



Appropriation Account 2012

Vote 12

Superannuation and Retired Allowances

Introduction

As Accounting Officer for Vote 12, 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 pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform, fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Board; payments in respect of Pensions Benefit System, miscellaneous payments, etc.

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.

The statement of internal financial control for the Department of Finance is also relevant given that it makes superannuation payments on an agency basis for Vote 12.

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.

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
Superannuation and Retired Allowances

1 March 2013

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

Vote 12 Superannuation and Retired Allowances

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances 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 12 Superannuation and Retired Allowances 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 of Public Expenditure and Reform. The appropriation account is in agreement with the books of accounts.

Seamus McCarthy
Comptroller and Auditor General

18 September 2013

Vote 12 Superannuation and Retired Allowances Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
A Superannuation and retired allowances			
<i>Original</i>	500,375		
<i>Supplementary</i>	25,000	525,375	432,560
Gross expenditure		525,375	432,560
<i>Deduct</i>			
B Appropriations-in-aid		82,100	87,315
Net expenditure		443,275	345,245

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	10,765,301	22,530,394

Notes to the Appropriation Account

1 Operating Cost Statement 2012

This note is not applicable as the administration costs of this Vote are borne on Vote 7 - Office of the Minister for Finance and the costs involved in formulation of superannuation policy are borne on Vote 11 - Office of the Minister for Public Expenditure and Reform.

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Current Assets			
Bank and cash	2.3	17,302	8,559
Other debit balances	2.4	295	111
Total current assets		17,597	8,670
Less current liabilities			
Other credit balances	2.5	9,396	7,556
Net liability to the Exchequer	2.6	8,201	1,114
Total current liabilities		17,597	8,670
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		—	—
Funding drawn down	2.2	432,510	345,245
Non cash expenditure – notional rent		—	—
Net programme cost		(432,510)	(345,245)
Balance at 31 December		—	—

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	443,275	367,775
Surplus to be surrendered	Account	(10,765)	(22,530)
		432,510	345,245
Expenditure (cash) borne elsewhere	1	—	—
Total funding drawn down		432,510	345,245

2.3 Bank and Cash	2012	2011
at 31 December	€000	€000
PMG balances and cash	18,636	10,238
Orders outstanding	(1,334)	(1,679)
	<u>17,302</u>	<u>8,559</u>

2.4 Other Debit Balances	2012	2011
at 31 December	€000	€000
Recoupable pensions owed by other Departments	294	111
Other debit suspense items	1	—
	<u>295</u>	<u>111</u>

2.5 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,620	3,875
Universal Social Charge	1,820	1,502
	<u>6,440</u>	<u>5,377</u>
Voluntary pension deductions held in suspense	2,702	2,179
Other credit suspense items	254	—
	<u>9,396</u>	<u>7,556</u>

2.6 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	10,765	22,530
Exchequer grant undrawn	(2,564)	(21,416)
Net liability to the Exchequer	<u>8,201</u>	<u>1,114</u>

Represented by:**Debtors**

Bank and cash	17,302	8,559
Debit balances: suspense	295	111
	<u>17,597</u>	<u>8,670</u>

Creditors

Due to State	(6,440)	(5,377)
Credit balances: suspense	(2,956)	(2,179)
	<u>(9,396)</u>	<u>(7,556)</u>
	<u>8,201</u>	<u>1,114</u>

3 Programme Expenditure by Subhead

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Superannuation and Retired Allowances			
A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances	315,000	313,435	284,194
A.2 Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	42,800	41,570	41,670
A.3 Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	1,000	967	1,092
A.4 Additional allowances and gratuities in respect of established officers and payments in respect of transferred service			
	<i>Original</i> 116,000		
	<i>Supplementary</i> 25,000		
A.5 Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	141,000	140,624	83,423
A.6 Injury grants and medical fees	550	329	349
A.7 Fees to Pensions Board	60	58	58
A.8 Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997	5	—	—
A.9 Pension liabilities of former public service bodies payable under statute	60	52	53
	525,375	520,454	432,560

Significant variations

Overall, the expenditure in relation to Programme A was €4,920,772 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	1,481	The number of unestablished officers put into payment in 2012, was slightly lower than estimated.
Injury grants and medical fees	221	Costs of injury grants were less than estimated.

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipt under the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff	28,000	28,000	30,000
2. Receipts in respect of pension liability of staff on loan, etc.	2,400	1,826	2,443
3. Contributions to spouses' and children's pension scheme for civil servants and others	21,600	22,672	21,657
4. Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	26,000	27,927	25,681
5. Repayment of gratuities, etc.	1,000	1,237	1,276
6. Purchase of notional service	3,000	5,688	5,964
7. Miscellaneous	100	594	294
Total	82,100	87,944	87,315

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 estimated €000	Explanation
Receipts in respect of pension liability of staff on loan, etc.	574	The numbers of staff on loan can vary significantly from year to year making estimation difficult.
Contributions to spouses' and children's pension scheme for civil servants and others	(1,072)	Contributions to Spouses' and Children's Pension Scheme for Civil Servants and others were higher than estimated.
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(1,927)	The numbers paying full pension contributions exceeded the estimate for established Civil Servants appointed on or after 6 April 1995.
Repayment of gratuities, etc.	(237)	It is difficult to predict the number of gratuities that will be repaid.
Purchase of notional service	(2,688)	It is difficult to predict the numbers purchasing service for pension purposes.
Miscellaneous	(494)	By their nature it is difficult to predict miscellaneous receipts.

5 Employee Numbers and Pay

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 7 - Office of the Minister for Finance and staff engaged on the formulation of superannuation policy are charged to Vote 11 - Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

	2012	2011
A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances	12,391	11,014
A.2 Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,797	2,795
A.3 Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	67	73
A.5 Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,716	4,732
A.9 Pension liabilities of former public service bodies payable under statute	3	3
	<u>19,974</u>	<u>18,617</u>

6 Miscellaneous

6.1 Abatement of Pensions

The Pensions (Abatement) Act, 1965 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The Act also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

For administrative convenience, the normal practice in the case of short term arrangements, is that, rather than abate the pension, the level of fee is set at a level to ensure that the combination of the fee and pension payment does not exceed the salary the officer would have received if he/she were still in employment.