

## 24 Irish Fiscal Advisory Council

- 24.1** The Irish Fiscal Advisory Council (Fiscal 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

- 24.2** The Chairperson of the Fiscal Council is the officer accountable for the preparation and presentation of its financial statements for audit.<sup>1</sup> 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.<sup>2</sup> 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.
- 24.3** 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 2023.
- 24.4** The accounts of the Fiscal Council for 2023 have been audited, and the report on the audit was issued on 6 August 2024.
- 24.5** 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 2023 and of its income and expenditure for the year.

### Funding

- 24.6** The Fiscal Council is funded from the Central Fund of the Exchequer, subject to an inflation-indexed annual 'ceiling' amount.<sup>3</sup> The cash-based funding ceiling for 2023 was €923,000 (2022: €854,000) and funds of €792,000 (2022: €730,000) were drawn by the Fiscal Council in the year.<sup>4</sup>
- 24.7** The Fiscal Council's income for the year when accounted for on an accruals basis was €868,000 (2022: €904,000).<sup>5</sup>
- 24.8** Current expenditure of the Fiscal Council totalled €871,000 in 2023 (2022: €901,000).
- 24.9** Salary costs accounted for 56% of the expenditure in 2023. 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 2023 which totalled around €128,000.

<sup>1</sup> Mr Sebastian Barnes (OECD) stepped down as Chair of the Fiscal Council at the end of June 2023. The role of Chair was then filled by Professor Michael McMahon in an acting capacity until the appointment of Mr Seamus Coffey as the new Chair of the Fiscal Council in August 2024.

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

<sup>3</sup> Paragraph 9 of the schedule to the Act provides for the funding source and sets the baseline level of spending for the Fiscal Council on commencement (31 December 2012) at €800,000.

<sup>4</sup> 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 2023 ceiling was 8.1%, based on the 2022 HICP return.

<sup>5</sup> Income and expenditure are determined under the accrual accounting convention but the statutory funding ceiling is cash based.

## Independent external review

- 24.10** 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 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. This was the second independent external review of the Fiscal Council.<sup>1</sup>
- 24.11** The review group's report was published in February 2021.<sup>2</sup>
- 24.12** 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 Fiscal Council demonstrates high levels of transparency regarding its methodologies and is perceived as independent and non-partisan.
- 24.13** 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.
- 24.14** Arising from the report recommendations, the Fiscal Council identified 28 recommended action points, and has proposed implementation of 25 actions. The Fiscal Council has identified that implementation of 14 actions was within its direct control, but that implementation of 11 actions was outside its control.
- 24.15** The Fiscal Council is implementing the recommended actions under its direct control. Ten of the actions have been fully implemented, and implementation of the remaining four is in progress.
- 24.16** Of the 11 actions not within the Fiscal Council's direct control, four have been fully implemented as at the end of August 2024. The Department of Finance did not agree to implement one action which would have required legislative change.<sup>3</sup> The Fiscal Council continues to engage with the Department of Finance in relation to implementation of a further six actions. As at the end of August 2024, the Department has begun working with the Office of the Parliamentary Counsel to the Government on draft Heads of Bill to provide for a number of the recommendations which require legislative changes.
- 24.17** The Fiscal Council published a new strategic plan (2023 – 2025) in January 2023. The strategic plan commits the Fiscal Council to initiating the next external review of its operations in 2026.

<sup>1</sup> The previous external review was conducted in 2015.

<sup>2</sup> The 2015 and 2021 external review reports are available at [www.fiscalcouncil.ie](http://www.fiscalcouncil.ie).

<sup>3</sup> The related recommendation was that the Fiscal Council should have a statutory right of access to information.