

5 Vote accounting and budget management

- 5.1** Dáil Éireann provides money for the services of government departments and offices by
- approving estimates of receipts and expenditure for those services in the course of each year
 - giving statutory effect to the estimates in an annual Appropriation Act.¹
- 5.2** Expenditure is provided for under 'votes', with one or more covering the functions of each department or office. The first part of the estimate for each vote (referred to as the ambit) provides an outline of the services to be financed. The ambit is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.
- 5.3** At the end of each financial year, each department and office is required to prepare an account, known as the appropriation account, for each voted service administered by it. The statutory requirement is for the appropriation account to report the outturn for the year compared with the amount provided by Dáil Éireann.
- 5.4** In addition to voted services, some government departments administer statutory funds. Generally, these are funded from sources other than the Central Fund and therefore, that funding is not 'voted' by Dáil Éireann. Examples of such funds and their main income sources are
- Social Insurance Fund (PRSI contributions)
 - Local Government Fund (motor tax and local property tax receipts)²
 - National Training Fund (training fund levy receipts and EU grants)
 - Environment Fund (plastic bag and landfill levies).
- 5.5** In presenting estimates and expenditure reports, the Department of Public Expenditure and Reform includes the Social Insurance Fund (€9 billion in 2017 estimates) and the National Training Fund (€366 million in 2017 estimates) in total gross expenditure. The Department advises that this is in recognition of the significant expenditure funded by PRSI contributions, the role of the respective departments in relation to the expenditure incurred by those funds and that, where there is a shortfall in these funds in any financial year, the shortfall may be met from moneys provided by Dáil Éireann.

¹ Chapter 3 of this report provides more detail on this process.

² With effect from 1 January 2018, all motor tax receipts will be paid directly into the Central Fund of the Exchequer, as opposed to the Local Government Fund. All local property tax receipts will be paid directly into the Local Government Fund by the Revenue Commissioners, as opposed to indirectly through the Central Fund of the Exchequer.

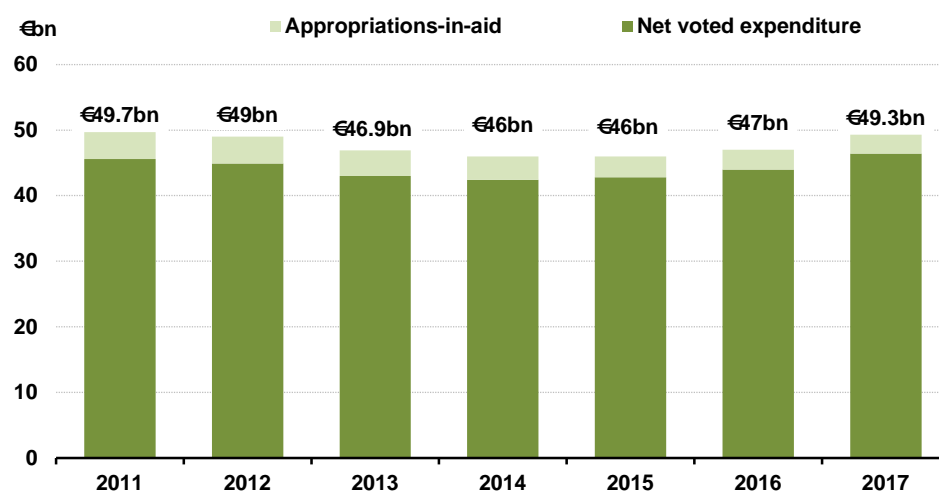
Results of 2017 audits of appropriation accounts

- 5.6** Audits of the 2017 appropriation accounts for all votes have been completed. Each account, together with the related audit report, is being presented to Dáil Éireann with this report.
- 5.7** A summary of the amounts appropriated in 2017 for voted public services is included in Annex 5A (Figure 5A.1). The outturn for the year is also shown, together with the surplus of appropriations over expenditure.
- 5.8** The final amount appropriated for public services in 2017 was €49.7 billion. This comprised supply grants totalling €46.8 billion, capital funding carried over from 2016 totalling €74.5 million and appropriations-in-aid of €2.9 billion.

Vote outturn

- 5.9** Aggregate expenditure and appropriations-in-aid of all votes for the years 2011 to 2017 are presented in Figure 5.1. The total amount spent by departments and offices in 2017 was €49.3 billion (gross). After deduction of realised appropriations-in-aid totalling €2.9 billion, the net expenditure in the year was €46.4 billion.

Figure 5.1 Voted expenditure outturn, 2011 to 2017

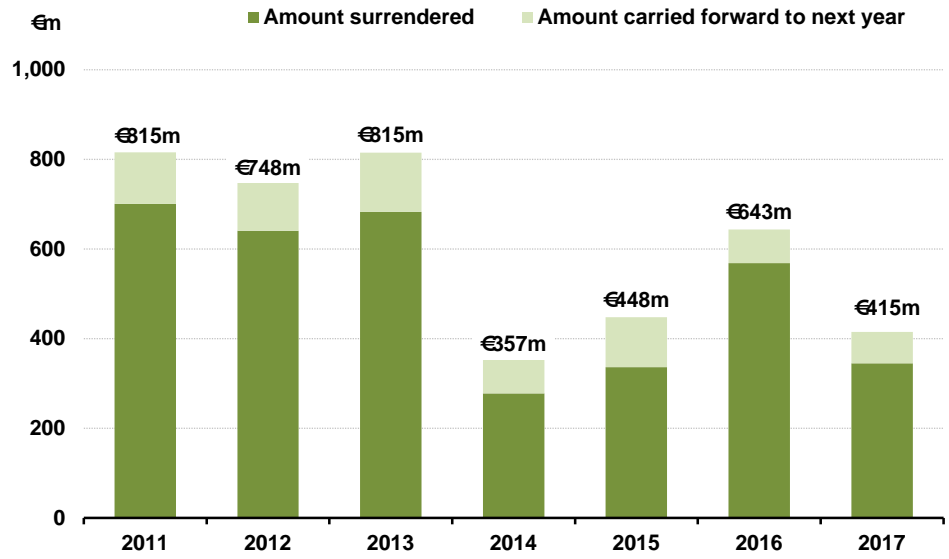


Source: Reports on the Accounts of the Public Services, 2011 to 2017, Annex 5A

Surpluses

- 5.10** Departments and offices are not permitted to spend more than the amount appropriated for each vote. When the expenditure in the year is less than the amount provided, the surplus is liable to be surrendered to the Exchequer.
- 5.11** All departments and offices managed within their overall voted allocations in 2017 and surpluses were recorded by all votes.
- 5.12** The 2017 surpluses amounted to €415 million (see Figure 5.2). Of that amount, a total of €70 million was approved for carry over to 2018. The balance of €345 million was due for surrender. The sums liable for surrender or carried over to 2018 for each vote are shown in Annex 5A (Figure 5A.2).

Figure 5.2 Surplus appropriations, 2011 to 2017

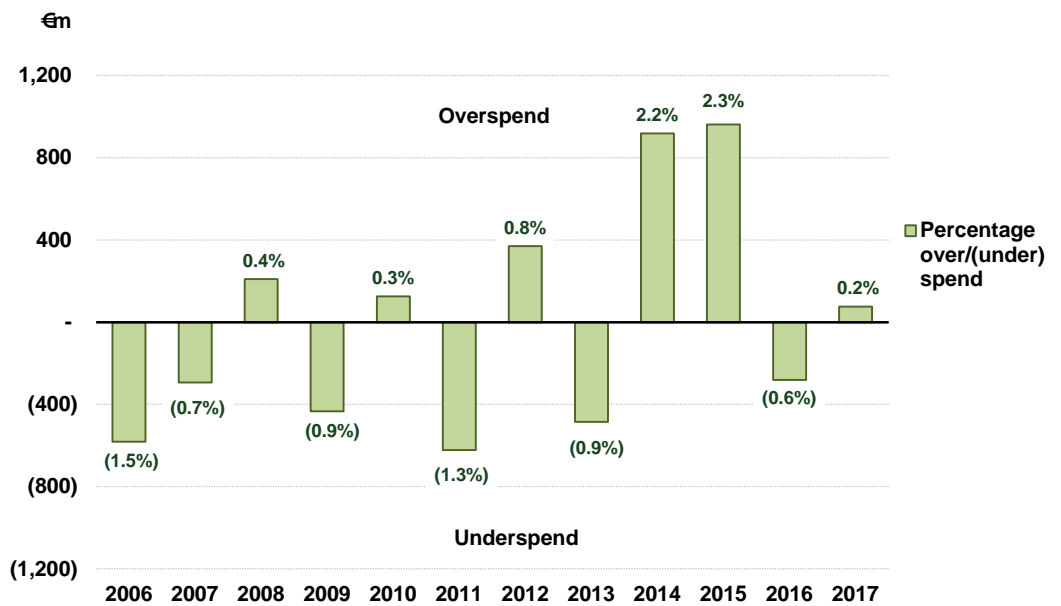


Source: Reports on the Accounts of the Public Service, 2011 to 2017, Annex 5A

Budget variance

5.13 The original estimate amount approved represents the forecast of the amount required to meet the cost of the services to be provided from each vote. The 'budget variance' is the difference between the original estimate of net expenditure and the actual outturn in a year.¹ Figure 5.3 sets out the budget variance for all votes combined, for the years 2006 to 2017.

Figure 5.3 Net expenditure variance from original budget, all votes, 2006 to 2017



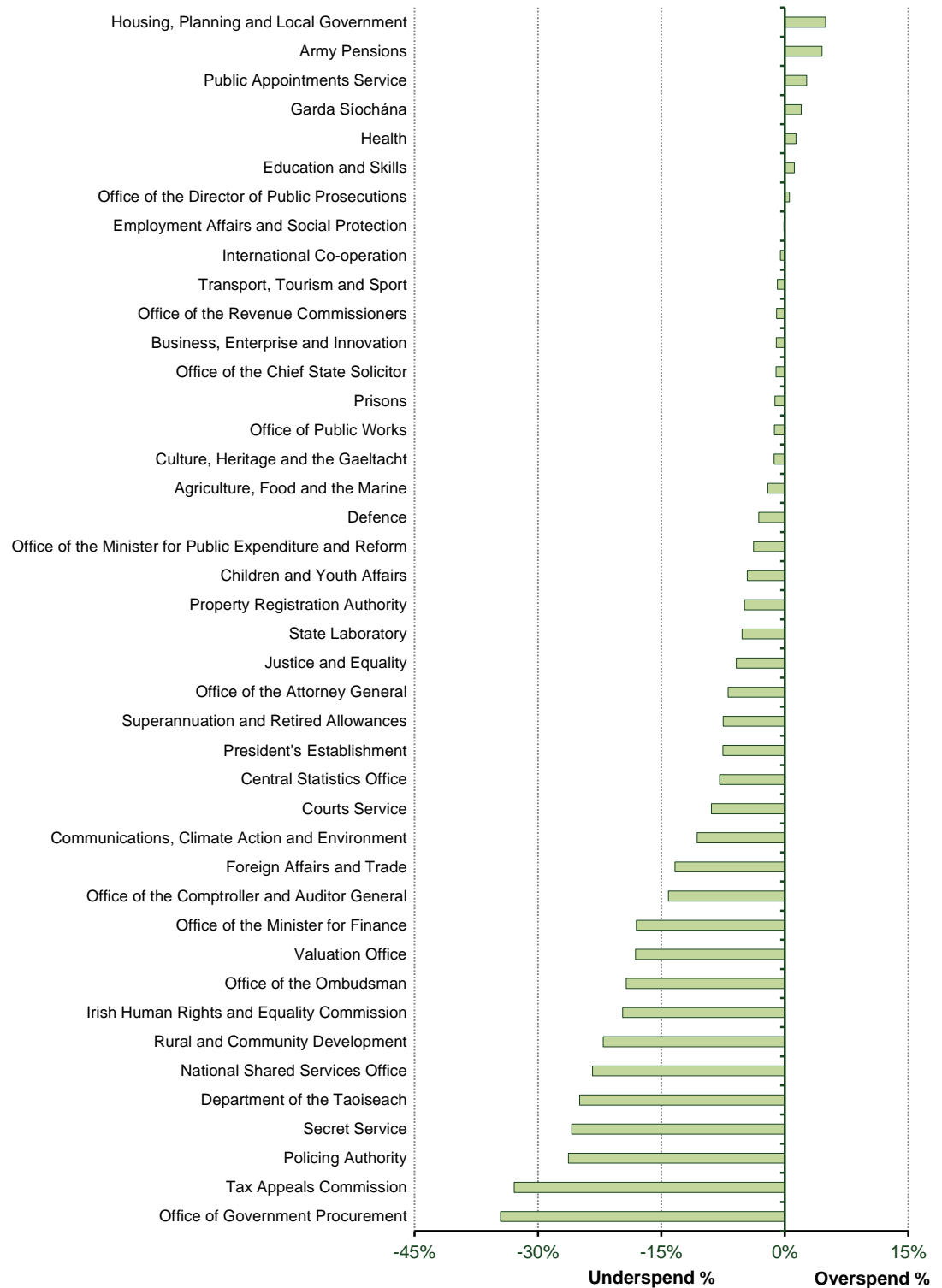
¹ There is a statutory provision to allow unspent capital allocations to be carried over to the following year for use for the same purpose, with Department of Public Expenditure and Reform agreement. In this report, such carryover amounts are treated as part of the (following year) annual departmental appropriations.

Source: Analysis by the Office of the Comptroller and Auditor General

Budget variance by vote

- 5.14** The three votes with the largest monetary net variance in 2017 were Health (€193 million more than the original estimate), Education and Skills (€99 million more than the original estimate) and Housing, Planning and Local Government (€96 million more than the original estimate).
- 5.15** Figure 5.4 sets out, for each vote, the proportionate variance between actual expenditure and the original estimate in 2017.
- There were just seven votes where the net expenditure outturn was greater than the original estimate. Housing, Planning and Local Government, at 5%, had the largest percentage overspend compared with its original estimate.
 - The remaining 35 votes incurred net expenditure less than originally anticipated in the revised estimates. The Office of Government Procurement, at 35%, had the largest percentage underspend compared with its original estimate.

Figure 5.4 Net expenditure variance by vote, as a proportion of the original budget, 2017



Source: Office of the Comptroller and Auditor General

Supplementary estimates

- 5.16** When the Dáil approves a vote estimate, it does so at the aggregate level. Departments are allowed some scope to manage budgets by moving allocations between programmes and subheads, but only if the Department of Public Expenditure and Reform agrees. This reallocation process is referred to as *virement*.
- 5.17** If large adjustments to the budgets for programmes or subheads are required as the year progresses, formal approval must be sought from the Dáil. This is done through the 'supplementary estimate' process. This process may also be used, if required, to increase the cash limit for a vote for the year or to adjust expected appropriation-in-aid. Details of supplementary estimates requested are discussed at the relevant Dáil committees (typically in the final quarter of the year) before approval is sought from the Dáil itself.
- 5.18** In 2017, nine votes required substantive supplementary estimates to increase the overall amount available (see Figure 5.5). These included three votes — Health, Garda Síochána and Army Pensions — which have required substantive supplementary estimates most years since 2012. Education and Skills required a supplementary in the past four years.

Exchequer extra receipts

- 5.19** Certain sums collected by departments and offices are directed by the Department of Public Expenditure and Reform to be credited to the Exchequer, and not treated as appropriations-in-aid. This includes court fine receipts, and Property Registration Authority fee receipts. Windfall receipts are also usually brought to account in this way, including proceeds of significant sales of property, receipts on foot of surplus income or profits of State companies, interest, dividends or capital repayments, compensation payments and voluntary surrender of salary.
- 5.20** Where Exchequer extra receipts arose in 2017, the amounts are shown in notes to the relevant appropriation accounts. The total Exchequer extra receipts recorded by departments and offices in 2017 was €170 million (2016: €133 million). The aggregate amount of those receipts reported in each account is set out in Annex 5A (Figure 5A.3).

Figure 5.5 Votes with supplementary estimates, 2012 to 2017^a

Vote	2012	2013	2014	2015	2016	2017
38 Health ^b	●	●	●	●		●
37 Employment Affairs and Social Protection	●			●	●	●
35 Army Pensions	●	●	●	●	●	●
34 Housing, Planning and Local Government	○		●			●
26 Education and Skills			●	●	●	●
20 Garda Síochána	●	●	●	●	●	●
17 Public Appointments Service			●	●		●
12 Superannuation and Retired Allowances	●		●	●		●
5 Office of the Director of Public Prosecutions						●
32 Business, Enterprise and Innovation	○		○	●	●	○
31 Transport, Tourism and Sport	●	●	●	●	●	○
30 Agriculture, Food and the Marine			●	●	○	○
22 Courts Service	●		○		●	
28 Foreign Affairs and Trade					○	
36 Defence			○		○	
21 Prisons			●	●		
6 Office of the Chief State Solicitor				●		
40 Children and Youth Affairs			○	●		
7 Office of the Minister for Finance				○		
18 National Shared Services Office		○		○		
29 Communications, Climate Action and Environment				○		
2 Department of the Taoiseach			●			
33 Culture, Heritage and the Gaeltacht			○			
24 Justice and Equality		○				

Source: Analysis by the Office of the Comptroller and Auditor General

- Notes:
- Indicates an increase in the net expenditure estimate i.e. a substantive supplementary estimate.
 - Indicates that the increase in net expenditure was a token €1,000 i.e. a technical supplementary estimate.
- a Vote titles and numbers are as per the 2017 Revised Estimates for Public Services. For some votes, different titles may have applied in earlier years in which a supplementary estimate was approved.
- b From 2012 to 2014, the data relates to the HSE vote. From 2015, the HSE no longer holds a vote. Since then, Exchequer funding is provided to it through grants from the Health Vote.

Accounting for property assets

- 5.21** Capital assets are tangible and intangible assets acquired by departments and offices for use on a continuing basis with an expected useful life of more than one financial year. Major capital asset classes include land, buildings, information and technology equipment, ICT software, office equipment and furniture. Some departments and offices have specialised assets or heritage assets due to the nature of their operations.
- 5.22** The financial reporting framework adopted for appropriation accounts requires the accounts to be prepared on a cash basis, but with certain accrual information.^{1,2} The latter includes a statement of financial position (SOFP), which may recognise property assets.
- 5.23** In the case of land and buildings, the accounting rules require that
- Land and buildings are recognised as assets in the SOFP where the State owns the assets and the department controls or manages them. Where the asset is controlled or managed by an outside body, the ownership is noted in the department's SOFP.
 - Where a valuation cannot be provided by a department or office and therefore cannot be recognised in the SOFP, the asset is listed at the end of the appropriation account.³
 - Land and buildings included in the SOFP are valued at either the historic cost, or using a revaluation model as determined by the Accounting Officer.
 - Land is not depreciated. Buildings are depreciated in accordance with the rate determined by the Accounting Officer.
- 5.24** In some appropriation accounts, departments use cost as the basis for determining the amounts to be recognised in the SOFP, with market valuations being carried out subsequently on a gradual or irregular basis. For some classes of buildings, replacement cost is used to value the assets. The financial reporting framework provides limited guidance on when it is appropriate to change the valuation basis from cost to a revaluation model, or on a standard approach to be adopted in the frequency of property asset revaluations. It also does not include an approach for recognising the impairment of assets.
- 5.25** In addition, audits have identified continuing difficulties with fixed asset registers maintained by departments in monitoring the up-to-date position with regard to assets recorded in the SOFP.
- 5.26** The Department of Public Expenditure and Reform has acknowledged limitations in the current financial reporting framework, including issues around the accounting for capital assets. In the context of ongoing work in developing the financial management shared services model, the Department has stated that it is timely to undertake a detailed review of the framework covering departments and offices. It stated that it is availing of funding under the EU Structural Reform Support Programme to undertake the review, including issues related to fixed assets, with a view to reforming central government financial reporting to ensure that it reflects current best practice and, where appropriate, international accounting standards.

¹ The Minister for Public Expenditure and Reform sets the rules for the preparation of the annual appropriation accounts. The most recent rules are set out in circular 25/2017: *Requirements for Appropriation Accounts 2017*.

² Cash basis is the method of recording accounting transactions only when the corresponding cash is received or payments are made.

³ Heritage assets which can be valued are included in the SOFP.

Annex 5A Vote financial outturn

Dáil Éireann provides money for the ordinary services of government departments and offices by approving estimates of the amounts required for those services in the course of each year, and giving statutory effect to those estimates in the annual Appropriation Act. The expenditure is provided for under a series of 'votes'. By law, an appropriation account must be produced for each vote. The account must provide details of the outturn for the year against the amount provided by Dáil Éireann.

Figure 5A.1 provides a summary of the outturn on expenditure and receipts relative to the amounts appropriated for public services in 2017.

Figure 5A.2 shows how surplus appropriations in 2017 were applied — either through deferral of expenditure to 2018, or by surrender to the Exchequer.

Explanations of some of the terms used in the tables are given below.

Supply grant	The money granted (or voted) by Dáil Éireann for each of the public services.
Deferred from 2016	Amount of capital funding not spent in 2016 and carried over for expenditure on capital services in 2017. The carry over of these sums was approved by Dáil Éireann.
Appropriations-in-aid	Departmental receipts which, with the agreement of Dáil Éireann, may be retained to defray the expenses of the vote to which they relate.
Total appropriations	Sum of the supply grant, deferred 2016 capital moneys (if any) and appropriations-in-aid.
Surplus for the year	The excess of total appropriations by Dáil Éireann over the gross expenditure together with any surplus on appropriations-in-aid. The surplus for the year is liable for surrender back to the Exchequer.
Deferred surrender	Amount of capital funding not spent in 2017 which was carried over for expenditure in 2018. These carry overs were approved by Dáil Éireann.
Surplus to be surrendered	Amount of money appropriated in 2017 but not spent in the year or deferred to 2018, and so required to be surrendered to the Exchequer.
Exchequer extra receipts	Departmental receipts that are not appropriated-in-aid of the vote, but are paid directly into the Exchequer.

Figure 5A.1 Summary of appropriations for public services in 2017, by vote

Vote	Service	Amount appropriated				Outturn			Surplus/deficit		
		Supply grants	Deferred from 2016	Appropriations -in-aid	Total	Gross expenditure	Appropriations -in-aid	Net expenditure	Gross surplus (deficit)	Excess/ (deficit) in receipts	Net surplus for the year ^a
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1	President's Establishment	3,903	—	95	3,998	3,692	83	3,609	306	(12)	294
2	Department of the Taoiseach	36,747	—	833	37,580	28,345	757	27,588	9,235	(76)	9,159
3	Office of the Attorney General	14,900	—	766	15,666	14,540	668	13,872	1,126	(98)	1,028
4	Central Statistics Office	48,584	—	1,388	49,972	46,269	1,542	44,727	3,703	154	3,856
5	Office of the Director of Public Prosecutions	41,094	—	754	41,848	41,682	778	40,904	166	24	190
6	Office of the Chief State Solicitor	32,340	—	1,328	33,668	33,132	1,141	31,991	536	(187)	349
7	Office of the Minister for Finance	39,470	227	1,335	41,032	33,974	1,440	32,534	7,058	105	7,163
8	Office of the Comptroller and Auditor General	6,915	—	5,727	12,642	11,923	5,986	5,937	719	259	978
9	Office of the Revenue Commissioners	341,141	2,000	68,239	411,380	410,874	71,153	339,721	506	2,914	3,420
10	Tax Appeals Commission	1,605	—	79	1,684	1,122	45	1,077	562	(34)	528
11	Office of the Minister for Public Expenditure and Reform	53,105	—	2,946	56,051	52,991	1,897	51,094	3,060	(1,049)	2,011
12	Superannuation and Retired Allowances	366,400	—	184,000	550,400	535,478	202,555	332,923	14,922	18,555	33,477
13	Office of Public Works	365,067	—	29,264	394,331	394,279	33,847	360,432	52	4,583	4,635
14	State Laboratory	8,749	—	922	9,671	9,318	1,023	8,295	353	101	454
15	Secret Service	1,000	—	—	1,000	741	—	741	259	—	259
16	Valuation Office	10,239	—	1,129	11,368	9,688	1,307	8,381	1,680	178	1,858
17	Public Appointments Service	11,820	—	224	12,044	11,757	303	11,454	287	79	366
18	National Shared Services Office	45,173	—	5,450	50,623	40,081	5,463	34,618	10,542	13	10,556
19	Office of the Ombudsman	10,535	—	325	10,860	8,920	414	8,506	1,940	89	2,029
20	Garda Síochána	1,550,146	9,344	119,902	1,679,392	1,668,540	123,251	1,545,289	10,852	3,349	14,201

Vote	Service	Amount appropriated				Outturn			Surplus/deficit		
		Supply grants	Deferred from 2016	Appropriations -in-aid	Total	Gross expenditure	Appropriations -in-aid	Net expenditure	Gross surplus (deficit)	Excess/ (deficit) in receipts	Net surplus for the year ^a
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
21	Prisons	314,790	2,833	12,584	330,207	326,892	13,056	313,836	3,315	472	3,787
22	Courts Service	92,252	—	47,828	140,080	133,115	49,093	84,022	6,965	1,265	8,231
23	Property Registration Authority	27,785	—	506	28,291	27,112	688	26,424	1,179	182	1,361
24	Justice and Equality	378,964	—	60,598	439,562	422,788	66,118	356,670	16,774	5,520	22,294
25	Irish Human Rights and Equality Commission	6,522	—	109	6,631	5,319	83	5,236	1,312	(26)	1,286
26	Education and Skills	8,799,299	—	458,796	9,258,095	9,241,347	466,588	8,774,759	16,748	7,792	24,540
27	International Co-operation	485,494	—	1,120	486,614	484,280	1,340	482,940	2,334	220	2,554
28	Foreign Affairs and Trade	183,527	—	45,046	228,573	222,258	63,222	159,036	6,315	18,176	24,490
29	Communications, Climate Action and Environment	290,636	12,128	237,599	540,363	502,916	232,412	270,504	37,447	(5,187)	32,260
30	Agriculture, Food and the Marine	1,131,158	21,700	337,088	1,489,946	1,387,756	258,905	1,128,851	102,190	(78,183)	24,007
31	Transport, Tourism and Sport	1,442,108	10,969	380,446	1,833,523	1,819,108	379,243	1,439,865	14,415	(1,203)	13,212
32	Business, Enterprise and Innovation	806,542	—	50,333	856,875	850,832	52,542	798,290	6,043	2,209	8,252
33	Culture, Heritage and the Gaeltacht	284,435	13,548	3,973	301,956	299,606	5,468	294,138	2,350	1,495	3,845
34	Housing, Planning and Local Government	2,027,355	—	67,489	2,094,844	2,087,158	64,129	2,023,029	7,686	(3,360)	4,326
35	Army Pensions	235,332	—	5,300	240,632	240,022	5,265	234,757	610	(35)	575
36	Defence	671,093	—	20,704	691,797	680,549	30,824	649,725	11,248	10,120	21,368
37	Employment Affairs and Social Protection	10,790,739	—	264,064	11,054,803	11,034,507	264,787	10,769,720	20,296	723	21,019
38	Health	14,341,309	—	460,221	14,801,530	14,798,316	459,376	14,338,940	3,214	(845)	2,369
39	Office of Government Procurement	19,960	110	475	20,545	13,586	448	13,138	6,959	(27)	6,932
40	Children and Youth Affairs	1,286,024	1,640	25,012	1,312,676	1,249,984	21,024	1,228,960	62,692	(3,988)	58,704
41	Policing Authority	2,654	—	58	2,712	2,007	51	1,956	705	(7)	698
42	Rural and Community Development	146,742	—	15,886	162,628	136,004	21,662	114,342	26,624	5,776	32,400
Total		46,753,653	74,499	2,919,941	49,748,093	49,322,808	2,909,977	46,412,831	425,285	(9,964)	415,321

Source: 2017 Appropriation Accounts. Any apparent differences in totals are due to rounding.

Note: a The net surplus is comprised of the excess of total appropriations by Dáil Éireann over the gross expenditure together with the excess/deficit on appropriations-in-aid.

Figure 5A.2 Application of surplus 2017 appropriations, by vote

Vote	Service	Surplus for the year	Deferred surrender (to 2018)	Surplus for surrender
		€000	€000	€000
1	President's Establishment	294	—	294
2	Department of the Taoiseach	9,159	—	9,159
3	Office of the Attorney General	1,028	—	1,028
4	Central Statistics Office	3,856	—	3,856
5	Office of the Director of Public Prosecutions	190	—	190
6	Office of the Chief State Solicitor	349	—	349
7	Office of the Minister for Finance	7,163	—	7,163
8	Office of the Comptroller and Auditor General	978	—	978
9	Office of the Revenue Commissioners	3,420	—	3,420
10	Tax Appeals Commission	528	—	528
11	Office of the Minister for Public Expenditure and Reform	2,011	685	1,326
12	Superannuation and Retired Allowances	33,477	—	33,477
13	Office of Public Works	4,635	—	4,635
14	State Laboratory	454	—	454
15	Secret Service	259	—	259
16	Valuation Office	1,858	—	1,858
17	Public Appointments Service	366	60	306
18	National Shared Services Office	10,556	1,429	9,127
19	Office of the Ombudsman	2,029	—	2,029
20	Garda Síochána	14,201	8,907	5,294

Figure 5A.3 Exchequer extra receipts 2017, by vote

Vote	Service	Extra receipts realised
		€000
1	President's Establishment	—
2	Department of the Taoiseach	—
3	Office of the Attorney General	—
4	Central Statistics Office	—
5	Office of the Director of Public Prosecutions	4
6	Office of the Chief State Solicitor	19
7	Office of the Minister for Finance	1
8	Office of the Comptroller and Auditor General	—
9	Office of the Revenue Commissioners	1,612
10	Tax Appeals Commission	—
11	Office of the Minister for Public Expenditure and Reform	8
12	Superannuation and Retired Allowances	—
13	Office of Public Works	—
14	State Laboratory	—
15	Secret Service	—
16	Valuation Office	—
17	Public Appointments Service	—
18	National Shared Services Office	—
19	Office of the Ombudsman	40
20	Garda Síochána	3,073

Vote	Service	Surplus for the year	Deferred surrender (to 2018)	Surplus for surrender
		€000	€000	€000
21	Prisons	3,787	2,233	1,554
22	Courts Service	8,231	6,000	2,231
23	Property Registration Authority	1,361	—	1,361
24	Justice and Equality	22,294	741	21,553
25	Irish Human Rights and Equality Commission	1,286	—	1,286
26	Education and Skills	24,540	—	24,540
27	International Co-operation	2,554	—	2,554
28	Foreign Affairs and Trade	24,490	—	24,490
29	Communications, Climate Action and Environment	32,260	6,000	26,260
30	Agriculture, Food and the Marine	24,007	23,800	207
31	Transport, Tourism and Sport	13,212	10,950	2,262
32	Business, Enterprise and Innovation	8,252	—	8,252
33	Culture, Heritage and the Gaeltacht	3,845	700	3,145
34	Housing, Planning and Local Government	4,326	—	4,326
35	Army Pensions	575	—	575
36	Defence	21,368	—	21,368
37	Employment Affairs and Social Protection	21,019	1,000	20,019
38	Health	2,369	—	2,369
39	Office of Government Procurement	6,932	100	6,832
40	Children and Youth Affairs	58,704	—	58,704
41	Policing Authority	698	—	698
42	Rural and Community Development	32,400	7,700	24,700
	Total	415,321	70,305	345,016

Source: 2017 Appropriation Accounts

Vote	Service	Extra receipts realised
		€000
21	Prisons	—
22	Courts Service	9,472
23	Property Registration Authority	62,270
24	Justice and Equality	7
25	Irish Human Rights and Equality Commission	—
26	Education and Skills	2,591
27	International Co-operation	—
28	Foreign Affairs and Trade	—
29	Communications, Climate Action and Environment	52,412
30	Agriculture, Food and the Marine	747
31	Transport, Tourism and Sport	32,340
32	Business, Enterprise and Innovation	743
33	Culture, Heritage and the Gaeltacht	2
34	Housing, Planning and Local Government	2,275
35	Army Pensions	—
36	Defence	3
37	Employment Affairs and Social Protection	13
38	Health	16
39	Office of Government Procurement	72
40	Children and Youth Affairs	2,625
41	Policing Authority	—
42	Rural and Community Development	—
	Total	170,345

Source: 2017 Appropriation Accounts

