



## **Appropriation Account 2014**

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### **Vote 9**

### **Office of the Revenue Commissioners**

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## Introduction

As Accounting Officer for Vote 9, 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 Revenue Commissioners, including certain other services administered by that Office.

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 €13,230,169 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, with the exceptions listed here.

### ***Capital assets: vehicles and equipment***

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs cutters are depreciated at a rate of 5% per annum on a straight line basis.

## 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 Head of Office. 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 rely on letters of assurance from the Accounting Officer of the Vote for Shared Services in relation to the provision of Human Resources shared services and from the Accounting Officer of the Department of Justice and Equality in relation to the provision of Payroll shared services. The letters provide assurances that the appropriate controls are exercised in the provision of shared services to this Office.

### ***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 to identify potential risks and ensure an appropriate mitigation strategy is in place
  - mitigations used to manage risk include
    - Revenue's governance structures
    - environmental scanning to ensure Revenue are aware of influences that affect risk
    - integrated strategic/business planning and Risk Management system that regularly reviews risks at Organisational, Divisional and Branch level
    - project management methodologies for all significant projects.
- 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 is compliant with the exception of four contracts to a total value of €584,526 that were awarded without a competitive tender. These contracts have been included in the Circular 40/2002 return as they are above the reporting threshold of €25,000 and were awarded without competitive tender for the following reasons
  - one contract with a total value of €420,401 was rolled over from a previous competitive tender process
  - one contract with a total value of €46,802 was awarded to a sole supplier
  - two contracts with a total value of €117,323 were awarded due to other reasons.

***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 formal written Internal Audit Charter. 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.

**Niall Cody**

Accounting Officer  
Office of the Revenue Commissioners

27 March 2015

## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Vote 9 Office of the Revenue Commissioners**

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners 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 9 Office of the Revenue Commissioners 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 Office of the Revenue Commissioners. The appropriation account is in agreement with the books of account.

**Seamus McCarthy**  
Comptroller and Auditor General

4 September 2015

## Vote 9 Office of the Revenue Commissioners

### Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	<b>Administration and collection of taxes and duties, and frontier management</b>	393,429	385,294	393,062
	<i>Deduct</i>			
B	<b>Appropriations-in-aid</b>	72,966	78,061	78,637
<b>Net expenditure</b>		<b>320,463</b>	<b>307,233</b>	<b>314,425</b>

#### 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	13,230,169	8,280,139

**Analysis of administration expenditure**

		<b>2014</b>		<b>2013</b>
		<b>Estimate provision</b>	<b>Outturn</b>	<b>Outturn</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>
i	Salaries, wages and allowances	283,103	285,655	287,564
ii	Travel and subsistence	3,500	3,606	3,371
iii	Training and development and other day-to-day expenses	16,000	19,899	17,368
iv	Postal and telecommunications services	11,100	9,928	10,535
v	Office equipment and external IT services	49,950	46,503	52,623
vi	Office premises expenses	5,950	6,882	7,021
vii	Consultancy services and value for money and policy reviews	45	43	25
viii	Motor vehicles and equipment maintenance	2,000	2,481	3,526
ix	Law charges, fees and rewards	13,600	9,868	10,437
x	Compensation and losses	481	429	437
xi	<i>EU Presidency</i>	—	—	155
		<b>385,729</b>	<b>385,294</b>	<b>393,062</b>



## Notes to the Appropriation Account

### 1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Pay	285,655	287,564
Non pay	99,639	105,498
<b>Gross expenditure</b>	<b>385,294</b>	<b>393,062</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>78,061</b>	<b>78,637</b>
<b>Net expenditure</b>	<b>307,233</b>	<b>314,425</b>
<b>Changes in capital assets</b>		
Purchases cash	(5,556)	
Depreciation	16,185	
Disposals cash	12	
(Gain) on disposals	(6)	
	10,635	9,740
<b>Changes in assets under development</b>		
Cash payments	(8,127)	(13,392)
<b>Changes in net current assets</b>		
(Decrease) in closing accruals	(1,124)	
Decrease in stock	24	
	(1,100)	7,038
<b>Direct expenditure</b>	<b>308,641</b>	<b>317,811</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (cash) (note 1.1)	83,963	72,533
Notional rents (non cash)	9,220	10,993
<b>Net programme cost</b>	<b>401,824</b>	<b>401,337</b>

**1.1 Net Allied Services Expenditure**

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
Vote 12 Superannuation and Retired Allowances	66,650	55,194
Vote 13 Office of Public Works	19,154	20,191
Vote 24 Justice and Equality	1,045	—
	<u>86,849</u>	<u>75,385</u>
Services rendered by Revenue without charge <sup>a</sup>	e <u>(2,886)</u>	<u>(2,852)</u>
	<b><u>83,963</u></b>	<b><u>72,533</u></b>

<sup>a</sup> In addition to services rendered without charge to other Votes (€2.89 million), services to the value of approximately €831,000 were also provided without charge to other non voted bodies. "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
<b>Capital assets</b>	2.2	62,683	62,512
<b>Capital assets under development</b>	2.3	1,625	4,282
		<b>64,308</b>	<b>66,794</b>
<b>Current assets</b>			
Bank and cash	2.4	5,539	10,297
Stocks	2.5	1,518	1,542
Prepayments		7,047	6,991
Accrued income		2,658	1,946
Other debit balances	2.6	5,462	1,026
<b>Total current assets</b>		<b>22,224</b>	<b>21,802</b>
<b>Less current liabilities</b>			
Accrued expenses		3,855	4,194
Deferred income		81	80
Other credit balances	2.7	10,552	11,183
Net liability to the Exchequer	2.8	449	140
<b>Total current liabilities</b>		<b>14,937</b>	<b>15,597</b>
<b>Net current assets</b>		<b>7,287</b>	<b>6,205</b>
<b>Net assets</b>		<b>71,595</b>	<b>72,999</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>71,595</b>	<b>72,999</b>

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		72,999	76,385
Disbursements from the Vote			
Estimate provision	Account	320,463	
Surplus to be surrendered	Account	(13,230)	
Net vote		307,233	314,425
Expenditure (cash) borne elsewhere	1	83,963	72,533
Non cash expenditure – notional rent	1	9,220	10,993
Other non-cash items – seized vehicles		4	—
Net programme cost	1	(401,824)	(401,337)
<b>Balance at 31 December</b>		<b>71,595</b>	<b>72,999</b>

**2.2 Capital Assets**

	<b>Vehicles and equipment €000</b>	<b>Office/IT equipment €000</b>	<b>Furniture and fittings €000</b>	<b>Total €000</b>
<b>Gross assets</b>				
Cost or valuation at 1 January 2014	13,489	392,488	55,200	461,177
Additions	604	13,926	1,838	16,368
Disposals	(314)	(2,022)	(22)	(2,358)
Cost or valuation at 31 December 2014	13,779	404,392	57,016	475,187
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2014	10,701	338,029	49,935	398,665
Depreciation for the year	540	14,440	1,205	16,185
Depreciation on disposals	(308)	(2,020)	(18)	(2,346)
Cumulative depreciation at 31 December 2014	10,933	350,449	51,122	412,504
<b>Net assets at 31 December 2014</b>	<b>2,846</b>	<b>53,943</b>	<b>5,894</b>	<b>62,683</b>
<b>Net assets at 31 December 2013</b>	<b>2,788</b>	<b>54,459</b>	<b>5,265</b>	<b>62,512</b>

**2.3 Capital Assets under Development**

<b>at 31 December</b>	<b>In-house computer applications €000</b>
Amounts brought forward at 1 January 2014	4,282
Cash payments for the year	8,127
Transferred to asset register	(10,784)
Amounts carried forward at 31 December 2014	1,625

**2.4 Bank and Cash**

<b>at 31 December</b>	<b>2014 €000</b>	<b>2013 €000</b>
PMG balances and cash	5,611	10,376 <sup>a</sup>
Commercial bank account balances	8	1 <sup>a</sup>
Orders outstanding	(80)	(80)
	5,539	10,297

<sup>a</sup> Prior year presentation adjusted to allow comparison.

<b>2.5 Stocks</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>
Stationery and small stores	593	705
IT consumables	477	420
Equipment/clothing/miscellaneous	448	417
	<u>1,518</u>	<u>1,542</u>

<b>2.6 Other Debit Balances</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>
Shared buildings advances	211	181
Advances for travel and subsistence purposes	6	11
Advances to OPW for building works etc.	291	564
Miscellaneous suspense	775	170
Vote 10 Appeal Commissioners	114	100
Payroll suspense	4,065	—
	<u>5,462</u>	<u>1,026</u>

<b>2.7 Other Credit Balances</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>
Amounts due to/(from) the State		
Income Tax	4,086	4,112
Pay Related Social Insurance	1,480	1,439
Professional Services Withholding Tax	457	1,124
Value Added Tax	275	467
Relevant Contracts Tax	(3)	—
Local Property Tax	53	36
Pension contributions	683	569
Extra exchequer receipts	410	366
	<u>7,441</u>	<u>8,113</u>
Payroll deductions held in suspense	2,868	2,854
Recoupable expenditure in advance	187	201
Other credit suspense items	56	15
	<u>10,552</u>	<u>11,183</u>

<b>2.8 Net Liability to the Exchequer</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000

Surplus to be surrendered	13,230	8,280
Exchequer grant undrawn	(12,781)	(8,140)
Net liability to the Exchequer	449	140

**Represented by:****Debtors**

Bank and cash	5,539	10,297
Other debit balances	5,462	1,026
	11,001	11,323

**Creditors**

Due to State	(7,441)	(8,113)
Other credit balances	(3,111)	(3,070)
	(10,552)	(11,183)

	449	140
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<b>2.9 Commitments</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000

Procurement subheads	6,311	963
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**Significant variations**

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014

Description	€000	Explanation
Multi-annual facilities contracts	4,625	Increased contractual commitments arising from renewed contracts which run until 2018.

### 3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Administration and collection of taxes, duties and frontier management</b>			
A.1	Administration – pay	283,103	285,655	287,592
A.2	Administration – non pay	102,626	99,639	105,470
A.3	Disabled Drivers and Disabled Passengers Grant Scheme	7,700	—	—
		<u>393,429</u>	<u>385,294</u>	<u>393,062</u>

#### Explanation of significant variations

An explanation is provided in the case of each expenditure subhead where the outturn varied from the amount estimated by more than €100,000, and by more than 25%.

Description	Less/(more) than provided €000	Explanation
Disabled Drivers and Disabled Passengers Grant Scheme	7,700	This scheme did not proceed in 2014 as it required the resolution of significant legal matters before implementation.

## 4 Receipts

### 4.1 Appropriations-in-aid

	2014		2013
	Estimated €000	Realised €000	Realised €000
1. Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2. Fines, forfeitures, law costs recovered	4,000	3,664	3,598
3. Cherished numbers	58	131	93
4. Receipts in respect of Environmental Levy collection	400	399	399
5. Share of SASP collection cost (Single Authorisation for Simplified Procedures)	13,000	18,204	17,850
6. Miscellaneous	2,124	2,545	2,754
7. Receipts from pension-related deductions on public service receipts in respect of civil service staff	15,947	15,681	16,506
<b>Total</b>	<b>72,966</b>	<b>78,061</b>	<b>78,637</b>

### 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
Fines, forfeitures, law costs recovered	336	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
Share of SASP collection costs	(5,204)	This represents the collection costs in respect of Custom duties. Forecasting the duties payable is difficult as it relates to levels of economic activity in other member states.
Miscellaneous	(420)	Increase due to first full year impact of VRT Export Repayment scheme.

### 4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	366	137
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994.	844	515
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers.	667	601
Bank interest	55	30
Receipts from voluntary surrender of salary under Section 483 of the Taxes Consolidation Act 1997.	14	15
Transferred to Exchequer	(1,536)	(932)
Balance at 31 December	410	366



## 5 Employee Numbers and Pay

	2014	2013
<b>Number of staff at year end</b> (full time equivalents)	5,787	5,868
	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
Pay	265,409	265,521
Higher, special or additional duties allowance	3,851	3,887
Overtime	3,194	5,383
Employer's PRSI	13,201	12,801
<b>Total pay</b>	<b>285,655</b>	<b>287,592</b>

The number of staff at year end 2014 includes 140 temporary Clerical Officers (2013:113) engaged in the administration of Local Property Tax.

### 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	161	12	17,602	19,568
Overtime and extra attendance	1,817	103	26,870	27,348
Shift and roster allowances	175	26	22,015	22,756
Miscellaneous	77	1	10,232	11,305

Certain individuals received extra remuneration in more than one category.

### 5.2 Performance Awards

A total of €81,167 was spent on Staff Recognition Schemes i.e. 1,395 individual awards, ranging from €25 to €400.

### 5.3 Other Remuneration Arrangements

The cost of Revenue staff on secondment to other departments/agencies without recoupment was €447,241 (2013: €385,719).

A total of €51,150 was paid in 2014 to 23 members of staff in respect of duties carried out during the Irish Presidency of the EU in 2013 (Ref.Circ.DPE071/17/13).

<b>5.4 Overpayments arising due to delays in salary instructions</b>	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Balance at 1 January	259,680	297,814
Overpayments in year	788,373	78,924
Recoupments	(265,880)	(117,058)
Balance at 31 December	<u>782,173</u>	<u>259,680</u>

The number of overpayments outstanding at 31 December 2014 was 555 (2013: 154)

## 6 Miscellaneous

### 6.1 Write-off

The following sums were written off in the year.

	2014	2013
	€000	€000
Obsolete stock	42	12
Suspense account balance re: imprests	—	6

### 6.2 EU Funding

Four grants totalling €147,511 were received from the European Anti-fraud Office towards the purchase of a detector dog, surveillance equipment, mobile x-ray inspection van and x-ray equipment.

### 6.3 Law Charges, Fees and Rewards (subhead A (ix))

	2014	2013
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	5,447	5,348
Counsel fees	1,820	1,796
Other fees and costs:		
Bankruptcy/liquidation costs	1,978	1,698
Court fees	2	988
Miscellaneous costs and rewards	621	607
	<u>9,868</u>	<u>10,437</u>

### 6.4 Compensation Costs (subhead A (x))

	2014	2013
	€000	€000
Compensation costs	429	437

Compensation of €286,641 (2013: €255,317) was paid in respect of legal action taken by members of the public.

A total of €135,569 (2013: €179,715) was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

### 6.5 Contingent Liability

Revenue has contingent liabilities of €2.1 million (2013: €1.7 million).