

**Vote 42 Office of the
Minister for Public Expenditure and Reform**

Introduction

As Accounting Officer for Vote 42, I am required each year to prepare the Appropriation Account for the Vote, and to submit the Account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2011 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2011, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the Account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the Account.

Statement on Internal Financial Control

Along with the Account, I have submitted a statement in the standard format on the system of internal financial control that operates in the Office of the Minister for Public Expenditure and Reform. The Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 42.

Transfer of Functions

The Department of Public Expenditure and Reform was established on 5 July 2011. Prior to the decision to separate the functions of the Department of Finance into two departments, it operated under four Divisional areas. Two expenditure programmes transferred to the Department of Public Expenditure and Reform:

- Public Expenditure and Sectoral Policy
- Public Services Management Policy

Two programmes remained in the Department of Finance:

- Budget Taxation and Economic Policy
- Financial Services Policy.

A new programme, the Shared Services function was created to capture the costs associated with the management of a common pool of staff and facilities between both Departments.

While the Department was not established until July, the estimates for the Department of Public Expenditure and Reform were for the full year 2011 and the account is presented on that basis in accordance with Section 24 of the Exchequer and Audit Department Act 1866.

Fixed assets have been split between the two Departments. IT equipment is shown in the account of the Office of the Minister for Public Expenditure and Reform. Other fixed assets (including furniture and fittings and office equipment) have been retained in the accounts of the Office of the Minister for Finance. Depreciation costs of fixed assets are split between the two Departments on the basis of staff numbers.

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform
28 March 2012

Certificate of the Comptroller and Auditor General

I have audited the Appropriation Account of Vote 42: Office of the Minister for Public Expenditure and Reform for 2011 under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The Account has been prepared in accordance with the Statement of Accounting Policies and Principles. The duties of the Accounting Officer and of the Comptroller and Auditor General in relation to the Appropriation Accounts, and the basis of the audit opinion, are set out in Part 1 to this volume.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Public Expenditure and Reform. The Appropriation Account is in agreement with the books of account.

In my opinion, the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011.

Seamus McCarthy
Comptroller and Auditor General
11 September 2012

Vote 42 Office of the Minister for Public Expenditure and Reform Appropriation Account 2011

Service		2011 Estimate provision	2011 Outturn	2010 Outturn ¹
	€000	€000	€000	€000
Programme Expenditure				
A	Public expenditure and sectoral policy	17,835	17,079	17,981
B	Public service management policy			
	<i>Original</i>	22,644		
	<i>Supplementary</i>	<u>1</u>	18,019	17,334
Gross expenditure				
	<i>Original</i>	40,479		
	<i>Supplementary</i>	<u>1</u>	35,098	35,315
Deduct				
C	Appropriations-in-aid	5,639	5,047	4,034
Net expenditure				
	<i>Original</i>	34,840		
	<i>Supplementary</i>	<u>1</u>	30,051	31,281
Surplus to be surrendered			€4,790,181	

		2011 Estimate provision	2011 Outturn	2010 Outturn ¹
		€000	€000	€000
Administration				
(i)	Salaries, wages and allowances	21,573	19,544	18,455
(ii)	Travel and subsistence	262	119	116
(iii)	Training and development and incidental expenses	152	217	219
(iv)	Postal and telecommunications services	75	70	66
(v)	Office equipment and external IT equipment	555	613	886
(vi)	Office premises expenses	—	7	—
(vii)	Consultancy and other services	7	4	—
		22,624	20,574	19,742

¹ The outturn for 2010 represents costs associated with the programmes which transferred from the Office of the Minister for Finance (Vote 6) in 2011.

Notes to the Appropriation Account

1 Operating Cost Statement 2011

		2011	2010 ¹
	Note	€000	€000
Programme cost		13,062	13,231
Pay		21,006	20,782
Non pay		1,030	1,302
Gross expenditure		<u>35,098</u>	<u>35,315</u>
Deduct			
Appropriations in aid		5,047	4,034
Net expenditure		<u>30,051</u>	<u>31,281</u>
Changes in capital assets			
Purchases cash		(150)	
Depreciation		<u>1,236</u>	427
Changes in assets under development			
Cash payments		(43)	(170)
Changes in net current assets			
Increase in closing accruals		(336)	
Increase in stock		<u>(25)</u>	
		<u>(361)</u>	<u>(77)</u>
Direct expenditure		30,733	31,461
Net allied services expenditure	1.1	784	215
Notional rents		<u>1,513</u>	<u>2,364</u>
		<u>33,030</u>	<u>34,040</u>

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 42 borne elsewhere.

Vote		2011	2010
		€000	€000
6	Finance	143	—
7	Superannuation and Retired Allowances	450	—
20	Garda Síochána	29	107
	Central Fund - Ministerial etc. pensions	162	108
		<u>784</u>	<u>215</u>

¹ The outturn for 2010 represents costs associated with the programmes which transferred from the Office of the Minister for Finance (Vote 6) in 2011.

2 Balance Sheet as at 31 December 2011¹

	Note	2011 €000	2010 €000
Capital assets	2.1	2,110	—
Capital assets under development	2.2	132	—
		<u>2,242</u>	<u>—</u>
Current assets			
Bank and cash	2.3	717	—
Stocks	2.4	25	—
Prepayments		355	—
Other debit balances	2.5	125	—
Total current assets		<u>1,222</u>	<u>—</u>
Less current liabilities			
Accrued expenses		19	—
Other credit balances	2.6	716	—
Net liability to the Exchequer	2.7	126	—
Total current liabilities		<u>861</u>	<u>—</u>
Net current assets		<u>361</u>	<u>—</u>
Net assets		<u>2,603</u>	<u>—</u>
Represented by:			
State funding account		<u>2,603</u>	<u>—</u>

¹ The 2011 balances reflect the transfer of certain functions from the Office of the Minister for Finance (Vote 6) in 2011. The 2010 balances in respect of these functions are included under Vote 6.

2.1 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2011	—	—	—
Transfers from Department of Finance	24,343	—	24,343
Additions	275	2	277
Cost or valuation at 31 December 2011	<u>24,618</u>	<u>2</u>	<u>24,620</u>
Accumulated depreciation			
Opening balance at 1 January 2011	—	—	—
Depreciation on transfers from Department of Finance	20,389	—	20,389
Depreciation for the year	2,121	—	2,121
Cumulative depreciation at 31 December 2011	<u>22,510</u>	<u>—</u>	<u>22,510</u>
Net assets at 31 December 2011	<u>2,108</u>	<u>2</u>	<u>2,110</u>

Up to 31 December 2010, all capital assets were recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance and IT equipment assets are recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each Department on the basis of staff numbers.

2.2 Capital Assets under Development

as at 31 December 2011

	In-house computer applications €000
Balance brought forward at 1 January 2011	—
Amount transferred from Department of Finance	186
Cash payments for the year	43
Transferred to asset register	(97)
Amounts carried forward at 31 December 2011	<u>132</u>

2.3 Bank and Cash	2011	2010
at 31 December	€000	€000

PMG balances and cash	718	—
Orders outstanding	(1)	—
	<u>717</u>	<u>—</u>

2.4 Stocks	2011	2010
at 31 December	€000	€000

Stationery	18	—
IT consumables	7	—
	<u>25</u>	<u>—</u>

The Department of Finance (Vote 6) and the Department of Public Expenditure and Reform (Vote 42) share stocks. For efficiency and convenience reasons, spend on stationery and stocks is recorded under Vote 6 and spend on IT consumable stocks is recorded under Vote 42. However, as the stocks are deemed to be shared, they are included in the notes to the Accounts of Vote 6 and Vote 42 and are allocated on the basis of staff numbers in the respective Departments.

2.5 Other Debit Balances	2011	2010
at 31 December	€000	€000

Recoupable travel expenditure	4	—
Recoupable travel pass scheme expenditure	77	—
Other debit suspense items	44	—
	<u>125</u>	<u>—</u>

2.6 Other Credit Balances	2011	2010
at 31 December	€000	€000

Amounts due to the State

Income Tax	295	—
Pay Related Social Insurance	98	—
Professional Services Withholding Tax	16	—
Value Added Tax	2	—
Pension contributions	26	—
Universal Social Charge	87	—
	<u>524</u>	<u>—</u>
Recoupable salaries	42	—
Payroll deductions held in suspense	91	—
Other credit suspense items	59	—
	<u>716</u>	<u>—</u>

2.7 Net Liability to the Exchequer

at 31 December

	2011	2010
	€000	€000
Surplus to be surrendered	4,790	—
Exchequer grant undrawn	(4,664)	—
Net liability to the Exchequer	<u>126</u>	<u>—</u>

Represented by:**Debtors**

Bank and cash	717	—
Debit balances: suspense	125	—
	<u>842</u>	<u>—</u>

Creditors

Due to State	(524)	—
Credit balances: suspense	(192)	—
	<u>(716)</u>	<u>—</u>

	<u>126</u>	<u>—</u>
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2.8 Commitments

at 31 December

	2011	2010
	€000	€000
Total of legally enforceable commitments	<u>401</u>	<u>—</u>

3 Programme Expenditure

		2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
A	Public Expenditure and Sectoral Policy			
A.1	Administration - pay	7,550	7,637	8,110
A.2	Administration - non pay	112	155	79
A.3	Economic and Social Research Institute-administration and general expenses (grant-in-aid)	2,700	2,700	3,075
A.4	Structural funds technical assistance and other costs	905	791	892
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	740	657	670
A.6	Peace Programme/ Northern Ireland INTERREG	4,040	3,573	3,581
A.7	Special EU Programmes Body	1,247	1,168	1,122
A.8	Ireland/ Wales and transnational INTERREG	385	384	436
A.9	Procurement management reform	140	—	—
A.10	Consultancy and other services	16	14	16
		17,835	17,079	17,981
		2011 Estimate Provision €000	2011 Outturn €000	2010 Outturn €000
B	Public Service Management Policy			
B.1	Administration - pay	14,023	11,907	10,845
B.2	Administration - non pay	939	875	1,222
B.3	Institute of Public Administration (grant-in-aid)	3,000	3,000	3,400
B.4	Gaeleagras na Serbhíse Poiblí	120	40	234
B.5	Civil service arbitration and appeals procedure	65	35	32
B.6	Review Body of Higher Remuneration in the Public Service	1	—	48
B.7	Public service benchmarking body	1	—	—
B.8	Committee for performance awards	1	—	—
B.9	Centre for Management and Organisation Development	1,530	1,090	1,123
B.10	Change management fund			
	<i>Current year provision</i>	2,780		
	<i>Supplementary</i>	(1,499)		
B.11	Civil service childcare initiative	25	8	45
B.12	Consultancy and other services	159	41	61
B.13	Referendum Commission (Public Inquiries)			
	<i>Current year provision</i>	—		
	<i>Supplementary</i>	1,500		
		22,645	18,019	17,334

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount provided by more than €100,000, and by more than 5% (25% in the case of administration subheads).

Heading	Less/ (more) than provided €000	Explanation
A.4	114	The savings arose from less than anticipated travel costs.
A.6	467	Variances arise as start dates and drawdown demands for the projects are difficult to estimate with accuracy.
A.9	140	The savings arose because a training programme did not proceed.
B.9	440	The savings arose from some planned procurements being deferred and from reductions achieved in contract renegotiations.
B.10	927	The savings arose because the reform agenda was delayed as a result of the later than anticipated transfer of functions and delays in start dates for several key projects.
B.12	118	The estimate represented a general provision intended to cover any consultancy expenditure that might be required. Less expenditure was incurred than was anticipated.
B.13	831	The savings arose because of the use of joint information campaigns and material covering both the Referendum on Oireachtas Inquiries and the Referendum on Judges' Remuneration.

4 Receipts

4.1 Appropriations-in-aid	2011 Estimated €000	2011 Realised €000	2010 Realised €000
1. Receipts from computer services rendered by the Centre for Management and Organisation Development	—	—	3
2. Receipts from departments in respect of foreign language classes	—	19	39
3. EU Programmes	2,890	2,229	1,258
4. Pension cashflow surpluses	884	613	—
5. Receipts from pension-related deduction on public service remuneration	1,859	2,155	2,155
6. Miscellaneous	6	31	579
Total	5,639	5,047	4,034

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Heading	Less/(more) than estimated €000	Explanation
3.	661	The amount was less than projected due to some delays in expenditure on projects and consequent later reimbursements from the EU Commission.
4.	271	Receipts were less than anticipated due to a high level of retirements.
5.	(296)	It is not possible to estimate accurately the level of receipts as they vary depending on the number of staff employed and the percentage deduction varies depending on the salary level of the individual employees.

4.2 Extra Receipts payable to the Exchequer

€697,894 was transferred to the Exchequer during the year. This is in respect of an amount received from the SIPTU National Trustee sub committee which was not proper to the Vote.

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)	281	324
	2011	2010
	€000	€000
Pay ¹	19,938	19,774
Higher, special or additional duties allowances	131	67
Other allowances	92	155
Overtime	46	42
Employer's PRSI	799	744
Total pay	21,006	20,782

¹ The total pay figure is inclusive of pay in headings A.1, A.4, A.7, A.10, B.1, B.4, B.5.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment	Maximum individual payment
			2011	2010
			€	€
Higher, special or additional duties	21	5	19,877	18,166
Other allowances	57	—	3,975	7,249
Overtime	28	1	12,393	6,739

Note: Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €36,536 in respect of one officer who was serving outside the Department for all of 2011 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% PCW restructuring agreement, 29 officers received a total of €64,032 in respect of seniority allowances.

Four retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €4,459.

6 Miscellaneous

6.1 EU Funding

The outturn shown in headings A.4., A.5. and A.6. includes payments in respect of activities which are co-financed by the EU (e.g. ERDF, Interreg etc.).

Heading Description	2011 Estimate €000	2011 Outturn €000	2010 Outturn €000
A.4 Structural funds technical assistance and other costs	905	791	766
A.5 Technical assistance costs of Regional Assemblies (grant-in-aid)	740	657	670
A.6 Peace Programme/Northern Ireland Interreg	4,040	3,573	3,581
	5,685	5,021	5,017

6.2. Committees and Commissions

	Year of appointment	2011 €000	2010 €000
Civil Service Arbitration Board	1950/51	35	32
Review Body on Higher Remuneration in the Public Service	1969/70	—	48
		35	80