

Vote 5 Office of the Comptroller and Auditor General

Introduction

As Accounting Officer for Vote 5, 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 Comptroller and Auditor General.

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 Comptroller and Auditor General.

The internal audit function is provided by a private firm which uses appropriately trained personnel.

Gerard Smyth
Accounting Officer
Office of the Comptroller and Auditor General
30 March 2012

Certificate of the Comptroller and Auditor General

The Appropriation Account of the Vote for the Office of the Comptroller and Auditor General for 2011 has been audited on my behalf by Tommy Doherty of Mazars, Chartered Accountants and Registered Auditors. On the basis of his audit and report, it is my opinion that the account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011.

Seamus McCarthy
Comptroller and Auditor General
7 June 2012

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act, 1993

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, I have audited the Appropriation Account of the Office of the Comptroller and Auditor General for the year ended 31 December 2011.

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. My audit work has been undertaken so that I can state to the Comptroller and Auditor General those matters I am required to state to him in my opinion and for no other purposes. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the Accounting Officer and the Auditor

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the Appropriation Account. He is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the Appropriation Account.

It is my responsibility to audit the Appropriation Account in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Appropriation Account gives a true and fair view. I also report to you whether in my opinion proper books of account have been kept by the Office. In addition, I state whether I have obtained all the information and explanations necessary for the purpose of my audit and whether the Office's Appropriation Account is in agreement with the books of account.

Basis of Opinion

I conducted my audit of the Appropriation Account of the Office of the Comptroller and Auditor General in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Appropriation Account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of *Public Financial Procedures* have been complied with.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the Appropriation Accounts are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Appropriation Accounts.

Opinion

In my opinion the Appropriation Account of the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2011 and there are no matters on which I need to report, pursuant to Section 3(10) of the Comptroller and Auditor General (Amendment) Act 1993.

I have obtained all the information and explanations which I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Office of the Comptroller and Auditor General. The Appropriation Account is in agreement with the books of account.

T Doherty

For and on behalf of Mazars
Chartered Accountants and Registered Auditors
Block 3
Harcourt Centre
Dublin 2

7 June 2012

Vote 5 Office of the Comptroller and Auditor General Appropriation Account 2011

Service	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
Programme Expenditure			
A. Audit and Reporting	12,910	11,487	10,843
Gross expenditure	12,910	11,487	10,843
Deduct :			
B. Appropriations-in-aid	6,066	7,171	5,780
Net expenditure	6,844	4,316	5,063
Surplus to be surrendered		€2,528,030	€1,752,511

Administration	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
(i) Salaries, wages and allowances	9,983	9,407	8,869
(ii) Travel and subsistence	576	469	454
(iii) Training and development and incidental expenses	358	297	228
(iv) Postal and telecommunications services	150	150	166
(v) Office equipment and external IT services	413	410	361
(vi) Office premises expenses	260	233	257
(vii) Consultancy services and value for money and policy reviews	700	103	67
(viii) Legal fees	50	12	14
(ix) Contract audit services	420	406	427
	12,910	11,487	10,843

Notes to the Appropriation Account

1 Operating Cost Statement 2011

	Notes	€000	2011 €000	2010 €000
Pay			9,407	8,869
Non pay			2,080	1,974
Gross expenditure			<u>11,487</u>	<u>10,843</u>
Deduct				
Appropriations-in-aid			<u>7,171</u>	<u>5,780</u>
Net expenditure			<u>4,316</u>	<u>5,063</u>
Changes in capital assets				
Purchases cash		(200)		
Depreciation		172		
Write down of Fixed Assets		102	74	58
Changes in assets under development				
Cash payments			—	—
Changes in net current assets				
Decrease in closing accruals		65		
Decrease in stock		10		
			<u>75</u>	<u>314</u>
Direct expenditure			<u>4,465</u>	<u>5,435</u>
Movement in Work-in-Progress			477	(364)
Net allied services expenditure	1.1		3,018	2,817
Notional rents			203	304
Total operating cost			<u><u>8,163</u></u>	<u><u>8,192</u></u>

1.1 Net Allied Services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 5 borne elsewhere

Vote		2011 €000	2010 €000
7	Superannuation and Retired Allowances	1,885	1,737
10	Office of Public Works	652	612
	Central Fund - Comptroller and Auditor General's salary and pensions in respect of former holders of the Office	467	468
4	Central Statistics Office- donated laptops to the Office that were no longer required follow completion of Census 2011 fieldwork	14	—
		<u><u>3,018</u></u>	<u><u>2,817</u></u>

2 Balance Sheet as at 31 December 2011

	Note	2011 €000	2010 €000
Capital assets	2.1	425	485
Work-in-Progress	2.2	611	1,088
		1,036	1,573
Current assets			
Stocks	2.4	29	39
Prepaid expenses		85	100
Audit fee debtors		726	512
Accrued audit fee income	2.5	297	569
Other debit balances	2.6	155	136
Net liability from the Exchequer	2.8	209	775
Total current assets		1,501	2,131
Less current liabilities			
Bank and cash	2.3	40	587
Accrued expenses		39	47
Other credit balances	2.7	324	324
Total current liabilities		403	958
Net current assets		1,098	1,173
Net assets		2,134	2,746
Represented by:			
State funding account		2,134	2,746

2.1 Statement of Capital Assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2011	1,790	848	2,638
Write down of Fixed Assets ¹	—	(505)	(505)
Transfers	17	—	17
Additions	198	2	200
Disposals	(162)	(2)	(164)
Cost or valuation at 31 December 2011	<u>1,843</u>	<u>343</u>	<u>2,186</u>
Accumulated Depreciation			
Opening balance at 1 January 2011	1,556	597	2,153
Depreciation on write down of Fixed Assets ¹	—	(403)	(403)
Depreciation on transfers	3	—	3
Depreciation for the year	142	30	172
Depreciation on disposals	(162)	(2)	(164)
Cumulative depreciation at 31 December 2011	<u>1,539</u>	<u>222</u>	<u>1,761</u>
Net Assets at 31 December 2011	<u>304</u>	<u>121</u>	<u>425</u>
Net Assets at 31 December 2010	<u>234</u>	<u>251</u>	<u>485</u>

¹ A review of fixed assets during the year identified assets disposed of which had not been removed from the register and assets which cost less than the capitalisation threshold and which ought not to have been capitalised. These assets had an original cost of €504,343 and accumulated depreciation of €402,146. The net book value of €102,197 has been written out of the Operating Cost Statement.

2.2 Work in Progress

The value of work in progress is calculated as a percentage of the agreed audit fee depending on the status of the audit, as follows:

Status of Audit	Percentage of Audit Fee included in	2011	2010
	Work-in-Progress	€000	€000
Cleared for Certification	90%	188	324
Audit Review Stage	75%	66	181
Fieldwork Complete	60%	47	342
Final Audit in Progress	30%	5	15
Interim Audit Completed	15%	154	79
Interim Audit in Progress	10%	151	147
		<u>611</u>	<u>1,088</u>

Note: Work in Progress only assigns value to work conducted on audits for which a fee is charged

2.3 Bank and Cash	2011	2010
at 31 December	€000	€000
PMG balances and cash	(40)	(587)
Orders outstanding	—	—
	<u>(40)</u>	<u>(587)</u>

2.4 Stocks	2011	2010
at 31 December	€000	€000
Stationery	21	20
IT Consumables etc.	8	19
	<u>29</u>	<u>39</u>

2.5 Accrued Audit Fee Income

Accrued audit fee income represents audit work completed but not yet invoiced at the year end.

2.6 Other Debit Balances	2011	2010
at 31 December	€000	€000
Recoupment of travel expenditure	5	5
Recoupment of travel pass scheme	55	51
Recoupable expenditure from co-tenants	86	80
Advances to OPW	9	—
	<u>155</u>	<u>136</u>

2.7 Other Credit Balances	2011	2010
at 31 December	€000	€000
Amounts due to the State		
Income Tax	118	100
Pay Related Social Insurance	66	83
Income Levy	40	13
Professional Services Withholding Tax	24	46
Value Added Tax	11	11
Pension Contributions	24	27
	<u>283</u>	<u>280</u>
Owed to OPW	—	4
Payroll deductions held in suspense	41	39
Other credit suspense items	—	1
	<u>324</u>	<u>324</u>

2.8 Net Liability to the Exchequer

at 31 December

	2011	2010
	€000	€000
Surplus to be surrendered	2,528	1,752
Exchequer grant undrawn	(2,737)	(2,527)
Net liability due to/(from) the Exchequer	<u>(209)</u>	<u>(775)</u>

Represented by:**Debtors**

Debit balances: suspense

155	132
<u>155</u>	<u>132</u>

Creditors

Due to the State

Credit balances: suspense

Bank and cash

(283)	(280)
(41)	(40)
(40)	(587)
<u>(364)</u>	<u>(907)</u>

<u>(209)</u>	<u>(775)</u>
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2.9 Commitments

at 31 December

	2011	2010
	€000	€000
Total of legally enforceable commitments ¹	<u>1</u>	<u>241</u>

¹ Contracted commitments at 31 December 2010 amounted to €240,768, of which €217,651 was in respect of contracts the Office had entered into with firms of accountants to provide audit services. Similar contracts were not in place at the end of 2011.

3 Programme Expenditure

	2011 Estimate provision €000	2011 Outturn €000	2010 Outturn €000
A - Audit and Reporting			
A .1. Administration - pay	9,983	9,407	8,869
A.2. Administration - non-pay	2,927	2,080	1,974
Total	12,910	11,487	10,843

Explanation of significant variations

An explanation is provided below in the case of each expenditure subhead 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).

Sub-head	Less/(more) than provided €000	Explanation
A.2	847	Savings arose mainly because a provision of €500,000 had been made for National Asset Management Agency (NAMA) related consultancy. Consultancy on the scale originally envisaged was not required and only €80,000 was used. The saving is also reflected in a consequential reduction in fee income in Appropriations-in-Aid. There was also a saving of €177,000 on general consultancy as the examinations undertaken during the year required less external expert input than originally estimated. There was also a saving of €107,000 on official travel as the amount of travel undertaken was less than anticipated.

4 Receipts

	2011 Estimated €000	2011 Realised €000	2010 Realised €000
4.1 Appropriations-in-aid			
1. Receipt of fees	5,450	6,570	5,196
2. Receipts from pension-related deduction on public service remuneration	616	601	584
Total	6,066	7,171	5,780

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
1	(1,120)	It was originally anticipated that certain consultancy costs would be recovered by way of audit fee charged to NAMA. As explained in Note 3, €420,000 of these costs were not incurred with a consequent reduction in fees. Notwithstanding this, due to exceptionally high certification of audit arrears, the audit fee target was exceeded.

5 Employee Numbers and Pay

	2011	2010
Number of staff at year end (full time equivalents)	146	150
	2011	2010
	€000	€000
Pay	8,738	8,297
Higher, special or additional duties allowances	57	26
Other allowances	1	1
Overtime	—	—
Employer's PRSI	611	545
Total pay	9,407	8,869

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2011 €	Maximum individual payment 2010 €
Higher, special or additional duties	6	1	10,395	10,395
Overtime and extra attendance	1	—	233	—

5.2 Other Remuneration Arrangements

As part of their pay structure, Trainee Auditors received additional remuneration totalling €47,520 (€27,084 in 2010), following their qualification as accountants and their assumption of the responsibilities attaching to the Auditor grade, this is included in the pay figure above.

6 Miscellaneous

6.1 Audit Committee costs amounted to € 6,000 (€6,510 in 2010).

6.2 Certain figures in respect of 2010 have been restated to ensure consistency of presentation with the 2011 account. There is no effect on the 2010 outturn