

Chapter 5 Civil Service Commission

5.1 Accounting Shortcomings

The Appropriation Act provides the legal basis for the maximum expenditure on a Vote and for the maximum Appropriations-in-Aid which may be applied to a Vote. The Appropriation Act, 2003 states, that for the salaries and expenses of the Civil Service Commission and of the Local Appointments Commission, a Supply Grant of a sum not exceeding €11,408,000 is granted and Appropriations-in-Aid €200,000 may be applied. An Excess Vote can arise in a number of circumstances including where the total of the expenditure subheads exceeds the amount granted or where a shortfall of Appropriations-in-Aid is not matched by savings in expenditure.

During the audit of the Appropriation Account for 2003 submitted to me on 31 March 2004, a number of material errors were brought to light including

- The net salary payments for October 2003 viz. €428,186 had been posted to the wrong account
- €278,000 was recorded as being due from the Exchequer instead of to the Exchequer
- An error of €118,000 in the amount shown as uncashed payable orders in the Statement of Assets and Liabilities.

One effect of the salary misposting and other audit adjustments was to turn a surplus for surrender of €312,002 (as shown in the original signed account presented) into a net excess of expenditure over grant of €46,177. In terms of gross expenditure, the gross grant had been exceeded by €81,560.

I asked the Accounting Officer to explain the circumstances in which an incorrect Appropriation Account was presented and why the Commission's internal control checking systems did not detect the errors which led to an Excess Vote.

Accounting Officer's Response

The Accounting Officer informed me that the Commission was a small organisation and had a short history in handling its own accounts with limited experience and resources. This coupled with the development and installation of a new financial system in the final quarter of 2003 resulted in some slippage in normal checking and control functions.

He said that human error was the cause of the misposting of the salaries figure for October as these figures are transferred manually from a printout received from Salaries Section in the Department of Finance which processes payroll on behalf of the Commission. This and staff pressures coincided with a lapse in the balancing of the Vote Ledger with the Paymaster General's records.

The posting error was not detected in the course of the Commission's preparation of monthly returns of expenditure to the Department of Finance as the system in existence at that time did not allow the Vote Ledger to be used as a source document for the preparation of these returns. The salaries figure was taken from the printout received from Salaries Section Department of Finance instead of the Vote Ledger as the updating of the Vote Ledger could not be completed in sufficient time. This meant that the monthly return for November was materially correct. In preparing documentation to support a Supplementary Estimate passed by Dáil Éireann on 10 December 2003, reference was made solely to the Monthly Profile Return.

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He pointed out that a number of significant changes have been implemented by his Office to prevent a recurrence. A Professional Accountant was assigned responsibility for running the Finance Unit which, given the relatively small size of the Office, he said was a considerable investment. He was also strongly of the view that the adoption of the new accounting system under the Management Information Framework (MIF) model would eliminate manual transactions and ensure that the Vote Ledger and supporting schedules are maintained and proved as correct on a continuous basis. He also pointed out that an Audit Committee had been appointed comprising primarily ex-officio members to ensure that all normal checks and balances are being correctly implemented. This Committee, he explained, had been given full access to a Professional Internal Auditor who had been retained on contract by the Office. The return of staff who had been committed to the MIF project and review of systems should prevent recurrence of this problem.

He assured me that weaknesses in staff competence would be addressed with appropriate training and that the enhanced reporting system would be implemented as part of the MIF.