



Office of the Comptroller and Auditor General

Accrual Financial Statements for the year ended 31 December 2014



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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 2014 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 2014 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
Dublin 2

11 May 2015

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.

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 2014

	Notes	2014 €000	2013 €000
Expenditure on Audits	1	11,912	11,930
Income Earned	3	(5,444)	(5,441)
Pension Levy Income		<u>(532)</u>	<u>(565)</u>
Net Cost of Audits		5,936	5,924

State Funding Account for year ended 31 December 2014

Balance at 1 January	6	2,738	2,043
Drawdowns from State Sources	4	<u>6,113</u>	<u>6,619</u>
		8,851	8,662
Net Cost of Audits		5,936	5,924
Balance at 31 December	6	2,915	2,738

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 16 form part of these financial statements.

Andrew Harkness
Accounting Officer
11 May 2015.

Office of the Comptroller and Auditor General
Balance Sheet as at 31 December 2014

	Notes	2014	2013
		€000	€000
Fixed Assets			
Tangible Assets	8	400	392
Work in Progress	9	942	934
Current Assets			
Stocks		16	14
Debtors (amounts falling due within one year)	10	1,846	1,353
Bank	11	<u>76</u>	<u>398</u>
		1,938	1,765
Creditors (amounts falling due within one year)			
Other Creditors	12	<u>365</u>	<u>353</u>
		<u>365</u>	<u>353</u>
Net Current Assets		<u>1,573</u>	<u>1,412</u>
Total Assets less Current Liabilities		<u>2,915</u>	<u>2,738</u>
Financed By:			
State Funding Account	6	<u>2,915</u>	<u>2,738</u>

Notes 1 to 16 form part of these financial statements.

Andrew Harkness
Accounting Officer
11 May 2015.

Office of the Comptroller and Auditor General
Cash Flow Statement for the year ended 31 December 2014

	Notes	2014	2013
		€000	€000
Net Cash Outflow from Operating Activities	13.1	(5,377)	(5,283)
Capital Expenditure			
Payments to acquire tangible fixed assets		<u>(189)</u>	<u>(148)</u>
Net Cash outflow before Financing		(5,566)	(5,431)
Net Cash Inflow from Exchequer			
Disbursements from the Exchequer	5	5,244	5,761
(Decrease)/Increase in Cash and Cash Equivalents	13.2	<u>(322)</u>	<u>330</u>

Notes 1 to 16 form part of these financial statements.

Andrew Harkness
Accounting Officer
11 May 2015.

Office of the Comptroller and Auditor General
Notes to the Financial Statements for the year ended 31 December 2014

1. Expenditure on Audits

The total expenditure was applied on the following matters:

	Notes	2014	2013	
		€000	€000	
Staff Costs				
Salaries, Wages & Allowances	7	9,358	9,381	
Travel & Subsistence		421	435	
Staff Training & Development		<u>236</u>	<u>115</u>	9,931
		10,015		
Cost of Outsourcing of Audits		407		389
Administrative Expenses				
Incidental Expenses		69	129	
Postal and Telecommunications Services		92	90	
Office Supplies		243	285	
Depreciation		181	169	
		585		673
Consultancy and Legal Fees		35		54
Establishment Costs				
Office Premises Expenses		177	207	
Office of Public Works Services	2	<u>693</u>	<u>870</u>	<u>883</u>
		11,912	<u>676</u>	11,930

Classification of comparatives have been aligned to current year disclosures

2. Expenditure borne by other Departments

Included in the total expenditure reported in Note 1 is €0.693m (€0.676m in 2013) 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 €0.244m (€0.203m in 2013).

3. Income Earned

	Audit Fee Income 2014 €000	Audit Fee Income 2013 €000
Balance at 1 January		
Amount Receivable	179	479
Work In Progress	934	578
Accrued Income	<u>1,144</u>	<u>531</u>
	2,257	1,588
Income Earned	<u>5,444</u>	<u>5,441</u>
	7,701	7,029
Receipts during the year	(5,269)	(4,772)
Balance at 31 December		
Amount Receivable	170	179
Work In Progress (Note 9)	942	934
Accrued Income	<u>1,320</u>	<u>1,144</u>
	2,432	2,257

4. Drawdowns from State Sources

	2014 €000	2013 €000
Disbursements from the Exchequer (Note 5)	5,244	5,761
Costs of Office borne by other Departments (Note 2)	693	676
Salary costs borne on the Central Fund	<u>176</u>	<u>182</u>
	6,113	6,619

5. Disbursements from the Exchequer

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

	2014	2013
	€000	€000
Estimate Provision	5,922	5,977
Appropriation Account Surplus to be Surrendered	<u>(678)</u>	<u>(216)</u>
	5,244	5,761

6. State Funding Account

	2014	2013
	€000	€000
Capital Account	400	392
Drawing Account	942	934
Current Account	<u>1,573</u>	<u>1,412</u>
	2,915	2,738

7. Salaries, Wages and Allowances

The number of staff at year end (full time equivalents) was 146 (142 in 2013)

The related costs were as follows:

	2014	2013
	€000	€000
Salaries, Wages and Allowances	8,451	8,364
Employers PRSI	<u>647</u>	<u>628</u>
	9,098	8,992
Contracting in	<u>260</u>	<u>389</u>
	9,358	9,381

Included in the wages and salary figure above is an amount of € 175,742 (€182,800 in 2013) discharged from the Central Fund.

8. Fixed Assets

	Office Equipment €000	Furniture and Fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	2,119	358	2,477
Additions	183	6	189
Disposals	(285)	(1)	(286)
Cost or valuation at 31 December 2014	2,017	363	2,380
Accumulated Depreciation			
Opening balance at 1 January 2014	1,816	269	2,085
Depreciation for the year	159	22	181
Depreciation on disposals	(285)	(1)	(286)
Cumulative depreciation at 31 December 2014	1,690	290	1,980
Net Assets at 31 December 2014	327	73	400
Net Assets at 31 December 2013	303	89	392

9. 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	2014 €000	2013 €000
Cleared for certification	90%	316	226
Audit review stage	75%	318	289
Fieldwork complete	60%	161	167
Final audit in progress	30%	25	16
Interim audit completed	15%	50	132
Interim audit in progress	10%	<u>72</u>	<u>104</u>
		942	934

10. Debtors (Amounts falling due within one year)

	2014 €000	2013 €000
Audit Fee Debtors	170	179
Accrued Income	1,320	1,144
Other Debtors	294	92
Prepayments	97	102
Grant Money due (to)/from the Exchequer	<u>(35)</u>	<u>(164)</u>
	1,846	1,353

11. Bank Balances and Cash

	2014 €000	2013 €000
PMG Account	57	33
Bank Account	<u>19</u>	<u>365</u>
	76	398

12. Other Creditors (Amounts falling due within one year)

	2014 €000	2013 €000
Accrued Expenses	30	27
Due to the State	293	287
Payroll deductions held in suspense	<u>42</u>	<u>39</u>
	365	353

13. Notes to the Cash Flow Statement

13.1 Reconciliation of Operating Cost to Net Cash Outflow

	2014	2013
	€000	€000
Net Operating Cost for the Year (Net Cost of Audits)	(5,936)	(5,924)
Expenditure borne by other Departments/Central Fund	869	858
Loss on Disposal of Fixed Assets	<u>-</u>	<u>-</u>
	(5,067)	(5,066)
Adjustment for non cash transactions		
Depreciation	181	169
	(4,866)	(4,897)
Movement in Net Current Assets and Work-in-Progress		
(Increase)/Decrease in Stock	(2)	7
(Increase)/ Decrease in Work-in-Progress	(8)	(356)
(Increase)/Decrease in Debtors	(493)	(39)
Increase/(Decrease) in Creditors	<u>12</u>	<u>2</u>
Net Cash Outflow from Operating Activities	(5,377)	(5,283)

13.2 Reconciliation of Net Cash Outflow to Movement in Net Funds

	2014	2013
	€000	€000
Cash in Bank at 1 January	398	68
Net Cash (Outflow)/Inflow	<u>(322)</u>	<u>330</u>
Cash in Bank at 31 December	76	398

14. Commitments and Contingencies

Contracted commitments at 31 December 2014 amounted to €77,000

15. 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.

16. Pension Costs

In 2014 €1,697,462 (€1,709,505 in 2013) 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.