



Office of the Comptroller and Auditor General

Accrual Financial Statements for the year ended 31 December 2015

Office of the Comptroller and Auditor General

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REPORT OF THE INDEPENDENT AUDITOR TO THE COMPTROLLER AND AUDITOR GENERAL

I have audited the financial statements of the Office of the Comptroller and Auditor General for the year ended 31 December 2015 which comprise the Statement of Income and Expenditure, the Statement of Financial Position, the Statement of changes in Revenue Reserves and State Funding Account, Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Comptroller and Auditor General. My audit work has been undertaken so that I might state to the Comptroller and Auditor General those matters I am required to state to him in an auditors' report and for no other purpose. To the fullest extent permitted by the law, I do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the Accounting Officer and the Auditor

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the Accounting Policies set out in the Statement of Accounting Policies. He is also responsible for the safeguarding of public funds and property under his control and for the regularity and propriety of all transactions in the financial statements.

It is my responsibility as independent auditor, to audit the financial statements 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 financial statements give a true and fair view. I also report to you whether in our opinion proper accounting records have been kept by the Office. In addition, I state whether I have obtained all the information and explanations necessary for the purposes of my audit, and whether the Office's Statement of Financial Position and Statement of Income and Expenditure are in agreement with the accounting records.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements and of whether the accounting policies are appropriate to the Office's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of information in the financial statements.

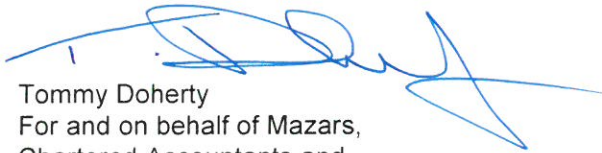
REPORT OF THE INDEPENDENT AUDITOR TO THE COMPTROLLER AND AUDITOR GENERAL

Opinion

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the Office of the Comptroller and Auditor General at 31 December 2015 and of its net cost of audits for the year then ended.

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 Office's Statement of Financial Position and Statement of Income and Expenditure are in agreement with the accounting records.



Tommy Doherty
For and on behalf of Mazars,
Chartered Accountants and
Registered Auditors
Harcourt Centre
Block 3
Dublin 2

14 June 2016

Office of the Comptroller and Auditor General

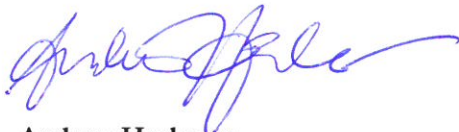
**Statement of Income and Expenditure
For the year ended 31 December 2015**

	Notes	2015 €000	2014 €000
Expenditure	2	13,243	11,912
Audit fees earned	4	(5,565)	(5,444)
Pension levy income		<u>(535)</u>	<u>(532)</u>
Net Cost of Audits		7,143	5,936

There was no other comprehensive income for the financial year (2014 €nil).

All amounts relate to continuing activities.

The notes 1 to 17 form part of these financial statements.



**Andrew Harkness
Accounting Officer**

14 June 2016.

Office of the Comptroller and Auditor General

**Statement of Financial Position
For the Year Ended 31 December 2015**

	Notes	2015	2014
		€000	€000
Fixed Assets			
Equipment, Fixtures and Fittings	9	2,156	400
Work in Progress	10	464	942
Current Assets			
Inventory		15	16
Receivables	11	<u>3,694</u>	<u>1,846</u>
		3,709	1,862
Current Liabilities (amounts falling due within one year)			
Cash and cash equivalents	12	1,183	(76)
Payables	13	<u>676</u>	<u>365</u>
		1,859	289
Net Current Assets		<u>1,850</u>	<u>1,573</u>
Total Net Assets		<u>4,470</u>	<u>2,915</u>
Representing			
State Funding Account	7	<u>4,470</u>	<u>2,915</u>

The notes 1 to 17 form part of these financial statements.



**Andrew Harkness
Accounting Officer**

14 June 2016.

**Statement of changes in Revenue Reserves and State Funding Account
For the Year Ended 31 December 2015**

	Notes	Revenue Reserves €000	State Funding Account €000	Total €000
At 1 January 2014		-	2,738	2,738
Net Cost of Audits		5,936	(5,936)	-
Drawdown from State	5		6,113	6,113
Transfer from State Funding Account		(5,936)	-	(5,936)
At 31 December 2014	7	-	2,915	2,915
		Revenue Reserves	State Funding Account	Total
At 1 January 2015	7	-	2,915	2,915
Net Cost of Audits		7,143	(7,143)	-
Drawdown from State	5		8,698	8,698
Transfer from State Funding Account		(7,143)	-	(7,143)
At 31 December 2015	7	-	4,470	4,470

The notes 1 to 17 form part of these financial statements.

Office of the Comptroller and Auditor General

Statement of Cash Flows
For the year ended 31 December 2015

	Notes	2015 €000	2014 €000
Net Cash Outflow from Operating Activities	14.1	(6,951)	(5,377)
Cash Flows from Investing Activities			
Payments to acquire equipment, fixtures and fittings		(325)	(189)
Cash Flows from Financing Activities			
Disbursements from the Exchequer	6	<u>6,017</u>	<u>5,244</u>
Net (Decrease) in Cash and Cash Equivalents		(1,259)	(322)
Cash and cash equivalents at 1 January		<u>76</u>	<u>398</u>
Cash and cash equivalents at 31 December		(1,183)	76

The notes 1 to 17 form part of these financial statements.



Andrew Harkness
Accounting Officer

14 June 2016.

1. Accounting Policies

The principal accounting policies, which have been adopted in the preparation of the financial statements, are set out below.

a) General Information

The Comptroller and Auditor General (C&AG) holds office under Article 33 of the Constitution. As provided for by law, the C&AG is responsible for auditing the public accounts, undertaking examinations on the management and use of public resources and reporting the results of the work to Dáil Éireann.

The Office of the Comptroller and Auditor-General supports the C&AG in discharging his or her duties. The Office is staffed by civil servants.

The Secretary and Director of Audit, in his capacity of Accounting Officer, is responsible for the administration of funds and the system of internal financial control. He is assigned the responsibility for preparing the annual Appropriation Account of the Office by the Minister for Public Expenditure and Reform in accordance with Section 22 of the Exchequer and Audit Departments Act 1866.

b) Statement of Compliance

The financial statements of the Office for the year ended 31 December 2015 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Office's first set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has not affected its reported financial position or financial performance.

c) Basis of Preparation

The financial statements have been prepared in accordance with the historical cost convention. The financial statements are prepared on an accruals basis. They reflect the cost of running the Office borne on the Vote of the Office and by other State agencies. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Office's financial statements.

d) Income Earned

Income earned consists mainly of audit fees. Fees are charged on a basis approved by the Department of Finance in respect of audit work on the accounts of State Sponsored bodies and most Departmental Funds. Fees are not charged for any other work.

e) 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.

f) Fixed Assets

Tangible Fixed Assets owned by the Office are valued at cost less accumulated depreciation and impairment.

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

Fixed assets are depreciated at rates calculated to write off the cost or valuation, less estimated residual value, over their expected useful lives, or lease period if shorter. The estimated useful life of the main categories of fixed assets are:

Equipment	5 years
Furniture & Fittings	10 years

A full year's depreciation is charged in the year of acquisition.

g) Office Premises/Rental Charges

Office staff are accommodated in premises located in Dublin which are provided by the Office of Public Works (OPW). The financial statements recognise rental charges representing the cost incurred by the OPW in respect of leasehold premises occupied by the Office.

h) Holiday Pay

Holiday pay is recognised as an expense in the year, and benefits that are accrued at year-end are included in payables figure in the Statement of Financial position.

i) Pension Costs

The Office has no liability in respect of pensions. All staff are members of the civil service pension schemes which are administered by the Department of Public Expenditure and Reform. No employer contribution is payable to these schemes. These accounts do not include any provision or charge for benefits payable in the year nor are the cost of future pension liabilities recognised.

j) Taxation

No provision has been made for taxation on revenue, as the Office is a department of State and thereby exempt from taxation.

VAT on purchases is absorbed by the Office. No VAT is levied on audit fees.

k) Inventory

Stocks of stationery and consumables are stated at the lower of cost or net realisable value.

l) State Funding Account

The State Funding Account records the recourse by the Office to the Exchequer in respect of funding for operations and net asset additions.

The balance on the State Funding Account represents the cumulative amount of Exchequer funding invested in the net assets held by the Office at each year-end. It consists of:

- A capital account which represents the unamortised value of Exchequer funding applied to the acquisition of fixed assets.
- An exchequer drawing account which represents the net recourse to the Exchequer in respect of the recoverable value of work completed in cases where an audit opinion has not been reported (work-in-progress).
- A current account which represents the net amount drawn from the Exchequer to fund the working capital requirements of the Office.

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

m) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the financial year end and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognized in the financial statements.

Work in Progress

The value of the work in progress is determined by the status of the audit and the agreed audit fee for that year.

Cleared for certification	90%
Audit review stage	75%
Fieldwork complete	60%
Final audit in progress	30%
Interim audit completed	15%
Interim audit in progress	10%

Furniture provided by OPW

The additions figure includes furniture provided by OPW. These furniture costs were estimated based on OPW standard price lists.

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**2. Expenditure**

The total expenditure was applied on the following matters:

	Notes	2015 €000	2014 €000
Staff Costs			
Salaries, Wages & Allowances	8	10,192	9,358
Travel & Subsistence		452	421
Staff Training & Development		<u>254</u>	<u>236</u>
		10,898	10,015
Cost of Outsourcing of Audits		416	407
Administrative Expenses			
Incidental Expenses		125	69
Postal and Telecommunications Services		128	92
Office Supplies		342	243
Loss arising from relocation		62	-
Depreciation		<u>360</u>	<u>181</u>
		1,017	585
Consultancy and Legal Fees		79	35
Establishment Costs			
Office Premises Expenses		218	177
Office of Public Works Services		<u>615</u>	<u>693</u>
	3	<u>833</u>	<u>870</u>
		13,243	11,912

3. Expenditure borne by other Departments

Included in the total expenditure reported in Note 2 is €0.615m (€0.693m in 2014) in respect of services discharged by the OPW on behalf of the Office. Of this amount €0.510m is in respect of rental charges on leasehold premises at 4-5 Harcourt Road and 3A Mayor Street Upper.

These accounts do not reflect the rental value of State owned premises at Dublin Castle provided free of charge by the OPW and which is estimated at €0.244m (€0.244m in 2014).

Included in the accounts is an amount of €30,000 in respect of services discharged by the Office of the Revenue Commissioners in relation to IT server hosting which moved to St John's Road, Dublin 8 in 2015.

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**4. Income Earned**

	Audit Fee Income 2015 €000	Audit Fee Income 2014 €000
Balance at 1 January		
Amount Receivable	170	179
Work In Progress	942	934
Accrued Income	<u>1,320</u>	<u>1,144</u>
	2,432	2,257
Income Earned	5,565	5,444
Receipts during the year	(5,589)	(5,269)
Balance at 31 December		
Amount Receivable	1,441	170
Work In Progress (Note 10)	464	942
Accrued Income	<u>503</u>	<u>1,320</u>
	2,408	2,432

5. Drawdowns from State Sources

	2015 €000	2014 €000
Disbursements from the Exchequer (Note 6)	6,017	5,244
Costs of Office borne by other Departments (Note 3)	645	693
Salary costs borne on the Central Fund	183	176
Fit Out Costs and assets provided by OPW (Note 9)	<u>1,853</u>	<u>-</u>
	8,698	6,113

6. Disbursements from the Exchequer

Disbursements represent the difference between amounts voted by Dáil Éireann and the surplus to be surrendered.

	2015 €000	2014 €000
Estimate Provision	6,682	5,922
Appropriation Account Surplus to be Surrendered	<u>(665)</u>	<u>(678)</u>
	6,017	5,244

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**7. State Funding Account**

	2015	2014
	€000	€000
Capital Account	2,156	400
Drawing Account	464	942
Current Account	<u>1,850</u>	<u>1,573</u>
	4,470	2,915

8. Salaries, Wages and Allowances

The number of staff at year end (full time equivalents) was 139 (146 in 2014)

The related costs were as follows:

	2015	2014
	€000	€000
Salaries, Wages and Allowances	8,953	8,451
Employers PRSI	<u>681</u>	<u>647</u>
	9,634	9,098
Contracting in	<u>558</u>	<u>260</u>
	10,192	9,358

- a) 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 and therefore is not included in the above amounts. The charge 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.
- b) The cumulative remuneration costs of the Directors of Audit amounted to €389,175 (2014: €374,806) included in this amount is the remuneration of the Accounting Officer €135,809 (2014: €130,799).
- c) Employee salary breakdown

Salary pay scale range

From	To	Number of Employees	
		2015	2014
€60,000	- €69,999	26	25
€70,000	- €79,999	21	21
€80,000	- €89,999	7	7
€90,000	- €99,999	2	2
€110,000	- €119,999	1	1
€120,000	- €129,999	1	1
€130,000	- €139,999	1	1

A breakdown of total employee remuneration over €60,000, in increments of €10,000, is disclosed pursuant to DPER circular 13/2014

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**9. Equipment, Fixtures and Fittings**

	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 book value at 31 December 2015	433	1,723	2,156
Net book value 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.

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**10. Work in Progress**

The value of work in progress is determined by the status of the audit and the agreed audit fee as at 31 December as follows:

Status of audit	Percentage of audit fee included in work-in- progress	2015 €000	2014 €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%	<u>137</u>	<u>72</u>
		464	942

11. Receivables

	2015 €000	2014 €000
Audit Fee Debtors	1,441	170
Accrued Income	503	1,320
Other Debtors	116	294
Prepayments	107	97
Grant Money due from/(to) the Exchequer	<u>1,527</u>	<u>(35)</u>
	3,694	1,846

12. Cash and Cash Equivalents

	2015 €000	2014 €000
PMG Account overdrawn	(1,228)	57
Bank Account	<u>45</u>	<u>19</u>
	(1,183)	76

13. Payables (amounts falling due within one year)

	2015 €000	2014 €000
Accrued Expenses	76	30
Due to the State	416	293
Holiday Pay Accrual	140	-
Payroll deductions held in suspense	<u>44</u>	<u>42</u>
	676	365

Notes to the Financial Statements for the year ended 31 December 2015 (continued)**14. Notes to the Cash Flow Statement****14.1 Reconciliation of Operating Cost to Net Cash Outflow**

	2015	2014
	€000	€000
Net Operating Cost for the Year (Net Cost of Audits)	(7,143)	(5,936)
Expenditure borne by other Departments/Central Fund (non– capital)	828	869
Loss on Disposal of Fixed Assets	<u>62</u>	<u>-</u>
	(6,253)	(5,067)
Adjustment for non cash transactions		
Depreciation	360	181
	(5,893)	(4,886)
Movement in Net Current Assets and Work-in-Progress		
Decrease / (Increase) in Inventory	1	(2)
Decrease / (Increase) in Work-in-Progress	478	(8)
(Increase) in Receivables	(1,848)	(493)
Increase in Payables	<u>311</u>	<u>12</u>
Net Cash Outflow from Operating Activities	(6,951)	(5,377)

15. Commitments and Contingencies

Contracted commitments at 31 December 2015 amounted to €18,000

16. Related Party Disclosures

The remuneration costs of key management personnel in the Office consisting of members of the Audit Board comprising the Comptroller and Auditor General, the Accounting Officer and the Directors of Audit is disclosed in note 8.

No management, staff or other related parties have undertaken any material transactions with the Office during the year. The Office of Public Works provided accommodation and related services. The financial statements include the cost of these services.

17. Retirement Benefit Costs

In 2015 €1.368m (€1.697m in 2014) of pension payments were made to former members of staff and office holders from the Central Fund and the Superannuation and Retired Allowances Vote. The accounts do not reflect this charge.