



## **Appropriation Account 2013**

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### **Vote 11**

### **Office of the Minister for Public Expenditure and Reform**

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## **Introduction**

As Accounting Officer for Vote 11, 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 2013 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2013, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.6 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

### **Reallocation of responsibilities**

The Human Resources Shared Services Centre, together with certain elements of the reform agenda in relation to shared services, were transferred from Vote 11 to the Shared Services Vote on its establishment on 1 January 2013.

### **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 with the following exceptions.

### ***Stocks and Capital Assets***

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share stocks and, in general, the usage of capital assets. For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the Accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments. As most capital assets are shared, the usage of capital assets are also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform and furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Public Expenditure and Reform purchased certain assets in 2012 and 2013 which were for its exclusive use and the depreciation in respect of these is not apportioned.

### **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 Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. 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. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

#### ***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 Committee to advise me in discharging my responsibilities for the internal financial control system
- the Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 11.

#### ***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.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department 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 Department of Public Expenditure and Reform is compliant with all relevant guidelines regarding procurement.

#### ***Internal Audit and Audit Committee***

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

**Robert Watt**

Accounting Officer

Department of Public Expenditure and Reform

27 March 2014

## **Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas**

### **Vote 11 Office of the Minister for Public Expenditure and Reform**

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2013 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 by his Office 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 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2013.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Public Expenditure and Reform. The appropriation account is in agreement with the books of account.

**Seamus McCarthy**

Comptroller and Auditor General

26 August 2014

## Vote 11 Office of the Minister for Public Expenditure and Reform

### Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Public expenditure and sectoral policy	21,002	19,102	18,761
B Public service management and reform	20,551	19,390	23,842
<b>Gross expenditure</b>	<b>41,553</b>	<b>38,492</b>	<b>42,603</b>
<i>Deduct</i>			
C Appropriations-in-aid	5,189	5,777	5,461
<b>Net expenditure</b>	<b>36,364</b>	<b>32,715</b>	<b>37,142</b>

#### Surplus for surrender

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

	2013	2012
	€	€
Surplus to be surrendered	3,648,761	4,589,218

**Analysis of administration expenditure**

		<b>2013</b>		<b>2012</b>
		<b>Estimate provision</b>	<b>Outturn</b>	<b>Outturn</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>
i	Salaries, wages and allowances	19,220	18,113	18,655
ii	Travel and subsistence	157	192	150
iii	Training and development and incidental expenses	512	505	465
iv	Postal and telecommunications services	314	292	327
v	Office equipment and external IT services	769	1,081	446
vi	Office premises expenses	400	367	633
vii	Consultancy and other services	20	31	—
viii	EU Presidency <sup>1</sup>	396	383	85
		<b>21,788</b>	<b>20,964</b>	<b>20,761</b>

<sup>1</sup> The EU Presidency figure for 2013 includes salaries amounting to €214,135 (2012: €0).

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	17,529	19,063
Pay	18,326	21,433
Non pay	2,637	2,107
<b>Gross expenditure</b>	<b>38,492</b>	<b>42,603</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>5,777</b>	<b>5,461</b>
<b>Net expenditure</b>	<b>32,715</b>	<b>37,142</b>
<b>Changes in capital assets</b>		
Purchases cash	(101)	
Depreciation	341	
	240	9
<b>Changes in assets under development</b>		
Cash payments	—	(3)
<b>Changes in net current assets</b>		
Increase in closing accruals	338	
Increase in stock	(4)	
	334	(337)
<b>Direct expenditure</b>	<b>33,289</b>	<b>36,811</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	2,250	1,512
Notional rents	1,452	1,551
<b>Net programme cost</b>	<b>36,991</b>	<b>39,874</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 11 borne elsewhere.

	2013	2012
	€000	€000
Vote 7 Finance	e 239	335
Vote 9 Office of the Revenue Commissioners	e 150	—
Vote 12 Superannuation and Retired Allowances	e 395	388
Vote 13 Office of Public Works	1,466	789
	<u>2,250</u>	<u>1,512</u>

'e' indicates that the number is an estimated value or an apportioned cost.

## 2 Balance Sheet as at 31 December 2013

	Note	2013 €000	2012 €000
<b>Capital assets</b>	2.2	<b>880</b>	<b>1,769</b>
<b>Current assets</b>			
Bank and cash		1,414	1,873
Stocks	2.3	23	19
Prepayments		553	704
Accrued income		—	31
Other debit balances	2.4	167	143
<b>Total current assets</b>		<b>2,157</b>	<b>2,770</b>
<b>Less current liabilities</b>			
Accrued expenses		211	55
Other credit balances	2.5	942	1,824
Net liability to the Exchequer	2.6	639	192
<b>Total current liabilities</b>		<b>1,792</b>	<b>2,071</b>
<b>Net current assets</b>		<b>365</b>	<b>699</b>
<b>Net assets</b>		<b>1,245</b>	<b>2,468</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>1,245</b>	<b>2,468</b>

  

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		2,468	2,603
Disbursements from the Vote			
Estimate provision	Account	36,364	
Surplus to be surrendered	Account	(3,649)	
Net vote		32,715	37,142
Expenditure (cash) borne elsewhere	1	2,250	1,512
Non cash items- capital assets <sup>1</sup>		77	374
Non cash items – depreciation <sup>1</sup>		(104)	(718)
Non cash expenditure – notional rent	1	1,452	1,551
Other non-cash items capital assets under development		—	(122)
Non cash items – transfer of assets to Shared Services		(622)	—
Net programme cost	1	(36,991)	(39,874)
<b>Balance at 31 December</b>		<b>1,245</b>	<b>2,468</b>

<sup>1</sup> Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition and depreciation figures in the balance sheet do not match those shown in the operating cost statement.

**2.2 Capital Assets**

	IT equipment €000	Furniture and Fittings €000	Office equipment €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2013	26,236	—	2	26,238
Assets transferred to Shared Services	(777)	—	—	(777)
Additions	176	2	—	178
Cost or valuation at 31 December 2013	<u>25,635</u>	<u>2</u>	<u>2</u>	<u>25,639</u>
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2013	24,468	—	1	24,469
Depreciation on assets transferred to Shared Services	(155)	—	—	(155)
Depreciation for the year	445	—	—	445
Cumulative depreciation at 31 December 2013	<u>24,758</u>	<u>—</u>	<u>1</u>	<u>24,759</u>
<b>Net assets at 31 December 2013</b>	<b><u>877</u></b>	<b><u>2</u></b>	<b><u>1</u></b>	<b><u>880</u></b>
<b>Net assets at 31 December 2012</b>	<b><u>1,768</u></b>	<b><u>—</u></b>	<b><u>1</u></b>	<b><u>1,769</u></b>

**2.3 Stocks**

	2013 €000	2012 €000
at 31 December		
Stationery	13	14
IT consumables	10	5
	<u>23</u>	<u>19</u>

**2.4 Other Debit Balances**

	2013 €000	2012 €000
at 31 December		
Recoupable travel expenditure	39	23
Travel imprests	3	—
Recoupable travel pass scheme expenditure	105	92
Other debit suspense items	20	28
	<u>167</u>	<u>143</u>

<b>2.5 Other Credit Balances</b>	<b>2013</b>	<b>2012</b>
at 31 December	<b>€000</b>	<b>€000</b>
Amounts due to the State		
Income Tax	288	332
Pay Related Social Insurance	114	121
Professional Services Withholding Tax	78	177
Value Added Tax	23	20
Pension contributions	43	48
Local Property Tax	2	—
Universal Social Charge	87	100
	<hr/>	<hr/>
	635	798
Recoupable salaries	86	53
Payroll deductions held in suspense	94	99
Other credit suspense items	127	874
	<hr/>	<hr/>
	942	1,824
	<hr/>	<hr/>

<b>2.6 Net Liability to the Exchequer</b>	<b>2013</b>	<b>2012</b>
at 31 December	<b>€000</b>	<b>€000</b>
Surplus to be surrendered	3,649	4,589
Exchequer grant undrawn	(3,010)	(4,397)
Net liability to the Exchequer	<hr/>	<hr/>
	639	192
	<hr/>	<hr/>

**Represented by:****Debtors**

Bank and cash	1,414	1,873
Debit balances: suspense	167	143
	<hr/>	<hr/>
	1,581	2,016

**Creditors**

Due to State	(635)	(798)
Recoupable Salaries	(86)	—
Credit balances: suspense	(221)	(1,026)
	<hr/>	<hr/>
	(942)	(1,824)
	<hr/>	<hr/>
	639	192
	<hr/>	<hr/>

<b>2.7 Commitments</b>	<b>2013</b>	<b>2012</b>
at 31 December	<b>€000</b>	<b>€000</b>
Total of legally enforceable commitments	320	21

### 3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Public Expenditure and Sectoral Policy</b>			
A.1	Administration - pay	8,158	7,441	7,779
A.2	Administration - non pay	1,037	1,180	814
A.3	Economic and Social Research Institute-administration and general expenses (grant-in-aid)	2,700	2,700	2,700
A.4	Structural funds technical assistance and other costs	835	808	844
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	667	581
A.6	Peace Programme/ Northern Ireland INTERREG	4,402	3,558	4,124
A.7	Special EU Programmes Body	1,225	1,164	1,226
A.8	Ireland/ Wales and transnational INTERREG	385	379	384
A.9	Procurement management reform	627	608	1
A.10	Consultancy and other services	983	597	308
		<u>21,002</u>	<u>19,102</u>	<u>18,761</u>

#### Significant variations

Overall, the expenditure in relation to programme A was €1.9 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Peace Programme/ Northern Ireland INTERREG	844	There were initial delays in project approval due to the nature of the very stringent EU co-financing eligibility criteria and these delays permeate into a delayed drawdown of funding on the projects. Spend nonetheless accelerates when the projects are up and running and over the life of the project any delay in initial spend is usually resolved quickly.
Technical assistance costs of Regional Assemblies (grant-in-aid)	(17)	Additional costs were incurred as a result of the 2014-2020 partnership agreement.
Consultancy and other services	386	A variance arose primarily because the final milestone on the National Lottery contract was not achieved and, therefore, the final payment was not made in 2013.

	Estimate provision	2013		2012
		Outturn		Outturn
		€000	€000	€000
<b>B Public Service Management and Reform</b>				
B.1 Administration - pay	11,162	10,885	10,876	
B.2 Administration - non pay	1,431	1,457	1,293	
B.3 Institute of Public Administration (grant-in-aid)	2,750	2,750	2,750	
B.4 Gaeleagras na Serbhíse Poiblí	—	—	19	
B.5 Civil service arbitration and appeals procedure	45	32	34	
B.6 Civil service childcare initiative	10	—	8	
B.7 Consultancy and other services	110	70	195	
B.8 Centre for Management and Organisation Development	1,580	1,568	1,685	
B.9 Reform agenda	1,985	1,208	617	
B.10 Employee Assistance Officer shared service	1,340	1,276	995	
B.11 Statute Law revision programme	138	144	—	
B.12 Referendum Commission	—	—	32	
<i>Human Resources Shared Services Centre</i>	—	—	5,338	
	<b>20,551</b>	<b>19,390</b>	<b>23,842</b>	

#### Significant variations

Overall, the expenditure in relation to Programme B was €1.2 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Reform agenda	777	Variation arose due to a number of factors: the timing of commencement of projects, reduced costs arising from contract negotiations and savings due to work delivered in-house.

## 4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated €000	Realised €000	Realised €000
1. Receipts from departments in respect of foreign language classes	—	—	12
2. EU programmes	2,190	2,598	2,393
3. Pension cashflow surpluses	590	651	796
4. Receipts from pension-related deduction on public service remuneration	2,359	2,465	2,213
5. Miscellaneous	50	63	47
<b>Total</b>	<b>5,189</b>	<b>5,777</b>	<b>5,461</b>

### Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/ (more) than provided €000	Explanation
EU programmes	(408)	A conservative approach is taken when forecasting appropriations in aid because there can be a significant time delay between submission of claims and the subsequent Commission reimbursement.

### 4.2 Extra receipts payable to the Exchequer

There were no extra receipts paid to the Exchequer from Vote 11 during 2013.

## 5 Employee Numbers and Pay

	<b>2013</b>	<b>2012</b>
<b>Number of staff at year end</b> (full time equivalents)	301	341
	<b>2013</b>	<b>2012</b>
	<b>€000</b>	<b>€000</b>
Pay <sup>1</sup>	20,644	20,187
Higher, special or additional duties allowance	228	174
Redundancy	33	79
Other allowances	34	45
Overtime	58	36
Employer's PRSI	991	912
<b>Total pay</b>	<b>21,988</b>	<b>21,433</b>

<sup>1</sup> The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, A.9, B.1, B.9 and B.10.

Staff numbers exclude agency staff, but the pay figure represents all pay incurred by the Department.

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2013 €	Maximum individual payment 2012 €
Higher, special or additional duties	33	8	22,822	11,937
Other allowances	24	—	7,485	6,395
Overtime	29	1	12,814	6,102

Certain individuals received extra remuneration in more than one category.

### 5.2 Other Remuneration Arrangements

This account includes expenditure of €274,677 in respect of four officers who were serving outside the Department for all or part of 2013 and whose salary was paid by the Department.

Under the terms of the AHCPs 1% PCW restructuring agreement, 27 officers received a total of €66,557 in respect of PCW/seniority allowances.

## 6 Miscellaneous

### 6.1 EU Funding

The outturn shown in headings A.4., A.5. and A.6. includes payments in respect of activities which are co-financed by the EU (e.g. ERDF, Interreg etc.).

Heading	Description	2013	2013	2012
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	623	602	632
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	667	581
A.6	Peace Programme/Northern Ireland Interreg	4,402	3,558	4,123
		<u>5,675</u>	<u>4,827</u>	<u>5,336</u>

### 6.2 Committees and Commissions

	Year of appointment	2013	2012	Cumulative expenditure to 31 December 2013
		€000	€000	€000
Civil Service Arbitration Board	1950/51	16	12	958
		<u>16</u>	<u>12</u>	<u>958</u>

## 7 Contingency Fund

	2013	2012
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	<u>1,200</u>	<u>1,200</u>

The Contingency Fund is a non-statutory fund formed by a grant-in-aid voted in 1923. The fund is available for use to facilitate the defraying of urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess.

The procedures in relation to the operation of the Fund are set out in the Department of Finance publication Public Financial Procedures (Sections C.1.5 to C.1.12).

The size of the Fund is reviewed every five years. Following a review in 2004, the amount in the Fund was increased to €1.2 million through a grant in aid under Vote 6 in 2005. Following a review in 2009, it was decided that the Fund should remain at that level. The next review is due in 2014.