



Appropriation Account 2013

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, 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 Finance, including the Paymaster-General's Office, 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.

Restructuring of Programmes

The account has been prepared in accordance with the 2013 Revised Estimate for the Office of the Minister for Finance. The 2013 appropriation account records gross expenditure of €27.3 million, on five programme areas. The 2012 outturn figures have been reallocated across the five programmes to reflect the new structure of the Department.

A surplus of €8.58 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 except for the following.

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, furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance and IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance 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.

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 of Finance 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 Finance 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.

John Moran
Accounting Officer
Department of Finance

27 March 2014

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

Vote 7 Office of the Minister for Finance

I have audited the appropriation account for Vote 7 Office of the Minister for Finance 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 7 Office of the Minister for Finance 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 Finance. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

28 August 2014

Vote 7 Office of the Minister for Finance

Appropriation Account 2013

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A European Union and International Policy	4,702	3,464	3,572
B Financial Services Policy	14,667	9,648	9,238
C Fiscal Policy	4,084	3,661	4,947
D Economic Policy	2,182	1,913	550
E Provision of Shared Services	9,227	8,655	7,888
Gross expenditure	34,862	27,341	26,195
<i>Deduct</i>			
F Appropriations-in-aid	1,675	2,732	1,564
Net expenditure	33,187	24,609	24,631

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	8,577,861	7,450,784

Analysis of administration expenditure

		2013		2012
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
i	Salaries, wages and allowances	19,405	18,151	16,874
ii	Travel and subsistence	455	445	392
iii	Training and development and incidental expenses	880	726	650
iv	Postal and telecommunications services	405	457	632
v	Office equipment and external IT services	1,700	1,222	1,314
vi	Office premises expenses	785	394	884
vii	Consultancy and other services	25	—	—
viii	EU Presidency ¹	2,957	1,719	791
		26,612	23,114	21,537

¹ The EU Presidency figure for 2013 includes salaries amounting to €1,013,520 (2012: €643,670)

Notes to the Appropriation Account

1 Operating Cost Statement 2013

	2013	2012
	€000	€000
Programme cost	4,226	4,443
Pay	19,164	17,732
Non pay	3,951	4,020
Gross expenditure	27,341	26,195
<i>Deduct</i>		
Appropriations-in-aid	2,732	1,564
Net expenditure	24,609	24,631
Changes in capital assets		
Purchases cash	(103)	
Depreciation	398	
	295	408
Changes in net current assets		
Increase in closing accruals	245	
Increase in stock	(6)	
	239	(145)
Direct expenditure	25,143	24,894
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	9,249	13,016
Notional rents	1,511	1,432
Net programme cost	35,903	39,342

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2013	2012
	€000	€000
Vote 3 Attorney General	e —	42
Vote 12 Superannuation and Retired Allowances	e 9,939	12,497
Vote 13 Office of Public Works	367	1,080
Central Fund – Ministerial pensions	e 244	231
	10,550	13,850
Apportioned cost of shared payroll and accounting support for other Votes	(1,301)	(834)
	9,249	13,016

'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	874	1,143
Current assets			
Bank and cash	2.3	183	505
Stocks	2.4	23	17
Prepayments		321	427
Accrued income		59	282
Other debit balances	2.5	282	230
Net Exchequer funding due	2.7	149	86
Payroll shared services bank account	2.8	1,618	713
Total current assets		2,635	2,260
Less current liabilities			
Accrued expenses		262	346
Other credit balances	2.6	614	821
Payroll shared services	2.8	1,618	713
Total current liabilities		2,494	1,880
Net current assets		141	380
Net assets		1,015	1,523
Represented by:			
State funding account	2.1	1,015	1,523

2.1 State Funding Account	Note	2013 €000	2012 €000
Balance at 1 January		1,523	1,426
Disbursements from the Vote			
Estimate provision	Account	33,187	
Surplus to be surrendered	Account	(8,578)	
Net vote		24,609	24,631
Expenditure (cash) borne elsewhere	1	9,249	13,016
Non cash items – capital assets ¹		(78)	(358)
Non cash items – depreciation ¹		104	718
Non cash expenditure – notional rent	1	1,511	1,432
Net programme cost	1	(35,903)	(39,342)
Balance at 31 December		1,015	1,523

¹ Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition/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
Gross assets				
Cost or valuation at 1 January 2013	218	5,329	2,375	7,922
Additions	—	25	—	25
Assets transferred from Department of the Taoiseach	—	24	18	42
Cost or valuation at 31 December 2013	218	5,378	2,393	7,989
Accumulated depreciation				
Opening balance at 1 January 2013	44	4,444	2,291	6,779
Depreciation for the year	43	217	34	294
Depreciation on assets transferred from Department of the Taoiseach	—	24	18	42
Cumulative depreciation at 31 December 2013	87	4,685	2,343	7,115
Net assets at 31 December 2013	131	693	50	874
Net assets at 31 December 2012	174	885	84	1,143

2.3 Bank and Cash

	2013 €000	2012 €000
at 31 December		
PMG balances and cash	183	506
Orders outstanding	—	(1)
	183	505

2.4 Stocks

	2013 €000	2012 €000
at 31 December		
Stationery	12	12
IT consumables	11	5
	23	17

2.5 Other Debit Balances

	2013 €000	2012 €000
at 31 December		
Recoupable salaries	54	52
Recoupable travel expenditure	85	73
Travel imprests	—	1
Recoupable travel pass scheme expenditure	92	83
Advances to OPW	43	—
Other debit suspense items	8	21
	282	230

2.6 Other Credit Balances	2013	2012
at 31 December	€000	€000
Amounts due to the State		
Income Tax	217	233
Pay Related Social Insurance	112	113
Professional Services Withholding Tax	94	254
Value Added Tax	1	24
Pension contributions	37	44
Local Property Tax	1	—
Universal Social Charge	72	75
	<u>534</u>	<u>743</u>
Payroll deductions held in suspense	76	77
Other credit suspense items	4	1
	<u>614</u>	<u>821</u>

2.7 Net Exchequer Funding Due	2013	2012
at 31 December	€000	€000
Surplus to be surrendered	8,578	7,451
Exchequer grant undrawn	<u>(8,727)</u>	<u>(7,537)</u>
Net Exchequer funding due	<u>(149)</u>	<u>(86)</u>

Represented by:**Debtors**

Bank and cash	183	505
Debit balances: suspense	<u>282</u>	<u>230</u>
	465	735

Creditors

Due to State	(534)	(743)
Credit balances: suspense	<u>(80)</u>	<u>(78)</u>
	(614)	(821)
	<u>(149)</u>	<u>(86)</u>

2.8 Payroll Shared Services

The Department of Finance provides a payroll shared service function to a number of Government departments/offices and agencies. The balance on this account represents money lodged to the account by these client offices to cover the funding for salaries over the New Year period.

2.9 Commitments	2013	2012
at 31 December	€000	€000
Total of legally enforceable commitments	104	4

3 Programme Expenditure by Subhead

		2013		2012
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	European Union and International Policy			
A.1	Administration – pay	3,369	2,837	2,912
A.2	Administration – non pay	908	555	586
A.3	Consultancy and other services	425	72	74
		4,702	3,464	3,572

Significant variations

Overall, the expenditure in relation to Programme A was €1.24 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	353	Some underspend is common on all non-pay subheads arising from the timing of training programmes and progress with certain IT and accommodation projects. The Programme A variance is also driven by a saving on costs associated with the EU Presidency budget. The costs were difficult to predict with accuracy because of the range of dossiers to be progressed and uncertainty around the number of meetings that would be required to achieve that progress.
Consultancy and other services	353	Spend was lower than anticipated on the Economic Planning Initiative and Medium Term Economic Strategy projects arising from the use of internal and cross-departmental resources, and lower cost of external resources.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
B Financial Services Policy			
B.1 Administration – pay	5,882	5,178	4,714
B.2 Administration – non pay	2,190	903	744
B.3 Committees and commissions	20	18	36
B.4 Consultancy and other services	6,575	3,549	3,744
B.5 Commissions and special inquiries	—	—	—
	14,667	9,648	9,238

Significant variations

Overall, the expenditure in relation to Programme B was €5.02 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	1,287	The comments set out for subhead A.2 apply here also. In addition, certain costs which had been budgeted for EU Presidency on this Vote were instead absorbed on the Foreign Affairs Vote, and certain external services were sourced on a pro-bono basis.
Consultancy and other services	3,026	The estimate was driven by the requirement to provide for a wide range of deliverables including banking sector policy, personal debt, SME lending, financial services reform implementation of the National Payment Plan, all of which were led by the Department. Savings were achieved as a result of cost control and cost sharing.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
C Fiscal Policy			
C.1 Administration – pay	2,822	2,887	3,693
C.2 Administration – non pay	507	289	449
C.3 Committees and commissions	330	324	331
C.4 Consultancy and other services	425	161	65
C.5 Fiscal Advisory Council (grant-in-aid) ¹	—	—	409
	4,084	3,661	4,947

¹ As the Fiscal Advisory Council is being funded directly from the Central Fund in 2013, there was no requirement for a provision.

Significant variations

Overall, the expenditure in relation to Programme C was €422,682 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – non pay	218	Spend was less than anticipated due to the slower rollout of certain systems and because certain refurbishment and reorganisation projects did not proceed as quickly as originally anticipated.
Consultancy and other services	264	The comments at subhead A.3 also apply here, since the budget for these projects was distributed across the four key strategic programmes.

	Estimate provision	2013 Outturn	2012 Outturn
	€000	€000	€000
D Economic Policy			
D.1 Administration – pay	1,045	1,261	496
D.2 Administration – non pay	787	551	54
D.3 Consultancy and other services	350	101	—
	2,182	1,913	550

Significant variations

Overall, the expenditure in relation to Programme D was €268,992 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	236	Spend was less than anticipated due to the slower rollout of certain systems and because certain refurbishment and reorganisation projects did not proceed as quickly as originally anticipated.
Consultancy and other services	249	The comments at subhead A.3 also apply here, since the budget for these projects was distributed across the four key strategic programmes.

	2013		2012
	Estimate provision	Outturn	Outturn
	€000	€000	€000
E Provision of Shared Services			
E.1 Administration – pay	7,287	7,001	5,705
E.2 Administration - non pay	1,815	1,653	2,183
E.3 Consultancy and other services	125	1	—
	9,227	8,655	7,888

Significant variations

Overall, the expenditure in relation to Programme E was €571,885 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Consultancy and other services	124	This provision related to a review of Fiscal Transparency. However, the initial review was provided free of charge by the IMF and the implementation of the recommendations will be later than anticipated.

4 Receipts

4.1 Appropriations-in-aid	2013		2012
	Estimated	Realised	Realised
	€000	€000	€000
1. Recoupment of certain expenses in relation to the stabilisation of the banking sector	400	1,364	387
2. Receipts from pension-related deductions on public service remuneration	1,125	1,148	1,085
3. Miscellaneous	25	95	92
4. Central Bank support for ECOFIN	125	125	—
Total	1,675	2,732	1,564

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
Recoupment of certain expenses in relation to the stabilisation of the banking sector	(964)	This variance relates to the recovery of costs in relation to PTSB, the timing and extent of which could not be predicted with certainty at the time of preparing the estimates.

4.2 Extra receipts payable to the Exchequer

Receipts totalling €9,323 were transferred to the Exchequer during 2013. The breakdown is as follows: €1,605 in respect of per diem allowances from the IMF and World Bank; €1,413 in respect of salary and overtime costs recouped from other government departments; €6,305 in respect of payroll deductions prior to 2005 which were repaid by a life assurance company.

5 Employee Numbers and Pay

	2013	2012
Number of staff at year end (full time equivalents)	308	319
	2013	2012
	€000	€000
Pay ¹	17,492	16,298
Higher, special or additional duties allowance	93	119
Other allowances	132	50
Overtime	342	314
Employer's PRSI	1,105	951
Total Pay	19,164	17,732

¹ The total pay figure is inclusive of pay in subheads A.1, B.1, C.1, D.1 and E.1.

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	31	3	11,937	15,401
Other allowances	16	3	63,746	6,229
Overtime	100	6	24,033	28,398

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fee basis at a total cost of €51,088. The payments made were consistent with the principles of the Pension (Abatement) Act 1965.

This account includes expenditure of €308,169 in respect of 7 officers who were serving outside the Department for all or part of 2013 and whose salaries were paid by the Department.

6 Miscellaneous

6.1 Banking System Functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (S.I.) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under S.I. no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and Commissions

	Year of appointment	2012	2013	Cumulative expenditure to 31 December 2013
		€000	€000	€000
Credit Union Advisory Committee ¹	1967	21	18	312
Disabled Drivers Appeals Board ²	1989	331	324	2,827
		352	342	3,139

¹ Prior to 2005, expenses were paid through the Vote of the Department of Enterprise, Trade and Employment.

² The Board was established in 1989; prior to 2005 its expenses were paid through the Vote of the Department of Health.

6.3 Contingent Liabilities

There is litigation in progress regarding IBRC and PTSB. These actions are being defended and on that basis no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of Irish Bank Resolution Corporation.

6.4 Write Offs

Sanction was obtained from the Department of Public Expenditure and Reform in 2013 to charge the Vote in respect of a historic suspense account balance in the amount of €1,116.

6.5 Legal Costs	2013	2012
at 31 December	€000	€000

Legal costs paid during the year are categorised as follows:

Compensation costs	458	—
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