

## **Appropriation Account 2020**

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### **Vote 10**

### **Tax Appeals Commission**

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## **Introduction**

As Accounting Officer for Vote 10, 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 2020 for the salaries and expenses of the Tax Appeals Commission.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €278,000 is liable for surrender to the Exchequer.

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

### ***Legislative change***

The Finance (Tax Appeals and Prospectus Regulation) Act 2019 enabled the appointment by the Minister for Finance of a Chairperson to the Commission. The Act entrusts the Chairperson with the overall responsibility for the management and business of the Commission. The Chairperson acts as the Accounting Officer. The Chairperson was appointed and commenced her role at the Commission on 1 July 2020.

## **Statement of Accounting Policies and Principles**

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 22 of 2020, have been applied in the preparation of the account.

### ***Valuation of capital assets***

As provided for in Circular 21 of 2020, the Commission has applied a threshold of €1,000 for the capitalisation of its capital assets.

## **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 implemented, maintained and operated by the Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chairperson. 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

### **Support services**

Procedures in relation to the Commission's payment and accounting service that are administered by the Office of the Revenue Commissioners were set up in 2016 when the Commission was established. A service level agreement (SLA) between the Commission and the Office of the Revenue Commissioners setting out the responsibilities of the parties was signed in 2016. This agreement covered accounts/finance, IT services and internal audit. A review took place at the end of 2019 and proposed improvements and amendments were suggested by the Commission. The revised SLA was agreed and signed on 12 February 2021.

With regards to the provision of human resources and payroll shared services, I note the assurance provided to the Revenue Commissioners by the Accounting Officer of the Vote for National Shared Services Office.

### **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 and Risk Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

### **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 Commission
- there are systems aimed at ensuring the security of the Commission's ICT systems
- there are appropriate capital investment guidelines in place
- the Commission 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.

### **Internal audit**

The Commission engages a firm of accountants to provide outsourced internal audit services. The Internal Auditor reports to me and independently to the Audit and Risk Committee who receive, review and approve a rolling three-year internal audit work plan in consultation with the Commission's management team.

In 2021, the Internal Auditor reported on the review of the effectiveness of internal financial controls in 2020 which provided reasonable assurance regarding the internal control environment in operation. The work of the internal audit function is informed by analysis of the financial risks to which the Commission 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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

### ***Audit and Risk Committee***

The Audit and Risk Committee noted in their annual report that the significant issues that they dealt with during 2020 were as follows

- briefings at each meeting on the impact of the Covid-19 pandemic on the organisation
- quarterly risk management reports from the Chief Operations Officer/Chief Risk Officer
- quarterly presentation of the Commission's management accounts
- review draft appropriation accounts and related statement of internal financial controls
- presentation from the Commission Chairperson on her strategic priorities on joining the organisation
- case management updates from the Chairperson
- review of the output from the Comptroller and Auditor General annual audit, including management letter and the Commission's management responses
- meeting with the Internal Auditor in private, scrutinising their review of the effectiveness of internal financial controls 2019, agreeing the Internal Audit Plan for 2020
- tracking open Comptroller and Auditor General and internal audit findings and advising the Commission thereon
- review of the financial policies and procedures manual and other governance documentation
- regular ICT updates.

### ***Non-compliance with procurement rules***

I confirm that the Commission 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.

In 2020, the Commission complied with procurement guidelines with the exception of one contract (in excess of €25,000), totalling €28,864 (ex. VAT) details are set out below.

- €28,864 (ex. Vat) relating to the work of a business analyst in the development of the future case management system and processing procedures at the Commission. The Commission advertised for a business analyst at a cost under €25,000 but received no applications. At the same time the Commission engaged a supplier on a different project in a related field where there was considerable cross over between this project and the business analyst's project. The Commission subsequently engaged the same supplier to act as the business analyst for an amount of €28,864.

The Commission has provided details of non-competitive contracts in the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

### ***Risk and control framework***

The Commission has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Commission and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Risk Review Board and the Audit and Risk Committee on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff.

***Ongoing monitoring and review***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

***Review of effectiveness***

I confirm that the Commission has procedures to monitor the effectiveness of its risk management and control procedures. The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Commission responsible for the development and maintenance of the internal financial control framework.

***Covid-19 pandemic***

Assessments of the impact of Covid-19 on the Commission's financial control environment were carried out and the controls and procedures set out in the Commission's Financial Procedures Manual were implemented in 2020.

The outbreak of the Covid-19 pandemic has created major challenges for the operation of the Tax Appeals Commission and the provision of its services, in particular the holding of hearings and case management conferences. From March 2020, all hearings were postponed and in accordance with Government guidelines all staff were working remotely. The relevant staff attended the office when required to ensure the continued provision of services during the lockdown.

On 4 August 2020, the Commission commenced its return to the office. The Commission resumed the scheduling of hearings and recommenced both physical and remote hearings in mid-August. Strict protocols, that are in compliance with HSE guidelines are in place in respect of the conduct of these hearings. Parties are being offered the option to attend a physical hearing in the Commission's offices, where the restrictions allow, or to attend by way of remote access using video conference facilities.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2020 that require disclosure in the appropriation account.

**Marie-Claire Maney**  
Accounting Officer  
Tax Appeals Commission

31 August 2021

## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Vote 10 Tax Appeals Commission**

##### **Opinion on the appropriation account**

I have audited the appropriation account for Vote 10 Tax Appeals Commission for the year ended 31 December 2020 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 10 Tax Appeals Commission for the year ended 31 December 2020, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

##### ***Basis of opinion***

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Tax Appeals Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Report on the statement on internal financial control, and on other matters**

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

3 September 2021

## Vote 10 Tax Appeals Commission

### Appropriation Account 2020

	2020	2019
	Estimate provision	Outturn
	€000	€000
<b>Programme expenditure</b>		
A Facilitation of hearing tax appeals	3,308	3,018
	<b>3,308</b>	<b>3,018</b>
<b>Gross expenditure</b>		
<i>Deduct</i>		
B Appropriations-in-aid	75	63
	<b>75</b>	<b>63</b>
<b>Net expenditure</b>	<b>3,233</b>	<b>2,955</b>

#### Surplus

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

	2020	2019
	€	€
<b>Surplus to be surrendered</b>	<b>278,210</b>	<b>1,484,735</b>

**Marie-Claire Maney**

Accounting Officer  
Tax Appeals Commission

30 March 2021

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
<b>Programme cost</b>		
Pay	2,249	1,408
Non pay	769	364
<b>Gross expenditure</b>	<b>3,018</b>	<b>1,772</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>63</b>	<b>49</b>
<b>Net expenditure</b>	<b>2,955</b>	<b>1,723</b>
<b>Changes in capital assets</b>		
Purchases cash	(198)	
Depreciation	43	
Write down	7	
Disposals cash	5	(8)
<b>Changes in net current assets</b>		
Increase in closing accruals	29	
Increase in stock	(15)	(20)
<b>Direct expenditure</b>	<b>2,826</b>	<b>1,695</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	595	536
<b>Net programme cost</b>	<b>3,421</b>	<b>2,231</b>

#### 1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 10 borne elsewhere.

	2020	2019
	€000	€000
Vote 9 Office of the Revenue Commissioners	28	28
Vote 13 Office of Public Works	567	508
	<b>595</b>	<b>536</b>

## Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
<b>Capital assets</b>	2.1	217	74
<b>Current assets</b>			
Bank and cash		669	253
Stocks	2.2	22	7
Prepayments		58	50
<b>Total current assets</b>		<u>749</u>	<u>310</u>
<b>Less current liabilities</b>			
Accrued expenses		73	36
Vote 9 Revenue Commissioners		510	195
Net Exchequer funding	2.3	159	58
<b>Total current liabilities</b>		<u>742</u>	<u>289</u>
<b>Net current assets</b>		<u>7</u>	<u>21</u>
<b>Net assets</b>		<u>224</u>	<u>95</u>
<b>Represented by:</b>			
<b>State funding account</b>	2.4	<u>224</u>	<u>95</u>

**2.1 Capital assets**

	Furniture and fittings €000	Office equipment €000	Capital assets under development €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2020	—	182	—	182
Additions	7	72	119	198
Disposals	—	(5)	—	(5)
Write down	—	(12)	—	(12)
Cost or valuation at 31 December 2020	7	237	119	363
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2020	—	108	—	108
Depreciation for the year	1	42	—	43
Depreciation on disposals	—	—	—	—
Depreciation on write down	—	(5)	—	(5)
Cumulative depreciation at 31 December 2020	1	145	—	146
<b>Net assets at 31 December 2020</b>	<b>6</b>	<b>92</b>	<b>119</b>	<b>217</b>
Net assets at 31 December 2019	—	74	—	74

**2.2 Stocks**

at 31 December	2020 €000	2019 €000
Stationery and small stores	4	6
Equipment/miscellaneous	2	—
IT consumables	16	1
	<b>22</b>	<b>7</b>

**2.3 Net Exchequer funding**

at 31 December	2020 €000	2019 €000
Surplus to be surrendered	278	1,485
Exchequer grant undrawn	(119)	(1,427)
<b>Net Exchequer funding</b>	<b>159</b>	<b>58</b>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	669	253
	669	253
<b>Creditors</b>		
Vote 9 Revenue Commissioners	(510)	(195)
	<b>159</b>	<b>58</b>

**2.4 State funding account**

	Note	2020	2019
		€000	€000
Balance at 1 January		95	67
Disbursements from the Vote			
Estimate provision	Account	3,233	
Surplus to be surrendered	Account	(278)	
Net vote		2,955	1,723
Expenditure (cash) borne elsewhere	1.1	595	536
Net programme cost	1	(3,421)	(2,231)
<b>Balance at 31 December</b>		<b>224</b>	<b>95</b>

**2.5 Commitments****Global commitments**

	2020	2019
	€000	€000
at 31 December		
Procurement of goods and services	43	115
<b>Total of legally enforceable commitments</b>	<b>43</b>	<b>115</b>

## Note 3 Vote Expenditure

### Analysis of administration expenditure

All the programme expenditure is classified as administrative expenditure.

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	2,541	2,249	1,408
ii Travel and subsistence	20	1	2
iii Training and development and incidental expenses	104	205	72
iv Postal and telecommunications services	14	26	23
v Office equipment and external IT services	384	315	161
vi Office premises expenses	35	26	13
vii Consultancy and other services	210	196	93
	<b>3,308</b>	<b>3,018</b>	<b>1,772</b>

### Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

#### iii Training and development and incidental expenses

*Estimate provision €104,000; outturn €205,000*

The additional spend of €101,000 on training and development and incidental expenses occurred due to the settlement of legal proceedings.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2020		2019
	Estimated	Realised	Realised
	€000	€000	€000
1 Receipts from additional superannuation contributions on public service remuneration	75	63	49
<b>Total</b>	<b>75</b>	<b>63</b>	<b>49</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>34</u>	<u>29</u>

### 5.2 Pay

	2020	2019
	€000	€000
Pay	2,046	1,276
Higher, special or additional duties allowances	—	1
Overtime	5	5
Employer's PRSI	198	126
<b>Total pay</b>	<u><b>2,249</b></u>	<u><b>1,408</b></u>

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Higher, special or additional duties allowances	—	—	—	1,016
Overtime	11	—	1,074	4,612

## Note 6 Miscellaneous

### 6.1 Compensation and legal costs

	Number of cases	Legal costs paid by Commission €000	Compensation awarded €000	Legal costs awarded €000	2020	2019
					Total €000	Total €000
Claims by employees of the Commission	1	—	100	—	100	—
Claims by members of the public	9	77	—	11	88	7
		<b>77</b>	<b>100</b>	<b>11</b>	<b>188</b>	<b>7</b>