

25 Irish Fiscal Advisory Council

- 25.1** 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

- 25.2** 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) 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.² 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) stepped down as Chair of the Fiscal Council at the end of June 2023. Prof Michael McMahon has been appointed as acting Chair of the Council, pending completion of the selection process for a new Chair.

- 25.3** 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 2022.

- 25.4** The accounts of the Fiscal Council for 2022 have been audited, and the report on the audit was issued on 19 September 2023.

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

- 25.5** 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 2022 and of its income and expenditure for the year.

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.

Funding

- 25.6** The Fiscal Council is funded from the Central Fund of the Exchequer, subject to an inflation-indexed annual 'ceiling' amount.³ The cash-based funding ceiling for 2022 was €854,000 (2021: €834,000) and funds of €730,000 (2021: €648,000) were drawn by the Fiscal Council in the year.⁴

⁴ The Department of Finance applies the Central Statistics Office Harmonised Index of Consumer Prices (HICP) when determining the ceiling for any year. The HICP rate used in calculating the 2022 ceiling was 2.4%, based on the 2021 HICP return.

- 25.7** The Fiscal Council's income for the year when accounted for on an accruals basis was €904,000 (2021: €836,000).⁵

- 25.8** Current expenditure of the Fiscal Council totalled €901,000 in 2022 (2021: €836,000).

⁵ Income and expenditure are determined under the accrual accounting convention whilst the funding ceiling is cash based.

- 25.9** Salary costs accounted for 51% of the expenditure in 2022. 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 2022 which totalled around €126,000.

Peer review

- 25.10** In line with its previous strategic plan (2020–2022), the Fiscal Council commissioned the Organisation for Economic Co-operation and Development to conduct an external evaluation to assess the functioning of the Council with respect to its mandate under the Act, its governance structures, how effectively it communicates its work and the impact of its work. This was the second independent external review of the Fiscal Council.¹
- 25.11** The review group’s report was published in February 2021.²
- 25.12** The review found that the Fiscal Council performed 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.
- 25.13** The review made a number of recommendations across six areas: budget, leadership, governance requirements, access to information, staffing and medium to long term fiscal issues.
- 25.14** Arising from the report recommendations, the Fiscal Council identified 28 recommended action points. The Council has decided not to implement two recommendations, and of the remaining 26 recommendations, has identified that implementation of 14 was within its direct control, but that implementation of 12 was outside its control.
- 25.15** The Fiscal Council is implementing the recommendations under its direct control, while engaging with Government on the other issues. Ten of the recommendations under the Council’s direct control have been fully implemented, and implementation of the remaining four is in progress.
- 25.16** Of the 12 recommendations not within the Council’s direct control, four have been fully implemented as at August 2023. The Council continues to engage with the Department of Finance in relation to implementation of a further seven recommendations. The Council has decided not to pursue a recommended legislative change that would transfer the accountable person role from the Chairperson of the Council to the head of the Council’s secretariat.
- 25.17** The Council published a new strategic plan (2023–2025) in January 2023. Its central strategic goal for the period is to deliver on all elements of its mandate i.e. to assess official forecasts, the Government’s fiscal stance and compliance with the budgetary rule; and to endorse official macroeconomic forecasts. The strategic plan commits the Council to initiating the next external review of its operations in 2026.

¹ The previous external review was conducted in 2015.

² The 2015 and 2021 external review reports are available at www.fiscalcouncil.ie/.