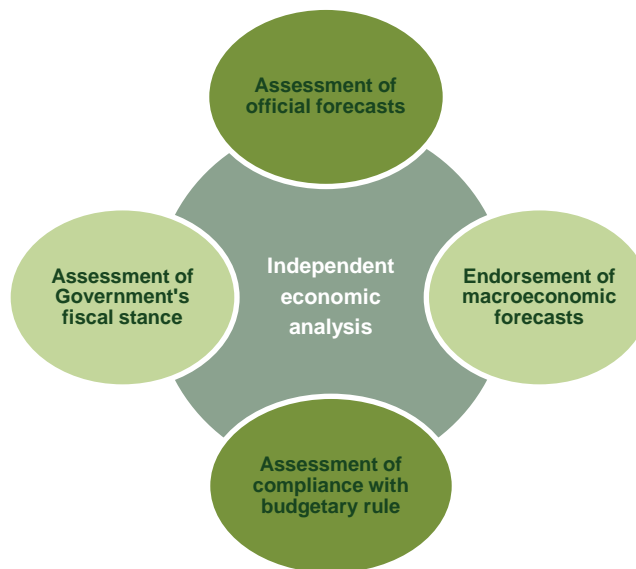


18 Irish Fiscal Advisory Council

- 18.1** The Irish Fiscal Advisory Council (the Council) was established under the Fiscal Responsibility Act 2012 (the Act) to provide independent assessments of the Government's budgetary plans and projections and to inform public discussion of economic and fiscal matters.
- 18.2** The functions of the Council are prescribed in the Act and are summarised in Figure 18.1. The Council is required to
- assess the official forecasts produced by the Department of Finance (the Department) in spring and autumn each year¹
 - assess whether the fiscal stance of the Government is conducive to prudent economic and budgetary management including by reference to the EU Stability and Growth Pact²
 - monitor and assess whether the general government budgetary position is either in balance or in surplus, or is moving at a satisfactory pace towards that condition (the 'budgetary rule' as set out in the Act), and assess whether any non-compliance is as a result of exceptional circumstances³
 - endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department, on which the budget and stability programme updates are based.

Figure 18.1 Functions of the Irish Fiscal Advisory Council



¹ In accordance with the Act, official forecasts are the macroeconomic and budgetary forecasts published by the Department of Finance for the purposes of fiscal planning.

² The Stability and Growth Pact is a rule-based framework for the coordination of national fiscal policies in the EU.

³ Under the Act, exceptional circumstances reflect a period of severe economic downturn or an unusual event (outside the control of the Government) which has a major impact on the budgetary position of the Government.

Accounts of the Irish Fiscal Advisory Council

- 18.3** The Chair of the Council is the officer accountable for the preparation and presentation of the financial statements for audit. Under the Act, the Council is required to keep accounts of receipts and expenditure in the form approved by the Minister for Finance, and to submit them for audit by the Comptroller and Auditor General within three months after the end of the accounting period to which they relate.¹ On completion of the audit, a copy of the accounts and of the audit report must be given to the Minister, who in turn must lay them before the Houses of the Oireachtas.
- 18.4** Separately, the Act requires the Comptroller and Auditor General to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Council each year. This is the report for 2015.
- 18.5** The accounts of the Council for 2015 have been audited. My report on the audit was issued on 30 June 2016. The accounts and report were laid before both Houses of the Oireachtas on 12 July 2016.
- 18.6** I am satisfied that the accounts give a true and fair view of the assets, liabilities and financial position of the Council at end 2015 and of its income and expenditure for the year.

Membership and staffing

- 18.7** The Act sets out that the Council shall consist of five members, including the Chair. Appointments are made by the Minister for Finance with the term of office generally being four years. Council members may not serve for more than two consecutive terms.
- 18.8** One council member resigned in May 2015 and the term of a second council member ceased at the end of December 2015. Each of the vacancies was advertised on Stateboards.ie. Under the Act, vacancies should be filled within six months (where practicable). Both vacancies were filled within this timeline.
- 18.9** The Council is currently supported by six staff, comprising five economists and an administrator. In 2015, three of the staff were seconded from other organisations.

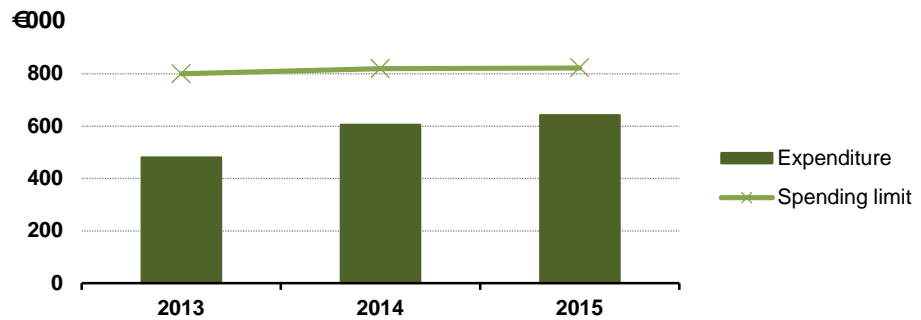
Funding

- 18.10** The Council is funded from the Central Fund of the Exchequer, subject to an inflation-indexed annual ceiling amount.² The funding ceiling for 2015 was €823,360 (2014: €820,080).
- 18.11** Expenditure of the Council totalled around €643,000 in 2015 (2014: €606,000), of which 62% related to salary costs. The largest element of the Council's non-pay administration expenditure related to an Economic and Social Research Institute (ESRI) administration fee in respect of accommodation costs and support services which totalled around €101,000 (2014: €101,000).
- 18.12** A summary of the Council's budget and related expenditure for the period 2013 to end 2015 is shown in Figure 18.2.

¹ The Council's financial statements for 2015 have been prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Ireland effective for accounting periods beginning on or after 1 January 2015.

² Section 9 of the Schedule to the Act provides for the funding source and limit.

Figure 18.2 Financial summary of the Irish Fiscal Advisory Council, 2013 to 2015



Source: Analysis by the Office of the Comptroller and Auditor General and IFAC's annual financial statements

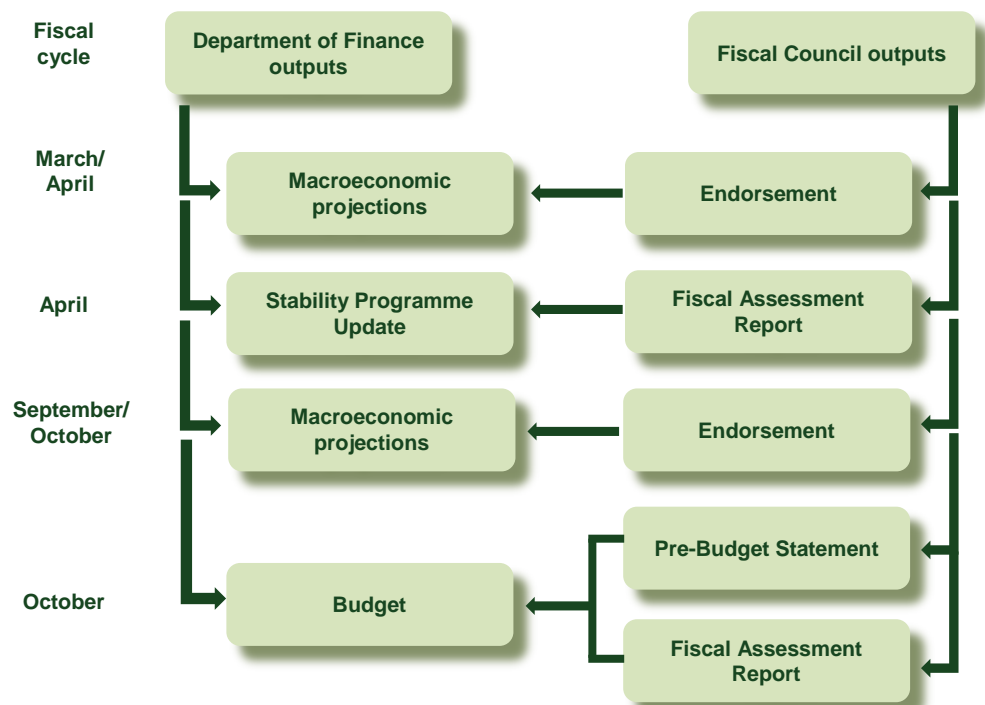
Note: The number of staff increased from three in 2013 to six in 2015.

18.13 Fees and expenses incurred in relation to Council members for 2015 totalled just over €62,500 (2014: €64,000). Expenses incurred by Council members mainly reflect travel and subsistence costs incurred by international and non-Dublin based members attending Council meetings, which are held in Dublin. Payments totalling almost €24,500 were also made in 2015 (2014: €32,000) to the full-time public sector employers of the Chair and one Council member for costs incurred due to their absence on Council business.

Activity of the Council

18.14 The Council produces a number of annual outputs in response to outputs from the Department. Figure 18.3 outlines these outputs.
























Figure 18.3 Irish Fiscal Advisory Council outputs



Source: Office of the Comptroller and Auditor General

- 18.15** In line with the requirements of the Act, the Council publishes the Fiscal Assessment Reports, the Pre-Budget Statement and also publishes its letters to the Minister for Finance at the conclusion of the endorsement process. In addition the Council has published a number of non-statutory reports. The breakdown of the Council's publications is set out in Figure 18.4.

Figure 18.4 Overview of publications of the Irish Fiscal Advisory Council, 2013 to 2015

	2013	2014	2015
Endorsement letters		 	 
Fiscal assessment reports	 	 	 
Pre-Budget statements			
Non-statutory reports		     	   

Source: Analysis by the Office of the Comptroller and Auditor General

Note: Non-statutory reports – The Council publishes stand-alone analytical notes and working papers on themes related to its mandate. A list of reports is set out in Annex A.

Peer review of the Council

- 18.16** In line with its Strategic Plan 2014 – 2016, the Council commissioned an external evaluation in 2015 to assess the functioning of the Council with respect to its mandate under the Act and its performance as an independent fiscal institution in support of sustainable growth in Ireland.^{1,2}

- 18.17** The review concluded that the Council has fulfilled all the tasks that are expected from an independent fiscal institution and that it has been visible in public debate, increasing transparency and public knowledge about fiscal matters.³

The review also noted that there was scope for enhancing the output and impact of the Council and made 25 recommendations. The Council considered the recommendations and prepared an implementation plan for the 25 recommendations. It decided, following review, not to implement two recommendations and that another three are outside of its control. Of the recommendations accepted, 17 have been implemented and the remaining three are scheduled for implementation on or before the end of 2017.

¹ The Strategic Plan 2014-2016 is available at www.fiscalcouncil.ie.

² The evaluation team members were Professor Lars Jonung (Chair), Professor Iain Begg and Mr Michael G Tutty (prior to his appointment to the Council).

³ The review of IFAC is available at www.fiscalcouncil.ie.

Annex A Irish Fiscal Advisory Council's non-statutory reports

2013

Working Paper

- The Government's Balance Sheet after the Crisis: A Comprehensive Perspective

2014

Analytical Notes

- House Price Risks
- Sensitivity Analysis of the Department of Finance Approach to Potential Output Estimation under the EC Methodology
- Tax Forecasting Error Decomposition
- DIRT Forecast Methodology
- Future Implications of the Debt Rule
- Adoption of New International Standards for National Accounts and Balance of Payments

2015

Working Papers

- Uncertainty in Macroeconomic Data: The Case of Ireland
- An Analysis of Tax Forecasting Errors in Ireland

Analytical Notes

- The EU Expenditure Benchmark: Operational Issues for Ireland in 2016
- Controlling the health budget: Annual budget implementation in the public health area

2016 (to end of August)

Analytical Note

- Public Capital: Investment Stocks and Depreciation June 2016

