



Appropriation Account 2012

Vote 11

Office of the Minister for Public Expenditure and Reform

Introduction

As Accounting Officer for Vote 11, 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 2012 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 2012, 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

Responsibility for System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- 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 11.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department is compliant with all relevant guidelines regarding procurement and is complying with all circulars relating to the mandatory use of framework agreements and contracts.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Robert Watt
Accounting Officer
Department Public Expenditure and Reform

25 March 2013

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 11 Office of the Minister for Public Expenditure and Reform

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in his Department and for the regularity and propriety of all transactions in the appropriation accounts.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare a report each year on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of Public Financial Procedures have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2012.

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. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

9 September 2013

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
A Public expenditure and sectoral policy	20,926	18,761	17,079
B Public service management and reform	26,079	23,842	18,019
Gross expenditure	47,005	42,603	35,098
<i>Deduct</i>			
C Appropriations-in-aid	5,274	5,461	5,047
Net expenditure	41,731	37,142	30,051

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2012	2011
	€	€
Surplus to be surrendered	4,589,218	4,790,181

Analysis of administration expenditure

		2012		2011
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	20,530	18,655	19,544
ii	Travel and subsistence	128	150	119
iii	Training and development and incidental expenses	488	465	217
iv	Postal and telecommunications services	305	327	70
v	Office equipment and external IT services	449	446	613
vi	Office premises expenses	476	633	7
vii	Consultancy and other services	5	—	4
viii	EU Presidency	343	85	—
		22,724	20,761	20,574

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	19,063	13,062
Pay	21,433	21,006
Non pay	2,107	1,030
Gross expenditure	42,603	35,098
<i>Deduct</i>		
Appropriations-in-aid	5,461	5,047
Net expenditure	37,142	30,051
Changes in capital assets		
Purchases cash	(1,232)	
Depreciation	1,241	
	9	1,086
Changes in assets under development		
Cash payments	(3)	(43)
Changes in net current assets		
Decrease in closing accruals	(343)	
Decrease in stock ¹	6	
	(337)	(361)
Direct expenditure	36,811	30,733
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,512	784
Notional rents	1,551	1,513
Net programme cost	39,874	33,030

¹ The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks. For efficiency and convenience reasons, spend on stationery and stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the Accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments.

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 11 borne elsewhere.

	2012	2011
	€000	€000
Vote 7 Finance	335	143
Vote 12 Superannuation and Retired Allowances	388	450
Vote 13 Office of Public Works	789	—
Vote 20 Garda Síochána	—	29
Central Fund – Ministerial pensions	—	162
	<u>1,512</u>	<u>784</u>

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	1,769	2,110
Capital assets under development	2.4	—	132
		<u>1,769</u>	<u>2,242</u>
Current assets			
Bank and cash	2.5	1,873	717
Stocks	2.6	19	25
Prepayments		704	355
Accrued income		31	—
Other debit balances	2.7	143	125
Total current assets		<u>2,770</u>	<u>1,222</u>
Less current liabilities			
Accrued expenses		55	19
Other credit balances	2.8	1,824	716
Net liability to the Exchequer	2.9	192	126
Total current liabilities		<u>2,071</u>	<u>861</u>
Net current assets		<u>699</u>	<u>361</u>
Net assets		<u>2,468</u>	<u>2,603</u>
Represented by:			
State funding account	2.1	<u>2,468</u>	<u>2,603</u>

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		2,603	—
Funding drawn down	2.2	38,654	30,835
Non cash expenditure – notional rent	1	1,551	1,513
Other non-cash items capital assets ¹		374	30
Other non-cash items depreciation ¹		(718)	(885)
Capital assets transferred gross		—	24,343
Capital assets transferred depreciation		—	(20,389)
Capital assets under development transferred		—	186
Other non-cash items capital assets under development		(122)	—
Net programme cost	1	<u>(39,874)</u>	<u>(33,030)</u>
Balance at 31 December		<u>2,468</u>	<u>2,603</u>

¹ Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition/depreciation figures in the balance sheet do not match those shown in the Operating Cost Statement.

2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	41,731	34,841
Surplus to be surrendered	Account	(4,589)	(4,790)
		37,142	30,051
Expenditure (cash) borne elsewhere	1	1,512	784
Total funding drawn down		38,654	30,835

2.3 Capital Assets

	IT equipment	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2012	24,618	2	24,620
Additions	1,618	—	1,618
Cost or valuation at 31 December 2012	26,236	2	26,238
Accumulated depreciation			
Opening balance at 1 January 2012	22,510	—	22,510
Depreciation for the year	1,958	1	1,959
Cumulative depreciation at 31 December 2012	24,468	1	24,469
Net assets at 31 December 2012	1,768	1	1,769
Net assets at 31 December 2011	2,108	2	2,110

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 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 now 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. Notwithstanding any of the above, the Department of Public Expenditure and Reform purchased certain assets in 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

2.4 Capital Assets under Development

at 31 December	In-house computer applications
	€000
Amounts brought forward at 1 January 2012	132
Cash payments for the year	3
Transferred to asset register	(13)
Amount written off during 2012	(122)
Balance at 31 December 2012	<u>—</u>

Following a review of development projects a number of small historical projects were identified as not likely to proceed to deployment, due to organisational changes or the projects having delivered pilots not leading to subsequent development. All of the associated costs were pay costs for staff time and have been written off.

2.5 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	1,873	718
Orders outstanding	—	(1)
	<u>1,873</u>	<u>717</u>

2.6 Stocks

	2012	2011
at 31 December	€000	€000
Stationery	14	18
IT consumables	5	7
	<u>19</u>	<u>25</u>

2.7 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Recoupable travel expenditure	23	4
Recoupable travel pass scheme expenditure	92	77
Other debit suspense items	28	44
	<u>143</u>	<u>125</u>

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	332	295
Pay Related Social Insurance	121	98
Professional Services Withholding Tax	177	16
Value Added Tax	20	2
Pension contributions	48	26
Universal Social Charge	100	87
	<hr/>	<hr/>
	798	524
Recoupable salaries	53	42
Payroll deductions held in suspense	99	91
Other credit suspense items	874	59
	<hr/>	<hr/>
	1,824	716
	<hr/>	<hr/>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	4,589	4,790
Exchequer grant undrawn	(4,397)	(4,664)
	<hr/>	<hr/>
Net liability to the Exchequer	192	126
	<hr/>	<hr/>

Represented by:**Debtors**

Bank and cash	1,873	717
Debit balances: suspense	143	125
	<hr/>	<hr/>
	2,016	842

Creditors

Due to State	(798)	(524)
Credit balances: suspense	(1,026)	(192)
	<hr/>	<hr/>
	(1,824)	(716)
	<hr/>	<hr/>
	192	126
	<hr/>	<hr/>

2.10 Commitments	2012	2011
at 31 December	€000	€000
Total of legally enforceable commitments	21	40

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Budget and Economic Policy			
A.1	Administration - pay	8,177	7,779	7,637
A.2	Administration - non pay	731	814	155
A.3	Economic and Social Research Institute- administration and general expenses (grant- in-aid)	2,700	2,700	2,700
A.4	Structural funds technical assistance and other costs	835	844	791
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	690	581	657
A.6	Peace Programme/ Northern Ireland INTERREG	5,895	4,124	3,573
A.7	Special EU Programmes Body	1,197	1,226	1,168
A.8	Ireland/ Wales and transnational INTERREG	385	384	384
A.9	Procurement management reform	140	1	—
A.10	Consultancy and other services	176	308	14
		20,926	18,761	17,079

Significant variations

Overall, the expenditure in relation to the programme was €2,165,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Technical assistance costs of Regional Assemblies (grant-in-aid)	109	The savings arose from the rationalisation of costs associated with travel, information and publicity.
Peace Programme/ Northern Ireland INTERREG	1,771	Variances arise as start dates and drawdown demands for the projects are difficult to estimate with accuracy.
Procurement management reform	139	The savings arose from the delay of costs associated with the review of public works contracts, the Construction Contracts Bill 2010 and further development of the construction procurement reform website.
Consultancy and other services	(132)	The excess arose from greater than anticipated consultancy costs associated with the planned sale of the licence for the National Lottery.

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Public Service Management and Reform			
B.1	Administration - pay	12,596	10,876	11,907
B.2	Administration - non pay	1,220	1,293	875
B.3	Institute of Public Administration (grant-in-aid)	2,750	2,750	3,000
B.4	Gaeleagras na Serbhíse Poiblí	45	19	40
B.5	Civil service arbitration and appeals procedure	50	34	35
B.6	Review Body of Higher Remuneration in the Public Service	1	—	—
B.7	Public service benchmarking body	1	—	—
B.8	Committee for performance awards	1	—	—
B.9	Civil service childcare initiative	25	8	8
B.10	Consultancy and other services	100	195	41
B.11	Centre for Management and Organisation Development	1,380	1,685	1,090
B.12	Reform Agenda	1,730	617	354
B.13	Human Resources Shared Services Centre	4,630	5,338	—
B.14	Employee Assistance Officer Shared service	1,515	995	—
B.15	Referendum Commission	35	32	669
		<u>26,079</u>	<u>23,842</u>	<u>18,019</u>

Significant variations

Overall, the expenditure in relation to the Programme B was €2,237,000 lower than provided. The significant variations were as follows:

Description	Less/ (more) than provided €000	Explanation
Centre for Management and Organisation Development	(305)	The excess arose from the purchase of IT equipment and services in order to establish the HR Shared Services Centre.
Reform Agenda	1,113	The savings arose from delay to start dates of key projects, less than anticipated expenditure on training programmes and delays in making appointments to the reform and delivery office.
Human Resources Shared Services Centre	(708)	The excess arose in relation to additional IT equipment and licensing requirements.
Employee Assistance Officer Shared service	520	The savings arose due to delayed start date and lower than anticipated staffing.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from departments in respect of foreign language classes	—	12	19
2. EU programmes	2,635	2,393	2,229
3. Pension cashflow surpluses	500	796	613
4. Receipts from pension-related deduction on public service remuneration	2,087	2,213	2,155
5. Miscellaneous	52	47	31
Total	5,274	5,461	5,047

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%.

Description	Less/ (more) than provided €000	Explanation
EU programmes	242	The amount was less than projected due to some delays in expenditure on projects and consequent later reimbursements from the EU Commission.
Pension cashflow surpluses	(296)	Variance arose due to higher than anticipated pension surplus from IPA.
Receipts from pension-related deduction on public service remuneration	(126)	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

Other receipts totalling €28,644 were transferred to the Exchequer during the year in respect of monies received in 2012 which were not proper to the Vote. An amount of €25,834 is in respect of monies received from the SIPTU National Health and Local Authority Fund. An amount of €606 is in respect of the balance of a bank account closed during 2012. An amount of €2,204 is in respect of costs incurred in attendance at a hearing recouped from a Government Office.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	341	281
	2012	2011
	€000	€000
Pay ¹	20,187	19,938
Higher, special or additional duties allowance	174	131
Redundancy	79	—
Other allowances	45	92
Overtime	36	46
Employer's PRSI	912	799
Total Pay	21,433	21,006

¹ The total pay figure is inclusive of pay in headings A.1, A.4, A.7, B.1, B.4, B.5, B.11, B.12, B.13, B.14.

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	36	5	11,937	19,877
Other Allowances	39	—	6,395	3,975
Overtime	21	—	6,102	12,393

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

This account includes expenditure of €95,758 in respect of three officers who were serving outside the Department for all or part of 2012 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% PCW restructuring agreement, 33 officers received a total of €67,722 in respect of Seniority Allowances.

Six retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €48,243.

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	2012	2012	2011
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	629	632	791
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	690	581	657
A.6	Peace Programme/Northern Ireland Interreg	5,895	4,123	3,573
		<u>7,214</u>	<u>5,336</u>	<u>5,021</u>

6.2 Committees and Commissions

	Year of appointment	2012	2011
		€000	€000
Civil Service Arbitration Board	1950/51	12	35
Review Body on Higher Remuneration in the Public Service	1969/70	—	—
		<u>12</u>	<u>35</u>

The total costs incurred in respect of Review Body on Higher Remuneration in the Public Service whose work is complete was €3,249,541.

6.3 Other Payments

The Department has paid 50% of the dilapidation costs following the vacation of leased accommodation, which amounted to €175,000. The remaining costs were borne by Vote 7 Office of the Minister for Finance.