

Part 1 — Preface

Background to the Appropriation Accounts

Dáil Éireann provides money for the ordinary services of Government department and offices, both capital and non-capital, by

- approving estimates of expenditure for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

Expenditure is provided for under a series of votes, with one or more covering the functions of each department or office. The first part of the estimate for each vote is referred to as the ambit. This provides an outline of the services to be financed. The ambit of each vote is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

At the end of every financial year, each department or office is required to prepare an account, known as the **appropriation account**, for each voted service administered by it. The statutory requirement is for the appropriation account to provide details of the outturn for the year against the amount provided by Dáil Éireann, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

In addition to providing the statutory financial information on a cash-accounting basis, each appropriation account sets out some accrual-based information, in notes to the account.

- Note 1 presents an **operating cost statement** that gives information on the cost of the service for the year.
- Note 2 presents a **statement of financial position**, with related explanatory notes, giving information on the financial position of the service at year-end. This includes information on expenditure commitments and on the actual position of the voted service *vis à vis* the Exchequer at year-end i.e. the net liability to the Exchequer, or amount due from the Exchequer.
- Other notes to the account provide standard information on: expenditure by programme and subhead (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Information on any other relevant matters is presented in Note 6 (miscellaneous and fund accounts).
- Many departmental votes include an appendix that lists the State bodies that operate under the aegis of the relevant department, and provides information on the timeliness of financial reporting by those bodies.

Accountability and Audit Arrangements

Duties of Accounting Officers in relation to the Appropriation Accounts

An Accounting Officer is the person – usually the head of a Government department or office – to whom the Minister for Public Expenditure and Reform has assigned, in accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the duty of preparing the annual appropriation account for each vote under his/her charge. By law, the accounts must be submitted to the Comptroller and Auditor General by 31 March following the end of the year of account. The appropriation accounts must comply 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.

Accounting Officers are also responsible for the safeguarding of public funds and property under their control, for the efficiency and economy of administration in their departments/offices and for the regularity and propriety of all transactions recorded in the appropriation accounts.

An Accounting Officer is required to prepare a statement on internal financial control for presentation with the appropriation account. This explains the main elements of the control framework, and discloses any material weaknesses that have been identified in the operation of the controls and steps being taken to address those weaknesses.

Duties of the Comptroller and Auditor General

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for the Comptroller and Auditor General to audit the appropriation accounts for the previous financial year prepared by Accounting Officers.

The Comptroller and Auditor General carries out his audits of the appropriation accounts in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. In carrying out the audit, his objective is to obtain reasonable assurance about whether the account is free from material misstatement. 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, the Comptroller and Auditor General exercises professional judgment, and maintains professional scepticism throughout the process. In doing so, he

- identifies and assesses the risks of material misstatement of the appropriation account whether due to fraud or error; designs and performs audit procedures responsive to those risks; and obtains audit evidence that is sufficient and appropriate to provide a basis for his 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.
- obtains 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.
- assesses whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.
- communicates with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that is identified during the audit.

Upon completion of the audit, the Comptroller and Auditor General is obliged to attach to each account a certificate stating whether, in his opinion, the account properly presents the receipts and expenditure related to the vote, and 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.

Reporting on the statement on internal financial control

The opinion of the Comptroller and Auditor General on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and he does not express an assurance conclusion thereon.

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

Reporting on other matters

The Comptroller and Auditor General plans and performs his audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation. He reports if there are material matters relating to the manner in which public business has been conducted.

The Comptroller and Auditor General also reports by exception if, in his opinion,

- he has not received all the information and explanations required for the 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, the Comptroller and Auditor General has the additional duty of preparing, in each year, a report on such matters as he considers it appropriate to report arising from his audits of the appropriation accounts.

Certain matters arising from the audit of the appropriation accounts for 2018 are set out in a separate report entitled *Report on the Accounts of the Public Services 2018*. Where such matters have arisen, the certificates of opinion on the respective appropriation accounts refer to the relevant chapter(s) in that report.