

Appropriation Account 2015

Vote 10

Office of the Appeal Commissioners

Introduction

As Accounting Officer for Vote 10, 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 2015 for the salaries and expenses of the Office of the Appeal Commissioners.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €263,662 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

The Finance (Tax Appeals) Act 2015 which establishes the Tax Appeals Commission was signed into law in December 2015. The Minister for Finance signed the relevant commencement orders to give effect to the new legislative provisions in February 2016. The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

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 Office.

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

Financial control environment

The Office of the Appeal Commissioners depends to a significant degree on the controls operated by the Revenue Commissioners which provides a payment function and an accounting service to this Office. I note in this regard the assurances provided to the Revenue Commissioners by the Accounting Officer of the Vote for Shared Services in relation to the provision of Human Resources shared services and by the Accounting Officer of the Department of Justice and Equality in relation to the provision of payroll shared services.

I confirm that a signed service level agreement is in place between this Office and the Office of the Revenue Commissioners which sets out both parties' responsibilities for all administrative and accounting procedures.

The Office of the Appeal Commissioners does not have an Audit Committee and the agreement between the Office and the Revenue Commissioners does not provide for access to the Revenue Commissioners' Audit Committee by the Office. However, if I required access, I understand I would be facilitated.

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
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks
- the Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

The risk management system in the Revenue Commissioners does not extend to the Office of the Appeal Commissioners and the Office does not have a separate risk management system or maintain a risk register.

As part of a reform agenda currently underway to enhance and modernise the appeals process, internal controls are being revised in line with best public service practice.

Internal Audit

I confirm that the Office of the Appeal Commissioners has an agreement in place with the Revenue Commissioners which provides this Office with access to Revenue's internal audit function which will, on request, advise this Office on departmental standards of internal audit, practices and procedures in auditing generally, and ongoing developments.

In 2015, this Office did not consult with or seek the advice of Revenue's internal audit function.

Mark O' Mahony
Accounting Officer
Tax Appeals Commission

29 March 2016

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Office of the Appeal Commissioners

I have audited the appropriation account for Vote 10 Office of the Appeal Commissioners for the year ended 31 December 2015 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, and 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 by his Office and for the regularity and propriety of all transactions in the appropriation account.

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 the Department of Public Expenditure and Reform's *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 10 Office of the Appeal Commissioners for the year ended 31 December 2015.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Office of the Appeal Commissioners. The appropriation account is in agreement with the accounting records.

Seamus McCarthy
Comptroller and Auditor General

30 June 2016

Vote 10 Office of the Appeal Commissioners Appropriation Account 2015

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing tax appeals	823	543	445
Gross expenditure		823	543	445
<i>Deduct</i>				
B	Appropriations-in-aid	48	32	30
Net expenditure		775	511	415

Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	263,662	61,972

Analysis of administration expenditure

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	654	473	378
ii	Travel and subsistence	44	22	19
iii	Training and development and incidental expenses	26	16	25
iv	Postal and telecommunications services	20	7	5
v	Office equipment and external IT services	20	18	17
vi	Office premises expenses	59	7	1
		823	543	445

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Pay	473	378
Non pay	70	67
Gross expenditure	543	445
<i>Deduct</i>		
Appropriations-in-aid	32	30
Net expenditure	511	415
Changes in capital assets		
Purchases cash	(8)	
Depreciation	8	
Loss on Disposals	2	
	2	3
Changes in net current assets		
Increase/(Decrease) in closing accruals	—	(3)
Direct expenditure	513	415
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	250	249
Net programme cost	763	664

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following actual amounts in relation to Vote 10 borne elsewhere.

	2015	2014
	€000	€000
Vote 13 Office of Public Works	250	249
	250	249

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	14	16
Current Assets			
Paymaster General account balance		170	104
Prepayments		8	8
Payroll suspense		1	6
Net Exchequer funding due	2.3	7	4
Total current assets		186	122
Less current liabilities			
Accrued expenses		2	2
Vote 9 Revenue Commissioners		178	114
Total current liabilities		180	116
Net current assets		6	6
Net assets		20	22
Represented by:			
State funding account	2.1	20	22

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		22	22
Disbursements from the Vote			
Estimate provision	Account	775	
Surplus to be surrendered	Account	(264)	
Net vote		511	415
Expenditure (cash) borne elsewhere	1	250	249
Net programme cost	1	(763)	(664)
Balance at 31 December		20	22

2.2 Capital Assets

	Furniture and fittings	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2015	63	30	93
Additions	3	5	8
Disposals	—	(9)	(9)
Cost or valuation at 31 December 2015	<u>66</u>	<u>26</u>	<u>92</u>
Accumulated depreciation			
Opening balance at 1 January 2015	52	25	77
Depreciation for the year	5	3	8
Depreciation on disposals	—	(7)	(7)
Cumulative depreciation at 31 December 2015	<u>57</u>	<u>21</u>	<u>78</u>
Net assets at 31 December 2015	<u>9</u>	<u>5</u>	<u>14</u>
Net assets at 31 December 2014	<u>11</u>	<u>5</u>	<u>16</u>

2.3 Net Exchequer funding due

	2015	2014
	€000	€000
at 31 December		
Surplus to be surrendered	264	62
Exchequer grant undrawn	(271)	(66)
Net Exchequer funding due	<u>(7)</u>	<u>(4)</u>

Represented by:**Debtors**

Paymaster General account balance	170	104
Payroll suspense	1	6
	<u>171</u>	<u>110</u>

Creditors

Vote 9 Revenue Commissioners	(178)	(114)
	<u>(7)</u>	<u>(4)</u>

3 Programme Expenditure by Subhead

	2015		2014
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Facilitation of hearing of tax appeals			
A.1 Administration - pay	654	473	378
A.2 Administration - non pay	169	70	67
	<u>823</u>	<u>543</u>	<u>445</u>

Significant variations

Overall, the expenditure in relation to Programme A was €280,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	181	Provision was made for 8 staff to be in place by end-2015 in connection with the establishment of the Tax Appeals Commission which was provided for in the Finance (Tax Appeals) Bill 2015. In the event, progress was slower than anticipated with 6 staff in place by the end of the year. The Bill was enacted in December 2015.
Administration - non pay	99	Variance is due to progress towards establishment of the Tax Appeals Commission being slower than anticipated during 2015.

4 Receipts

4.1 Appropriations-in-aid

	2015		2014
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deductions on public service remuneration	48	32	30
	<u>48</u>	<u>32</u>	<u>30</u>

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	6	4
	2015	2014
	€000	€000
Pay	454	365
Employer's PRSI	19	13
Total pay	<u>473</u>	<u>378</u>