

Appropriation Account 2018

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, 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 2018 for the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The account has been prepared in accordance with the 2018 Revised Estimate for the Office of the Minister for Finance.

A surplus of €6.364 million is liable for surrender to the Exchequer.

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 as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018 have been applied in the preparation of the account, except for the following:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery 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.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been 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 of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are 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 Finance has purchased certain assets since 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

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.

Assurance on shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this department and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

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, and
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Department 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. Two contracts one with a value of €61,773, and the other with a value of €26,543 were listed on my annual return in respect of Circular 40/2002. A brief outline of the contracts are set out below.

One contract with a value of €62,000 (ex VAT) was placed with specialist translators engaged to assist in preparation of a State aid case. One contract with a value of €22,000 (ex VAT) was placed with an academic consultant commissioned to carry out a review of a subject where he had expert knowledge.

Significant financial risks

There are no significant financial risks for the Vote.

Internal audit and audit committee

I confirm that the Department uses the services of the Department of Public Expenditure and Reform internal audit function under the terms of a service level agreement between the two departments. The Department of Public Expenditure and Reform internal audit unit operates under a written charter which has been approved by the Secretary General of the Department of Public Expenditure and Reform. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans (which are prepared in consultation with the Audit Committee and 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.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Executive Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Executive Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Derek Moran
Accounting Officer
Office of the Minister for Finance

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 7 Office of the Minister for Finance

Opinion on the appropriation account

I have audited the appropriation account for Vote 7 Office of the Minister for Finance for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 7 Office of the Minister for Finance for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Minister for Finance and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 7 Office of the Minister for Finance

Appropriation Account 2018

	Estimate provision	2018 Outturn	2017 Outturn
	€000	€000	€000
Programme expenditure			
A Economic and fiscal policy	20,511	19,256	18,864
B Banking and financial services policy	12,634	9,360	8,061
C Delivery of shared services	8,903	7,521	7,049
	42,048	36,137	33,974
<i>Deduct</i>			
D Appropriations-in-aid	1,401	1,854	1,440
	40,647	34,283	32,534

Surplus

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

	2018	2017
	€	€
Surplus to be surrendered	6,364,005	7,162,688

Derek Moran
Accounting Officer
Office of the Minister for Finance

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Programme cost	14,129	13,310
Pay	18,109	17,410
Non pay	3,899	3,254
Gross expenditure	36,137	33,974
<i>Deduct</i>		
Appropriations-in-aid	1,854	1,440
Net expenditure	34,283	32,534
Changes in capital assets		
Purchases cash	(92)	
Depreciation	154	
		62
		86
Changes in net current assets		
Increase in closing accruals	493	
Decrease in stock	7	
		500
		(465)
Direct expenditure	34,845	32,155
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	14,279	13,456
Notional rents	1,028	979
Net programme cost	50,152	46,590

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 11 Public Expenditure and Reform	280	245
Vote 12 Superannuation and Retired Allowances	12,284	13,323
Vote 13 Office of Public Works	1,910	713
Vote 18 National Shared Services Office	607	35
Central Fund – Ministerial pensions	225	225
	15,306	14,541
Apportioned cost of accounting and facility support for other Votes	(1,027)	(1,085)
	14,279	13,456

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	481	543
Current assets			
Bank and cash	2.3	1,807	2,130
Stocks	2.4	15	22
Prepayments		301	337
Other debit balances	2.5	242	186
Accrued income		117	736
Total current assets		<u>2,482</u>	<u>3,411</u>
Less current liabilities			
Accrued expenses		190	352
Other credit balances	2.6	544	850
Net Exchequer funding due	2.7	1,505	1,466
Total current liabilities		<u>2,239</u>	<u>2,668</u>
Net current assets		<u>243</u>	<u>743</u>
Net assets		<u>724</u>	<u>1,286</u>
Represented by:			
State funding account	2.1	<u>724</u>	<u>1,286</u>

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		1,286	907
Disbursements from the Vote			
Estimate provision	Account	40,647	
Surplus to be surrendered	Account	<u>6,364</u>	
Net vote		34,283	32,534
Expenditure (cash) borne elsewhere	1.1	14,279	13,456
Non cash expenditure – notional rent	1	1,028	979
Net programme cost	1	<u>(50,152)</u>	<u>(46,590)</u>
Balance at 31 December		<u>724</u>	<u>1,286</u>

2.2 Capital assets

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2018	534	1,582	532	2,648
Additions	62	30	—	92
Disposals	(5)	(1,115)	(144)	(1,264)
Cost or valuation at 31 December 2018	591	497	388	1,476
Accumulated depreciation				
Opening balance at 1 January 2018	348	1,347	411	2,106
Depreciation for the year	75	42	37	154
Depreciation on disposals	(5)	(1,116)	(144)	(1,265)
Cumulative depreciation at 31 December 2018	418	273	304	995
Net assets at 31 December 2018	173	224	84	481
Net assets at 31 December 2017	186	235	122	543

2.3 Bank and cash

at 31 December	2018 €000	2017 €000
PMG balances	1,807	2,056
Other bank accounts	—	74
	1,807	2,130

2.4 Stocks

at 31 December	2018 €000	2017 €000
Stationery	8	8
IT consumables	7	14
	15	22

2.5 Other debit balances

at 31 December	2018 €000	2017 €000
Recoupable travel expenditure	71	56
Travel imprests	1	2
Recoupable travel pass scheme expenditure	158	114
Other debit suspense items	12	14
	242	186

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	238	308
Pay Related Social Insurance	149	191
Professional Services Withholding Tax	39	29
Value Added Tax	20	5
Pension contributions	1	68
Local Property Tax	2	2
Universal Social Charge	52	69
	<u>501</u>	<u>672</u>
Payroll deductions held in suspense	4	94
Other credit suspense items	—	74
Recoupable salaries	39	10
	<u>544</u>	<u>850</u>

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	6,364	7,163
Exchequer grant undrawn	(4,859)	(5,697)
Net Exchequer funding due	<u>1,505</u>	<u>1,466</u>

Represented by:**Debtors**

Bank and cash	1,807	2,130
Debit balances: suspense	242	186
	<u>2,049</u>	<u>2,316</u>

Creditors

Due to State	(501)	(672)
Credit balances: suspense	(43)	(178)
	<u>(544)</u>	<u>(850)</u>
	<u>1,505</u>	<u>1,466</u>

2.8 Commitments

The Department had no legally binding commitments at 31 December 2018.

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	4	14
	<u>4</u>	<u>14</u>

2.10 Contingent liabilities

There is litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

Note 3 Vote Expenditure

Analysis of Administration Expenditure

	2018		2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	18,671	18,109	17,410
ii Travel and subsistence	850	759	672
iii Training and development and incidental expenses	1,155	926	990
iv Postal and telecommunications services	384	331	358
v Office equipment and external IT services	977	780	783
vi Office premises expenses	1,921	1,105	451
vii Consultancy and other services	50	—	—
	24,008	22,010	20,664

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i Salaries, wages and allowances

Estimate provision: €18.671 million, outturn: €18.109 million

The variance of €562,000 on expenditure on salaries, wage and allowances was due to the timing of recruitment.

vi. Office premises expenses

Estimate provision: €1.921 million, Outturn: €1.105 million

The variance of €816,000 on expenditure on office premises expenses was due to planned capital projects which were budgeted for not taking place during the year.

Programme A Economic and Fiscal Policy

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	7,424	6,931	6,658
A.2	Administration – non pay	992	894	874
A.3	Committee and commissions	370	314	277
A.4	Consultancy and other services	1,725	1,076	1,602
A.5	Fuel grant	10,000	10,041	9,453
		20,511	19,256	18,864

Significant variations

Overall, the expenditure in relation to Programme A was €1.255 million lower than provided. €591,000 of this related to administration expenditure and has already been explained. The remaining variance was mainly due to the following.

A.4 Consultancy and other services

Estimate provision €1.725 million, outturn €1.076 million

The variance in expenditure of €649,000 is due to the nature of this subhead. The work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise.

Programme B Banking and Financial Services Policy

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	5,774	5,839	5,433
B.2	Administration – non pay	1,000	853	693
B.3	Committees and commissions	25	18	11
B.4	Consultancy and other services	4,885	1,700	1,924
B.5	Office of the Financial Services and Pensions Ombudsman	950	950	—
		12,634	9,360	8,061

Significant variations

Overall, the expenditure in relation to Programme B was €3.274 million lower than provided. The variance was mainly due to the following

B.4 Consultancy and other services

Estimate provision: €4.885 million, outturn: €1.7 million

The shortfall in expenditure of €3.185 million relative to the estimate provision is due to the nature of this subhead. The work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise.

Programme C Delivery of Shared Services

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	5,473	5,339	5,319
C.2	Administration – non pay	3,345	2,152	1,687
C.3	Consultancy and other services	85	31	43
		8,903	7,522	7,049

Significant variations

Overall, the expenditure in relation to Programme C was €1.381 million lower than provided. This mainly related to administration expenditure and has already been explained.

Note 4 Receipts

4.1 Appropriations-in-aid

	2018		2017
	Estimated €000	Realised €000	Realised €000
1 Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	942	601
2 Miscellaneous	100	115	103
3 Receipts from pension-related deductions on public service remuneration	801	797	736
	1,401	1,854	1,440

Significant variations

- 1 *Recoupment of certain expenses in relation to the stabilisation of the banking sector*
 Estimate provision: €500,000, outturn: €942,000
 The increase of €442,000 was a result of the budget for 2018 recoupments being set at a prudent level because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	—	—
Collected	1	1
Transferred to the Exchequer	(1)	(1)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	<u>312</u>	<u>310</u>

5.2 Pay

	2018 €000	2017 €000
Pay	16,332	15,633
Redundancy	—	72
Higher, special or additional duties allowance	113	99
Other allowances	225	273
Overtime	180	159
Employer's PRSI	<u>1,259</u>	<u>1,174</u>
Total pay	<u>18,109</u>	<u>17,410</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018 €	2017 €
Higher, special or additional duties	16	1	38,696	22,626
Other allowances	57	6	54,252	79,109
Overtime	51	1	14,187	23,268
Extra remuneration in more than one category	19	7	35,511	33,596

5.4 Other remuneration arrangements

This account includes expenditure of €125,844 in respect of four officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.5 Payroll overpayments

Overpayments at the year-end were €41,924 in respect of seventeen cases (2017: €51,830, ten cases). Of this, €4,437 have recovery plans in place in respect of three cases (2017: €8,045, four cases).

6 Miscellaneous

6.1 Banking system functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (SI) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under SI no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and commissions

	2018	2017
	€000	€000
Credit Union Advisory Committee ^a	18	11
Disabled Drivers Appeals Board ^b	314	277
	332	288

- Notes
- ^a The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise regarding
- improvement of the management of credit unions
 - protection of the interest of members and creditors of credit unions, and
 - other matters relating to credit unions upon which the Minister, the Central Bank or such other persons as may be specified by the Minister, may from time to time seek by way of advice from the Committee.
- ^b The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Board was established in 1989.

6.3 Compensation and legal costs

There were no payments in 2018 in respect of claims taken against the Department.

Appendix A Accounts of bodies and funds under the aegis of the Department of Finance

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end of March 2019, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Central Bank	2017	20 Mar 18	24 Apr 18	9 May 18
Credit Institutions (Eligible Liabilities Guarantee) Scheme	2017	24 Aug 18	3 Sep 18	5 Sep 18
Credit Union Fund	2017	29 Jun 18	29 Jun 18	18 Jul 18
Credit Union Restructuring Board	2016	28 Jul 17	16 Aug 17	16 Aug 17
Finance Accounts	2017	28 Jun 18	29 Jun 18	18 Jul 18
Financial Services Ombudsman ^a	2017	30 Nov 18	21 Dec 18	31 Jan 19
Intestate Estates Fund Account	2017	20 Dec 18	21 Dec 18	31 Dec 18
Irish Financial Services Appeals Tribunal	2017	16 Mar 18	23 Mar 18	8 May 18
Irish Fiscal Advisory Council	2017	24 Sep 18	28 Sep 18	1 Oct 18
Local Loans Funds Accounts	2017	20 Dec 18	21 Dec 18	31 Dec 18
National Asset Management Agency	2017	30 Apr 18	18 May 18	13 Jun 18
National Treasury Management Agency	2017	31 May 18	6 June 18	9 Jul 18
Strategic Banking Corporation of Ireland	2017	30 Apr 18	8 May 18	7 Jun 18
Sundry Moneys Deposit Account	2017	18 Dec 18	18 Dec 18	31 Dec 18

Notes ^a Cessation accounts. On 1 January 2018, the Financial Services Ombudsman merged with the Pensions Ombudsman to form the Financial Services and Pensions Ombudsman.