

Appropriation Account 2015

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 2015 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 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €665,040 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.

The human resource function transferred to the National Shared Services Office (Vote 18) on the 27 July 2015.

The human resource function is provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18 also and is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are being conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audit encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for shared services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

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 €35,000 listed in my annual return in respect of circular 40/2002. The Office extended the contract for cleaning services until December 2015 as the Office was vacating the existing 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 was held for cleaning services in our 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

22 March 2016

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 2015.

Seamus Mc Carthy
Comptroller and Auditor General

15 June 2016

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 2015.

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 2015. 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 accounting records.

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 2015 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 accounting records have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the accounting records.

Tommy Doherty

For and on behalf of Mazars
Chartered Accountants and Registered Auditors
Harcourt Centre
Block 3
Harcourt Road
Dublin 2.

14 June 2016

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2015

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Audit and reporting	12,557	12,141	11,045
Gross expenditure	12,557	12,141	11,045
<i>Deduct</i>			
B Appropriations-in-aid	5,875	6,124	5,801
Net expenditure	6,682	6,017	5,244

Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	665,040	677,695

Analysis of administration expenditure

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	10,328	9,869	9,182
ii Travel and subsistence	546	452	415
iii Training and development and incidental expenses	328	378	297
iv Postal and telecommunications services	100	111	100
v Office equipment and external IT services	443	591	410
vi Office premises expenses	217	245	199
vii Consultancy services	350	36	2
viii Legal fees	45	43	33
ix Contract audit services	200	416	407
	12,557	12,141	11,045

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Pay	9,869	9,182
Non pay	2,272	1,863
Gross expenditure	12,141	11,045
<i>Deduct</i>		
Appropriations-in-aid (Note 4)	6,124	5,801
Net expenditure	6,017	5,244
Changes in capital assets		
Purchases	(325)	
Depreciation	360	
Loss arising from relocation (note 2.2)	62	
	97	(8)
Changes in net current assets		
Increase in closing accruals	(418)	
Decrease in stock	1	
	(417)	(161)
Direct expenditure	5,697	5,075
Decrease in value of work-in-progress	478	(8)
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,528	2,566
Notional rents	244	244
Net programme cost	8,947	7,877

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.

	2015	2014
	€000	€000
Vote 9 Office of the Revenue Commissioners	30	—
Vote 12 Superannuation and Retired Allowances	1,368	1,377
Vote 13 Office of Public Works	615	693
Account of the Central Fund of the Exchequer	515	496
	<u>2,528</u>	<u>2,566</u>

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	2,156	400
Work-in-progress	2.3	464	942
		2,620	1,342
Current assets			
Stocks		15	16
Prepaid expenses		107	97
Audit fee debtors		1,441	170
Accrued audit fee income	2.5	503	1,320
Other debit balances	2.6	116	294
Net Exchequer funding due	2.8	1,527	(35)
Total current assets		3,709	1,862
Less current liabilities			
Bank and cash	2.4	1,183	(76)
Accrued expenses		76	30
Other credit balances	2.7	460	335
Total current liabilities		1,719	289
Net current assets		1,990	1,573
Net assets		4,610	2,915
Represented by:			
State funding account	2.1	4,610	2,915

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		2,915	2,738
Disbursements for the Vote			
Estimate provision	Account	6,682	
Surplus to be surrendered	Account	(665)	
Net Vote		6,017	5,244
Fit-out costs and furniture provided by OPW			
Expenditure (cash) borne elsewhere	1	1,853	—
Non cash expenditure – notional rent	1	2528	2,566
		244	244
Net programme cost	1	(8,947)	(7,877)
Balance at 31 December		4,610	2,915

2.2 Capital Assets

	Office equipment	Fixtures, furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2015	2,017	363	2,380
Additions	274	1,904	2,178
Disposals	(139)	(346)	(485)
Cost or valuation at 31 December 2015	2,152	1,921	4,073
Accumulated depreciation			
Opening balance at 1 January 2015	1,690	290	1,980
Depreciation for the year	168	192	360
Depreciation on disposals	(139)	(284)	(423)
Cumulative depreciation at 31 December 2015	1,719	198	1,917
Net assets at 31 December 2015	433	1,723	2,156
Net assets at 31 December 2014	327	73	400

The Office was located in two premises at Dublin Castle and Harcourt Road. The lease on the Harcourt Road premises expired in 2015 and OPW decided not to seek a renewal of the lease. In accordance with the strategic objective of locating staff in a single site, OPW procured a lease on premises in Mayor Street Upper and occupancy commenced in September 2015. The loss from the relocation arises from the write-off of assets which could not be utilised in the new premises or which had become obsolete and required replacement. It also reflects a correction to historic values to align with the fixed asset register. The additions figure includes fit-out costs of €1.566m and furniture to a value of €0.287m which was provided by the OPW. Furniture costs were estimated based on OPW standard price lists

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	2015	2014
		€000	€000
Cleared for certification	90%	89	316
Audit review stage	75%	122	318
Fieldwork complete	60%	47	161
Final audit in progress	30%	22	25
Interim audit completed	15%	47	50
Interim audit in progress	10%	137	72
		464	942

2.4 Bank and Cash	2015	2014
at 31 December	€000	€000
PMG balance	(1,228)	57
Commercial bank account balance	45	19
	<u>(1,183)</u>	<u>76</u>

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	2015	2014
at 31 December	€000	€000
Recoupable travel expenditure and travel pass scheme	79	65
Recoupable expenditure from co-tenants	35	39
Miscellaneous salary suspense	2	190
	<u>116</u>	<u>294</u>

2.7 Other Credit Balances	2015	2014
at 31 December	€000	€000
Amounts due to the State		
Income Tax	151	110
Pay Related Social Insurance	103	70
Income Levy	50	37
Professional Services Withholding Tax	32	38
Value Added Tax	17	13
Pension contributions	62	24
Local Property Tax	1	1
	<u>416</u>	<u>293</u>
Payroll deductions held in suspense	40	38
Haddington Road payroll deduction	4	4
	<u>460</u>	<u>335</u>

2.8 Net Exchequer funding due	2015	2014
at 31 December	€000	€000
Surplus to be surrendered	665	678
Exchequer grant undrawn	(2,192)	(643)
Net liability to the Exchequer	<u>(1,527)</u>	<u>35</u>

Represented by:**Debtors**

Debit balances: suspense	116	294
	<u>116</u>	<u>294</u>

Creditors

Bank and cash	(1,183)	76
Due to State	(416)	(293)
Credit balances: suspense	(44)	(42)
	<u>(1,643)</u>	<u>(259)</u>
	<u>(1,527)</u>	<u>35</u>

2.9 Commitments	2015	2014
at 31 December	€000	€000
Total of legally enforceable commitments	18	77

3 Programme Expenditure by Subhead

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Audit and reporting			
A.1	Administration - pay	10,328	9,869	9,182
A.2	Administration - non pay	2,229	2,272	1,863
		<u>12,557</u>	<u>12,141</u>	<u>11,045</u>

Significant variations

The overall saving on expenditure headings in the year was €416,000. The significant variations were as follows:

Salaries, wages and allowances

There was an underspend of €459,000 which arose from the time taken to fill vacancies and from changes in the grade mix where new staff normally commence at a lower grade.

Travel and Subsistence

There was an underspend of €94,000 on official travel undertaken mainly due to interim audits not advancing to the level anticipated.

Office Equipment and External IT Services

Additional expenditure of €148,000 on new equipment which arose due to the relocation of the Office was funded from savings on subhead (vii) Consultancy services. This financial transfer process known as virement was sanctioned by the Department of Public Expenditure and Reform.

Consultancy Services

The use of external expert consultants is dependent upon the nature of examinations as determined by the Comptroller and Auditor General. The nature of the examinations conducted in 2015 did not require significant external expertise.

Contract Audit Service

Additional expenditure on subhead (ix) Contract Audit Services of €216,000 to facilitate the timely certification of accounts was funded from savings on subhead (i) Salaries, wages and allowances. The virement was sanctioned by the Department of Public Expenditure and Reform.

4 Receipts

4.1 Appropriations-in-aid	2015		2014
	Estimated	Realised	Realised
	€000	€000	€000
1 Audit fees	5,275	5,589	5,269
2 Receipts from pension-related deductions on public service remuneration	600	535	532
	<u>5,875</u>	<u>6,124</u>	<u>5,801</u>

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	139	146
	2015	2014
	€000	€000
Pay	9,130	8,505
Higher, special or additional duties allowances	58	30
Overtime	—	—
Employer's PRSI	681	647
Total pay	<u>9,869</u>	<u>9,182</u>

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	13	—	9,948	10,913
Overtime and extra attendance	3	—	295	401

No staff member received additional payments in more than one category.

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 2015 in relation to the remuneration of the Comptroller and Auditor General was €182,500 (2014: €175,742). 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 2015 in relation to the remuneration of the Accounting Officer was €135,809 (2014: €130,799).

5.4 Acting up allowances

Ten staff received acting up allowances for taking on the roles of higher grades. The total cost was €37,558 (2014: €8,296).

5.5 Payroll Overpayments

There were no overpayments in 2015 (2014: NIL).

6 Miscellaneous

Audit Committee costs amounted to €1,773 in 2015 (~~€2,055~~ in 2014).