

Appropriation Account 2021

Vote 10

Tax Appeals Commission

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 2021 for the salaries and expenses of the Tax Appeals Commission.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2021, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €456,000 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 circulars 1 and 9 of 2022, have been applied in the preparation of the account.

Depreciation of capital assets

Depreciation is charged on assets on a full-year basis with a full-year's depreciation charged in the year of acquisition and no depreciation charged in the year of disposal.

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 implemented, maintained and operated by the Commission.

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

Support services

Procedures in relation to the Commission's payment and accounting service that are administered by the Office of the Revenue Commissioners were set up in 2016 when the Commission was established. The service level agreement (SLA) between the Commission and the Office of the Revenue Commissioners setting out the responsibilities of the parties was reviewed and a revised SLA was agreed and signed on 12 February 2021. This agreement covers primarily accounts and finance.

With regards to the provision of human resources and payroll shared services, I note the assurance provided to the Revenue Commissioners by the Accounting Officer of the Vote for the National Shared Services Office.

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 and Risk 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 Commission
- there are systems aimed at ensuring the security of the Commission's ICT systems
- there are appropriate capital investment guidelines in place
- the Commission 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.

Internal audit

The Commission engages a firm of accountants to provide outsourced internal audit services. The internal auditor reports to me and independently to the Audit and Risk Committee who receive, review and approve a rolling three-year internal audit work plan in consultation with the Commission's management team.

In 2022, the internal auditor reported on the review of the effectiveness of internal financial controls in 2021, which provided reasonable assurance regarding the internal control environment in operation. The work of the internal audit function is informed by analysis of the risks to which the Commission 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Audit and Risk Committee

The Audit and Risk Committee provides independent assurance to the Commission on the adequacy and effectiveness of the organisation's internal control systems, control environment and control procedures. In addition, the Committee monitors the work of the internal audit function and pays careful attention to the Comptroller and Auditor General's (C&AG) annual report and subsequent management letter. The Committee, which is advisory rather than supervisory, provides an independent view of the financial reporting process, internal controls and audit functions of the Commission. The Committee also advises on and monitors the implementation of the Commission's risk management strategy. The Committee makes an important contribution to the effectiveness of the corporate governance function of the Commission.

Non-compliance with procurement rules

I confirm that the Commission 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.

In 2021, the Commission complied with procurement guidelines with the exception of one contract (in excess of €25,000), totalling €40,800 (ex. VAT) relating to the work of a legal assistant/researcher. As identified by various reports, including the O'Donoghue Report 2018, and Chapter 14 of the C&AG Report 2019, there was a significant backlog of appeals awaiting finalisation. As a result, it was determined that an immediate appointment of personnel with appropriate legal qualifications was necessary and have a contractor engaged immediately.

The Commission has provided details of this one non-competitive contract in the annual return in respect of circular 40/2002 to the C&AG and the Department of Public Expenditure and Reform.

Risk and control framework

The Commission 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 Commission and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Risk Review Board and the Audit and Risk Committee 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 responsibility for operation of controls assigned 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, 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 Commission has procedures to monitor the effectiveness of its risk management and control procedures. The Commission'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 Commission 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 2021 that require disclosure in the appropriation account.

Covid-19 control issues

Assessments of the impact of Covid-19 on the Commission's financial control environment were carried out and the controls and procedures set out in the Commission's Financial Procedures Manual were implemented in 2020 and throughout 2021.

The Commission provides an essential public service under the "Access to Justice". It sought to balance the important public service it provides with the health and safety of the public and its staff. Parties continue to be offered the option to attend a physical hearing in the Commission's offices, or to attend by way of remote access using video conference facilities. There are no backlogs or delays relating to Covid-19.

Marie-Claire Maney
Accounting Officer
Tax Appeals Commission

31 March 2022

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 10 Tax Appeals Commission for the year ended 31 December 2021 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 10 Tax Appeals Commission for the year ended 31 December 2021, and
- 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 appendix to this report. I am independent of the Tax Appeals Commission 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 appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General
24 June 2022

Appendix to the report

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

Responsibilities 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 account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the certificates of opinion on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 10 Tax Appeals Commission

Appropriation Account 2021

		2021	2020
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Facilitation of hearing tax appeals	3,293	2,825	3,018
Gross expenditure	3,293	2,825	3,018
<i>Deduct</i>			
B Appropriations-in-aid	75	63	63
Net expenditure	3,218	2,762	2,955

Surplus

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

	2021	2020
	€	€
Surplus to be surrendered	455,826	278,210

Marie-Claire Maney

Accounting Officer
Tax Appeals Commission

31 March 2022

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2021

		2021	2020
	€000	€000	€000
Programme cost			
Pay		2,359	2,249
Non pay		466	769
Gross expenditure		2,825	3,018
<i>Deduct</i>			
Appropriations-in-aid		63	63
Net expenditure		2,762	2,955
 Changes in capital assets			
Purchases cash	(24)		
Depreciation	53	29	(143)
 Changes in net current assets			
Decrease in closing accruals	(44)		
Decrease in stock	4	(40)	14
 Direct expenditure		2,751	2,826
 Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		633	595
Net programme cost		3,384	3,421

1.1 Net allied services expenditure

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

		2021	2020
		€000	€000
Vote 9	Office of the Revenue Commissioners	27	28
Vote 13	Office of Public Works	570	567
Vote 43	Office of the Government Chief Information Officer	36	—
		633	595

Note 2 Statement of Financial Position as at 31 December 2021

	Note	2021 €000	2020 €000
Capital assets	2.1	188	217
Current assets			
Bank and cash		232	669
Stocks	2.2	18	22
Prepayments	2.3	66	58
Total current assets		316	749
Less current liabilities			
Accrued expenses		37	73
Vote 9 Revenue Commissioners		228	510
Net Exchequer funding	2.4	4	159
Total current liabilities		269	742
Net current assets		47	7
Net assets		235	224
Represented by:			
State funding account	2.5	235	224

2.1 Capital assets

	Furniture and fittings €000	Office/IT equipment €000	Capital assets under development €000	Total €000
Gross assets				
Cost or valuation at 1 January 2021	7	237	119	363
Additions	—	—	24	24
Assets under development brought into use	—	125	(125)	—
Disposals	—	—	—	—
Cost or valuation at 31 December 2021	7	362	18	387
Accumulated depreciation				
Opening balance at 1 January 2021	1	145	—	146
Depreciation for the year	1	52	—	53
Depreciation on disposals	—	—	—	—
Cumulative depreciation at 31 December 2021	2	197	—	199
Net assets at 31 December 2021	5	165	18	188
Net assets at 31 December 2020	6	92	119	217

2.2 Stocks

at 31 December	2021 €000	2020 €000
Stationery and small stores	2	4
Equipment/miscellaneous	2	2
IT consumables	14	16
	18	22

2.3 Prepayments

at 31 December	2021 €000	2020 €000
ICT services and support	39	27
Other administration expenses	27	23
Consultancy services	—	8
	66	58

2.4 Net Exchequer funding

at 31 December	2021	2020
	€000	€000
Surplus to be surrendered	456	278
Exchequer grant undrawn	(452)	(119)
Net Exchequer funding	4	159
Represented by:		
Debtors		
Bank and cash	232	669
	232	669
Creditors		
Vote 9 Revenue Commissioners	(228)	(510)
	4	159

2.5 State funding account

	Note	2021	2020
		€000	€000
Balance at 1 January		224	95
Disbursements from the Vote			
Estimate provision	Account	3,218	
Surplus to be surrendered	Account	(456)	
Net vote		2,762	2,955
Expenditure (cash) borne elsewhere	1.1	633	595
Net programme cost	1	(3,384)	(3,421)
Balance at 31 December		235	224

2.6 Commitments

Global commitments	2021	2020
at 31 December	€000	€000
Procurement of goods and services	66	43
Total of legally enforceable commitments	66	43

Note 3 Vote Expenditure

Analysis of administration expenditure

All the programme expenditure is classified as administrative expenditure.

		2021		2020
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	2,559	2,359	2,249
ii	Travel and subsistence	20	—	1
iii	Training and development and incidental expenses	92	72	205
iv	Postal and telecommunications services	26	19	26
v	Office equipment and external IT services	351	142	315
vi	Office premises expenses	35	23	26
vii	Consultancy and other services	210	210	196
		3,293	2,825	3,018

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/-25% and €100,000).

v Office equipment and external IT services

Estimate provision €351,000; outturn €142,000

While progress was made, the underspend of €209,000 on expenditure on office equipment and external IT services expenses was because the development of the new case management system was not finalised in 2021, as planned.

Note 4 Receipts

4.1 Appropriations-in-aid

		2021		2020
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from additional superannuation contributions on public service remuneration	75	62	63
2	Miscellaneous	—	1	—
Total		75	63	63

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2021	2020
Number of staff at year end	<u>30</u>	<u>34</u>

5.2 Pay

	2021 €000	2020 €000
Pay	2,103	2,046
Higher, special or additional duties allowances	36	—
Overtime	3	5
Employer's PRSI	217	198
Total pay	<u>2,359</u>	<u>2,249</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2021 €	2020 €
Higher, special or additional duties allowances	3	2	16,970	—
Overtime	10	—	616	1,074
Extra remuneration in more than one category	2	1	17,326	—

5.4 Performance awards

A total of €1,300 was spent on staff recognition schemes. There were 26 individual awards of €50 (as at 31 December 2020: €nil).

5.5 Salary of accounting officer

As at 31 December 2021, the Accounting Officer's gross annual salary is €188,710 (as at 31 December 2020 €186,841).

Note 6 Miscellaneous

6.1 Compensation and legal costs

Payments/costs paid by the Commission in the year

	Claims by		Total 2021	Total 2020
	employees (personal injury)	members of the public (judicial review)		
Number of cases	1	6	7	10
	€000	€000	€000	€000
Commission's own legal costs	3	24	27	77
Payments by/on behalf of the Commission				
Compensation	—	—	—	100
Legal costs	—	4	4	11
Other costs	18	—	18	
2021 Total	21	28	49	188
2020 Total	100	88	188	

- Notes ^a At 31 December 2021, the following claims are outstanding:
- Personal injury claims: 1 (2020: 1)
 - Judicial Review: 1 (2020: 5)
- ^b At 31 December 2021, the Commission has included in accrued expenses, €30,529 (2020: €60,000) being the total outstanding legal costs due to the State Claims Agency.

Cumulative costs of cases completed in 2021

	Claims by		Total
	Employees (personal injury)	members of the public (judicial review)	
Number of cases	—	5	5
	€000	€000	€000
Commission's own legal costs	—	73	73
Payments by/on behalf of Commission			
Compensation	—	—	—
Legal costs	—	4	4
Other costs	—	—	—
Total	—	77	77