



Oifig an Ard-Reachtair Cuntas agus Ciste
Office of the Comptroller and Auditor General

PERFORMANCE REPORT 2020

Independent
Objective
Constructive
Committed to Excellence

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Introduction

This report presents key performance information for the Office of the Comptroller and Auditor General. The reporting outlines performance in 2020 compared to prior years, under six themes using a combination of quantitative and qualitative methods. Those themes are

- what we deliver
- the impact we have
- financial performance
- staff and resources
- building capacity
- international contribution.

The report also sets out additional information and recent trends for comparative purposes.

A strategy statement for the period 2016 to 2020 is published on our website (www.audit.gov.ie). A new statement of strategy for 2021 to 2025 was published on our website in December 2020.

Covid-19 pandemic

In March 2020, in response to the Covid-19 pandemic, the Office activated its business continuity plan. This resulted in the Office becoming a predominantly remote-working organisation. Our work was not significantly disrupted and we were able to deliver our key audit and reporting outputs in 2020. Given the unforeseen duration of office wide remote working, a number of measures were introduced such as updated policies and procedures, additional cybersecurity including data protection training and regular management communications. Staff wellbeing initiatives were prioritised and staff surveys introduced to track staff sentiment. Audit quality was maintained through the issue of technical guidance to staff and to audited bodies.

The Office's new statement of strategy recognises that the pandemic has changed the way we work and has accelerated an increase in remote working in the near future. Through the use of technology, we will embrace the changing face of work and of the workplace, so our people have greater choice of models of working.

Peer review

In early 2020, the Office commissioned an independent peer review to measure performance against international standards and good practice and to meet one of our high level strategic objectives. It was carried out by a group of experts with extensive experience at a senior management level in the UK, the European Union and Canada. A peer review is a review carried out by persons coming from or with deep experience in other audit institutions. The peer review, which was informed by international peer review guidelines, was published in May 2020.

The overall conclusion of the peer review was that the Office meets or substantially meets international standards and good practice as set out in the INTOSAI Performance Measurement Framework. We accepted all of the peer review group's findings and committed to acting upon all recommendations promptly.

What we deliver

In 2020, the Office of
the Comptroller and
Auditor General...

97%



certified 97% of
2019 accounts, when
measured by value,
within nine months of
the financial year end,
(target 95%)

282



completed 282
audits of financial
statements
(target 275)

21



completed 21
examinations dealing
with aspects of public
service delivery and
the use of public
resources
(target 25)

100%



responded to 100%
of requests from the
Minister for Finance for
supply and quarterly
credits for the issue of
funds from the Central
Fund of the Exchequer
before the credit
period commenced
(target 100%)

11



considered 11
matters reported to
the Office under the
Protected Disclosures
Act 2014 or on an
anonymous basis

23



attended all 23
meetings of the
Public Accounts
Committee.

The impact we have

We measure the impact of our work by our interaction with audited bodies in 2020, during which we...

95%



issued a clear audit opinion in 95% of the financial statements noted by the Public Accounts Committee in the year

59



made 59 recommendations aimed at ensuring good practice and improved performance, of which 100% were accepted in full or in part by the audited body

19



drew attention to 19 important matters in understanding the accounts of public bodies and in 51 instances to other matters deemed to be of importance to users of the accounts

6



published one audit insights document, hosted one audit insights online event, provided three external briefings on the audit insights document and contributed to one good practice initiative in the area of assurance arrangements

1000



raised just over 1,000 matters requiring attention with the management of audited bodies in post audit correspondence

All

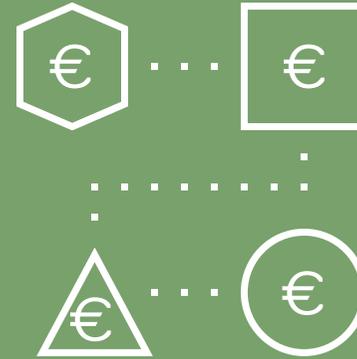


conducted all financial audits and examinations in accordance with international auditing standards.

Financial performance

In 2020, the Office of the Comptroller and Auditor General...

€14m



delivered an audit and examinations programme at a total cost of €14 million (2019: €13.4 million)

€6.3m



collected €6.3 million in audit fees in line with partial cost recovery approach (2019: €7.4 million)

181



employed an average of 181 staff (WTE) at a salary cost of €11.4 million (2019: 174 WTE, cost €10.5 million).

Staff and resources

In 2020...

61%



61% of the staff assigned to financial audit were qualified accountants and the remainder were part qualified (managers assigned to financial audits are qualified accountants)

2%



staff had an average sickness absence rate of 2%

49:51
56:44



gender balance between female and male employees was 49:51; at senior management level, the ratio was 56:44

1.3%



on average, female employees were paid 1.3% more per hour than male employees

Building capacity

Supporting staff through education and continuous development ensures that we have the capacity necessary to carry out the work programme. In 2020...

21000



over 21,000 hours were devoted to training courses, professional studies and graduate training which amounted to more than 6% of available time

€256000



€256,000 was spent supporting post graduate and professional studies, continuing development training and professional membership fees

69



69 staff were pursuing professional accountancy or post graduate studies

7



seven staff members completed their final examinations and qualified as professional accountants

Our international contribution

As the national public sector auditor for Ireland, we contributed to international obligations through...



continuing our four year membership of the audit board of Eurocontrol (an intergovernmental organisation responsible for the delivery of safe, efficient and environmentally-friendly air traffic operations across Europe) and chairing that board from 1 July 2019



appointment to the Evaluation and Audit Advisory Committee of the International Civil Aviation Organisation (ICAO) in August 2020. The ICAO is a United Nations specialised agency to support diplomacy and cooperation in air transport.



participation in selected international fora for public audit in Europe and worldwide, including membership of INTOSAI's Financial Audit and Accounting Sub-committee and INTOSAI's Performance Audit Sub-committee



secondment of a Senior Auditor to the European Court of Auditors for a four year period working directly on the Court's annual report

The impact of the pandemic restricted the hosting of international delegations and participation in exchange programmes.

Additional information and key trends – 2016 to 2020

Number of accounts subject to audit

The accounts to be audited by the Comptroller and Auditor General are set by law. In a small number of cases, audits are undertaken with the agreement of the Minister for Public Expenditure and Reform.

The table below shows the number of accounts for periods of account ending in the respective years – the audits are due to be completed in the following year.

Number of accounts subject to audit ^a					
Period of account ending in	2016	2017	2018	2019	2020
Vote accounts	40	41	41	42	44
Departmental funds	25	26	27	26	26
Financial entities	26	26	28	32	33
Health entities	28	28	28	29	29
North South bodies	7	7	7	7	7
Education sector	48	47	47	45	45
Semi State bodies ^a	111	109	108	105	105
	285	284	286	286	289

Note a Includes subsidiaries of State bodies.

The following sections provide information on delivery, impact measures and financial performance.

Programme delivery

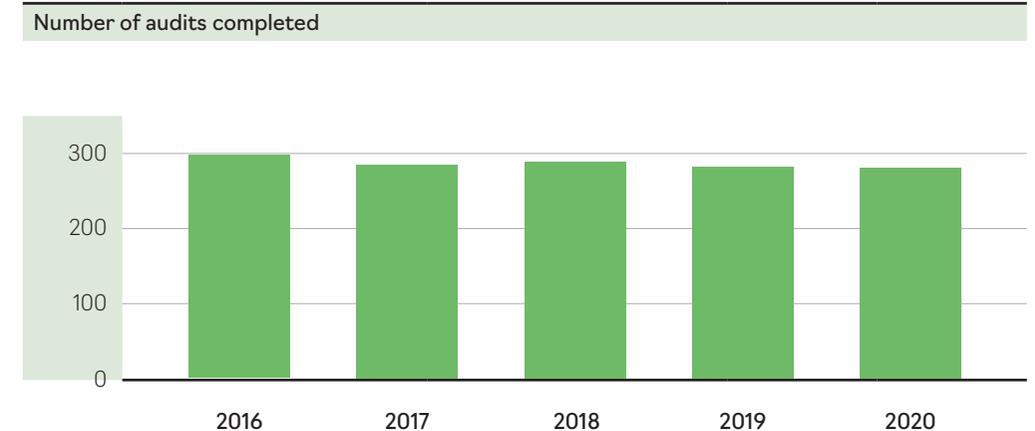
The audit of the financial statements of public bodies and the presentation of those financial statements to the Oireachtas are fundamental in ensuring that there is effective accountability for the use of public funds.

Audits completed

The graph shows the number of audits completed in each year.

In the case of the appropriation accounts of government departments and offices, the C&AG publishes the accounts in accordance with the Comptroller and Auditor General

(Amendment) Act 1993. In the case of the remaining public bodies, the responsibility for laying the audited accounts before the Oireachtas or for publishing the accounts is a matter for the relevant government department or body.



Audit certification timeliness

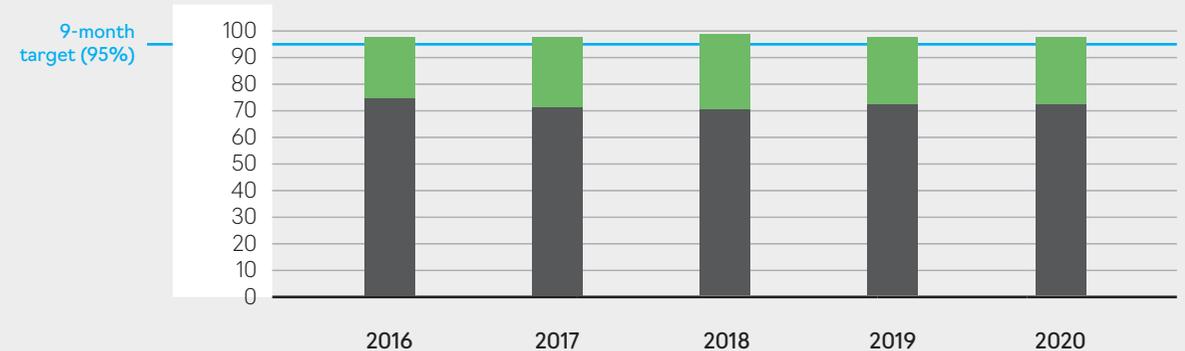
Certified accounts

The Office's key performance indicators on audit timeliness are measured by reference to value of turnover, and to the number of accounts.

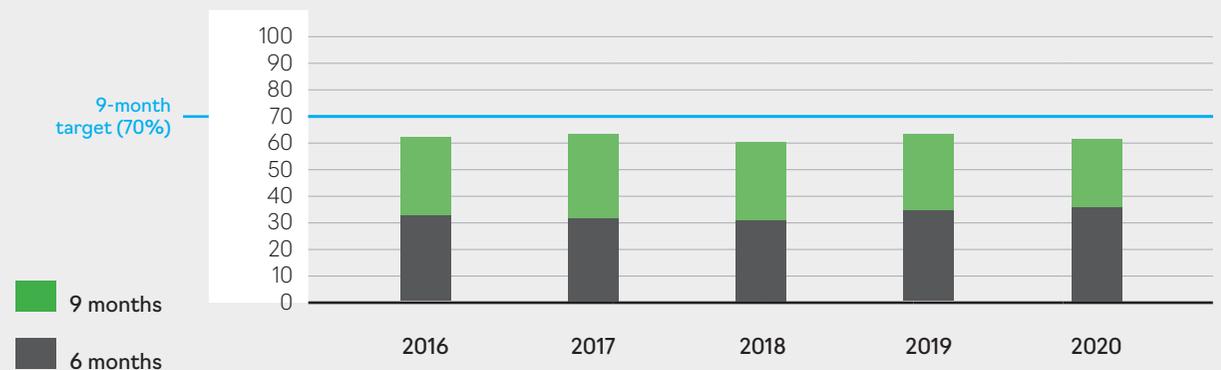
The key reference date for the Office is the end of the ninth month following the end of the financial period. In recent years, an audit completion target of 95% by value and 70% by number has been set.

In order to advance audit timeliness overall, priority has been given to certifying high-value accounts earlier.

Audits certified – by value



Audits certified – by number

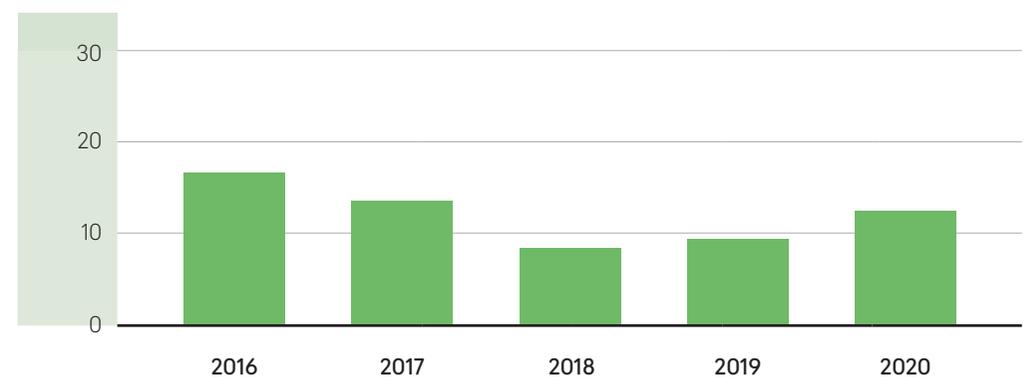


Uncertified accounts

The number of audits remaining to be completed at the end of each year (uncertified accounts) is shown in the graph on the right. This has fallen since 2016. The pandemic caused a slight increase in audit arrears at the end of 2020, compared to recent years.

The C&AG publishes a report setting out those bodies where delays in reporting have occurred, and the causes of those delays. The most recent report is available on our website (www.audit.gov.ie).

Uncertified accounts at end of year



The following graph displays the profile of 2019 draft accounts presented for audit in 2020 compared to the profile of accounts certified in 2020. Public sector bodies are required to submit draft accounts for audit two or three months after the end of their accounting period. This leads to the majority of the draft accounts being received by 31 March of each year. The Office does not have the resources to perform all these audits at the same time so spreads the audits throughout the year. Prioritisation is given to high value accounts. This leads to peaks in certification at the six month mark and the nine month mark, when all the votes must be certified and presented to the Oireachtas. The remaining audits being completed by year end.

Examinations

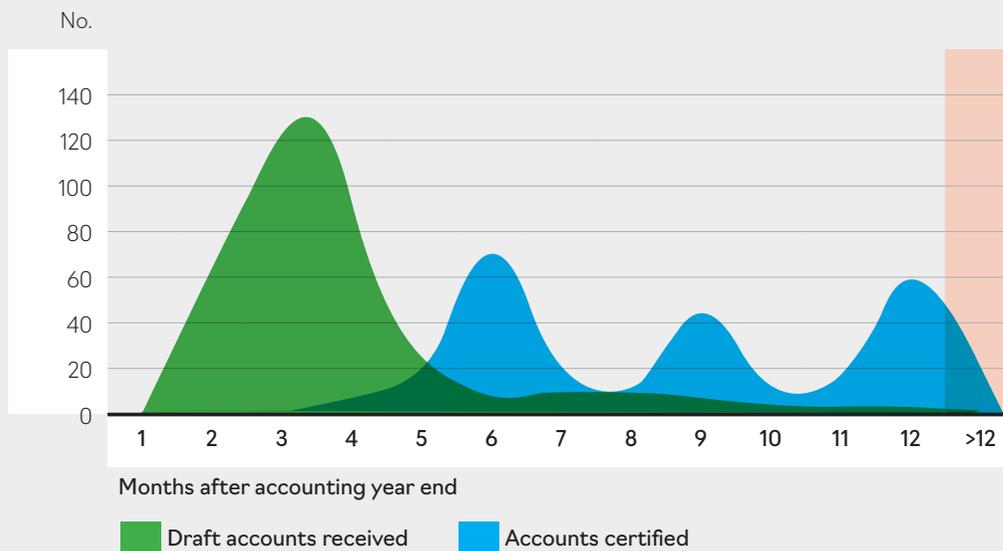
The Comptroller and Auditor General carries out examinations and then reports to Dáil Éireann on matters relating to the management and use of public resources. Reports of the C&AG form the basis of much of the work of the Public Accounts Committee.

Examination topics are determined by the C&AG based on a number of criteria including the significance of the subject, the potential impact or contribution to improvements in public administration and the need for public accountability. The target is for 25 reports to be published each year. Reports are either

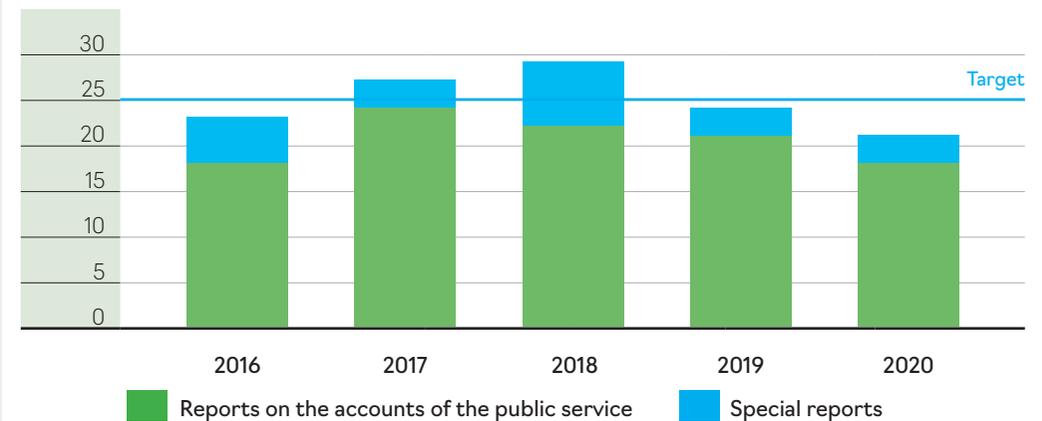
included in the report on the accounts of the public services which is published annually, or are published as stand-alone special reports.

The goal set out in the strategy statement 2016 – 2020 is to increase the number of special and cross-cutting reports completed in the year. This goal was not achieved in 2020 due to the impact of the pandemic and staff vacancies.

Profile of 2019 draft accounts received and certified in 2020



Number of reports issued



Ensuring quality

The quality of our work is based on two key principles

Embedding quality within our culture and day-to-day practices, and

Monitoring quality and acting upon the lessons to be learned.

We have policies and processes in place in relation to recruitment, training, continuing professional education and development, codes of conduct, and operational reviews of financial audit work and reports prior to publication.

Our quality control system for financial audit contains measures to monitor quality including reviews of

- » selected audits during the course of the audit by a senior manager independent of the team
- » all audits undertaken by commercial firms by a senior manager prior to certification
- » a sample of audits post certification by an external reviewer every two years.

Our quality control system for examinations contains measures to monitor quality including:

- » reviews of selected examinations during the course of the examination by a senior manager independent of the team prior to certification
- » post project reviews and annual staff workshops
- » periodic review of a sample of reports by an external reviewer.

Findings from these reviews are assessed and incorporated into the training needs of the Office.



Measuring the impact of our work

Results of financial audits

The C&AG's audit of financial statements has two main focuses

- accuracy and completeness of the financial statements,
- regularity and propriety of the transactions recorded in the financial statements, and the adequacy of governance of the public bodies, reported on an 'exception' basis.

Qualified audit opinion

14 sets of financial statements (5% of the total number of accounts) certified in 2020 received a qualified opinion. The reasons for all qualifications were issues concerning the accounting for pensions.

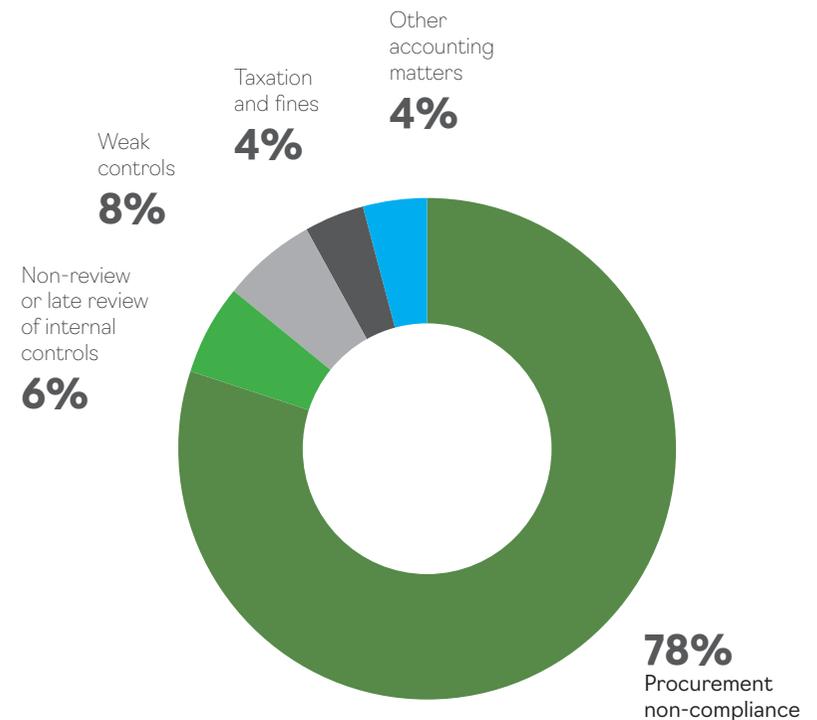
Emphasis of matter

An audit certificate may, where appropriate, draw attention to a matter that is of importance for readers in understanding the financial statements. 19 sets of financial statements certified in 2020 received an audit report containing emphasis of matter paragraphs. These mainly concerned the manner of accounting for pensions (16 cases) and the going concern basis of accounting (3).

Significant other matters

The C&AG reports by exception if he identifies material irregular transactions (e.g. public money not applied for the purposes intended) or where the statement on internal financial control does not reflect the audited body's compliance with the governance arrangements set out in its code of governance practice. This includes cases where there were material matters relating to the way in which public business has been conducted. There were 51 such instances in the audit reports of financial statements certified in 2020. The chart categorises the issues involved

Significant other matters noted in audit reports



Note

Procurement non-compliance – 'materiality' is procurement of €500,000 or more in one period of account, irrespective of the scale of procurement of the body concerned.

Other accounting matters include where attention is drawn to matters reported by the EU and included in the Statement of Internal Financial Control and references in the audit certificate to a C&AG report.

Matters raised with management

In addition to published reports, audit contributes to value by issuing post audit correspondence which aims to assist bodies to enhance their internal control and management by communicating findings, recommendations, and opportunities for improvement.

The chart shows the types of issues raised with bodies in respect of the financial statements certified in 2020.

In general, the matters referred to in the correspondence involve shortcomings in procedures which, if not addressed, could expose the bodies to loss, inaccurate financial reporting, non-compliance with appropriate procedures or governance norms for the public service.

Number of issues raised with management – accounts certified in 2020



Impact of recommendations on foot of examinations

Reports contain specific recommendations for good practice and improved performance together with the responses of the audited body.

In general, audited bodies accepted the recommendations made.

The table on the right sets out the number of recommendations made in reports together with the proportion accepted by bodies.

	2016	2017	2018	2019	2020
Number of published recommendations	46	42	47	38	59
Accepted by audited bodies	83%	93%	94%	95%	95%
Partially accepted by audited bodies	13%	7%	4%	5%	5%

Audit Insights

The Audit Insights unit was established in the Office in 2019. The purpose of audit insights is to identify and share learning opportunities for bodies by providing information on common recurring issues and good practice examples, identified through our financial audit and reporting work.

The Audit Insights unit publishes reports containing useful recommendations or examples of good practice which may be applied across the public service and supports events for those involved in public administration which share insights on good practice from across the public sector. The events cover topics such as good financial management practices and governance.

Impact of Covid-19 on your control environment

In the latter part of 2020, the Office published a guidance document on *the Impact of Covid-19 on your control environment*. This guidance was developed as part our Audit Insights programme to assist management and audit committees when considering the impact that the Covid-19 pandemic has had on the control environment of public sector organisations.

Following publication, the Office provided three briefings on the Covid-19 Audit Insights document – at the Network for Corporate Services Agencies Annual Conference, to the Heads of Finance in Government Departments and to the Heads of Internal Audit in Government Departments.

Online event

The Office hosted a half day online event for semi state clients on Special Report 101 Financial Management Maturity Model - A Good Practice Guide, which presented a financial management maturity model developed by the Office of the Comptroller and Auditor General, primarily for use by public sector bodies to self-assess their financial management practices. The event provided insights from a range of perspectives on the development and application of the model.

Other events

We gave a presentation at the IPA Governance Forum event on ensuring that assurance arrangements are fit for purpose.

Financial performance

The table summarises key financial data and staffing details for the last five years.

The Office is financed in the same manner as government departments through the annual estimates process whereby Dáil Éireann approves estimates of receipts and expenditure each year and gives statutory effect to the estimates in an annual Appropriation Act.

At the end of each financial year, each department and office is required to prepare an account, known as the appropriation account, which reports the outturn for the year compared with the amount provided by Dáil Éireann.

The Office's appropriation account is audited by an independent firm of accountants appointed by the C&AG. Payroll costs represent 82% of the annual cost of the Office. Pay rates are determined by the Minister for Public Expenditure and Reform. Audit fees are charged in respect of certain financial audits upon certification of the account.

Selected financial audits are outsourced. Other costs comprise training and development, professional membership fees, information technology and communications, accommodation, legal costs and consultancy work where experts are engaged to support examination work.

	2016	2017	2018	2019	2020
Financial costs	€000	€000	€000	€000	€000
Total operational cost ^a	11,567	11,923	13,059	13,799	14,301
of which					
Staff costs ^a	9,376	9,898	10,133	10,871	11,759
Travel expenses	517	549	626	611	156
Contracted audits	497	372	959	1,088	824
Other costs	1,177	1,104	1,341	1,229	1,562
Income					
Audit fees collected ^b	6,112	5,592	6,301	7,390	6,277
ASC (PRD)	402	394	427	374	339
Net Exchequer cost	5,053	5,937	6,331	6,035	7,685

Source: Extracts from audited appropriation accounts of the Office of the Comptroller and Auditor General - available on www.audit.gov.ie

Note

- a Staff costs in previous periods have been restated to include additional superannuation contributions from salaries (previously known as pension related deduction) which are retained as appropriation-in-aid.
- b No fees are charged in respect of the audit of appropriation accounts and examinations carried out.

Staff

Staffing levels

The average number of staff employed each year based on the whole time equivalent (WTE) are shown in the table. The difference between the authorised number and the average actually employed in each year is generally due to the time lag between the date of staff departures and the completion of recruitment processes.

Staff turnover represents all staff departures in the year as a proportion of the average number employed.

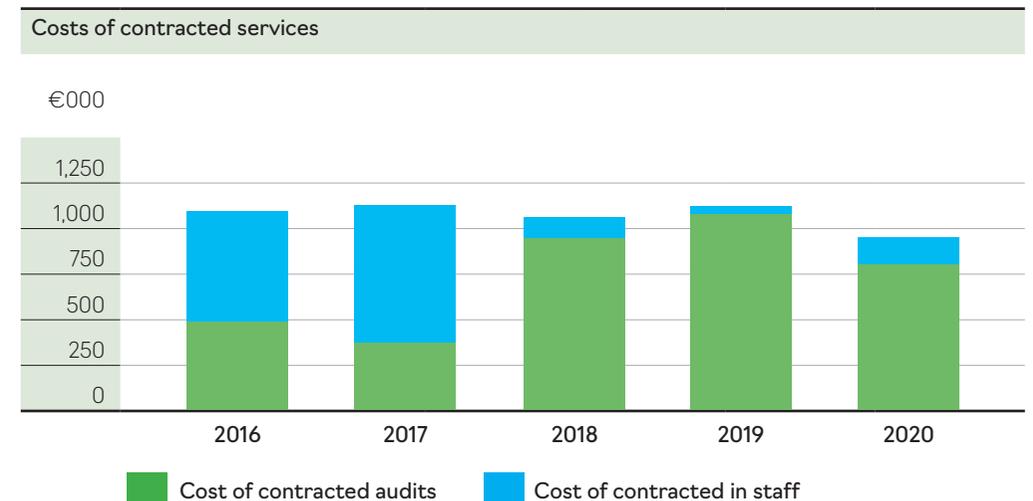
Staffing numbers					
	2016	2017	2018	2019	2020
Staffing numbers	WTE	WTE	WTE	WTE	WTE
Average employed	145	147	165	174	181
Authorised maximum staff complement	164	164	174	178	187
As a % of staff complement	88%	90%	95%	98%	97%
Staff turnover rate over the year	15%	14%	10%	9%	10.7%

Staff number equivalent of other resources employed					
Contracted staff	8	9	1	1	2
Contracted audits	6	5	9	8	6

Contracted services

The Office also outsources selected financial audits as a means of meeting part of the peak in audit demand and facilitating timely certification of financial statements. There is an agreement with staff unions to outsource audit work for an average of eight whole time equivalents per year over the period 2018 to 2020. Firms are competitively procured to undertake this work.

Qualified accountants are contracted in on an agency basis for short periods to fill temporary gaps which arise where permanent staff depart. Recourse to this option has decreased as the filling of the staff complement has been achieved.



Employee surveys

The issuance of employee pulse surveys commenced in May 2020. Issued fortnightly, the survey aims to give senior management a real-time insight into employee wellbeing, by providing a pulse check on important topics such as the remote working environment and communication. The questions in the survey do not change to ensure that employee wellbeing can be directly compared period on period. It also serves as an effective tool for employees to issue feedback on how the organisation is handling certain issues and communicating opportunities for improvement, allowing for immediate analysis and action by management.

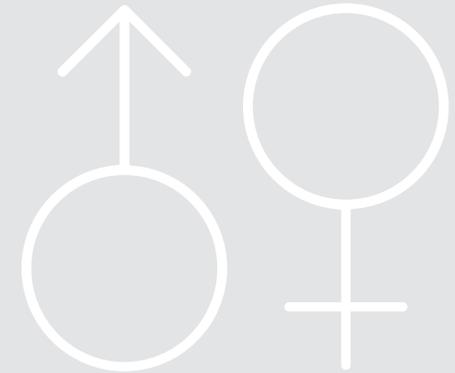
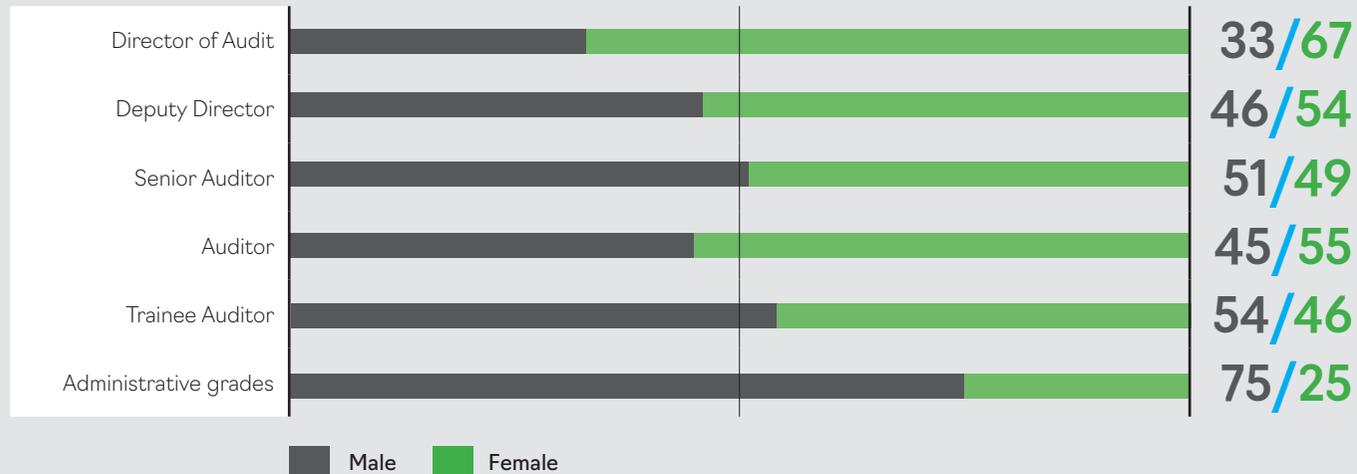
Over the series of surveys, the trends which have emerged so far are that respondents report their mood as being good, respondents report feeling well informed about the Office's Covid-19 response and report being able to work well remotely. Concerns relating to IT and other equipment were raised and are being addressed.

Overall feeling



Gender balance

Gender breakdown by grade



The graph above shows the gender breakdown at each of the main grades in the Office. All promotions are on foot of competitive processes.

Overall there is a 49:51 ratio of female to male employees. At the two more senior levels, the female to male ratio is 56:44.

At end 2020, 13% of female employees were working under reduced-hours contracts (job-sharing, parental leave, shorter working year etc.). 4% of male employees were working on reduced-hour contracts.

Pay differentials

All staff are remunerated on the basis of incremental salary scales for each grade. There are no bonus payments.

For the second year running there was no gender pay gap in the Office. On average across all grades for 2020, female employees were paid 1.3% more per contracted hours than male employees and in 2019 where female employees were paid 1.6% less than male employees. We consider a pay differential gap of less than 2% as being equal. This compares favourably to gender pay gap in Ireland, published by Eurostat in November 2020, which reported that women were paid 14.1% less than men.

Diversity, equality and inclusion



Our people bring a range of skills, talents, diverse thinking and positive experience to the Office. In our diversity statement, we commit to maintaining a positive workplace environment in which all staff feel valued and included. Our Diversity, Equality and Inclusion Statement is available at www.audit.gov.ie.

Our recruitment and promotion is undertaken in accordance with the Public Service Management (Recruitment and Appointments) Act 2004 and the code of practice issued by the Commission on Public Service Appointments. We operate under the framework of the civil service policies and procedures, which incorporate all legislative requirement in relation to equality, disability and human rights legislation.

Our Statement of Strategy 2021 to 2025 recognises that to strengthen our organisation, we must support our people to be engaged, highly skilled and strong performers. We want our workplace to continue to be inclusive and diverse and to respect the human rights and equality of our people.

We also recognise the importance of accessibility, diversity and inclusiveness of those who wish to access our website. In 2020, we installed accessibility software on our website which will allow a wider variety of people to access our website content in a way that takes account of their individual requirements and abilities. The software provides text to speech functionality, fully customisable styling features, reading support aids and a translation tool with over 100 languages, including 35 text to speech voices and many other features.

Bród



In June 2020, the Office issued an invite to all staff inviting them to engage in an open consultation on the establishment of an LGBTI+ employee and ally group. Proposed structures for the group, encouraging an open platform to understand the needs of LGBTI+ members and allies within our Office were discussed along with potential aims and milestones that could be achieved. Following the consultation, a group of staff volunteered to establish an Office LGBTI+ employee and ally group. In January 2021, staff were surveyed to select a name and following an enthusiastic response, the group officially adopted the name of the Bród, meaning pride in the Irish language.

Bród was established to offer support to our LGBTI+ colleagues and allies, and to foster the Office's growing and diverse culture. The aim is to contribute to the culture and environment of the Office by adding to existing wellness and employee assistance programmes currently in operation and to engage with other international and national civil and public LGBTI+ employee networks.

Building capacity

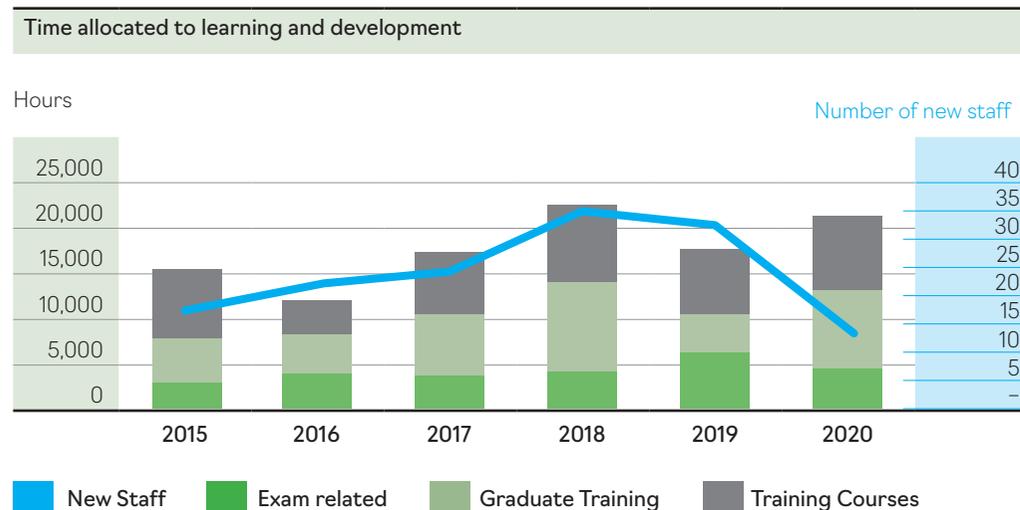
Learning and development

All managers on financial audits are qualified accountants – audit teams comprise a mixture of qualified and trainee accountants.

Our personnel policies and procedures are designed to ensure that we have sufficient staff with the capabilities, competence and commitment to ethical principles, necessary to carry out examinations and to perform audits in accordance with professional standards.

Financial support for courses and examinations is provided to staff pursuing post graduate qualifications and staff pursuing professional accountancy qualifications.

In addition, our staff participate in various education, training and development activities the details of which are set out in the graph.



Students from the University of Limerick

The University of Limerick Cooperative Education Programme is an initiative we have supported and benefited from for many years. Annually, a number of students in year three of their degree join the Office for a period of eight months. This affords students an opportunity to gain valuable on-the-job experience in a diverse and dynamic workplace while complementing their academic efforts. The insight gained into the operation of the workplace helps them to develop and apply the knowledge and competencies that form part of their degree studies.

In 2020, we took on nine students who worked in our financial audit division. In 2021, we plan to extend this programme to other areas of our work such as communications and ICT.

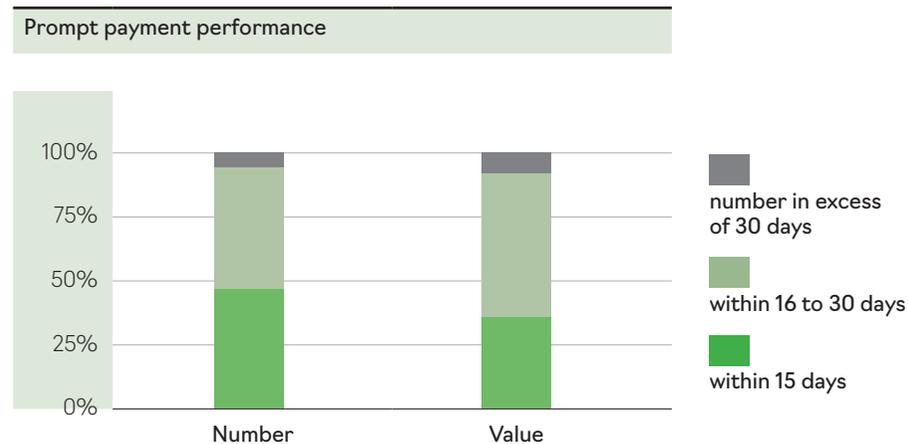
Corporate responsibilities

Prompt payments

Payment of invoices on time is governed by legislation which provides for the payment of interest on valid invoices which are unpaid after 30 days from the date of receipt. Furthermore, Government policy requires that public bodies pay suppliers within 15 days from receipt of the invoice. We consider an invoice received when it is complete and relates to goods and services

specifically requisitioned and received.

The graph shows our performance in 2020 in relation to the timeliness of payments to suppliers. Payments to suppliers with a combined value of €47,726 were paid outside the 30-day limit, attracting interest payments of €674 and compensation payments of €630.



Note

Late payment interest is calculated in respect of the period starting on the day after the due date and ending when payment is made. Payment of interest cannot be waived by the supplier and must be included with the amount payable for the invoice.

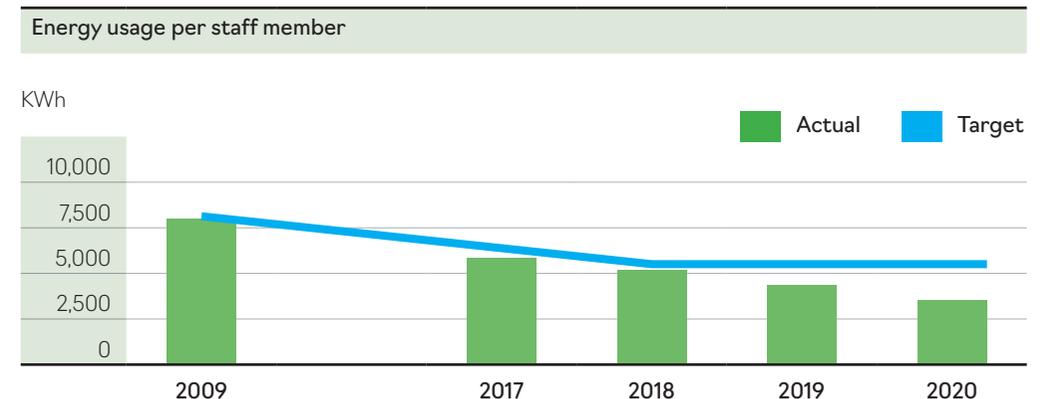
Energy consumption

A target to improve energy efficiency in the public sector by 33% by 2020 has been set by the Government. Our performance in meeting this target is measured relative to the number of staff employed (whole time equivalent).

The graph shows that in 2020, energy efficiency was 57.7% (2019:45.3%) better than the baseline, 36.8% better than the 2020 target and 36.8% better

than target 'glidepath'. However this is most likely caused by the significant reduction in staff in the office due to Covid-19 restrictions.

The Office uses an energy measurement system which allows us to analyse our electricity usage in more detail and to identify areas for further energy saving opportunities.



Note

The figures are shown in KWh per whole time equivalent. The Office participates in the Sustainable Energy Authority of Ireland (SEAI) online system for the purpose of reporting our energy usage. SEAI apply a conversion factor to take account of the environmental impact of different energy types.

The 2020 energy figures are based on energy readings reported to the Office by the energy provider. The figures are subject to verification as part of the SEAI reporting process and will be updated in mid-August.

Official Languages Act

The Office's Irish Language Scheme, as required under the Official Languages Act 2003, commenced with effect from March 2018 and is available on the Office's website (www.audit.gov.ie). Reflecting the provisions of the Act, the scheme requires the simultaneous publication in English and Irish of certain documents. The Office is committed to 100% publication of target documents simultaneously.

The Office's website was revamped in 2019 and now provides easier and better access to Irish versions of published information. As far as possible, new material posted on the website is made available simultaneously in both languages.

In 2020, all annual corporate publications were published simultaneously in both languages.

Due to the tight statutory timeframe in which the audits of appropriation accounts must be carried out, simultaneous publication in both languages of the certified accounts and any reports on matters arising from those audits has been challenging.

- All of the appropriation accounts for 2019 published on 30 September 2020 were available in both Irish and English on publication day.
- 18 chapters in the 2019 Report on the Accounts were published in English on 30 September 2020, only one was available in Irish. Within a week of publication a further ten chapters were published in Irish and the remaining seven chapters were published in Irish by 14 October 2020.

The pandemic adversely affected the Office's goal to improve significantly on the simultaneous publication performance for the 2019 annual report chapters. We expect to improve significantly in 2020.

Disclosures

The Comptroller and Auditor General is a prescribed person under the protected disclosures legislation. Disclosures about any matter relating to improper use of public funds and resources or concerning value for money in respect of entities that fall within his remit can be made to the Office. In 2020, there were 11 disclosures in total, of which five were made on an anonymous basis.

Guidance on how to make a protected disclosure can be found on our website www.audit.gov.ie.