

Chapter 18

Central Government Accounting

Central Government

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18.1 Dáil Éireann provides money for the services of government departments and offices, both capital and non-capital, by

- approving estimates for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

18.2 Expenditure is provided for under 'votes', with one or more votes covering the functions of each department or office. The first part of the estimate for each vote (referred to as the ambit) provides an outline of the services to be financed. The ambit is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

18.3 At the end of each financial year, each department and office is required to prepare an account, known as the appropriation account, for each voted service administered by it. The statutory requirement is for the appropriation account to report the outturn for the year compared with the amount provided by Dáil Éireann. Appropriation accounts are drawn up on a cash basis. By way of supplementary information, certain accrual based outturns and balances are included in notes to the accounts.

Results of 2010 Audits

Audits of the 2010 Appropriation Accounts for all votes have been completed. Each account, together with the related audit report, is set out in an accompanying volume entitled Appropriation Accounts 2010. Clear opinions have been given in all cases.

In addition to certifying the appropriation accounts of each Department and Office, I am required under Section 3 (5) of the Comptroller and Auditor General (Amendment) Act 1993 to refer in my audit certificate to any material instance where money has not been applied for the purpose intended or where a transaction is not in accordance with the authority governing it. I have drawn attention to a material level of irregular payment on the Vote for Social Protection.

Without qualifying my opinion, certain charges to votes that arose by way of payments in advance of the maturity of the related liability are referred to in this chapter. These amounts, while not material, nonetheless breach Public Financial Procedures.

Appropriations for 2010

18.4 A summary of the amounts appropriated in 2010 for the public services administered through the votes of Departments and offices is included in Annex A. The outturn for the year is also shown, together with the surplus of appropriations over expenditure.

18.5 The final amount appropriated for public services in 2010 was €33.7 billion¹⁵⁷. This comprised supply grants of €47.3 billion, capital funding carried over from 2009¹⁵⁸ totalling €26 million and appropriations in aid of €6.3 billion.

18.6 There was an increase of €1 billion in the expenditure provision in the course of the year due to

- an overall increase in the provision on spending subheads of €657 million
- a reduction in planned receipts of €334 million.

The details are set out in Figure 94

Figure 94 Supplementary Estimates, 2010

Vote	Additional expenditure approved	Savings on other subheads	Increased Expenditure Provision	Change in A in A ^a	Supplementary net supply grant
	€m	€m	€m	€m	€m
19 Justice and Law Reform	24.2	(12.4)	11.8	(11.8)	—*
20 Garda Síochána	83.8	(52.2)	31.6	(21.6)	10.0
22 Courts Service	8.9	(5.0)	3.9	(3.9)	—*
25 Environment, Heritage, Local Government	23.0	(23.0)	—	—	—*
26 Education and Skills	105.0	(105.0)	—	—	—*
27 Community, Equality and Gaeltacht Affairs	14.0	—	14.0	—	14.0
28 Foreign Affairs	15.2	(2.8)	12.4	—	12.4
32 Transport	21.4	(21.4)	—	—	—*
34 Enterprise, Trade and Innovation	5.8	—	5.8	(5.8)	—*
37 Army Pensions	10.0	(0.5)	9.5	—	9.5
38 Social Protection	566.5	(206.7)	359.8	(9.8)	350.0
40 Health Service Executive	250.0	(42.0)	208.0	387.0	595.0
Supplementary Allocations for All Votes	1,127.8	(471.0)	656.8	334.1	990.9

Notes: * Indicates that a supplementary sum of €1,000 was granted (referred to as a technical supplementary estimate).

a (Increase) or decrease in voted appropriations in aid.

¹⁵⁷ See Figure 97 (Annex A).

¹⁵⁸ Section 91 of the Finance Act 2004 allows for the carrying over to the following year of unspent capital funding, subject to the agreement of the Minister for Finance.

Expenditure Outturn

18.7 The amount spent by departments and offices in 2010 was €52.7 billion. After deduction of realised appropriations in aid totalling €6.2 billion, the net expenditure in the year was €46.6 billion as set out in Figure 95.

Figure 95 Vote Outturn 2008 to 2010

	2008	2009	2010
	€m	€m	€m
Gross voted expenditure	53,761	53,119	52,738
Less appropriations in aid	(4,464)	(5,916)	(6,172)
Net voted expenditure	49,297	47,203	46,566

18.8 Departments and offices are not permitted to spend more than the amount approved for each vote area. When the outturn expenditure in the year is less than the amount provided, the surplus amount is liable to be surrendered to the Exchequer.

18.9 The 2010 surplus was €866 million. Of that amount, a total of €14 million was approved for carrying over to 2011. The balance of €852 million was due for surrender. The sums liable for surrender or carried over to 2011 for each vote are shown in Figure 98 (Annex A).

Figure 96 Disposal of Surplus

	2008	2009	2010
	€m	€m	€m
Surplus for the year	878	794	866
Amount carried over to the following year	(128)	(126)	(14)
Surplus for surrender	750	668	852

18.10 The surplus allocation in 2009 was €794 million. The amount approved for carrying over to 2010 was €126 million. The balance of €668 million was due for surrender to the Exchequer. The practice is to make these surrenders in the subsequent financial year.

Conclusion – Expenditure Outturn

All departments and offices managed within their voted allocations. Consequently, no excess vote occurred in 2010. Surpluses were recorded by all votes based on their gross provisions, and also on their net allocations after taking account of appropriations in aid.

The balances due to be surrendered out of votes for public services for the year ended 31 December 2009 amounted to €668 million. I certify that those balances have been duly surrendered.

Exchequer Extra Receipts

18.11 Certain sums collected by government departments and offices are directed by the Department of Finance to be credited to the Exchequer, and not treated as appropriations in aid. This includes Garda (on-the-spot) fines and court fine receipts. Windfall receipts are also usually brought to account in this way, including proceeds of significant sales of property, receipts on foot of surplus income or profits of State companies, interest, dividends or capital repayments, compensation payments and voluntary surrender of salary.

18.12 Where Exchequer extra receipts arose in 2010, the amount is shown in a note to the respective appropriation accounts. The aggregate amount of those receipts reported in each account is set out in Figure 99 (Annex A).

Conclusion – Exchequer Extra Receipts

The total Exchequer extra receipts recorded by government departments and offices in 2010 was €94 million.

The Exchequer extra receipts shown in the 2010 appropriation accounts have been paid into the Exchequer. Some of these payments occurred in early 2011.

Stock and Store Accounts

18.13 Under Section 3 (6) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to examine certain stock and store accounts of Departments and offices. This examination is conducted as part of the audit of the Appropriation Accounts.

Conclusion – Stock and Store Accounts

The stock and store accounts of departments and offices have been examined with generally satisfactory results.

Grants-in-Aid

18.14 In addition to covering the ordinary services administered directly by a government department or office, a vote may contain financial provision for a particular activity or service administered by an outside body. This financial provision can take the form of a grant or a grant-in-aid to the body.

18.15 Grants are subject to all the usual restrictions pertaining to any payment from a subhead and any balance remaining unexpended at the end of the year is liable to be surrendered¹⁵⁹. A grant-in-aid differs from other voted grants in that any unexpended end-year balance of the sums issued from the vote is not liable to surrender to the Exchequer.

¹⁵⁹ Section 91 of the Finance Act 2004 allows for the carrying over to the following year of unspent capital funding, subject to the agreement of the Minister for Finance.

18.16 Grants-in-aid generally relate to public bodies carrying out particular functions. These functions have well-defined parameters and are executed without continual reference to the granting Department. Prior to making a proposal to classify expenditure as a grant-in-aid, a Department needs to be satisfied that the retention of unexpended end-year balances, as well as the accounting and other arrangements associated with grants-in-aid, are appropriate¹⁶⁰.

18.17 In general, each grant-in-aid is presented as a separate subhead in the relevant vote. Where issues to a number of different payees are involved, a grant-in-aid may be payable to a named fund administered by the Department concerned, from which the payments may be made in due course. Details of the account of the fund are included in notes to the appropriation account.

18.18 The total amount paid by way of a grant-in-aid may not exceed the amount specified in the Estimate subhead. Savings on other subheads cannot be used to increase the amount.

Conclusion – Grant-in-Aid Expenditure

In 2010, total issues under grant-in-aid subheads amounted to €2.6 billion. In all cases, the amount paid by way of grant-in-aid was equal to or less than the amount of the subhead provision approved by Dáil Éireann. Consequently, my audits confirmed that there was no excess expenditure on grant-in-aid subheads.

Accounting for Vehicle Registration Tax

18.19 All motor vehicles (including motor-cycles), other than those brought temporarily into the State by visitors, must be registered with the Revenue Commissioners. Vehicle Registration Tax (VRT) is paid when a motor vehicle is registered. Most motor distributors register imported vehicles on-line and pay VRT through the Revenue On-line Service (ROS). Some dealers and direct importers of previously-used vehicles register vehicles directly with Revenue offices.

18.20 From September 2010 onwards, Revenue outsourced the non-ROS registration of vehicles to a private sector service provider. Under this arrangement, VRT receipts collected by the service provider are lodged to a company bank account and transferred monthly to Revenue. Under the terms of the contract, the service provider is due a fee for each vehicle registered, based on an agreed fee scale. When the tax receipts are being transferred, the service provider deducts the collection fees that are due. The amount transferred to Revenue also takes account of interest accruing on the bank balances while they are held by the service provider¹⁶¹.

18.21 The amount included in the Account of the Receipt of Revenue of the State (the Revenue Account, see Volume 1, Chapter 11, Annex A) in respect of VRT receipts in 2010 was €24 million¹⁶². This includes a net amount of €17.6 million received by Revenue from the service provider in the period from September to December 2010. The charge in respect of collection fees deducted by the service provider was €26,053 for the period. This was offset by accrued bank interest estimated at €103,621. Collection fee expenses and bank interest will be higher in a full year.

¹⁶⁰ Many of the bodies funded by grants-in-aid are audited by the Comptroller and Auditor General.

¹⁶¹ The formula for arriving at the allowed deductions is specified in Section 136A of the Finance Act 1992, as amended.

¹⁶² This is part of the excise duty receipts reported in the Account.

18.22 In principle, tax receipts should be accounted for on a gross basis in the Revenue Account i.e. without deduction of collection costs. In addition, operational costs of the Revenue Commissioners, including the expenses incurred in the collection of taxes, should be accounted for in the Appropriation Account of the Office of the Revenue Commissioners (Vote 9).

Conclusion – Accounting for Vehicle Registration Tax

The gross amount of VRT collected in 2010 under the outsourcing arrangements was €18 million. Interest estimated at €103,621 was also received in respect of VRT receipts held by the service provider.

It is a general principle that both the costs of collection and the revenue of the State be accounted for in gross terms.

Accounting separately for gross taxation receipts and for the costs of collection allows for transparency about the level and distribution of the taxation burden. It also facilitates transparent accountability for collection costs. It is recommended that changes in the payment and accounting arrangements are made by Revenue to ensure that the full costs of collection of VRT are accounted for in the Appropriation Account, and that gross VRT receipts be recorded in the Revenue Account.

Without impacting on the settlement procedures established by law, this could be done through inter-account payments and receipts i.e. a transfer of the collection fee from the Vote to the Revenue Account.

State Cash Management

18.23 Public Financial Procedures¹⁶³ require that grants paid by a Department must be fully vouched and that any balance remaining unexpended at the end of the year is liable to be surrendered. They also provide that Departments should issue grants-in-aid by instalments over the year as needed by the grantee, unless otherwise agreed with the Minister for Public Expenditure and Reform. It is a requirement that particular care is taken to avoid overissues, especially at the end of the financial year and there should be no automatic issue of the full provision without ascertaining whether the funds are required to meet the grantee's actual requirements.

18.24 The overall principle underlying these procedures is that there should be economy in the management of State funds. Some State bodies report significant cash balances at year-end, as the following examples show.

Road Safety Authority

18.25 In 2010, the Authority received an Exchequer grant of €4 million. This was in addition to €22.4 million of other receipts, representing mainly fees and levies, which it is entitled to charge by law¹⁶⁴. At the end of 2010 it had a bank balance of €23.5 million held in commercial bank accounts. It had creditors and accruals amounting to €5.9 million at year-end.

18.26 The Authority has signed a Service Level Agreement (SLA) with the Department which sets out the services to be provided by the Authority, the cost of those services and the funding mechanism. The

¹⁶³ Public Financial Procedures constitute a guide that sets out the principles of Government accounting and ways those principles should be applied in day-to-day financial operations of Government departments and offices.

¹⁶⁴ Driver testing fees of approximately €12 million and the National Car Test levies of €8 million made up the bulk of these other receipts.

SLA also agrees a capital programme which the Authority will deliver over a three year horizon. The effect of the SLA is that the Authority may retain funds out of its non-Exchequer income up to a specified limit (€17.2 million in 2011) to fund the agreed capital programme.

National Tourism Development Authority

18.27 The National Tourism Development Authority (the Authority) is funded by way of grant-in-aid from the Department of Transport, Tourism and Sport. In 2010, the grant-in-aid amounted to €140 million.

18.28 Monthly drawdowns are made by the Authority against the allocation agreed with the Department for the year. The practice in recent years, and followed in 2010, has been to draw down a large amount of funds in December and then not request any funds in the first two to three months of the following year.

18.29 In December 2010, the Authority received a total of €22.5 million from the Department. At the end of 2010 it had a bank balance of €28.9 million (2009 - €28.5 million) and creditors and accruals of €25 million (2009 - €27.5 million). These figures indicate that the Authority is drawing down funds in line with accrued expenditure rather than as it requires the cash.

Conclusion – State Cash Management

State cash management arrangements of the kind described above do not seem consistent with the principle of economy in the management of State funds. It may be more appropriate to align payments to State bodies with their actual cash funding needs. The Department of Public Expenditure and Reform may need to issue further guidance on the practical implementation of the public financial procedures relating to the timing of payments of grants and grants-in-aid.

Payment of Unmatured Liabilities

18.30 Public Financial Procedures represent, *inter alia*, the interpretation of the Department of Public Expenditure and Reform of the legislative provisions governing the chargeability of payments to Appropriation Accounts. These procedures provide that payment ought to be made only where a liability has matured for payment. A number of breaches of this principle of government accounting were noted in the course of 2010 audits.

ICT Service Fee Prepayments by Revenue Commissioners

18.31 The Appropriation Account for Vote 9 Office of the Revenue Commissioners shows that at 31 December 2010, there were prepayments for goods and services totalling €22.7 million. 94% of those prepayments were amounts charged during the year under subhead A.5, which covers expenditure on office machinery, other office supplies and related services.

18.32 Advance payments totalling €15.4 million were made to three of Revenue's main information and communications technology (ICT) service providers. The companies provide a range of ongoing services in support of Revenue's extensive ICT systems, including the Revenue Online Service.

18.33 Revenue has stated that prepayment for ICT services is a means of ensuring that identified staff resources in the service provider companies are made available for Revenue work in the period to which the prepayments relate. Discounts on agreed contract prices and other non-contracted service benefits (such as training for Revenue staff) are obtained to reflect the benefit to the service providers in being paid in advance. The Accounting Officer stated that Revenue received a weighted average annual discount of about 5.8% from the three suppliers concerned and the terms obtained in return for prepayment were approved by the IT Executive – a subgroup of Revenue's Management Advisory

Committee. She also noted that the VAT element of the payments resulted in accelerated payments of approximately €2.7 million to Exchequer.

Veterinary Hospital at the Zoo

18.34 Subhead C.1 of Vote 10 Office of Public Works made provision for the payment of a grant to the Zoological Society of Ireland. The purpose of the funding was to aid the financing of a veterinary hospital facility in the zoo. An amount of €2.5 million representing the full amount charged to the subhead was paid in November 2010. However, work on this contract only commenced in October 2010 and the contract will take a year to complete. A total of €258,000 was paid to the contractor in 2010.

18.35 The Accounting Officer stated that the payment made in 2010 was necessary to ensure that financial obligations under the contract could be met. She stated that the Commissioners of Public Works were satisfied at the time of payment that a legally enforceable contractual commitment was in place to carry out the clearly defined essential works and the payment was advanced on that basis.

18.36 Given the funding constraints on the Exchequer in November 2010, it was considered at the time that there would be no possibility of a further allocation being provided in 2011 to complete the veterinary facility works. Contractual commitments in place for 2011 exceeded €78 million in November 2010. Contracts deemed to be a priority and necessary for 2011 amounted to €158 million over and above this amount. All of these demands are being managed within the 2011 capital allocation of €19 million. The capital carry forward mechanism could not provide the level of certainty on funding required. The Commissioners had applied to carry forward €15.8 million (10% of the 2010 allocation) but sanction was granted only for €5 million¹⁶⁵.

18.37 The Accounting Officer said that the necessity to place the contract for the facility in 2010 was clear-cut in order for the Zoo to continue to function. The uncertainty of the availability of funding in 2011 meant that the Zoo and OPW were anxious to ensure the certain funding of the contract from the available funds in 2010. It was considered that the only method to ensure this was to make the payment for the contractual commitments in November 2010 having been assured that the payment was fully approved and processed in accordance with the terms of the scheme. As is the case for all grant payments, the contract and payments thereunder will be carefully monitored to ensure that liabilities are met in an appropriate manner.

Flood Risk Management

18.38 A further instance related to payments totalling €2.7 million made to two local authorities in late 2010 and charged to subhead H.2 – Flood Risk Management in Vote 10 Office of Public Works. These amounts were paid in advance of requirements and had not been expended by the payees by 31 December 2010. A further sum of €197,000 was paid to a third local authority near the end of 2010 of which €148,000 remained unspent at the year-end.

18.39 The three payments consisted of

- a payment of €1 million to Fingal County Council
- a payment of €1.66 million to Bray Town Council
- a payment of €197,000 to Carlow County Council.

¹⁶⁵ Many of the bodies funded by grants-in-aid are audited by the Comptroller and Auditor General.

18.40 The Accounting Officer said that the payment of €1 million to Fingal County Council was made after the Council entered a contract for the construction of a bridge as part of the River Tolka flood relief scheme. The cost including design, site supervision and works was €2.2 million. It was decided that a payment of €1 million was appropriate to ensure that the Council was in a position to meet contractual commitments as they arose. It was envisaged that further payment would be made at a later stage in the contract. At mid-2011, the €1 million has been expended by the Council and a request for further funding has been received.

18.41 The payment of €1.66 million to Bray Town Council was made, at the Council's request, after it had issued notices to treat for a CPO on lands required for the construction of a design and build flood relief scheme for the town. The CPO process is in train and the Council expects to complete it by the end of 2011.

18.42 The works scheme has been tendered and the Council is ready to place a contract. However, the uncertainty about availability of funding for 2012 and following years has meant that OPW is not in a position to sanction the Council to proceed with entering the contract.

18.43 The payment of €197,000 to Carlow County Council is for professional consultants fees and was made after the Council had entered a contract with the consultant for the design of the second and third phases of the flood relief scheme for the town. At present, the Council has paid €157,181 as interim payments to the consultant and expects to complete the payment during 2011.

18.44 Again, she stated that the capital carry forward mechanism could not provide the level of certainty in regard to the funding required given the limit placed on the carry forward amount.

Agency Payments to OPW

18.45 The OPW acts as agent for other Departments and offices in many property and property related transactions. Public Financial Procedures provide that OPW may request advances from any Department or office (the principal) prior to entering into contracts or meeting payments falling due. Such advances must be charged to a suspense account in the principal's books of account. Amounts charged to the principal's Appropriation Account in any year should only be those amounts certified by OPW as having been actually disbursed by it.

18.46 In the course of 2010 audits, it was noted that sums of €2.5 million and €800,000 were charged to the related Votes of the Departments of Transport, Tourism and Sport and Foreign Affairs and Trade respectively. The Department of Transport, Tourism and Sport advanced the sum to OPW late in 2010 to fund the construction of coastguard stations in Goleen and Crosshaven in County Cork. No construction work was undertaken prior to the year-end. Similarly, approximately €800,000 advanced in 2010 to the OPW by the Department of Foreign Affairs and Trade had not been expended by year-end.

18.47 The payments made by the Department of Transport, Tourism and Sport were in response to requests from the OPW. The Accounting Officer of the Department of Transport, Tourism and Sport said that he understood that after the design, planning permission and bill of quantities stage of a project is completed by the OPW, it seeks agreement from the principal that the full expected costs of the project are available to it, before it will seek tenders from the market. After the tendering procedure, when the OPW signs a contract and is bound to the agreed cost subject to satisfactory completion, the approach taken has been to treat the full amount as a matured liability for the Department. He said that OPW requires the principal to maintain the account in credit so as to ensure that there are always sufficient funds available from the principal and accessible to meet payment demands, without incurring penalty payments under the Prompt Payment of Accounts Act. OPW also consider it prudent to keep the account active and in credit until it is certain that there will be no further requirement for funding.

18.48 He took note of the Public Financial Procedures relating to Agency services and indicated that the Department would engage with the OPW and the Department of Public Expenditure and Reform with a view to ensuring that the proper accounting arrangements for agency services are applied in accordance with Public Financial Procedures.

18.49 The Accounting Officer of the Department of Foreign Affairs and Trade noted that it had been the practice to charge payments for agency services to the Department's own Vote rather than to a suspense account. He acknowledged that this practice was not in accordance with Public Financial Procedures and confirmed that steps were being taken to ensure proper accounting treatment of these advance payments in 2011 and subsequent years. He stated that he was satisfied that all projects covered by the advance payment arrangements had been managed appropriately in close consultation with OPW and that no loss of public funds had occurred as a result of the accounting treatment of these payments.

Conclusion – Payment of Unmatured Liabilities

The principle that the departments and offices make payments when the related liabilities have matured and that advances should not be charged to Appropriation Accounts is designed to ensure that those accounts properly present payments that have come in course of payment in the year of account¹⁶⁶.

In general, payment in advance for services leads to a risk that if the contracted services are not delivered to the required standard, the purchaser does not have the option of withholding payment (or part payment) to enforce acceptable delivery. Furthermore, advance payment carries financing costs for the State, since funds must be raised earlier than they would otherwise be needed.

The Department of Public Expenditure and Reform should consider, in the light of the statutory provisions and the changes that have occurred in the terms of modern day business, whether there is a need for additional guidance to public bodies about the steps to be taken where advance payment is proposed and how such payments should be reported in Appropriation Accounts.

From a value perspective, the guidance could extend to the procedures for assessment of proposals relating to the timing of payments in order to ensure they are financially justifiable, and to the steps to be taken to identify and manage the risks of non-delivery.

Delays in Account Production

18.50 As well as production of the Appropriation Account, some departments also produce a number of other 'non-vote' accounts. Two of these accounts were substantially in arrears at the start of 2011. The accounts in question were

- The Fishery Harbour Centres Fund 2007, 2008 and 2009
- The European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) Irish Operations Account 2008 and 2009.

18.51 In addition, the accounts of the State Examination Commission where some processing is carried out by the Department of Education and Skills are also in arrears.

¹⁶⁶ Section 24 of the Exchequer and Audit Departments Act 1866.

Fishery Harbour Centres Fund 2007 to 2009

18.52 Six harbours in the State have been designated by law as fishery harbour centres. The Fishery Harbour Centres Act 1968 (as amended) established the Fishery Harbour Centres Fund (the Fund) into which the income of the six centres is paid and out of which running costs and development costs of the centres are met. An annual account of the Fund is prepared, as well as an account of the income and expenditure of each centre.

18.53 In October 2007, responsibility for the centres and for the Fund transferred from the Department of Communications, Energy and Natural Resources to the Department of Agriculture, Fisheries and Food, though it was not until April 2008 that Department of Agriculture, Fisheries and Food was in a position to take on the processing of the financial transactions. The Department of Communications, Energy and Natural Resources acted as an agent of Department of Agriculture, Fisheries and Food until April 2008.

18.54 The issue of invoices in respect of harbour dues and rents virtually ceased from October 2007 to April 2008. This resulted in some 2007 income only being invoiced in the period 2008 to 2010. The 2007 and 2008 draft accounts, which were presented for audit in October and November 2009 respectively, did not take account of these errors and omissions, with the result that considerable amendment was needed.

18.55 It is anticipated that the accounts for 2007 and 2008 will be finalised shortly. I have been informed that the 2009 account is currently being drafted and will be available for audit in mid-October. The Department expects to present the 2010 account by the year-end.

EAGF and EAFRD Account 2008 and 2009

18.56 EAGF measures are mainly designed to maintain incomes in the agricultural community. EAFRD measures are designed to aid the agricultural industry in maintaining and enhancing its infrastructure.

18.57 The Irish Operations Account of the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) is an account that reflects all of the costs, other than administration costs, incurred by the Minister for Agriculture, Fisheries and Food in administering the EAGF and EAFRD schemes he operates, and the funding provided by the EU and the Exchequer towards meeting those costs. It is prepared following a recommendation of the Committee of Public Accounts.

18.58 The 2007 and 2008 accounts were certified in December 2010. The 2009 and 2010 draft accounts were provided to my Office in July 2011 and the audits commenced in August.

State Examinations Commission 2008 and 2009

18.59 The State Examinations Commission is responsible for the development, assessment, accreditation and certification of the Junior Certificate and the Leaving Certificate examinations. It is a public body under the aegis of the Department of Education and Skills.

18.60 The Commission is required to keep proper accounting records, which should disclose its financial position with reasonable accuracy at any time. However, it has not put in place an integrated accounting system. A legacy of its origin is that the Department continues, by agreement, to process the salary and travel expenses of Commission staff. As a result, the Commission depends on the Department to assist it in providing information for accounting and audit purposes.

18.61 The Commission directly undertakes all other financial operations including examination fee collection, general payments and accounts preparation. It records its financial transactions on a cash basis.

18.62 The major cause of delay was the absence of an adequate accounting system. The Commission has committed to address these issues through all means available to it.

18.63 The accounts for both years were certified on 6 September 2011.

Conclusion – Delays in Account Production

Public accountability requires that accounts be produced and audited within a reasonable timeframe. Accounting Officers need to ensure that arrangements are in place to effectively record all transactions, produce accurate accounts and facilitate a prompt and efficient audit.

Contingency Fund

18.64 The Contingency Fund is a non-statutory fund first formed to administer a grant-in-aid first voted in 1923. The Fund is available to defray urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess. By agreement with the Committee of Public Accounts, the use of the Contingency Fund is precluded when the Dáil is sitting, or for new services of a controversial nature.

18.65 The Fund is managed by the Department of Finance. A decision to use money held in the Fund is taken only by the Accounting Officer of the Department, with the prior agreement of the Minister for Finance. The Fund operates as a deposit account held in the Paymaster General's Office¹⁶⁷.

18.66 The convention is that all payments from the Fund are subsequently repaid to it either

- by way of a new or additional vote if the advance is for a completely new service
- by way of a supplementary estimate if the service is related to an existing vote
- from the Central Fund – which requires specific legislation.

18.67 The size of the Fund is reviewed every five years. Following a review in 2009, it was decided that the Fund should remain at €1.2 million. The next review is due in 2014.

Conclusion – Contingency Fund

There were no transactions on the Fund in 2010.

¹⁶⁷ Many of the bodies funded by grants-in-aid are audited by the Comptroller and Auditor General.

Annex A Central Government Financial Outturn

Dáil Éireann provides money for the ordinary services of government departments and offices by approving estimates of the amounts required for those services in the course of each year, and giving statutory effect to those estimates in the annual Appropriation Act. The expenditure is provided for under a series of 'votes'. By law, an appropriation account must be produced for each vote. The account must provide details of the outturn for the year against the amount provided by Dáil Éireann.

Figure 97 provides a summary of the outturn on expenditure and receipts relative to the amounts appropriated for public services in 2010.

Figure 98 shows how surplus appropriations in 2010 were applied — either through deferral of expenditure to 2011, or by surrender to the Exchequer.

Figure 99 shows expected and realised Exchequer Extra receipts.

Explanations of some of the terms used in the tables are given below.

- **Supply Grant** – The money granted (or voted) by Dáil Éireann for each of the public services.
- **Deferred from 2009** – Amounts of capital moneys not spent in 2009 and carried over for expenditure on capital services in 2010. The carry over of these sums was approved by Dáil Éireann in the Appropriation Act 2009.
- **Appropriations in Aid** – Departmental receipts which, with the agreement of Dáil Éireann, may be retained to defray the expenses of the Vote to which they refer.
- **Total Appropriations** – Sum of the supply grant, deferred 2009 capital moneys (if any) and appropriations-in-aid.
- **Deferred Surrender** – Amount of capital moneys not spent in 2010 which were carried over for expenditure in 2011. The carry over of these sums was approved by Dáil Éireann in the Appropriation Act 2010.
- **Amount to be Surrendered** – Amount of money appropriated in 2010 but not spent in the year or deferred to 2011, and so required to be surrendered to the Exchequer.
- **Exchequer Extra Receipts** – Departmental receipts that are not appropriated-in-aid, but are paid directly into the Exchequer.

Figure 97 Summary of Appropriations for Public Services in 2010, by Vote

Vote	Amount Appropriated				Outturn			Surplus/Deficit			
	Supply Grants	Deferred from 2009	Appropriations in Aid	Total Appropriation	Gross Expenditure	Appropriations in Aid Realised	Net Expenditure	Gross Surplus	Excess/ (Deficit) in Receipts	Net Surplus ^a	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
1	President's Establishment	3,171	—	92	3,263	2,763	85	2,678	500	(7)	493
2	Department of the Taoiseach	28,756	—	912	29,668	21,255	955	20,300	8,413	43	8,456
3	Office of the Attorney General	15,231	—	570	15,801	14,187	731	13,456	1,614	161	1,775
4	Central Statistics Office	57,832	—	2,249	60,081	53,538	2,776	50,762	6,543	527	7,070
5	Office of the Comptroller and Auditor General	6,816	—	6,188	13,004	10,843	5,780	5,063	2,161	(408)	1,753
6	Office of the Minister for Finance	70,158	—	6,822	76,980	69,420	7,545	61,875	7,560	723	8,283
7	Superannuation and Retired Allowances	396,753	—	80,250	477,003	437,635	83,155	354,480	39,368	2,905	42,273
8	Office of the Appeal Commissioner	518	—	32	550	449	32	417	101	—	101
9	Office of the Revenue Commissioners	339,051	—	64,644	403,695	401,769	72,477	329,292	1,926	7,833	9,759
10	Office of Public Works	414,169	20,279	25,231	459,679	453,410	27,965	425,445	6,269	2,734	9,003
11	State Laboratory	9,183	—	481	9,664	9,194	811	8,383	470	330	800
12	Secret Service	1000	—	—	1,000	580	—	580	420	—	420
13	Office of the Chief State Solicitor	34,811	—	1,604	36,415	33,582	1,958	31,624	2,833	354	3,187
14	Office of the Director of Public Prosecutions	43,240	—	614	43,854	42,384	1,031	41,353	1,470	417	1,887
15	Valuation Office	9,345	—	2,198	11,543	10,231	2,699	7,532	1,312	501	1,813
16	Public Appointments Service	8,321	—	394	8,715	7,849	460	7,389	866	66	932
17	Commission for Public Service Appointments	928	—	30	958	594	28	566	364	(2)	362
18	Office of the Ombudsman	7,639	—	381	8,020	6,924	372	6,552	1,096	(9)	1,087
19	Justice and Law Reform	390,246	—	45,386	435,632	415,831	48,068	367,763	19,801	2,682	22,483
20	Garda Síochána	1,399,357	—	132,947	1,532,304	1,530,678	133,040	1,397,638	1,626	93	1,719

	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
21 Prisons	334,731	—	17,384	352,115	335,204	18,095	317,109	16,911	711	17,622
22 Courts Service	102,204	—	50,419	152,623	148,594	50,447	98,147	4,029	28	4,057
23 Property Registration Authority	38,749	—	1,249	39,998	36,401	1,402	34,999	3,597	153	3,750
24 Charitable Donations and Bequests	425	—	15	440	361	14	347	79	(1)	78
25 Environment, Heritage and Local Government	2,174,328	3,277	21,156	2,198,761	2,108,697	30,280	2,078,417	90,064	9,124	99,188
26 Education and Skills	8,668,105	79,000	626,995	9,374,100	9,345,730	621,868	8,723,862	28,370	(5,127)	23,243
27 Community, Equality and Gaeltacht Affairs	419,559	—	35,305	454,864	435,059	35,171	399,888	19,805	(134)	19,671
28 Foreign Affairs	190,537	—	39,697	230,234	224,211	42,900	181,311	6,023	3,203	9,226
29 International Co-operation	535,330	—	1,053	536,383	524,418	1,488	522,930	11,965	435	12,400
30 Communications, Energy and Natural Resources	273,015	15,721	244,907	533,643	499,823	244,003	255,820	33,820	(904)	32,916
31 Agriculture, Fisheries and Food	1,402,418	—	382,864	1,785,282	1,731,131	401,374	1,329,757	54,151	18,510	72,661
32 Transport	2,311,511	—	446,536	2,758,047	2,739,118	441,977	2,297,141	18,929	(4,559)	14,370
33 National Gallery	10,163	—	253	10,416	10,148	322	9,826	268	69	337
34 Enterprise, Trade and Innovation	1,104,825	6,440	78,641	1,189,906	1,151,165	81,724	1,069,441	38,741	3,083	41,824
35 Tourism, Culture and Sport	464,909	—	3,179	468,088	450,487	4,628	445,859	17,601	1,449	19,050
36 Defence	705,525	1,000	49,859	756,384	743,880	50,149	693,731	12,504	290	12,794
37 Army Pensions	211,993	—	6,500	218,493	218,202	6,230	211,972	291	(270)	21
38 Social Protection	13,270,168	—	222,190	13,492,358	13,377,458	218,132	13,159,326	114,900	(4,058)	110,842
39 Health and Children	376,417	—	4,296	380,713	322,097	5,926	316,171	58,616	1,630	60,246
40 Health Service Executive	11,123,581	—	3,667,850	14,791,431	14,477,921	3,523,317	10,954,604	313,510	(144,533)	168,977
41 Children and Youth Affairs	351,268	—	9,040	360,308	335,209	2,966	332,243	25,099	(6,074)	19,025
Total	47,306,286	125,717	6,280,413	53,712,416	52,738,430	6,172,381	46,566,049	973,986	(108,032)	865,954

Note: a The net surplus is comprised of the excess of total appropriations by Dáil Éireann over the gross expenditure, plus the net excess or deficit on appropriations in aid. These figures are shaded in the above table.

Figure 98 Application of Surplus 2010 Appropriations, by Vote

Vote		Net Surplus	Deferred Surrender	Amount to be Surrendered
		€000	€000	€000
1	President's Establishment	493	—	493
2	Department of the Taoiseach	8,456	—	8,456
3	Office of the Attorney General	1,775	—	1,775
4	Central Statistics Office	7,070	—	7,070
5	Office of the Comptroller and Auditor General	1,753	—	1,753
6	Office of the Minister for Finance	8,283	—	8,283
7	Superannuation and Retired Allowances	42,273	—	42,273
8	Office of the Appeal Commissioner	101	—	101
9	Office of the Revenue Commissioners	9,759	—	9,759
10	Office of Public Works	9,003	5,000	4,003
11	State Laboratory	800	—	800
12	Secret Service	420	—	420
13	Office of the Chief State Solicitor	3,187	—	3,187
14	Office of the Director of Public Prosecutions	1,887	—	1,887
15	Valuation Office	1,813	—	1,813
16	Public Appointments Service	932	—	932
17	Commission for Public Service Appointments	362	—	362
18	Office of the Ombudsman	1,087	—	1,087
19	Justice and Law Reform	22,483	—	22,483
20	Garda Síochána	1,719	—	1,719

Figure 99 Exchequer Extra Receipts 2010, by Vote

Vote		Estimated Extra Receipts	Extra Receipts Realised
		€000	€000
1	President's Establishment	—	—
2	Department of the Taoiseach	—	—
3	Office of the Attorney General	—	—
4	Central Statistics Office	—	—
5	Office of the Comptroller and Auditor General	—	—
6	Office of the Minister for Finance	—	10
7	Superannuation and Retired Allowances	—	—
8	Office of the Appeal Commissioner	—	—
9	Office of the Revenue Commissioners	—	3,054
10	Office of Public Works	—	5,000
11	State Laboratory	—	—
12	Secret Service	—	—
13	Office of the Chief State Solicitor	—	7
14	Office of the Director of Public Prosecutions	—	195
15	Valuation Office	—	—
16	Public Appointments Service	—	—
17	Commission for Public Service Appointments	—	—
18	Office of the Ombudsman	—	57
19	Justice and Law Reform	—	—
20	Garda Síochána	24,150	19,125

		€000	€000	€000
21	Prisons	17,622	2,000	15,622
22	Courts Service	4,057	—	4,057
23	Property Registration Authority	3,750	—	3,750
24	Charitable Donations and Bequests	78	—	78
25	Environment, Heritage and Local Government	99,188	—	99,188
26	Education and Skills	23,243	—	23,243
27	Community, Equality and Gaeltacht Affairs	19,671	—	19,671
28	Foreign Affairs	9,226	—	9,226
29	International Co-operation	12,400	—	12,400
30	Communications, Energy and Natural Resources	32,916	—	32,916
31	Agriculture, Fisheries and Food	72,661	—	72,661
32	Transport	14,370	—	14,370
33	National Gallery	337	—	337
34	Enterprise, Trade and Innovation	41,824	—	41,824
35	Tourism, Culture and Sport	19,050	5,000	14,050
36	Defence	12,794	1,500	11,294
37	Army Pensions	21	—	21
38	Social Protection	110,842	—	110,842
39	Health and Children	60,246	—	60,246
40	Health Service Executive	168,977	—	168,977
41	Children and Youth Affairs	19,025	—	19,025
		865,954	13,500	852,454

		€000	€000
21	Prisons	—	—
22	Courts Service	24,700	20,684
23	Property Registration Authority	40,620	30,462
24	Charitable Donations and Bequests	—	—
25	Environment, Heritage and Local Government	—	149
26	Education and Skills	10	345
27	Community, Equality and Gaeltacht Affairs	—	690
28	Foreign Affairs	—	608
29	International Co-operation	—	—
30	Communications, Energy and Natural Resources	—	—
31	Agriculture, Fisheries and Food	—	405
32	Transport	—	35
33	National Gallery	—	—
34	Enterprise, Trade and Innovation	509	12,580
35	Tourism, Culture and Sport	—	344
36	Defence	—	2
37	Army Pensions	—	—
38	Social Protection	—	52
39	Health and Children	—	97
40	Health Service Executive	—	—
41	Children and Youth Affairs	—	—
		89,989	93,901

