 2005 (repaid by life assurance company)	—	6
Transferred to the Exchequer	(11)	(9)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	289	308
	2014	2013
	€000	€000
Pay ^a	16,084	17,492
Higher, special or additional duties allowance	112	93
Other allowances	156	132
Overtime	159	342
Employer's PRSI	1,052	1,105
Total Pay	17,563	19,164

^a The total pay figure is distributed across subheads A.1, B.1, C.1, D.1 and E.1 and includes salary overpayments of €16,553, that are in the process of recoupment and which arose from administrative delays.

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	33	3	20,613	11,937
Other allowances	53	3	45,090	63,746
Overtime	51	6	22,548	24,033

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

Two retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €39,677. The payments made were consistent with the principles of the Pension (Abatement) Act 1965.

This account includes expenditure of €143,197 in respect of 3 officers who were serving outside the Department for all or part of 2014 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	2014 €000	2013 €000
Credit Union Advisory Committee ^a	1967	—	18
Disabled Drivers Appeals Board ^b	1989	289	324
		<hr/> 289	<hr/> 342

^a The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise the Minister for Finance and such other persons as the Minister thinks fit regarding:

- the improvement of the management of credit unions;
- the protection of the interest of members and creditors of credit unions; and
- other matters relating to credit unions upon which the Minister, the Central Bank or such other persons as may be specified by the Minister, may from time to time seek by way of advice from the Committee.

Prior to 2005, expenses were paid through the Vote for Enterprise, Trade and Employment.

^b The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme.

The Board was established in 1989; prior to 2005 its expenses were paid through the Vote for Health.

6.3 Contingent Liabilities

There is litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and on that basis no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

6.4 Write Offs

Sanction was obtained from the Department of Public Expenditure and Reform in 2014 to charge the Vote in respect of historic suspense account balances in the amount of €83,751.

6.5 Legal Costs	2014	2013
at 31 December	€000	€000

Legal costs paid during the year are categorised as follows:

Compensation costs	600	458
--------------------	-----	-----