

Appropriation Account 2019

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 2019 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 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.485 million is liable for surrender to the Exchequer.

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

Legislative change

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.

The Finance (Tax Appeals and Prospectus Regulation) Act 2019 was enacted on 10 December 2019 and the substantive provisions of the Act were activated by Ministerial Order dated 18 December 2019, to enable the appointment by the Minister for Finance of a Chairperson to the Commission. This Act entrusts the Chairperson with the overall responsibility for the management and business of the Commission. The Chairperson will act as the Accounting Officer.

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 Circular 27 of 2019, 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 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 Head of Office. Also, any system of internal financial control can provide 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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 and these procedures were formally approved in June 2020.
- There are systems in place to safeguard the assets.

During 2019 the Commission prepared terms of reference for an Audit and Risk Committee and appointed members to this committee in October 2019. The Committee met twice in 2019 and advises me in discharging my responsibilities for the internal financial control system.

Support Services

Procedures in relation to the payment and accounting service were established in 2016 when the Commission was established. A service level agreement (SLA) between the Commission and the Office of the Revenue Commissioners setting out the responsibilities of the parties was signed in 2016. This agreement covered accounts/finance, IT services and Internal Audit. A review took place at the end of 2019 and proposed improvements and amendments have been suggested by the Commission. The Commission hopes to be able to agree these improvements with the Revenue Commissioners in 2020 after the appointment of the Chairperson of the Commission.

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.

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. Although, these administrative and reporting procedures were fully implemented in 2019 they were not formally approved by the ARC until July 2020. These procedures include the following elements:

- 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 Commission's ICT applications, which are hosted on Revenue systems
- the Commission aims to ensure that there is an appropriate focus on good practice in purchasing.

Procurement compliance

The Commission is committed to achieving value for money in the procurement of supplies and services that are essential to the Commission's activities.

The Commission has procedures in place to ensure compliance with current procurement rules and guidelines established by the Office of Government Procurement and during 2019, the Commission complied with these procedures. 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 and Audit and Risk Committee

The Commission established an internal audit function during 2017, with internal audit consultants engaged for this purpose. In 2019, on conclusion of this contract with the appointed consultants, a tender process was undertaken for future internal audit services. The chosen internal auditors were appointed at the end of 2019, and agreed the internal audit plan for the period 2020 to 2021 with the Commission and the Audit and Risk Committee at the first Committee meeting of 2020.

The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up and acted upon.

Risk and control framework

During 2019, the Commission drafted a risk register. The register was presented to the Audit and Risk Committee members and reviewed by them in December 2019. The Commission has drafted a risk management policy and this has been submitted to the Committee for their review. Increased resources were made available to the Commission in 2019 and the Chief Operations Officer has been tasked with implementing systems and risk mitigation procedures to address the major risks identified.

Data breaches

A number of data breaches occurred in the year that were all notified to the Data Protection Commissioner. Each case was deemed low risk and did not incur any sanction from the Data Protection Commissioner. The Commission is putting in place the following actions to strengthen the safeguarding of personal data:

- An augmented footer on all external electronic correspondence, relating to the confidential nature of data.
- New software has been sourced and will be installed to improve the checks required prior to issuing all electronic correspondence. This includes provision to check external email addresses and data containing personal sensitive information.

In 2019, a data protection policy was finalised and a Data Protection Officer was appointed to oversee the overall management and administration of data protection in the Commission. The policy will be approved by the newly appointed Chairperson and formally adopted in 2020.

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 manner. 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

The Commission's monitoring and review of the effectiveness of the 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 implementation of the internal financial framework. A review of this took place in 2019. Arising from the review, the Audit and Risk Committee was established, the internal auditors were reappointed after a tender process was completed, and formalised control procedures and frameworks were implemented including the risk and control framework.

Internal financial control issues

No weakness in internal financial control were identified in relation to 2019 that resulted in, or may result in, a material loss.

Impact of the Covid-19 pandemic

The outbreak of the Covid-19 pandemic has created major challenges for the operation of the Tax Appeals Commission and the provision of its services, in particular the holding of hearings and case management conferences. Since March 2020, all hearings were postponed and in accordance with Government guidelines all staff were working remotely. The relevant staff attended the office when required to ensure the continued provision of services during the lock down.

On 4 August 2020, the Commission commenced its return to the office. The Commission resumed the scheduling of hearings and recommenced both physical and remote hearings in mid-August. Strict protocols that are in compliance with HSE guidelines are in place in respect of the conduct of these hearings. Parties are being 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.

Marie-Claire Maney
Accounting Officer
Tax Appeals Commission

28 August 2020

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 2019 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 2019, 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 *Preface to the Appropriation Accounts*. 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 *Preface to the Appropriation Accounts*.

Management of tax appeals

Chapter 14 of my report on the accounts of the public services for 2019 examines the Commission's management of tax appeals.

Seamus McCarthy
Comptroller and Auditor General

31 August 2020

Vote 10 Tax Appeals Commission

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Facilitation of hearing of tax appeals	3,348	1,772	1,426
Gross expenditure	3,348	1,772	1,426
<i>Deduct</i>			
B Appropriations-in-aid	140	49	60
Net expenditure	3,208	1,723	1,366

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	1,484,735	260,170

Marie-Claire Maney
Accounting Officer
Tax Appeals Commission

28 August 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	1,408	1,148
Non-pay	364	278
Gross expenditure	1,772	1,426
<i>Deduct</i>		
Appropriations-in-aid	49	60
Net expenditure	1,723	1,366
Changes in capital assets		
Purchases cash	(48)	
Depreciation	34	
Loss on disposals	6	(8)
	(8)	138
Changes in net current assets		
Decrease/increase in closing accruals/prepayments	(18)	
Increase in stock	(2)	(20)
	(20)	29
Direct expenditure	1,695	1,533
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	536	380
Net programme cost	2,231	1,913

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.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	28	28
Vote 13 Office of Public Works	508	352
	536	380

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	74	66
Current assets			
Bank and cash		253	134
Stocks	2.2	7	5
Prepayments		50	34
Total current assets		310	173
Less current liabilities			
Accrued expenses		36	38
Vote 9 Revenue Commissioners		195	99
Net Exchequer funding	2.3	58	35
Total current liabilities		289	172
Net current assets		21	1
Net assets		95	67
Represented by:			
State funding account	2.4	95	67

2.1 Capital assets

	Office equipment €000	Total €000
Gross assets		
Cost or valuation at 1 January 2019	147	147
Additions	48	48
Disposals	(13)	(13)
Cost or valuation at 31 December 2019	182	182
Accumulated depreciation		
Opening balance at 1 January 2019	81	81
Depreciation for the year	34	34
Depreciation on disposals	(7)	(7)
Cumulative depreciation at 31 December 2019	108	108
Net assets at 31 December 2019	74	74
Net assets at 31 December 2018	66	66

2.2 Stocks

at 31 December	2019 €000	2018 €000
Stationery and small stores	6	5
IT consumables	1	—
	7	5

2.3 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	1,485	260
Exchequer grant undrawn	(1,427)	(225)
Net Exchequer funding	58	35
Represented by:		
Debtors		
Bank and cash	253	134
	253	134
Creditors		
Vote 9 Revenue Commissioners	(195)	(99)
	58	35

2.4 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		67	234
Disbursements from the Vote			
Estimate provision	Account	3,208	
Surplus to be surrendered	Account	(1,485)	
Net vote		1,723	1,366
Expenditure (cash) borne elsewhere	1.1	536	380
Net programme cost	1	(2,231)	(1,913)
Balance at 31 December		95	67

2.5 Commitments

Global commitments	2019	2018
At 31 December	€000	€000
Procurement of goods and services	115	34
Total of legally enforceable commitments	115	34

2.6 Contingent liabilities

The Commission is involved in a pending legal proceeding which may generate a liability, depending on the outcome of the litigation. Any actual amount or the timing of the potential liability is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

All the programme expenditure is classified as administrative expenditure.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	2,648	1,408	1,148
ii	Travel and subsistence	40	2	4
iii	Training and development and incidental expenses	100	72	98
iv	Postal and telecommunication services	20	23	8
v	Office equipment and external IT services	420	161	116
vi	Office premises expenses	50	13	4
vii	Consultancy and other services	70	93	48
		3,348	1,772	1,426

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €2.648 million, outturn: €1.408 million

The underspend of €1.24 million on salaries, wages and allowances was due to the recruitment of additional staff by the Commission from 14 to 29 taking longer than anticipated.

v Office equipment and external IT services

Estimate provision: €420,000, outturn: €161,000

The underspend of €259,000 on expenditure on office equipment and external IT services expenses was due to the fact that the development of the new case management system did not commence in 2019.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	140	49	60
Total	140	49	60

Note ^a The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	29	14

5.2 Pay

	2019 €000	2018 €000
Pay	1,276	1,040
Higher, special or additional duties allowances	1	9
Overtime	5	—
Employer's PRSI	126	99
Total pay	1,408	1,148

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	1	—	1,016	9,519
Overtime	1	—	4,612	—

5.4 Other remuneration arrangements

Overpayments at the year-end were nil (2018: €2,217, one individual).