



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €677,695 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.

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.

Significant financial risk

Audit fees are charged for certain financial audits in accordance with the Comptroller and Auditor General (Amendment) Act 1993. The fees form a significant proportion of the resources of the Office and a number of procedures have been put in place to ensure that costs are recovered for relevant audits. These measures include

- an annual review of the basis on which fees are charged including a review of the recovery of costs on individual audits over time
- systems which records audit costs, audit progress and billing information
- the monitoring of financial information including audit costs and fee recovery.

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. The Office complied with the guidelines with the exception of one contract to the value of €46,000 listed in my annual return in respect of circular 40/2002. As this Office is due to vacate premises in 2015, it extended the contract for cleaning services at the existing rate for a period of 19 months or until the Office vacates the current premises. Prior to extending the contract a check on prices disclosed that the price was competitive and represented value for money. A new tender competition will be held for cleaning services prior to the move to new premises in 2015.

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

16 March 2015

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 2014

Seamus Mc Carthy
Comptroller and Auditor General

11 May 2015

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 2014.

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 for the year ended 31 December 2014. 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 2014 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
Harcourt Centre
Block 3
Harcourt Road
Dublin 2.

11 May 2015

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Audit and reporting	11,797	11,045	11,098
Gross expenditure		11,797	11,045	11,098
<i>Deduct</i>				
B	Appropriations-in-aid	5,875	5,801	5,337
Net expenditure		5,922	5,244	5,761

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	677,695	215,869

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	9,568	9,182	9,199
ii	Travel and subsistence	546	415	439
iii	Training and development and incidental expenses	328	297	266
iv	Postal and telecommunications services	100	100	86
v	Office equipment and external IT services	443	410	439
vi	Office premises expenses	217	199	217
vii	Consultancy services	350	2	36
viii	Legal fees	45	33	19
ix	Contract audit services	200	407	397
		11,797	11,045	11,098

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	9,182	9,199
Non pay	1,863	1,899
Gross expenditure	11,045	11,098
<i>Deduct</i>		
Appropriations-in-aid (note 4)	5,801	5,337
Net expenditure	5,244	5,761
Changes in capital assets		
Purchases	(189)	
Depreciation	181	
	(8)	21
Changes in net current assets		
Increase in closing accruals	(159)	
Increase in stock	(2)	
	(161)	(360)
Direct expenditure	5,075	5,422
Increase in value of work-in-progress	(8)	(356)
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,566	2,615
Notional rents	244	203
Net programme cost	7,877	7,884

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.

	2014	2013
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,377	1,381
Vote 13 Office of Public Works	693	723
Account of the Central Fund of the Exchequer	496	511
	2,566	2,615

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	400	392
Work-in-progress	2.3	942	934
		1,342	1,326
Current assets			
Bank and cash	2.4	76	398
Stocks		16	14
Prepaid expenses		97	102
Audit fee debtors		170	179
Accrued audit fee income	2.5	1,320	1,144
Other debit balances	2.6	294	92
Total current assets		1,973	1,929
Less current liabilities			
Accrued expenses		30	27
Other credit balances	2.7	335	326
Net liability to the Exchequer	2.8	35	164
Total current liabilities		400	517
Net current assets		1,573	1,412
Net assets		2,915	2,738
Represented by:			
State funding account	2.1	2,915	2,738

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,738	2,043
Disbursements for the Vote			
Estimate provision	Account	5,922	
Surplus to be surrendered	Account	(678)	
Net vote		5,244	5,761
Expenditure (cash) borne elsewhere	1	2,566	2,615
Non cash expenditure – notional rent	1	244	203
Net programme cost	1	(7,877)	(7,884)
Balance at 31 December		2,915	2,738

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,119	358	2,477
Additions	183	6	189
Disposals	(285)	(1)	(286)
Cost or valuation at 31 December 2014	2,017	363	2,380
Accumulated depreciation			
Opening balance at 1 January 2014	1,816	269	2,085
Depreciation for the year	159	22	181
Depreciation on disposals	(285)	(1)	(286)
Cumulative depreciation at 31 December 2014	1,690	290	1,980
Net assets at 31 December 2014	327	73	400
Net assets at 31 December 2013	303	89	392

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	2014 €000	2013 €000
Cleared for certification	90%	316	226
Audit review stage	75%	318	289
Fieldwork complete	60%	161	167
Final audit in progress	30%	25	16
Interim audit completed	15%	50	132
Interim audit in progress	10%	72	104
		942	934

2.4 Bank and Cash

at 31 December	2014 €000	2013 €000
PMG balance	57	33
Commercial bank account balance	19	365
	76	398

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	2014	2013
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	65	72
Recoupable expenditure from co-tenants	39	20
Miscellaneous salary suspense	190	—
	<u>294</u>	<u>92</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	110	114
Pay Related Social Insurance	70	72
Income Levy	37	38
Professional Services Withholding Tax	38	25
Value Added Tax	13	12
Pension contributions	24	25
Local Property Tax	1	1
	<u>293</u>	<u>287</u>
Payroll deductions held in suspense	38	39
Haddington Road payroll deduction	4	—
	<u>335</u>	<u>326</u>

2.8 Net Liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	678	216
Exchequer grant undrawn	(643)	(52)
Net liability to the Exchequer	<u>35</u>	<u>164</u>

Represented by:**Debtors**

Bank and cash	76	398
Debit balances: suspense	294	92
	<u>370</u>	<u>490</u>

Creditors

Due to State	(293)	(287)
Credit balances: suspense	(42)	(39)
	<u>(335)</u>	<u>(326)</u>

	<u>35</u>	<u>164</u>
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2.9 Commitments	2014	2013
at 31 December	€000	€000
Total of legally enforceable commitments	77	26

3 Programme Expenditure by Subhead

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Audit and reporting			
A.1 Administration - pay	9,568	9,182	9,199
A.2 Administration - non pay	2,229	1,863	1,899
	<u>11,797</u>	<u>11,045</u>	<u>11,098</u>

Significant variations

The overall saving on expenditure headings in the year was €752,000. The main areas where savings occurred were as follows:

Salaries, wages and allowances

There was an underspend of €386,000 which mainly arises from replacement audit staff commencing on a lower salary point.

Travel and Subsistence

There was an underspend of €133,000 on official travel undertaken due to 2014 interim audits not advancing to the level anticipated and expenditure in relation to current year audit programme being less than budgeted.

Consultancy Services

The estimate provision for consultancy services was €350,000 of which €200,000 relates to a saving on the consultancy budget for National Asset Management Agency (NAMA). A corresponding €200,000 is included within the appropriations-in-aid budget as any such consultancy spend is recoupable from NAMA. The outturn was €2,000. 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.

Contract Audit Service

In compliance with Public Financial Procedures and with the sanction of the Department of Public Expenditure and Reform, a financial process known as virement was used in 2014. This allowed for savings on subhead (vii) Consultancy of €107,345 and €100,000 on subhead (ii) Travel and Subsistence to be used for additional expenditure of €207,345 on subhead (ix) Contract Audit Services to facilitate the timely certification of the final accounts of county enterprise boards and vocational education committees.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1 Audit fees	5,275	5,269	4,772
2 Receipts from pension-related deductions on public service remuneration	600	532	565
	5,875	5,801	5,337

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	146	142
	2014	2013
	€000	€000
Pay	8,505	8,514
Higher, special or additional duties allowances	30	57
Overtime	—	—
Employer's PRSI	647	628
Total pay	9,182	9,199

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2014	2013
			€	€
Higher, special or additional duties	8	1	10,913	13,692
Overtime and extra attendance	1	—	401	—

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 2014 in relation to the remuneration of the Comptroller and Auditor General was €175,742 (2013: €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.

5.3 Remuneration of the Accounting Officer

The charge to the Vote in 2014 in relation to the remuneration of the Accounting Officer was €130,799 (2013: €135,630).

5.4 Acting up allowances

Two staff received acting up allowances for taking on the roles of higher grades. The total cost was €8,296 (2013: €35,935).

5.5 Re-engagement of Retired Officer

A total of €22,842 was paid to two retired civil servants, in receipt of civil service pensions, who were re-engaged on a short-term basis. One was re-engaged to aid in the review and clearance of audit files and the other was re-engaged to pilot an organisational performance review.

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 retirement 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 €2,055 in 2014 (€4,000 in 2013).