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**Office of the Comptroller and Auditor General**

**Accrual Financial Statements for the year ended 31 December 2013**

**Contents:**

Report of the Independent Auditor	3-4
Statement of Accounting Policies	5-6
Income and Expenditure Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the financial statements	10-16

## **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 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, 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 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 purposes of my audit, and whether the Office's Balance Sheet and Income and Expenditure Account are in agreement with the books of account.

### **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 2013 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 books of account have been kept by the Office of the Comptroller and Auditor General. The Office's Balance Sheet and Income and Expenditure Account are in agreement with the books of account.



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

30 April 2014

## **Statement of Accounting Policies**

The principal accounting policies, which have been adopted in the preparation of the financial statements, are as follows:

### **1. Accounting Convention**

The financial statements have been prepared in accordance with applicable accounting standards generally accepted in Ireland and 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 as detailed in the following accounting policies.

### **2. 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.

### **3. 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, and is stated at the lower of cost and net realisable value.

### **4. Fixed Assets**

Tangible Fixed Assets owned by the Office are valued at their cost to the Office.

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.

### **5. Office Premises/Rental Charges**

Audit 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.

## **6. Pension Costs**

The Office has no liability in respect of pensions. All staff are members of the Civil Service Pension Scheme which are administered by the Department of Finance. 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 included on the Balance Sheet.

## **7. Taxation**

No provision has been made for taxation, as the Office is a central Government Office and thereby exempt from taxation.

Under the tax rules applying to Government Offices, VAT on purchases is absorbed by the Office. No VAT is levied on audit fees.

## **8. Stocks**

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

## **9. 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 State 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 State 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.

**Office of the Comptroller and Auditor General**

**Income and Expenditure Account for the year ended 31 December 2013**

	Notes	2013 €000	2012 €000
Expenditure on Audits	1	11,930	11,782
Income Earned	3	(5,441)	(5,281)
Pension Levy Income		<u>(565)</u>	<u>(570)</u>
<b>Net Cost of Audits</b>		<b>5,924</b>	<b>5,931</b>

**State Funding Account for year ended 31 December 2013**

Balance at 1 January	6	2,043	2,134
Drawdowns from State Sources	4	<u>6,619</u>	<u>5,840</u>
		8,662	7,974
<b>Net Cost of Audits</b>		<b>5,924</b>	<b>5,931</b>
Balance at 31 December	6	2,738	2,043

The Office has no recognised gains or losses other than the results for the year as set out above.

All amounts relate to continuing activities.

Notes 1 to 17 form part of these financial statements.

**Andrew Harkness**  
**Accounting Officer**  
**31 March 2014.**

**Office of the Comptroller and Auditor General**  
**Balance Sheet as at 31 December 2013**

	Notes	2013	2012
		€000	€000
<b>Fixed Assets</b>			
Tangible Assets	8	392	413
<b>Work in Progress</b>	10	934	578
<b>Current Assets</b>			
Stocks	9	14	21
Debtors (amounts falling due within one year)	11	1,353	1,314
Bank	12	<u>398</u>	<u>68</u>
		1,765	1,403
<b>Creditors (amounts falling due within one year)</b>			
Other Creditors	13	<u>353</u>	<u>351</u>
		<u>353</u>	<u>351</u>
<b>Net Current Assets</b>		<u>1,412</u>	<u>1,052</u>
<b>Total Assets less Current Liabilities</b>		<u>2,738</u>	<u>2,043</u>
<b>Financed By:</b>			
State Funding Account	6	<u>2,738</u>	<u>2,043</u>

Notes 1 to 17 form part of these financial statements.

**Andrew Harkness**  
**Accounting Officer**  
**31 March 2014.**



**Office of the Comptroller and Auditor General**  
**Cash Flow Statement for the year ended 31 December 2013**

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
		<b>€000</b>	<b>€000</b>
<b>Net Cash Outflow from Operating Activities</b>	14.1	(5,283)	(4,756)
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		<u>(148)</u>	<u>(159)</u>
<b>Net Cash outflow before Financing</b>		(5,431)	(4,915)
<b>Net Cash Inflow from Exchequer</b>			
Disbursements from the Exchequer	5	5,761	5,023
Increase/(Decrease) in Cash and Cash Equivalents	14.2	<u>330</u>	<u>108</u>

Notes 1 to 17 form part of these financial statements.

# Office of the Comptroller and Auditor General

Notes to the Financial Statements for the year ended 31 December 2013

## 1. Expenditure on Audits

The total expenditure was applied on the following matters:

	Notes	2013		2012	
		€000		€000	
<b>Staff Costs</b>					
Salaries, Wages & Allowances	7	9,381		9,296	
Travel & Subsistence		435		449	
Staff Training & Development		<u>115</u>	9,931	<u>96</u>	9,841
<b>Cost of Outsourcing of Audits</b>			389		414
<b>Administrative Expenses</b>					
Incidental Expenses		129		78	
Postal and Telecommunications Services		90		86	
Office Supplies		159		258	
Depreciation		169		171	
			547		593
<b>Consultancy and Legal Fees</b>			54		23
<b>Establishment Costs</b>					
Office Premises Expenses		334		238	
Office of Public Works Services	2	<u>676</u>	<u>1,009</u>	<u>673</u>	<u>911</u>
			11,930		11,782

## 2. Expenditure borne by other Departments

Included in the total expenditure reported in Note 1 is €0.676m (€0.673m in 2012) in respect of services discharged by the OPW on behalf of the Office. Of this amount €0.650m is in respect of rental charges on leasehold premises at 4-5 Harcourt Road, Dublin 2.

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 €0.203m (€0.202m in 2012).

## 3. Income Earned

	Audit Fee Income 2013 €000	Audit Fee Income 2012 €000
Balance at 1 January		
Amount Receivable	479	726
Work In Progress	578	611
Accrued Income	<u>531</u>	<u>297</u>
	1,588	1,634
<b>Income Earned</b>	<b><u>5,441</u></b>	<b><u>5,281</u></b>
	7,029	6,915
Receipts during the year	(4,772)	(5,327)
Balance at 31 December		
Amount Receivable	179	479
Work In Progress (Note 10)	934	578
Accrued Income	<u>1,144</u>	<u>531</u>
	2,257	1,588

## 4. Drawdowns from State Sources

	2013 €000	2012 €000
Disbursements from the Exchequer (Note 5)	5,761	5,023
Costs of Office borne by other Departments (Note 2)	676	673
Salary costs borne on the Central Fund	182	144
	<u>6,619</u>	<u>5,840</u>

## 5. Disbursements from the Exchequer

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

	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Estimate Provision	5,977	6,591
Appropriation Account Surplus to be Surrendered	<u>(216)</u>	<u>(1,568)</u>
	5,761	5,023

## 6. State Funding Account

	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Capital Account	392	413
Drawing Account	934	578
Current Account	<u>1,412</u>	<u>1,052</u>
	2,738	2,043

## 7. Salaries, Wages and Allowances

The number of staff at year end (full time equivalents) was 142.5 (136 in 2012)

The related costs were as follows:

	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Salaries, Wages and Allowances	8,364	8,351
Employers PRSI	<u>628</u>	<u>620</u>
	8,992	8,971
Contracting in	<u>389</u>	<u>324</u>
	9,381	9,296

Included in the wages and salary figure above is an amount of € 182,816 (€143,701 in 2012) discharged from the Central Fund.

## 8. Fixed Assets

	Office Equipment €000	Furniture and Fittings €000	Total  €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2013	1,986	343	2,329
Additions	133	15	148
Disposals	-	-	-
Cost or valuation at 31 December 2013	2,119	358	2,477
<b>Accumulated Depreciation</b>			
Opening balance at 1 January 2013	1,672	244	1,916
Depreciation for the year	144	25	169
Depreciation on disposals	-	-	-
Cumulative depreciation at 31 December 2013	1,816	269	2,085
<b>Net Assets at 31 December 2013</b>	303	89	392
<b>Net Assets at 31 December 2012</b>	314	99	413

## 9. Stocks

	2013 €000	2012 €000
Stationery	14	16
Consumables	<u>0</u>	<u>5</u>
	14	21

#### 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	2013 €000	2012 €000
Cleared for Certification	90%	226	117
Audit Review Stage	75%	289	177
Fieldwork Complete	60%	167	75
Final Audit in Progress	30%	16	41
Interim Audit Completed	15%	132	109
Interim Audit in Progress	10%	<u>104</u>	<u>59</u>
		934	578

#### 11. Debtors (Amounts falling due within one year)

	2013 €000	2012 €000
Audit Fee Debtors	179	479
Accrued Income	1,144	531
Other Debtors	92	107
Prepayments	102	76
Advances due to OPW	-	-
Grant Money due (to)/from the Exchequer	<u>(164)</u>	<u>121</u>
	1,353	1,314

#### 12. Bank Balances and Cash

	2013 €000	2012 €000
PMG Account	33	(14)
Bank Account	<u>365</u>	<u>82</u>
	398	68

#### 13. Other Creditors (Amounts falling due within one year)

	2013 €000	2012 €000
Accrued Expenses	27	55
Other Credit Balances	-	1
Due to the State	287	246
Owed to OPW	-	11
Payroll deductions held in suspense	<u>39</u>	<u>38</u>
	353	351

## 14. Notes to the Cash Flow Statement

### 14.1 Reconciliation of Operating Cost to Net Cash Outflow

	2013	2012
	€000	€000
Net Operating Cost for the Year (Net Cost of Audits)	(5,924)	(5,931)
Expenditure borne by other Departments/Central Fund	858	816
Loss on Disposal of Fixed Assets	<u>-</u>	<u>-</u>
	(5,066)	(5,115)
<b>Adjustment for non cash transactions</b>		
Depreciation	169	171
	(4,898)	(4,944)
<b>Movement in Net Current Assets and Work-in-Progress</b>		
Decrease/(Increase) in Stock	7	9
(Increase)/ Decrease in Work-in-Progress	(356)	33
(Increase)/Decrease in Debtors	(39)	158
Increase/(Decrease) in Creditors	<u>2</u>	<u>(12)</u>
<b>Net Cash Outflow from Operating Activities</b>	(5,283)	(4,756)

### 14.2 Reconciliation of Net Cash Outflow to Movement in Net Funds

	2013	2012
	€000	€000
Cash in Bank at 1 January	68	(40)
Net Cash (Outflow)/Inflow	<u>330</u>	<u>108</u>
Cash in Bank at 31 December	398	68

**15. Commitments and Contingencies**

Contracted commitments at 31 December 2013 amounted to €26,000.

**16. Related Party Transactions**

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

**17. Pension Costs**

In 2013 €1,709,505 (€2,314,513 in 2012) 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.