

F 255/6/93

23 Samhain 1993

Circular 21/93: Comptroller and Auditor General (Amendment) Act 1993

A Dhuine Uasail

I am directed by the Minister for Finance to say that the Comptroller and Auditor General (Amendment) Act 1993 passed into law in May of this year and that he has now made the Order (S.I. No. 273 of 1993, dated 23 September 1993) to bring the Act into operation so as to enable the Comptroller and Auditor General to apply its terms in respect of the financial year commencing on 1 January 1994 and subsequent financial years.

2. Principal Statutory Changes.

The provisions of the Act will affect Departments and also bodies, agencies and funds under their aegis. The principal changes will be as follows:

- a. All non-commercial State bodies and agencies together with funds owned, operated or controlled by them will be audited by the C&AG. Many such bodies are already audited by the C&AG under their own legislation; those which are not will now, by virtue of the first schedule of the Act, be transferred to his audit remit. In addition certain specified bodies (mainly in the education and cultural areas) which are largely dependent on public funds will also now be audited by the C&AG.
- b. All Departments, bodies etc which are audited by the C&AG will be subject, at his discretion, to examination by him regarding value for money, i.e. of the economy and efficiency of their operations and the adequacy of the management systems which they have in place to appraise the effectiveness of their own operations.
- c. Bodies which receive 50% or more of their gross income in any year of account directly or through an intermediary from public funds will be subject in respect of that year to inspection of their accounts, books and records at the C&AG's discretion, so that he can satisfy himself that the moneys were spent for the purposes authorised by the Oireachtas and in accordance with any conditions specified by the Department through which the funds were channelled.
- d. Health Boards and Vocational Education Committees will be audited by the C&AG.

To/Heads of Departments etc

- e. The duties of Accounting Officers in giving evidence before the Committee of Public Accounts are delimited for the first time in statutory form in Section 19 of the Act. While it provides that an Accounting officer shall give specified evidence to the Committee, the section expressly prohibits an Accounting Officer from questioning or expressing an opinion on the merits of a Governmental or Ministerial policy.
- f. The Act enables the C&AG, subject to the consent of the Minister for Finance, to charge fees in respect of any audit, examination or inspection undertaken by him. The C&AG's office will, in due course, notify Departments and bodies, on an individual basis, of any changes to current arrangements in this regard. It is not at present envisaged that fees would attach to Vote or revenue audits or to value for money examinations.

3. Terms of Reference of Public Accounts Committee.

In addition to the provisions of the Act, which will extend the range and scope of the C&AG's examinations, the Government will be proposing to the Dáil revised terms of reference for the Committee of Public Accounts to reflect the extended remit of the C&AG.

4. Preparation for new arrangements.

Departments and bodies will now need to familiarise themselves with the provisions of the Act and give thought to its implications for them. The following steps (not an exhaustive list) are suggested:

a. Review of Management Systems.

Departments should review the management systems which they use to appraise on a regular basis the effectiveness of their own operations including schemes, programmes etc administered by the Department. In the context of the C&AG's extended remit, Section 4 of "Public Financial Procedures", which deals with financial management, is pertinent.

b. Notification of changes to Boards of State Bodies and Agencies.

Departments should formally notify the Boards of non-commercial State bodies and agencies under their aegis and, where applicable, private bodies that (where they are not already audited by the C&AG) he will now audit them, and of the need for them to review their management systems on the lines set out in (a) above. In particular these bodies should be made aware that under the new arrangements, their Chairman or Chief Executive (or other personnel as appropriate) may be summoned by the Committee of Public Accounts to give evidence in relation to their accounts, value for money issues and any reports which the C&AG may make on them.

c. Notification of liability to inspection by C&AG.

Bodies in receipt of funding from voted moneys, whether directly or indirectly, should be informed of their accountability in regard to the expenditure of these funds, and that if the receipt from public funds is 50% or more of their gross receipts in a particular year, their accounts books and records may be subject to statutory inspection by the C&AG. This arrangement is not intended to cut across or substitute for any non-statutory requirements which may be in force in relation to the submission of accounts by recipients of public funds or which your department or an intermediary agency may deem it appropriate to require.

d. Submission of Appropriation Accounts.

The Act will bring forward the date of submission of the Appropriation Accounts to the Comptroller and Auditor General by one month to the end of March rather than the end of April. This will apply in respect of the 1994 Appropriation Accounts and those for subsequent years. With this in mind, Departments should now examine their accounting arrangements to ensure that they can present the 1994 Appropriation Accounts by the required date. Any changes necessary to assure this should be identified and made as soon as possible.

e. Records of Stocks or Stores.

Where Departments or Offices keep records of stocks or stores (including stocks of securities or stamps) they should continue to keep these records, reviewing as necessary their procedures to ensure the security of all stocks and stores. and making any necessary improvements in their system of records.

f. Trading Accounts.

Where Trading accounts are kept by a Department or Office in respect of a manufacturing, commercial or trading undertaking which it carries out, such accounts should continue to be kept in the same form as heretofore pending any further specific directions which may issue in relation to the keeping of such accounts.

g. Access to Documents.

Section 10 of the Act reinforces the C&AG's right of access, as a constitutional officer of the State, to documents and information. Every effort should be made at a working level to meet the C&AG's Office's requirements in this regard. However, as has been customary, if a document or a file of documents which has been requested is deemed by the Department or body concerned to be of such a secret nature e.g. pertaining to the security of the State, as to preclude its release to the C&AG's staff, the document or file in question should be shown in confidence to the C&AG personally.

- h.** Submission of Accounts by State bodies, agencies and certain private bodies listed in the First Schedule.

Section 11 of the Act provides that, upon completion of his audit of their accounts, the Comptroller and Auditor General shall submit a copy of the accounts together with his report therein to the body concerned. The body is then required ('as soon as may be') to submit copies of these documents to the Minister under whose aegis they operate (or who provided them with public funds). Finally, also 'as soon as may be', the Minister concerned is required to lay a copy of the accounts and report before each House of the Oireachtas. Clearly there should be no unreasonable delay in the submission by bodies under your aegis of their audited accounts and any reports of the C&AG to your Minister, or in the laying of these documents before the Oireachtas by your Minister.

- i. Special Reports of the C&AG.**

Where under Section 11, of the Act a Minister receives a copy of a Report of the C&AG (relating to an inspection or value-for-money examination or to any general matter arising in relation to audits, inspections or value-for-money examinations), the Minister is required to cause a copy of the report to be laid before Dáil Éireann not later than three months after the date on which he/she received the Report. This timescale must be adhered to.

- j. Laying of Documents before Houses of the Oireachtas during Recess.**

It should be noted that the Houses of the Oireachtas do not need to be sitting for accounts and reports to be laid before them.

5. Public Financial Procedures

Where appropriate, the Outline of Public Financial Procedures will be updated to take account of the provisions of the Comptroller and Auditor General (Amendment) Act 1993.

6. Queries.

Any queries in relation to this circular should be addressed to Government Accounting Section, Department of Finance, Room 2, Second Floor, Agriculture House, Dublin 2. Telephone enquiries to 6767571, ext 2724.

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S P Cromien
Secretary