

17 Irish Fiscal Advisory Council

17.1 The Irish Fiscal Advisory Council was established under the Fiscal Responsibility Act 2012 (the Act) to provide independent assessments of the Government's budgetary plans and projections and to inform public discussion of economic and fiscal matters.

Accounts of Irish Fiscal Advisory Council

17.2 The Chairperson of the Fiscal Council is the officer accountable for the preparation and presentation of its financial statements for audit.¹ Under the Act, the Fiscal Council is required to keep accounts of receipts and expenditure in the form approved by the Minister for Finance (the Minister)² and to submit them for audit by the Comptroller and Auditor General within three months after the end of the accounting period to which they relate. On completion of the audit, a copy of the accounts and of the audit report must be given to the Minister, who in turn must lay them before the Houses of the Oireachtas.

1 Mr Sebastian Barnes (OECD) is the Chairperson of the Fiscal Council.

2 The Council's financial statements have been prepared in accordance with Financial Reporting Standard (FRS)102.

3 Paragraph 9 of the schedule to the Act provides for the funding source and sets the baseline level of spending for the Council on commencement (31 December 2012) at €800,000.

4 The Department of Finance applied the Central Statistics Office Harmonised Index of Consumer Prices when determining the ceiling for any year.

5 Expenditure is determined based on the accrual accounting convention whilst the funding ceiling is cash based.

17.3 Separately, the Act requires the Comptroller and Auditor General to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Fiscal Council each year. This is the report for 2020.

17.4 The accounts of the Fiscal Council for 2020 have been audited, and the report on the audit was issued on 3 September 2021.

17.5 I am satisfied that the accounts give a true and fair view of the assets, liabilities and financial position of the Fiscal Council at the end of 2020 and of its income and expenditure for the year.

Funding

17.6 The Fiscal Council is funded from the Central Fund of the Exchequer, subject to an inflation-indexed annual 'ceiling' amount.³ The funding ceiling for 2020 was €838,000 (2019: €829,000).⁴

17.7 Expenditure of the Fiscal Council totalled just under €787,000 in 2020 (2019: €815,000), of which 56% (2019: 53%) related to salary costs.⁵ The largest element of the Fiscal Council's non-pay administration expenditure related to an administration fee payable to the Economic and Social Research Institute (ESRI) in respect of office accommodation costs and support services in 2020 which totalled around €132,000 (2019: €136,000).

Peer review

- 17.8** In June 2020, in line with its strategic plan 2020-2022, the Fiscal Council commissioned the Organisation for Economic Co-operation and Development (OECD) to conduct an external evaluation.^{1,2} The purpose of the evaluation was to assess the functioning of the Fiscal Council with respect to its mandate under the Act, its governance structures, how effectively it communicates its work and the impact of its work.
- 17.9** The OECD review was led by two members of the OECD Secretariat's Public Management and Budgeting Division in the Directorate for Public Governance. The review team also included two external international experts (from Denmark and Sweden) and one Irish external expert. A member of the European Commission's Directorate-General for Structural Reform Support also participated.
- 17.10** The review was conducted virtually during the summer of 2020 and a final report was issued in February 2021. This is the second independent external review of the Fiscal Council.³
- 17.11** The review team found that the Fiscal Council performs well relative to international standards, meeting or exceeding the principles and standards in almost all areas. The review noted that the Fiscal Council has helped strengthen fiscal management in Ireland by developing new tools for assessing compliance with fiscal rules and for measuring the economic cycle. The review found that the Council demonstrates high levels of transparency regarding its methodologies and is perceived as independent and non-partisan.
- 17.12** The review made recommendations across six areas: budget, leadership, governance requirements, access to information, staffing and medium to long term fiscal issues. The key recommendations included that
- The Fiscal Council's budget should be safeguarded in real terms, which may require legislative changes. The report notes that currently the budget is linked to inflation to protect the Fiscal Council's independence, but wages and other costs have risen faster.
 - Leadership arrangements should be strengthened.
 - The Fiscal Council should be given legal rights to access information on budgetary matters, in line with international best practice.
 - The Fiscal Council should further develop work highlighting medium to longer term fiscal issues through continued publication of its new *Long-term Sustainability Report*.
- 17.13** The Fiscal Council has stated that it is considering the recommendations and has begun to implement those under its direct control while engaging with Government on other issues.

1 The Fiscal Council has stated that the OECD was selected as reviewer based on its understanding of independent fiscal institutions, its benchmarking resource credentials and its reputation for comprehensive and independent analysis.

2 The review was funded by the European Commission under its Structural Reform Support Programme.

3 The previous external review was conducted in 2015.