

Appropriation Account 2016

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 2016 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 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €596,480 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Establishment of the Commission

The Finance (Tax Appeals) Act 2015 which establishes the Tax Appeals Commission (formerly the Office of the Appeal Commissioners) was signed into law in December 2015. The Minister for Finance signed the relevant commencement orders to give effect to the new legislative provisions in February 2016. The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

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 Commission.

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

Financial control environment

The Tax Appeals Commission depends to a significant degree on the controls operated by the Revenue Commissioners which provides a payment function and an accounting service to the Commission. I note in this regard the assurances provided to the Revenue Commissioners by the Accounting Officer of the Vote for Shared Services in relation to the provision of Human Resources and Payroll Shared Services and from the Accounting Officer of the Department of Justice and Equality in relation to the provision of Payroll Shared Services from the beginning of the year until migration to the Payroll Shared Service Centre on 13 June 2016.

A service level agreement is in place between the Commission and the Office of the Revenue Commissioners which sets out both parties' responsibilities for all administrative and accounting procedures.

The Tax Appeals Commission did not, in 2016, have an audit committee and the agreement between the Commission and the Revenue Commissioners did not provide for access to the Revenue Commissioners' Audit Committee by the Commission. However, had I required access to the Audit Committee, I understand I would have been facilitated.

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
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks
- 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.

The risk management system in the Revenue Commissioners did not extend to the Tax Appeals Commission and the Commission did not, in 2016, have a separate risk management system or maintain a risk register.

As part of a reform agenda currently underway to enhance and modernise the appeals process, internal controls are being revised in line with best public service practice.

Internal Audit

I confirm that the Tax Appeals Commission has an agreement in place with the Revenue Commissioners which provides the Commission with access to Revenue's internal audit function which will, on request, advise the Commission on departmental standards of internal audit, practices and procedures in auditing generally, and ongoing developments.

In 2016, the Commission did not consult with or seek the advice of Revenue's internal audit function.

Mark O' Mahony
Accounting Officer
Tax Appeals Commission

25 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

I have audited the appropriation account for Vote 10 Tax Appeals Commission for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in the Commission and for the regularity and propriety of all transactions in the appropriation account.

Responsibility 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 accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 10 Tax Appeals Commission for the year ended 31 December 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Tax Appeals Commission. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 9 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 10 Tax Appeals Commission.

Seamus McCarthy
Comptroller and Auditor General

25 September 2017

Vote 10 Tax Appeals Commission Appropriation Account 2016

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Facilitation of hearing of tax appeals	1,500	890	543
Gross expenditure	1,500	890	543
<i>Deduct</i>			
B Appropriations-in-aid	60	46	32
Net expenditure	1,440	844	511

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	596,480	263,662

Analysis of administration expenditure

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	820	661	473
ii Travel and subsistence	50	4	22
iii Training and development and incidental expenses	35	19	16
iv Postal and telecommunications services	25	8	7
v Office equipment and external IT services	500	181	18
vi Office premises expenses	70	17	7
	1,500	890	543

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Pay	661	473
Non pay	229	70
Gross expenditure	890	543
<i>Deduct</i>		
Appropriations-in-aid	46	32
Net expenditure	844	511
Changes in capital assets		
Purchases cash	(251)	
Depreciation	57	
	(194)	2
Changes in net current assets		
Decrease in closing accruals	(21)	
	(21)	—
Direct expenditure	629	513
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	265	250
Net programme cost	894	763

1.1 Net Allied Services Expenditure

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

	2016	2015
	€000	€000
Vote 13 Office of Public Works	237	250
Vote 9 Revenue Commissioners ¹	28	—
	265	250

¹The comparative for the previous year is not available.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	208	14
Current Assets			
Paymaster General account balance		383	170
Prepayments		41	8
Accrued Income		4	—
Payroll suspense		—	1
Total current assets		428	179
Less current liabilities			
Accrued expenses		18	2
Vote 9 Revenue Commissioners		271	178
Net liability to the Exchequer	2.3	112	(7)
Total current liabilities		401	173
Net current assets		27	6
Net assets		235	20
Represented by:			
State funding account	2.1	235	20

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		20	22
Disbursements from the Vote			
Estimate provision	Account	1,440	
Surplus to be surrendered	Account	(596)	
Net vote		844	511
Expenditure (cash) borne elsewhere	1	265	250
Net programme cost	1	(894)	(763)
Balance at 31 December		235	20

2.2 Capital Assets

	Furniture and fittings	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2016	66	26	92
Additions	12	239	251
Transfers to Vote 9	—	(5)	(5)
Cost or valuation at 31 December 2016	<u>78</u>	<u>260</u>	<u>338</u>
Accumulated depreciation			
Opening balance at 1 January 2016	57	21	78
Depreciation for the year	6	51	57
Depreciation on transfers	—	(5)	(5)
Cumulative depreciation at 31 December 2016	<u>63</u>	<u>67</u>	<u>130</u>
Net assets at 31 December 2016	<u>15</u>	<u>193</u>	<u>208</u>
Net assets at 31 December 2015	<u>9</u>	<u>5</u>	<u>14</u>

**2.3 Net liability to the Exchequer
at 31 December**

	2016	2015
	€000	€000
Surplus to be surrendered	596	264
Exchequer grant undrawn	(484)	(271)
Net liability to the Exchequer	<u>112</u>	<u>(7)</u>

Represented by:**Debtors**

Paymaster General account balance	383	170
Payroll suspense	—	1
	<u>383</u>	<u>171</u>

Creditors

Vote 9 Revenue Commissioners	(271)	(178)
	<u>112</u>	<u>(7)</u>

2.4 Commitments

	2016	2015
	€000	€000
a) Global Commitments		
Procurement of goods and services	40	—
Total of legally enforceable commitments	<u>40</u>	<u>—</u>

3 Programme Expenditure by Subhead

	2016		2015
	Estimate provision	Outturn	Outturn
	€000	€000	€000
A Facilitation of hearing of tax appeals			
A.1 Administration - pay	820	661	473
A.2 Administration - non pay	680	229	70
	<u>1,500</u>	<u>890</u>	<u>543</u>

Significant variations

Overall, the expenditure in relation to Programme A was €610,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – pay	159	Progress was slower than anticipated in relation to the recruitment of additional staff.
Administration – non pay	451	Variance is due to spending on ICT taking place at a slower pace than originally provided for and also to the recruitment of additional staffing resources being slower than anticipated.

4 Receipts

4.1 Appropriations-in-aid

	2016		2015
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deductions on public service remuneration	60	46	32
	<u>60</u>	<u>46</u>	<u>32</u>

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	7	6
	2016	2015
	€000	€000
Pay	541	454
Higher, special or additional duties allowance	4	—
Overtime	65	—
Employer's PRSI	51	19
	661	473

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Higher, special or additional duties allowance	1	—	3,679	—
Overtime and extra attendance	1	1	65,411	—

