

Statement of Accounting Policies and Principles¹

Basis of accounts

Appropriation accounts showing the financial transactions of Government departments², are prepared in accordance with the Exchequer and Audit Departments Act 1866, as amended by the Comptroller and Auditor General (Amendment) Act 1993, and with accounting rules and procedures laid down by the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also include information prepared on an accrual basis in the statement of financial position and other notes.

Departments should obtain prior approval from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation for any departures from, or changes or additions to, the standard accounting policies. Information regarding divergence from the standard accounting policies should be included in the Accounting Officer's introduction to the appropriation account.

Financial reporting and accounting reform

The Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation commenced the application of central government accounting standards (CGAS) on a phased basis, beginning with the 2024 appropriation accounts. These standards bring material elements of the appropriation accounts into line with international accounting norms.

The standards being applied for the first time in 2025 are

- CGAS 4 The Effects of Changes in Foreign Exchange Rates
- CGAS 5 Borrowing Costs
- CGAS 9 Revenue from Exchange Transactions
- CGAS 11 Revenue from Construction Contracts
- CGAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
- CGAS 27 Agriculture

All the CGAS being applied for the 2025 (and subsequent) appropriation accounts are available on www.gov.ie.

Comparatives

The appropriation accounts generally show prior year amounts for comparison purpose. In the case of the first-time reporting of certain CGAS, prior year comparative figures have not been restated. The material effects of changes in accounting policies resulting from the transition to CGAS are disclosed in the notes and referenced in the Accounting Officer's introduction.

Reporting period

The reporting period is the year ended 31 December 2025.

¹ The Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation sets the standard accounting policies and principles applied in the preparation of appropriation accounts. These are stated in the Department's circular 25 of 2025.

² In this statement, the term 'department' includes central Government departments, offices and agencies responsible for Vote management and accounting, unless otherwise indicated.

Receipts

All revenues of the State are payable into the Exchequer, unless otherwise provided for by law.

Subject to the express approval of the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, certain departmental receipts may be appropriated in aid of expenditure borne on a vote. Without such sanction, receipts must be surrendered directly to the Central Fund as Exchequer receipts.

Appropriations-in-aid are receipts that, under section 2 of the Public Accounts and Charges Act 1891, may be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a department's business under the vote and can include such items as

- charges for services
- employee pension contributions
- rent and proceeds from certain sales
- with the prior agreement of the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, the proceeds from the sale of assets for the funding of high-priority capital programmes or projects
- certain fines, forfeitures or costs recovered.

Receipts of departments to be credited directly to the Exchequer as receipts (and not applied as appropriations-in-aid) are generally those that have no direct connection with the vote expenditure or are 'windfall' receipts. Such receipts may not be used to meet expenditure from the vote. They include items such as

- certain court or administrative fines
- receipts on foot of surplus income or profits of State companies
- interest, dividends or capital repayments
- compensation receipts.

Where Exchequer receipts arise, they are reported in a note to the appropriation account (note 4). Departments are required to provide a breakdown of such receipts and an explanation where the amounts are material in nature. In addition, departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Moneys Deposit Account) and the opening and closing balances due to the Exchequer.

As a general principle, Government accounting is on a gross basis i.e. receipts are not netted off against payments. Government departments, offices and vote holders should obtain prior approval from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation for any proposed netting off.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected and matured liabilities are outstanding at the year end, the amount of such liabilities should be given in a note to the account (in note 2).

An exception to this general principal is where a department is acting as an agent for another Government department (the principal) resulting in financial transactions between the principal and the agent. The general rule is that the agent should put the transactions through a suspense account, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Net allied services

Allied services are services provided centrally to, or on behalf of, department votes on the basis that, as specialists, the supplying department (whose function is the provision of these central services) is able to perform the services more efficiently than the vote holder. This includes shared services.

The net allied services note (in note 1) details the expenditure amount in relation to the department which is borne elsewhere. There are various measurement bases for the calculation of the allied services expenditure figures.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including

- an operating cost statement (note 1), showing the total amount of resources consumed by a vote in the year
- a statement of financial position showing the vote's assets and liabilities at year end (note 2), and
- explanatory notes providing details regarding capital assets, the net funding due to the Exchequer, and any commitments.

The statement of financial position includes the position at year-end in relation to the following.

- **Accrued expenses** — these represent liabilities at the year end where the timing and value of payment is reasonably certain. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered, but not yet paid for, even if un-inspected and not taken to inventory, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed. Pension obligations to retirees are accrued for only in respect of regular pension benefits, lump sum payments, and arrears of approved increases outstanding at the year end.

- **Prepayments** — these are payments made before the end of the year of account where the related goods or service will not be received until a future period.
- **Accrued income** — this is income due to the vote at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the vote during, or prior to, the year of account for goods/services which it has yet to provide.
- **Provisions** — these are liabilities of uncertain timing or amount.

Bank and cash

'Bank and cash' should include all commercial bank account balances (payroll and other vote related accounts) held at the year-end which are funded by the Exchequer through voted expenditure or that contain receipts liable to be paid to the Exchequer. The note should separately identify Paymaster General (PMG) bank accounts from other bank accounts.

Details of any other commercial bank accounts not funded by or liable to be paid to the Exchequer are disclosed by way of a note to the appropriation account. This includes any non-vote balances that are not recorded/accounted for in another set of accounts that are audited.

Net Exchequer funding

The net Exchequer funding note shows the funding position of the vote at the year end, taking account of the surplus and issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is a contractual obligation to pay on delivery for goods or services (including capital projects) which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

Only the future cost of non-cancellable contracts is disclosed. A non-cancellable contract is one where the supplier has to be paid even if no goods or services are provided in the future. Where there are no legally enforceable terms in a contract to a supplier if no goods or services are purchased in future years, no commitment is disclosed.

Only grant schemes directly paid from a vote are included in the note. Grant schemes paid by bodies under the aegis of the department are excluded as they will be reported in the accounts of those bodies. Grants that fund non-commercial state bodies under the aegis of the department are not included in this note.

Contractual commitments in excess of €50,000 likely to materialise in subsequent years, under the headings 'procurement of goods and services', 'non-cancellable contracts', 'non-capital grant scheme programmes' and 'capital grant programmes' are disclosed by way of note to the account.

Capital projects and public private partnership projects projected to cost in excess of €20 million are disclosed individually by way of note to the account.

In cases where the reported commitment level or projected project cost have varied by more than €1 million compared with the previous year, the reason for the movement should be explained.

Superannuation

Superannuation payments to retired civil servants are provided for in Vote 12 Superannuation and Retired Allowances. An estimate of the amount attributable to each vote is provided by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and shown under the net allied services note for the relevant votes.

Superannuation payments for gardaí, teachers and army personnel are met on a current basis from the relevant votes.

Other notes to the accounts

General principles

In general, the other notes to the appropriation accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments¹ and extra remuneration.

Except in the cases outlined below, explanatory notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

In certain instances where amounts lower than the specified threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation considers that an explanatory note should be given.

Variations from estimate provision

Note 3 provides explanations of variations on expenditure outturns compared to the original estimate provisions for programme subheads (including any deferred capital funding). A note is provided where the variance ($\pm$) relative to the original estimate provision is

- €100,000 or more, **and**
- represents 5% or more of the programme subhead expenditure (25% in the case of administration subheads), **or**
- represents a significant variation from the original estimate provision that does not meet the above criteria but the circumstances of which warrant explanation.

Notes in relation to significant variations in appropriations-in-aid receipts in note 4 are included on a similar basis.

For Vote 37 Social Protection, the threshold value requiring an expenditure programme subhead variance explanation is 0.1% or more of the total gross voted appropriation.

¹ An *ex gratia* payment is a payment not legally due under a contract or otherwise – e.g. compensation paid on grounds of hardship.

Allowance and overtime payments

In the case of allowance and overtime payments, the details given in note 5 include the total number of recipients of allowance and overtime payments in one or more categories, the number of individuals that received €10,000 or more, and the highest payment to an individual, if over €10,000.

The aggregate amount paid to an individual under the various headings is set out in 'highest individual payment'.

Severance and redundancy payments

Severance and redundancy payments in excess of €10,000 are required to be disclosed by way of a note to the account.

Compensation and legal costs

The components of the legal costs and compensation awards made to those who have taken legal actions against the department should be disclosed. (This does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation.) If the department is represented in legal proceedings, any costs in relation to these cases incurred – directly or to reimburse the State Claims Agency – are disclosed. The note is presented in two parts

- details of compensation and legal costs paid from the vote in the year of account
- details of the cumulative total costs of legal cases finalised in the year of account.

Legal costs incurred by the Chief State Solicitor's Office (CSSO) for cases where the CSSO is representing the department are reported in the appropriation account of the CSSO.

Late payments

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations 2012, information is supplied in note 6 where

- the total of interest and compensation payments due was €10,000 or more, or
- an individual payment was €10,000 or more.

Fraud or suspected fraud

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in note 6 where

- the total of losses during the accounting period were €10,000 or more, or
- an individual loss was €10,000 or more, or
- for losses under €10,000, a serious issue of principle arises, or
- where the Comptroller and Auditor General or the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation considers that a disclosure should be made.

Commissions, committees and special inquiries

Where relevant, note 6 should include a statement of expenditure on each commission or special inquiry financed from the vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose.

For permanent/open ended commissions, committees and special inquiries, expenditure greater than €100,000 in the year of account should be shown in the note.

In the case of temporary commissions or special inquiries, the date of establishment and cumulative expenditure from the date of establishment is shown.

Grant funds and miscellaneous accounts

Where relevant, accounts of grant funds financed from the vote and of other miscellaneous accounts are presented in note 7.