

**Vote 9 Office of the Revenue Commissioners**

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## Introduction

As Accounting Officer for Vote 9, 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 Revenue Commissioners, including certain other services administered by that Office.

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 with the exceptions listed here.

#### ***Capital Assets : Vehicles and Equipment***

Seized vehicles that have been appropriated to Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life from the date of appropriation.

The Customs cutter is depreciated on a straight line basis at an annual rate of 5% over its estimated useful life.

### **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 Revenue Commissioners.

**Josephine Feehily**  
Accounting Officer  
Office of the Revenue Commissioners  
28 February 2012

## **Certificate of the Comptroller and Auditor General**

I have audited the Appropriation Account of Vote 9: Office of the Revenue Commissioners 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 Office of the Revenue Commissioners. 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.

Chapters 7 to 11 of my report on the accounts of the public services for 2011 refer to certain matters relating to Vote 9 on which I considered it appropriate to report in accordance with Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

**Seamus McCarthy**  
Comptroller and Auditor General  
28 August 2012

## Vote 9 Office of the Revenue Commissioners Appropriation Account 2011

	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
<b>Programme Expenditure</b>			
A Administration and collection of taxes and duties, and frontier management	392,859	391,892	401,769
<b>Gross expenditure</b>	<b>392,859</b>	<b>391,892</b>	<b>401,769</b>
<b>Deduct</b>			
B Appropriations-in-aid	67,687	74,335	72,477
<b>Net expenditure</b>	<b>325,172</b>	<b>317,557</b>	<b>329,292</b>
<b>Surplus to be surrendered</b>		<b>€7,614,739</b>	<b>€9,759,339</b>

<b>Administration</b>	2011 Estimate provision	2011 Outturn	2010 Outturn
	€000	€000	€000
A.1 Salaries, wages and allowances	295,298	293,598	291,820
A.2 Travel and subsistence	3,478	3,325	3,287
A.3 Training and development and incidental expenses	11,700	13,163	11,220
A.4 Postal and telecommunications services	12,350	11,001	12,184
A.5 Office equipment and external IT services	45,625	43,559	58,586
A.6 Office premises expenses	7,700	7,674	8,480
A.7 Consultancy services and value for money and policy reviews	108	107	69
A.8 Motor vehicles	2,200	2,231	2,479
A.9 Law charges, fees and rewards	13,900	17,074	13,459
A.10 Compensation and losses	500	160	112
<i>Value for money and policy reviews</i>	—	—	73
	<b>392,859</b>	<b>391,892</b>	<b>401,769</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2011

	Note	€000	2011 €000	2010 €000
Pay			293,598	291,820
Non pay			98,294	109,949
<b>Gross expenditure</b>			<u>391,892</u>	<u>401,769</u>
Deduct				
<b>Appropriations-in-aid</b>			(74,335)	(72,477)
<b>Net expenditure</b>			<u>317,557</u>	<u>329,292</u>
<b>Changes in capital assets</b>				
Purchases cash		(6,999)		
Depreciation		27,626		
Disposals cash		6		
Loss on disposals		34	20,667	21,771
<b>Changes in assets under development</b>				
Cash payments			(16,580)	(7,944)
<b>Changes in net current assets</b>				
Increase in closing accruals		7,251		
Decrease in stock		341		
			<u>7,592</u>	<u>(6,975)</u>
<b>Direct expenditure</b>			<u>329,236</u>	<u>336,144</u>
Net allied services expenditure	1.1		71,769	61,494
Notional rents			11,019	15,631
<b>Total operating cost</b>			<u><u>412,024</u></u>	<u><u>413,269</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 9 borne elsewhere.

Vote		2011 €000	2010 €000
7	Superannuation and Retired Allowances	57,840	54,052
10	Office of Public Works	22,342	21,259
	Services rendered by Revenue without charge	(8,413)	(13,817)
		<u><u>71,769</u></u>	<u><u>61,494</u></u>

**2 Balance Sheet as at 31 December 2011**

	Note	2011 €000	2010 €000
<b>Capital assets</b>	2.1	55,276	61,333
<b>Capital assets under development</b>	2.2	2,734	489
		<b>58,010</b>	<b>61,822</b>
<b>Current assets</b>			
Bank and cash	2.3	10,466	9,833
Stocks	2.4	1,465	1,806
Prepayments		15,233	22,728
Accrued income		1,303	369
Other debit balances	2.5	2,308	1,557
<b>Total current assets</b>		<b>30,775</b>	<b>36,293</b>
<b>Less current liabilities</b>			
Accrued expenses		3,131	2,289
Deferred Income		89	84
Other credit balances	2.6	12,489	11,139
Net liability to the Exchequer	2.7	285	251
<b>Total current liabilities</b>		<b>15,994</b>	<b>13,763</b>
<b>Net current assets</b>		<b>14,781</b>	<b>22,530</b>
<b>Net assets</b>		<b>72,791</b>	<b>84,352</b>
<b>Represented by:</b>			
<b>State funding account</b>		<b>72,791</b>	<b>84,352</b>

**2.1 Capital Assets**

	<b>Vehicles and equipment</b>	<b>Office/IT equipment</b>	<b>Furniture and fittings</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Gross assets</b>				
Cost or valuation at 1 January 2011	12,840	391,574	52,382	456,796
Prior year adjustment*	74	—	—	74
Seized vehicles appropriated to Revenue	76	—	—	76
Additions	405	20,206	897	21,508
Disposals	(220)	(2,068)	(213)	(2,501)
Cost or valuation at 31 December 2011	<u>13,175</u>	<u>409,712</u>	<u>53,066</u>	<u>475,953</u>
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2011	9,105	340,550	45,808	395,463
Prior year adjustment*	32	—	—	32
Depreciation for the year	716	25,100	1,810	27,626
Depreciation on disposals	(208)	(2,033)	(203)	(2,444)
Cumulative depreciation at 31 December 2011	<u>9,645</u>	<u>363,617</u>	<u>47,415</u>	<u>420,677</u>
<b>Net capital assets at 31 December 2011</b>	<b><u>3,530</u></b>	<b><u>46,095</u></b>	<b><u>5,651</u></b>	<b><u>55,276</u></b>
<b>Net capital assets at 31 December 2010</b>	<b><u>3,735</u></b>	<b><u>51,024</u></b>	<b><u>6,574</u></b>	<b><u>61,333</u></b>

\*Note: The prior year adjustment reflects the capitalisation of seized vehicles appropriated to Revenue in prior years

**2.2 Capital Assets under Development**

at 31 December 2011

	<b>In-house computer applications €000</b>
Amounts brought forward at 1 January 2011	489
Cash payments for the year	16,580
Transferred to asset register	(14,335)
Amounts carried forward at 31 December 2011	<u>2,734</u>

<b>2.3 Bank and Cash</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
PMG balances and cash	10,577	10,849
Orders outstanding	(111)	(1,016)
	<u>10,466</u>	<u>9,833</u>
	<u><u>10,466</u></u>	<u><u>9,833</u></u>
<b>2.4 Stocks</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
Stationery	865	1,193
IT consumables	524	613
Equipment/clothing	76	—
	<u>1,465</u>	<u>1,806</u>
	<u><u>1,465</u></u>	<u><u>1,806</u></u>
<b>2.5 Other Debit Balances</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
Shared buildings advances	190	156
Advances to OPW for building works etc.	593	532
Advances for travel and subsistence purposes	14	11
Miscellaneous suspense	222	166
Recoupable expenditure	1,185	594
Vote 8 Appeal Commissioners	104	98
	<u>2,308</u>	<u>1,557</u>
	<u><u>2,308</u></u>	<u><u>1,557</u></u>
<b>2.6 Other Credit Balances</b>	<b>2011</b>	<b>2010</b>
at 31 December	<b>€000</b>	<b>€000</b>
<b>Amounts due to the State</b>		
Income Tax	4,444	3,265
Pay Related Social Insurance	1,483	2,185
Professional Services Withholding Tax	1,189	1,388
Value Added Tax	317	322
Relevant Contracts Tax	—	4
Pensions	691	599
Extra Exchequer Receipts	1,028	—
	<u>9,152</u>	<u>7,763</u>
Payroll deductions held in suspense	3,074	3,157
Other credit suspense items	263	219
	<u>12,489</u>	<u>11,139</u>
	<u><u>12,489</u></u>	<u><u>11,139</u></u>



**2.7 Net Liability to the Exchequer**

at 31 December

	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Surplus to be surrendered	7,615	9,759
Exchequer grant undrawn	(7,330)	(9,508)
Net liability to the Exchequer	<u>285</u>	<u>251</u>

**Represented by:****Debtors**

Bank and cash	10,466	9,833
Other debit balances	2,308	1,557
	<u>12,774</u>	<u>11,390</u>

**Creditors**

Payroll deductions	(3,074)	(3,157)
Due to State	(9,152)	(7,763)
Other credit suspense items	(263)	(219)
	<u>(12,489)</u>	<u>(11,139)</u>
	<u>285</u>	<u>251</u>

**2.8 Commitments**

at 31 December

	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Total of legally enforceable commitments	<u>166</u>	<u>476</u>

### 3 Programme Expenditure

	2011 Estimated provision €000	2011 Outturn €000	2010 Outturn €000
<b>Administration and Collection of Taxes, Duties and Frontier Management</b>			
Administration - pay	295,298	293,598	291,820
Administration - non pay	97,561	98,294	109,949
	<b>392,859</b>	<b>391,892</b>	<b>401,769</b>

#### 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 25%.

Heading	Less/(more) than provided €000	Explanation
A.10	340	Because of its legal nature, it is difficult to forecast the amount and timing of compensation payments and losses on legal cases.

## 4 Receipts

4.1 Appropriations-in-aid	2011	2011	2010
	Estimated €000	Realised €000	Realised €000
1. Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2. Fines, forfeitures, law costs recovered	4,500	4,155	4,767
3. Cherished numbers	50	166	182
4. Receipts in respect of Environmental Levy collection	200	399	400
5. Miscellaneous	9,500	15,379	13,234
6. Receipts from pension related deduction on remuneration	16,000	16,799	16,457
<b>Total</b>	<b>67,687</b>	<b>74,335</b>	<b>72,477</b>

### 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
2.	345	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
3.	(116)	Receipts vary with demand.
4.	(199)	Demand for plastic bags did not decline as much as anticipated.
5.	(5,879)	The main component is collection costs in respect of Customs Duties. It is difficult to estimate this accurately because of the uncertain nature of the payments.

### 4.2 Extra receipts payable to the Exchequer

An amount of €478,455 in respect of bank interest on Revenue accounts held with the Central Bank was paid to the Exchequer.

An amount of €500,641 which was received during 2011 as Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with a global cigarette manufacturer, was paid to the Exchequer in 2011. An amount of €1,028,028 was received in December 2011 and is due to be paid to the Exchequer in 2012.

The sum of €519,697 was lodged to the Exchequer in respect of cash forfeited under Section 39 of the Criminal Justice Act, 1994.

## 5 Employee Numbers and Pay

	2011	2010
<b>Number of staff at year end</b> (full time equivalents)	5,957	6,063
	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Pay	274,249	273,104
Allowances	4,332	4,141
Overtime	2,987	3,094
Employer's PRSI	12,030	11,481
<b>Total pay</b>	<b>293,598</b>	<b>291,820</b>

### 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	476	16	18,589	18,608
Overtime and extra attendance	2,169	105	21,409	20,007
Shift and roster allowances	179	29	19,466	20,181
Miscellaneous	68	3	18,828	18,847

### 5.2 Performance Awards

A total of €314,948 was spent on Exceptional Performance Awards (i.e. 1,121 individual awards ranging from €50 to €3,500 and eight group awards ranging from €500 to €4,000).

### 5.3 Other Remuneration Arrangements

The cost of Revenue staff on loan to other Departments/Agencies without recoupment was €268,053.

## 6 Miscellaneous

### 6.1 Compensation and Legal Costs

Compensation of €129,831 was paid in respect of legal action taken by members of the public.

A total of €9,574 was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

A payment of €25,000 was made to a former Revenue employee in respect of compensation awarded by the Employment Appeals Tribunal.

### 6.2 Administrative Budget Carryover

As agreed with the Department of Public Expenditure and Reform under the delegated administrative budget scheme, a carryover of €468,000 is included in the Estimate for 2012.