



Appropriation Account 2012

Vote 34

National Gallery

Introduction

As Accounting Officer for Vote 34, 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 National Gallery, including 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 7 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.

The unique characteristics of the Gallery collection renders it incapable of meaningful valuation. Therefore no values have been included in this account in respect of the collection.

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 Gallery.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. 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.

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 Gallery
- 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 Gallery 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 Gallery 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 Gallery 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.

Review of Security Procedures

Security procedures for safeguarding the collection have been reviewed in the light of damage caused by a member of the public to a painting on display in June 2012, and procedures were enhanced where necessary.

Séan Rainbird
Accounting Officer
National Gallery

27 March 2013

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

Vote 34 National Gallery

I have audited the appropriation account for Vote 34 National Gallery 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 Office 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 each year, a report 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 34 National Gallery 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 National Gallery. The appropriation account is in agreement with the books of account.

Employment Issues in the National Gallery

Chapter 15 of my report on the accounts of the public services for 2012 refers to certain employment issues in the National Gallery 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

15 August 2013

Vote 34 National Gallery

Appropriation Account 2012

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme Expenditure			
A National Gallery	8,588	8,446	9,492
Gross expenditure	8,588	8,446	9,492
<i>Deduct</i>			
B Appropriations-in-aid	253	307	283
Net expenditure	8,335	8,139	9,209

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	196,295	637,620

Analysis of administration expenditure

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	5,351	5,215	5,191
ii Travel and subsistence	38	58	43
iii Security and incidental expenses	771	712	801
iv Postal and telecommunications services	130	110	133
v Office equipment and external IT services	320	263	280
vi Office premises expenses	720	746	679
vii Consultancy services and value for money and policy reviews	238	322	324
	7,568	7,426	7,451

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	1,020	2,041
Pay	5,215	5,191
Non pay	2,211	2,260
Gross expenditure	8,446	9,492
<i>Deduct</i>		
Appropriations-in-aid	307	283
Net expenditure	8,139	9,209
Changes in capital assets		
Purchases cash	(55)	
Depreciation	234	
Disposals Cash	8	
Loss on disposals	4	
	191	190
Changes in net current assets		
Decrease in closing accruals	37	
Decrease in stock	1	
	38	33
Direct expenditure	8,368	9,432
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	966	984
Net programme cost	9,334	10,416

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 34 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	277	235
Vote 13 Office of Public Works	689	749
	966	984

Notional rent is not recorded in respect of Gallery buildings which are in State ownership and maintained by OPW.

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	683	881
Current assets			
Bank and cash	2.4	3,330	2,006
Stocks	2.5	5	6
Prepayments		108	105
Other debit balances	2.6	25	84
Net liability from the Exchequer	2.8	863	1,232
Total current assets		4,331	3,433
Less current liabilities			
Accrued expenses		250	217
Other credit balances	2.7	4,218	3,322
Total current liabilities		4,468	3,539
Net current assets		(137)	(106)
Net assets		546	775
Represented by:			
State funding account	2.1	546	775

2.1 State Funding Account	Note	2012	2011
		€000	€000
Balance at 1 January		775	998
Funding drawn down	2.2	9,105	10,193
Net programme cost	1	(9,334)	(10,416)
Balance at 31 December		546	775
2.2 Funding drawn down	Note	2012	2011
		€000	€000
Disbursements from the Vote			
Estimate provision	Account	8,335	9,847
Surplus to be surrendered	Account	(196)	(638)
		8,139	9,209
Expenditure (cash) borne elsewhere	1	966	984
Total funding drawn down		9,105	10,193

2.3 Capital Assets

	Office equipment and motor vehicles	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2012	2,542	1,747	4,289
Additions	30	18	48
Disposals	(19)	—	(19)
Cost or valuation at 31 December 2012	2,553	1,765	4,318
Accumulated depreciation			
Opening balance at 1 January 2012	2,275	1,133	3,408
Depreciation for the year	124	110	234
Depreciation on disposals	(7)	—	(7)
Cumulative depreciation at 31 December 2012	2,392	1,243	3,635
Net assets at 31 December 2012	161	522	683
Net assets at 31 December 2011	267	614	881

2.4 Bank and Cash

	2012	2011
at 31 December	€000	€000
PMG balances and cash	3,330	2,006
Orders outstanding	—	—
	3,330	2,006

2.5 Stocks

	2012	2011
at 31 December	€000	€000
Stationery	2	3
Cleaning materials	3	3
	5	6

2.6 Other Debit Balances

	2012	2011
at 31 December	€000	€000
Redundancy rebates	5	60
Miscellaneous	20	24
	25	84

2.7 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Grant-in-aid fund for acquisitions, refurbishment and conservation	4,000	3,106
National Gallery Jesuit Fellowship grant- in-aid fund	207	211
Value Added Tax	11	5
	<u>4,218</u>	<u>3,322</u>

2.8 Net Liability from the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	196	638
Exchequer grant undrawn	(1,059)	(1,870)
Net liability from the Exchequer	<u>(863)</u>	<u>(1,232)</u>

Represented by:**Debtors**

Bank and cash	3,330	2,006
Debit balances: suspense	25	84
	<u>3,355</u>	<u>2,090</u>

Creditors

Credit balances: suspense	<u>(4,218)</u>	<u>(3,322)</u>
	<u>(863)</u>	<u>(1,232)</u>

3 Programme Expenditure by Subhead

	2012		2011
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A National Gallery			
A.1 Administration - pay	5,351	5,215	5,191
A.2 Administration - non pay	2,217	2,211	2,260
A.3 Grant-in-aid fund for acquisitions, refurbishment and conservation	1,000	1,000	2,000
A.4 National Gallery Jesuit Fellowship (grant-in-aid fund)	20	20	41
	<u>8,588</u>	<u>8,446</u>	<u>9,492</u>

4 Receipts

4.1 Appropriations-in-aid	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	1	31	1
2. Receipts from pension-related deductions on public service remuneration	252	276	282
	<u>253</u>	<u>307</u>	<u>283</u>

In addition to the funds voted by the Oireachtas, the National Gallery of Ireland generated funds from a variety of activities including exhibitions, donations, royalties, and retail sales and commission. These additional funds are accounted for in the National Gallery Consolidated Accounts.

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	108	98
	2012	2011
	€000	€000
Pay	4,693	4,712
Higher, special or additional duties allowance	12	9
Other allowances	3	2
Overtime	64	52
Employer's PRSI	443	416
Total Pay	5,215	5,191

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	4	—	4,912	3,523
Other allowances	33	—	304	235
Overtime	40	2	11,219	9,906

5.2 Reinstatement of Staff Members

Following the decisions of the Labour Court in three cases in late 2012, the Gallery reinstated six employees on Contracts of Indefinite Duration, whose employment had been terminated at the expiry of their fixed term contracts on 30 September 2011. The additional pay-related costs in 2012 amounted to €281,426 are included in the total pay figure above.

5.3 Note on Directors Expenses

On appointment, the Director was also paid a total of €40,000, net of tax, to cover removal expenses, from non-exchequer funds.

6 Miscellaneous

6.1 Contingent Liabilities

The Gallery is involved in a number of legal challenges which may generate liabilities depending on the outcome of these challenges. The actual amount or timing of the potential liabilities is uncertain.

6.2 Legal Costs

	2012	2011
	€000	€000
Legal costs paid during the year	159	133
Compensation paid during the year	—	—
	<u>159</u>	<u>133</u>

Legal costs mainly comprised legal advice and representation at various industrial hearings in respect of claims taken by several staff members.

7 Miscellaneous Accounts

7.1 Grant-in-Aid Fund for Acquisitions, Refurbishment and Conservation

	Purchase and repair of pictures	Refurbishment	Conservation of works of art	Purchase of books and journals	2012	2011
	€000	€000	€000	€000	€000	€000
Balance at 1 January	3,003	—	27	76	3,106	1,629
Grant-in-aid (Subhead A3)	—	940	30	30	1,000	2,000
Expenditure	—	—	(35)	(71)	(106)	(523)
Balance at 31 December	3,003	940	22	35	4,000	3,106

This grant-in-aid has been expanded to include expenditure on the refurbishment of the Gallery's historic wings under the Master Development Plan. The Master Development Plan is a major refurbishment project comprising the complete renovation of the Gallery's two oldest wings. It is planned that phases two and three of the project will start in Autumn 2013 and be completed in Spring 2016.

7.2 Grant-in-Aid Fund for the National Gallery Jesuit Fellowship

	2012	2011
	€000	€000
Balance at 1 January	211	194
Grant-in-aid (Subhead A4)	20	41
Expenditure	(24)	(24)
Balance at 31 December	207	211