



Appropriation Account 2013

Vote 9

Office of the Revenue Commissioners

Introduction

As Accounting Officer for Vote 9, 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 Revenue Commissioners, including certain other services administered by that Office.

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 €8.28 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

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 exceptions listed here.

Capital Assets: Vehicles and Equipment

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs cutter is depreciated at a rate of 5% per annum on a straight line basis.

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 Office.

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 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.

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 Office.
- 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 Office 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 Office is compliant with the exception of 4 contracts to the value of €533,487. These contracts were undertaken without competitive process due to restricted availability or necessity for urgent supply and they have been included in the Circular 40/2002 return.

Internal Audit and Audit Committee

I confirm that the Office 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 Office 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.

Josephine Feehily

Accounting Officer

Office of the Revenue Commissioners

28 March 2014

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 9 Office of the Revenue Commissioners

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners 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 her control, for the efficiency and economy of administration by her 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 9 Office of the Revenue Commissioners 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 Office of the Revenue Commissioners. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

6 August 2014

Vote 9 Office of the Revenue Commissioners Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Administration and collection of taxes and duties, and frontier management	393,992	393,062	381,474
Gross expenditure	393,992	393,062	381,474
<i>Deduct</i>			
B Appropriations-in-aid	71,287	78,637	73,347
Net expenditure	322,705	314,425	308,127

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	8,280,139	3,850,808

Analysis of administration expenditure

		2013		2012
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	287,902	287,564	282,580
ii	Travel and subsistence	3,500	3,371	3,192
iii	Training and development and incidental expenses	14,466	17,368	12,357
iv	Postal and telecommunications services	11,950	10,535	9,186
v	Office equipment and external IT services	52,585	52,623	49,179
vi	Office premises expenses	5,843	7,021	8,775
vii	Consultancy services and value for money and policy reviews	45	25	35
viii	Motor vehicles and equipment maintenance	3,400	3,526	2,064
ix	Law charges, fees and rewards	13,460	10,437	13,675
x	Compensation and losses	466	437	431
xi	EU Presidency	375	155	—
		<u>393,992</u>	<u>393,062</u>	<u>381,474</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013		2012
	€000	€000	€000
Pay		287,564	282,580
Non pay		105,498	98,894
Gross expenditure		393,062	381,474
<i>Deduct</i>			
Appropriations-in-aid		78,637	73,347
Net expenditure		314,425	308,127
Changes in capital assets			
Purchases cash	(7,571)		
Depreciation	17,286		
Disposals cash	15		
Loss on disposals	10		
		9,740	11,599
Changes in assets under development			
Cash payments		(13,392)	(16,829)
Changes in net current assets			
Increase in closing accruals	6,921		
Decrease in stock	117		
		7,038	1,684
Direct expenditure		317,811	304,581
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		72,533	74,330
Notional rents (non cash)		10,993	11,378
Net programme cost		401,337	390,289

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

	2013	2012
	€000	€000
Vote 12 Superannuation and Retired Allowances	55,194	63,983
Vote 13 Office of Public Works	<u>20,191</u>	<u>18,235</u>
	75,385	82,218
Services rendered by Revenue without charge ¹	e <u>(2,852)</u>	<u>(7,888)</u>
	<u><u>72,533</u></u>	<u><u>74,330</u></u>

¹ In addition to services rendered without charge to other Votes (€2.85 million), services to the value of approximately €483,000 were also provided without charge to other bodies.

"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
Capital assets	2.2	62,512	56,968
Capital assets under development	2.3	4,282	6,199
		66,794	63,167
Current assets			
Bank and cash	2.4	10,297	9,929
Stocks	2.5	1,542	1,659
Prepayments		6,991	12,684
Accrued income		1,946	2,126
Other debit balances	2.6	1,026	961
Total current assets		21,802	27,359
Less current liabilities			
Accrued expenses		4,194	3,214
Deferred income		80	37
Other credit balances	2.7	11,183	11,212
Net liability to/(from) the Exchequer	2.8	140	(322)
Total current liabilities		15,597	14,141
Net current assets		6,205	13,218
Net assets		72,999	76,385
Represented by:			
State funding account	2.1	72,999	76,385

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		76,385	72,791
Disbursements from the Vote			
Estimate provision	Account	322,705	
Surplus to be surrendered	Account	(8,280)	
Net vote		314,425	308,127
Expenditure (cash) borne elsewhere	1	72,533	74,330
Non cash expenditure – notional rent	1	10,993	11,378
Other non-cash items – seized vehicles		—	48
Net programme cost	1	(401,337)	(390,289)
Balance at 31 December		72,999	76,385

2.2 Capital Assets

	Vehicles and equipment €000	Office/IT equipment €000	Furniture and fittings €000	Total €000
Gross assets				
Cost or valuation at 1 January 2013	13,290	372,823	53,437	439,550
Additions	334	20,637	1,884	22,855
Transfers to the Department of Justice	—	(7)	—	(7)
Disposals	(135)	(965)	(121)	(1,221)
Cost or valuation at 31 December 2013	<u>13,489</u>	<u>392,488</u>	<u>55,200</u>	<u>461,177</u>
Accumulated depreciation				
Opening balance at 1 January 2013	10,177	323,560	48,845	382,582
Transfers to the Department of Justice	—	(7)	—	(7)
Depreciation for the year	658	15,435	1,193	17,286
Depreciation on disposals	(134)	(959)	(103)	(1,196)
Cumulative depreciation at 31 December 2013	<u>10,701</u>	<u>338,029</u>	<u>49,935</u>	<u>398,665</u>
Net assets at 31 December 2013	<u>2,788</u>	<u>54,459</u>	<u>5,265</u>	<u>62,512</u>
Net assets at 31 December 2012	<u>3,113</u>	<u>49,263</u>	<u>4,592</u>	<u>56,968</u>

2.3 Capital Assets under Development

at 31 December	In-house computer applications €000
Amounts brought forward at 1 January 2013	6,199
Cash payments for the year	13,392
Transferred to asset register	<u>(15,309)</u>
Amounts carried forward at 31 December 2013	<u>4,282</u>

2.4 Bank and Cash

at 31 December	2013 €000	2012 €000
PMG balances and cash	10,377	10,011
Orders outstanding	<u>(80)</u>	<u>(82)</u>
	<u>10,297</u>	<u>9,929</u>

2.5 Stocks	2013	2012
at 31 December	€000	€000
Stationery and small stores	705	772
IT consumables	420	542
Equipment/clothing/miscellaneous	417	345
	<u>1,542</u>	<u>1,659</u>

2.6 Other Debit Balances	2013	2012
at 31 December	€000	€000
Shared buildings advances	181	238
Advances for travel and subsistence purposes	11	13
Advances to OPW for building works etc.	564	(143)
Miscellaneous suspense	170	749
Vote 10 Appeal Commissioners	100	104
	<u>1,026</u>	<u>961</u>

2.7 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	4,112	4,148
Pay Related Social Insurance	1,439	1,335
Professional Services Withholding Tax	1,124	1,508
Value Added Tax	467	359
Relevant Contracts Tax	—	2
Local Property Tax	36	—
Pension contributions	569	549
Extra exchequer receipts	366	137
	<u>8,113</u>	<u>8,038</u>
Payroll deductions held in suspense	2,854	2,818
Recoupable expenditure in advance	201	336
Other credit suspense items	15	20
	<u>11,183</u>	<u>11,212</u>

2.8 Net Liability to/(from) the Exchequer	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	8,280	3,851
Exchequer grant undrawn	(8,140)	(4,173)
Net liability to/(from) the Exchequer	<u>140</u>	<u>(322)</u>

Represented by:**Debtors**

Bank and cash	10,297	9,929
Other debit balances	1,026	1,104
	<u>11,323</u>	<u>11,033</u>

Creditors

Due to State	(8,113)	(8,038)
Other credit balances	(3,070)	(3,317)
	<u>(11,183)</u>	<u>(11,355)</u>

	<u>140</u>	<u>(322)</u>
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2.9 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	963	852

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Administration and collection of taxes, duties and frontier management			
A.1	Administration – pay ¹	287,927	287,592	282,580
A.2	Administration – non pay	106,065	105,470	98,894
		393,992	393,062	381,474

¹ The total pay figure includes €28,000 in respect of pay included under EU presidency expenditure in the analysis of administration expenditure.

Explanation of significant variations

An explanation is provided in the case of each expenditure subhead where the outturn varied from the amount estimated by more than €100,000, and by more than 25%. No outturn of the Vote met these criteria in 2013.

4 Receipts

4.1 Appropriations-in-aid

	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts for services relating to Pay-Related Social Insurance Scheme	37,437	37,437	37,437
2. Fines, forfeitures, law costs recovered	4,000	3,598	3,892
3. Cherished numbers	50	93	55
4. Receipts in respect of Environmental Levy collection	400	399	402
5. Share of SASP collection cost (Single Authorisation for Simplified Procedures)	12,200	17,850	14,440
6. Miscellaneous	1,000	2,754	1,041
7. Receipts from pension-related deductions on public service receipts in respect of civil service staff	16,200	16,506	16,080
Total	71,287	78,637	73,347

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 estimated €000	Explanation
Fines, forfeitures, law costs recovered	402	Difficult to estimate accurately due to uncertainty as regards amounts and timing of receipts.
Share of SASP collection costs	(5,650)	This represents the collection costs in respect of Custom duties. This is difficult to estimate because the payments relate to the value of imports by private companies.
Miscellaneous	(1,754)	Increased receipts were received in the form of charges when credit cards are used as a payment method (there is a corresponding increase in bank costs charged to expenditure), fees earned in respect of VRT repayments for vehicle exports and refunds to the Vote in respect of fees advanced to liquidators.

4.2 Extra receipts payable to the Exchequer

	2013 Realised	2013 Paid	2012 Realised
	€000	€000	€000
Forfeited cash ¹	515	652	2,012
Anti-counterfeit/contraband operations ²	601	235	695
Bank interest ³	30	30	189
Voluntary salary surrender ⁴	15	15	16
	1,161	932	2,912

¹ Cash forfeited under Section 39 of the Criminal Justice Act, 1994. €137,281 of this was received in December 2012 and was paid to the Exchequer in 2013.

² Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers. €365,667 of this was received in December 2013 and paid to the Exchequer in January 2014.

³ Bank interest on Revenue accounts held with the Central Bank.

⁴ Voluntary surrender of salary under Section 483 of the Taxes Consolidation Act, 1997.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	5,868	5,715
	2013	2012
	€000	€000
Pay	265,521	263,641
Higher, special or additional duties allowance	3,887	3,993
Overtime	5,383	2,805
Employer's PRSI	12,801	12,141
Total pay	287,592¹	282,580

¹ Total pay costs include €384,000 in respect of staff administering the Revenue payroll in the Financial Shared Services (a division of the Department of Justice and Equality).

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	261	14	19,568	19,568
Overtime and extra attendance	2,109	178	27,348	18,465
Shift and roster allowances	197	30	22,756	22,435
Miscellaneous	63	2	11,305	15,925

Certain individuals received extra remuneration in more than one category.

5.2 Performance Awards

A total of €96,666 was spent on exceptional performance awards i.e. 1,392 individual awards, ranging from €19 to €750, and one team award for €1,750.

5.3 Other Remuneration Arrangements

The cost of Revenue staff on loan to other departments/agencies without recoupment was €385,719 (2012: €345,559).

6 Miscellaneous

6.1 Write-off

The following sums were written off in the year.

	2013	2012
	€000	€000
Obsolete stock	12	110
Suspense account balance re: imprests	6	—

6.2 EU Funding

A grant for €22,500 was received from the European Anti-fraud Office towards the purchase of X- ray machines.

6.3 Law Charges, Fees and Rewards (subhead A (ix))

	2013	2012
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	5,348	4,994
Counsel fees	1,796	2,223
Other fees and costs:		
Bankruptcy/liquidation costs	1,698	3,204
Court fees	988	2,478
Miscellaneous costs and rewards	607	776
	<u>10,437</u>	<u>13,675</u>

6.4 Compensation Costs (subhead A (x))

	2013	2012
	€000	€000
Compensation costs	437	431

Compensation of €255,317 (2012: €392,007) was paid in respect of legal action taken by members of the public.

A total of €179,715 (2012: €33,828) was paid in respect of compensation claims by members of staff pursued via the State Claims Agency.

6.5 Contingent Liability

Revenue had contingent liabilities of €1.7 million (2012: €580,000).