

23 Irish Fiscal Advisory Council

- 23.1** 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

- 23.2** 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.
- 23.3** 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 2021.

- 23.4** The accounts of the Fiscal Council for 2021 have been audited, and the report on the audit was issued on 13 September 2022.

- 23.5** 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 2021 and of its income and expenditure for the year.

Funding

- 23.6** 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 2021 was €834,000 (2020: €838,000)⁴ and funds of €648,000 were drawn by the Fiscal Council in the year.

- 23.7** The Fiscal Council's income for the year when accounted for on an accruals basis was €836,000 (2020: €786,000).⁵

- 23.8** Current expenditure of the Fiscal Council totalled just over €836,000 in 2021 (2020: €787,000).

- 23.9** Salary costs accounted for 53% of the expenditure in 2021. 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 2021 which totalled around €131,000.

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 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 2021 ceiling was -0.5%.

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

Peer review

- 23.10** In line with its 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 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.
- 23.11** The review group’s report was published in February 2021.¹
- 23.12** 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.
- 23.13** 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.
- 23.14** Arising from the report recommendations, the Fiscal Council identified 28 recommended action points. Following review, the Council decided not to implement one recommendation, and identified that implementation of 15 of the recommendations was within its direct control, but that implementation of the remaining 12 recommendations was outside its control.
- 23.15** The Fiscal Council has begun to implement the recommendations under its direct control, while engaging with Government on the other issues. At end August 2022, ten of the recommendations under the Council’s direct control had been fully implemented, and the remaining five were partially implemented. Of the 12 recommendations not within the Council’s direct control, three had been fully implemented and two had been partially implemented. The Council is engaging in on-going discussions with the Department of Finance in relation to implementation of the remaining seven recommendations.

¹ The review report is available at www.fiscalcouncil.ie.