

DPE 022/002/2017
21 December 2017

To: Accounting Officers

Circular 25/2017: Requirements for Appropriation Accounts 2017

A Dhuine Uasail,

1. I am directed by the Minister for Public Expenditure and Reform to refer to existing arrangements for the preparation of appropriation accounts and to advise of the following requirements which apply for the appropriation accounts 2017.

(A) Statement of Accounting Policies and Principles

All Government Departments, Offices and other Vote holders, are required to prepare appropriation accounts for the year ended 31 December 2017 and all subsequent years in accordance with the accounting policies set out in Section A. Changes and points of clarification are highlighted in the Circular.

The following issues are highlighted:

- **Departures or Changes to Accounting Policies in relation to Accrual Information**
It should be noted that Government Departments/Offices and Vote holders should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies in relation to accrual information in the notes to the appropriation accounts.
- **Circular 13/2014 Management of and Accountability for Grants from Exchequer Funds**
Government Departments, Offices and Vote holders are required to meet the requirements of DPER Circular 13/2014 “*Management of and Accountability for Grants from Exchequer Funds*”.

(B) Format of the Appropriation Account

All Government Departments, Offices and Vote holders are required to prepare their appropriation accounts in a format consistent with their Estimate presentation and in accordance with the illustrative example for the Appropriation Account 2017 attached to this Circular.

The following issues are highlighted:

- **Accounting Officer Signature on Appropriation Account 2017:** The Accounting Officer is required to sign and date the face of the appropriation account for 2017 in addition to the signature relating to the Statement on Internal Financial Control (SIFC).
- **Statement of Financial Position:** The term 'Balance Sheet' is now replaced by 'Statement of Financial Position'.
- **Capital Assets under Development:** Capital Assets under Development should be included in the main capital assets note.

(C) Annex to Appropriation Account

Government Departments and Vote Holders are required to include, an annex to the 2017 appropriation accounts, providing a report on the presentation to the Oireachtas of the financial statements of bodies and funds under the aegis of their Departments.

Circular 7/2015 Timely Production and Submission of Accounts of Bodies and Funds audited by the Comptroller and Auditor General and the Laying before the Houses of the Oireachtas Special Reports of the Comptroller and Auditor General highlights the need for timely production of financial statements of State bodies and funds under the aegis of Government Departments and the subsequent laying of such reports before the Houses of the Oireachtas.

A template for the Annex to the Appropriation Account 2017 is attached to this Circular.

2. These instructions supersede those contained in Department of Public Expenditure and Reform Circular 29/2016.

3. Further information will be provided in the DPER Guidance Manual for the Preparation of Appropriation Accounts 2017, January 2018.

4. Queries on the application of this Circular should be directed to Government Accounting Unit, Department of Public Expenditure & Reform email govacc@per.gov.ie. The Circular is available on <http://govacc.per.gov.ie>.

Mise le Meas,

Mr. William Beausang
Assistant Secretary

Section A: Accounting Policies and Principles

Basis of Accounts

Appropriation accounts, showing the financial transactions of Government Departments¹, are prepared in accordance with the Exchequer and Audit Departments Act, 1866 (as amended by the Comptroller and Auditor General (Amendment) Act, 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Government Departments/Offices and Vote holders should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies in relation to accrual information in the notes to the Appropriation Accounts

Departments are reminded to provide a note highlighting any departure from the accounting policies in the Accounting Officer's introduction to the Appropriation Account.

Reporting Period

The reporting period is the year ended 31 December 2017.

Receipts

As a general rule, all revenues of the State are paid into the Central Fund.

Departmental receipts fall into two categories: they may be appropriated in aid of expenditure borne on a Vote or they may be surrendered directly to the Central Fund as Exchequer Extra Receipts. The approval of the Department of Public Expenditure and Reform should always be obtained before determining whether to treat a particular type of receipt as an appropriation-in-aid or an Exchequer Extra Receipt.

Appropriations in aid are receipts that may, under section 2 of the Public Accounts and Charges Act, 1891, be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a Department's business under the Vote.

The Department of Public Expenditure and Reform requires certain receipts of Departments to be credited directly to the Exchequer as 'extra' receipts. In general, these are receipts that have no direct connection with the Vote expenditure or are 'windfall' receipts. Such extra receipts may

¹ In this statement, the term 'Department' includes central Government Departments, offices and agencies responsible for Vote management and accounting.

not be used to meet expenditure from the Vote. Where they arise, they are reported in a note to the appropriation account (Note 4).

Departments are required to provide a breakdown of the Exchequer Extra Receipts and an explanation where the amounts are material in nature. In addition, Departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Moneys Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

Departments are also required to present the breakdown of the Exchequer Extra Receipts on an opening balance/closing balance basis.

The amount reported by a Department for EERs transferred to the Exchequer should be reconcilable to the amount reported in the Department of Finance - Finance Accounts.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected and matured liabilities are outstanding at year end, the amount of such liabilities should be given in a note to the account (Note 2).

Where a Department is acting as an agent for another Government Department resulting in financial transactions between the principal and agent, the general rule is that the agent should put the transaction through suspense, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including:

- an operating cost statement (Note 1), showing the total amount of resources consumed by the Department in the year,
- a statement of financial position showing the Department's assets and liabilities at year end (Note 2), and
- explanatory notes providing details regarding capital assets, the net liability to the Exchequer, and commitments.

The statement of financial position includes the position at year-end in relation to the following:

- **Accrued expenses** — these represent all liabilities at the year end with the exception of liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered, but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed.
- **Prepayments** — these are payments made during the year of account to meet expenses which will arise in a subsequent financial year.
- **Accrued income** — this is income due to the Department at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the Department during the year of account for goods/services which it has yet to provide.

Capital Assets

The opening and closing values of capital assets on a Department's asset register and details of depreciation are shown by way of a note to the statement of financial position (Note 2).

The following are not included in the statement of capital assets:

- assets that cost less than €1,000 and/or
- heritage assets, the value of which cannot be adequately expressed in financial terms. (Heritage assets which can be valued are included in the statement).

Valuation of Assets

Land and Buildings

All lands and buildings owned by the State and controlled or managed by a Department are included in the statement of financial position (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account.

Where land and buildings are (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are included in the account for that Office.

Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the Department, but the ownership of the asset is noted in the Department's account. Otherwise, they appear in the account for the relevant Department.

Government Departments/Offices that for technical reasons cannot provide valuations for State-owned lands and buildings controlled or managed by them should append to the Appropriation Account a schedule of these assets.

Equipment, Furniture and Fittings

Equipment, furniture and fittings are valued at cost.

Other Assets

Where required, accounting policies in respect of valuation of other assets (e.g. specialised vehicles) are set out in the Accounting Officer's introduction to the appropriation account.

Depreciation

Land is not depreciated. Where relevant, buildings are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Equipment, furniture and fittings are depreciated on a straight-line basis at the following annual rates:

- furniture and fittings, and telecommunications equipment – 10%;
- IT equipment and software, scientific and laboratory equipment and other office machinery – 20%; and
- major operational software systems – 10%.

Where required, other capital items are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Capital Assets under Development

Capital assets under development should be included within Capital Assets in the Statement of Financial Position, showing expenditure on assets being developed within the Department, e.g. software development or construction projects.

Stocks

Consumables are stated at the lower of cost or Departmental valuations.

Net Liability to the Exchequer

The net liability to the Exchequer Note shows the funding position of the Vote at the year end, taking account of the surplus to surrender and the issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is:

- a contractual obligation to pay, on delivery, for goods or services (including capital projects) which have yet to be supplied at year-end;
- in the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

A note provides figures for all (global) contractual commitments likely to materialise in the subsequent years under (a) procurement and (b) grant subheads, excluding commitments under €10,000.

A separate note is provided giving details of any multi-annual capital commitments over €6,350,000.

Where the reported commitment level or projected project cost has varied by more than €500,000 compared with the previous year, the reason for the movement should be explained.

Contingent Liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on Exchequer funds in the future. Contingent liabilities are not recognised in the statement of financial position but are disclosed by way of a note unless the possibility of an outflow of resources is remote.

Examples of contingent liabilities include guarantees, litigation, insurance, contractual indemnities and warranties.

Superannuation

Superannuation payments for Gardaí, teachers, army personnel and Health Service Executive and former Health Board personnel are met on a current basis from the relevant Votes. Superannuation payments to retired civil servants are provided for in Vote 12 - Superannuation and Retired Allowances. An estimate of the amount attributable to each Department is provided by the Department of Public Expenditure and Reform and shown under the heading allied services, of the relevant votes.

Foreign Currency Transactions

Transactions arising in foreign currencies are converted to Euro values at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted at the year-end rates of exchange.

Other Notes to the Accounts

General Principles

In general, the other notes to Appropriation Accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments, and extra remuneration.

Except in the cases outlined below, notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

Where amounts lower than the threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Variations from Grant – Note 3 (Programme Expenditure by Subhead)

Note 3 provides explanations of variations on outturn versus original estimate provision. A note is provided where the variation relative to the original estimate provision (including deferred capital funding) is:

- €100,000 or more; and
- represents 5% or more of the subhead (25% in the case of administration subheads); **or**
- represents a significant variation from the original estimate provision that does not meet the above criteria but which warrants explanation.

The explanation should distinguish between the reason for the variation in the amount spent, and the funding implications e.g. under/over spend requires a supplementary estimate, or virement. Notes in relation to variations in the categories of appropriations in aid are included on a similar basis.

Allowance and Overtime Payments – Note 5 (Employee Numbers and Pay)

In the case of allowance and overtime payments, the details given in Note 5 include the total number of recipients of allowance and overtime payments in one or more categories, the number of individuals that received €10,000 or more and the maximum payment to an individual, if over €10,000. The figure required is the total payment to an individual who received allowance and overtime payments in more than one category i.e. the total of their combined extra remuneration, not the maximum figure in a single category.

Severance payments – Note 5 (Employee Numbers and Pay)

Departments, Offices and other Vote holders are reminded of the need for appropriate disclosure of material severance payments in their Appropriation Account.

Payroll Overpayments - Note 5 (Employee Numbers and Pay)

Payroll overpayments should be included as the final note in Note 5 of the Appropriation Account. Only amounts of significant material value should be included in Note 5. As a general guide, if total payroll overpayments for the year exceed €10,000 they should be disclosed in the note. The total overpayments at year end and the number of overpayment cases this figure relates to should be disclosed. Comparative figures for the previous year (2016) should be provided to show any increase or decrease. The number of cases with recovery plans in place should also be disclosed.

Legal Costs – Note 6 (Miscellaneous Items)

The components of the legal costs in respect of cases in which the Department is or was involved should be disclosed. **This does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation. If the Department is represented in legal proceedings (other than the Chief State Solicitor's Office), the costs incurred in relation to these cases are included in the table.** In cases where cumulative legal costs incurred in the year of account exceed €50,000, (i.e. in situations where legal costs, in total, have

exceeded €50,000, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the total costs into:

- Legal Costs paid by Department (i.e. its own cost's)
- Legal costs awarded (against the Department) and
- Compensation awarded

Arbitration and Conciliation Costs – Note 6 (Miscellaneous Items)

A note is required for costs arising from arbitration and conciliation proceedings. The total expenditure relating to arbitration and conciliation should be shown for 2017 and for 2016. The total number of cases for both years should be included in the note.

Late Payments – Note 6 (Miscellaneous Items)

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations, 2012, information is supplied in Note 6 where:

- the total of interest payments due was €10,000 or more; or
- an individual payment was €10,000 or more.

Fraud or Suspected Fraud – Note 6 (Miscellaneous Items)

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in Note 6 where:

- the total of losses during the accounting period were €10,000 or more; or
- an individual loss was €10,000 or more; or
- for losses under €10,000, a serious issue of principle arises; or
- where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a disclosure should be made.

Commissions and Special Inquiries - Note 6 (Miscellaneous Items)

Where appropriate, Note 6 should include a statement of expenditure on each Commission or Special Inquiry financed from the Vote.

A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account 2017 and prior year should be shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment should be shown.

Petty Cash

Amounts relating to petty cash are included in the PMG balance disclosure.

Bank and Cash

'Bank and cash' should include all commercial bank account balances (payroll and other vote related accounts) held at the year-end which are funded by the Exchequer through voted expenditure or contain receipts due to be deposited back to the Exchequer as Appropriations-in-Aid. The note should separately identify PMG from commercial bank accounts.

Grant Funds and Miscellaneous Accounts

Where relevant, accounts of grant funds (previously grant-in-aid funds) financed from the Vote and of other miscellaneous accounts may be presented in Note 7.

Section B: Format of Appropriation Accounts

All Government Departments, Offices and Vote holders are required to prepare their appropriation account in a format consistent with their Estimate presentation.

1. Introduction

Each appropriation account will start with an introductory note by the Accounting Officer which incorporates the ambit of the Vote, the statutory basis of the account and a formal statement by the Accounting Officer tying the account to the standard Statement of Accounting Policies and Principles as well as to the Statement on Internal Financial Control (SIFC).

The introductory paragraph gives the Accounting Officer an opportunity to include other information that will be of interest to the reader such as receipt or loss of significant functional areas, sale or transfer of fixed assets or any relevant post year-end events.

Surplus to be surrendered

As well as its appearance on the face of the appropriation account and in Notes to the Statement of Financial Position, the introductory paragraph will include reference to the *“surplus to be surrendered”*.

Statement of Accounting Policies and Principles

Any exceptions to the standard accounting policies will be disclosed here.

Government Departments/Offices and Vote holders should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies in relation to accrual information in the notes to the Appropriation Accounts

Statement on Internal Financial Control (SIFC)

Maintenance of the system of internal financial controls is a continuous process and the system and its effectiveness should be kept under on-going review. Accounting Officers should include for the current year all relevant control elements which are in use.

(i) Risk and Control Framework

The statement should outline the risk and control framework in place in the Department, including any weakness identified and actions taken or planned. The statement may also explain (where appropriate) any enhancements to internal financial controls.

“Examples of Disclosures in Relation to Weaknesses in Internal Controls in Reporting Period”

It is important to state that these are just examples of breaches that Departments should disclose in their SIFC.

It is not meant to represent guidance on what should be disclosed under various headings. This will ultimately be a matter for the Department to decide.

Example 1: Weaknesses in Control over Grants to Outside Agencies/Bodies

A number of issues have been identified in relation to the Department's control over grants to outside agencies/bodies which include:

- delays in the signing of some Service Level Agreements/Performance Delivery Agreements, and
- specified monitoring procedures including submission of performance and financial information by the funded agency/body not being complied with.

In 2018, the Department has [insert plans to address issues arising].

Example 2: Weaknesses in Control over Fixed Assets

An internal audit report on [date] identified a number of weaknesses in control over fixed assets and made a number of recommendations. It recommended systematic and independent spot checks on fixed assets and the introduction of a formal system for quickly and easily tracking the location of assets.

In 2017, the Department conducted a physical inventory reconciliation of its assets. This identified that a number of assets cannot be physically located. Accordingly, as reported in [Note X] to the appropriation account, an adjustment of €x has been made to fixed assets to reflect the reduction in asset values.

All internal audit recommendations related to the physical security of assets have now been implemented."

(ii) Shared Services

Where Departments are in receipt of Shared Services, the following text or similar should be included in the Statement:

"I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement/Performance Delivery Agreement between this Department/Office and the National Shared Service Office for the provision of (e.g. HR) shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department/ Office".

(iii) Procurement Compliance

The statement includes a **statement on compliance with procurement guidelines**. Departments are required to confirm compliance with all relevant guidelines regarding procurement, and to provide details of any exceptions. In particular, Departments should detail the number and value of contracts which are not compliant, which guidelines they are not compliant with and what measures are in place to bring procurement into compliance. Details should be provided as to why the contracts were not in compliance and the steps being taken to remedy the situation.

The following text should be included in the Statement:

“The Department 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 signature of the Accounting Officer will follow the introduction.

2. Audit Certificate

The Audit Certificate will follow the Accounting Officer’s introductory note.

3. Appropriation Account

- a) The appropriation account itself will be presented without the ambit text in the heading (included in the introductory note).
- b) The appropriation account will be presented in a format consistent with the presentation of the Estimate and with the inclusion of the outturn for the prior year in the right hand column of the Account. Comparative data for the prior year will also be included in the notes where appropriate.
- c) All supplementary estimate and deferred surrender figures should be included.
- d) The Accounting Officer should sign and date the Appropriation Account.

4. Order of the Notes to the Appropriation Account

The sequence of the Notes to the Account will be such that related information is presented together and similar information appears in the same place in the Account of each Vote.

There will be 6 main notes as follows:

- a) **Note 1** will be the **Operating Cost Statement (OCS)**, which will show total expenditure first divided into Programme cost, Pay cost and Non-Pay cost. The deduction for Appropriations-in-Aid (A-in-A) will be taken after the total Programme expenditure (cash and non-cash) has been derived so as to give a net programme cost.

A sub-note to Note 1, **Net Allied Services**, details the expenditure amount in relation to the Department which is borne elsewhere.

Departments are required to include actual figures where possible rather than the previous practice of estimated expenditure. It will not be an absolute requirement in recognition of the fact that some services would require a complex costing system and the effort involved would far outweigh the benefit of doing this.

However, in addition, both the providers and receivers of allied services are reminded to ensure that for the 2017 account the allied services are still relevant and that the breakdown across Departments is provided using an up to date and reasonable method of calculation/apportionment.

Estimated expenditure and expenditure which is an apportionment, should be highlighted by an “e” in the adjacent column.

- b) **Note 2** will be the **Statement of Financial Position** (formerly the Balance Sheet) and will be followed by a number of sub-notes which will give details of the main components, such as, capital assets, assets under development, stocks and stores, commitments, outstanding matured liabilities, etc.

A sub-note to Note 2, **State Funding Account**, reconciles the movement in the State Funding Account from the prior year to the current year and details where the funding has come from.

- c) **Note 3** will show the usual **Explanations of Variations** on outturn versus original estimate provision for each programme subhead.

Departments/Offices and Other Vote holders are required to explain the difference between the original estimate provision and the outturn in the first instance.

Departments are reminded that the explanations should be meaningful and should supplement rather than reiterate the information contained in the appropriation account. Departments are also required to provide an explanation where small variations at subhead level lead to a large variation at programme level.

In addition, information regarding supplementary estimates should be provided.

- d) **Note 4** will deal with **Receipts** in two sub-notes:
- 4.1 - Appropriations-in-Aid and
 - 4.2 - Exchequer Extra Receipts.

The usual explanation of variations will be provided in respect of *Appropriations-in-Aid*.

A breakdown/explanation is to be provided also where the *Exchequer Extra Receipts (EERs)* are material in nature. Departments are required to disclose both the amounts lodged to the Exchequer and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

The amount reported by a Department for EERs transferred to the Exchequer should be reconcilable to the amount reported in the Department of Finance - Finance Accounts.

- e) **Note 5** will deal with **Employee Numbers and Pay**: The first part of the note will give an overall view, providing figures in respect of a) total number of staff (with reference to the figure disclosed in the Revised Estimate) at year end, and b) total pay arising from the

employment of staff disclosed under part a), as well as total allowances, overtime and employer PRSI.

This will be followed by sub-notes giving the usual details of allowances and overtime, payroll overpayments, performance and merit pay, redundancy and severance pay, special payments and other remuneration arrangements.

In cases where the Exchequer pay figure, as disclosed in the Revised Estimates, does not represent the totality of pay for the staff numbers disclosed under Note 5, a footnote to this effect should be provided.

A similar footnote is included in the Estimates, and the following indicative wording is proposed: *“These figures include a number of Non-Commercial State Agencies that are not in direct receipt of Exchequer funding but whose staff are included under Note 5”*.

- f) **Note 6 – Miscellaneous Items** will bring together the remaining Vote specific notes for example write-offs, interest and compensation payments, EU funding, cost of Commissions and Enquiries, Late Payment Interest, National Lottery funding, Legal costs breakdown, Fraud and suspect fraud, contingent liabilities, etc.
- g) Detailed lists of National Lottery funded grants will no longer appear with the appropriation account. Instead, a short sub-note should appear under note 6 giving the total amount(s) of payments made to promoters of National Lottery funding eligible charities. The note should indicate that these payments may have been part funded by the National Lottery and that a list(s) of grants provided are available on the relevant Department website.
- h) If additional notes are required with an account, for example, miscellaneous accounts or grant accounts, these should in future appear as Note 7, etc.
- i) Where the appropriation account of a Vote does not have a requirement for one or more of the main notes, for example, Note 1 - Operating Statement, the note reference should remain (to maintain the number sequence across Votes) but with a comment to the effect that the note is not applicable.

Template Annex to Appropriation Account

Report on laying before the Houses of the Oireachtas the Financial Statements of Bodies and Funds under the aegis of Government Departments - DPER Circular 7/2015

[NAME OF DEPARTMENT]

E.g. Department of Education and Skills

Body/ Departmental Fund	Period end of last Audited Financial Statements	Date of Audit Report	Date sent to Minister/Department	Date Presented to the Oireachtas
<i>E.g. Higher Education Authority</i>	<i>31 December 2016</i>	<i>28 June 2017</i>	<i>1 July 2017</i>	<i>3 August 2017</i>

Appropriation Account 2017

Vote X

Illustrative example

Introduction

As Accounting Officer for Vote X, 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 2017 for the salaries and expenses of the Vote for Illustrative Purposes, including the Paymaster General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums:

- (a) granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €x.xx million is liable for surrender to the Exchequer.

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 XX of 2017, have been applied in the preparation of the account.¹

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/Office. This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General/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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department/Office and the National Shared Service Office for the provision of (insert details e.g. HR) shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department/Office.

¹ Any departures from the standard Statement of Accounting Policies and Principles should be highlighted here.

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

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.
- 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. This includes the following elements.

- 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/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 Department 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.²

Internal Audit and Audit Committee

I confirm that the Department/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 Department/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.

² Any exceptions to this statement about procurement should be indicated here. Suggested format: "With the exception of X contracts to the value of €X". In that case, details should be provided as to why the contracts were not in compliance and the steps being taken to remedy the situation. It should also be noted whether these contracts were included on the 40/02 return.

Risk and Control Framework

The department 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 department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Advisory Committee (MAC) on a [insert timeframe e.g. 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 assigns responsibility for operation of controls 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 and the MAC, where relevant, 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 department has procedures to monitor the effectiveness of its risk management and control procedures. The department'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 department responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that require disclosure in the appropriation account.

Or

[Where weaknesses in internal financial control were identified, provide details a description of the action taken, or intended to be taken, to correct the weaknesses, or an explanation of why no action is considered necessary].

Name
Accounting Officer
Department/Office
Date

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote X Department/Office

Vote X Department/Office Appropriation Account 2017

		2017		2016
		Estimate provision		Outturn
		€000	€000	€000
Programme expenditure				
A	XXXX			
B	XXXX			
C	XXXX			
	<i>Current year provision</i>			
	<i>Deferred surrender</i>			
Gross expenditure				
	<i>Current year provision</i>			
	<i>Deferred surrender</i>			
	<i>Deduct</i>			
D	Appropriations-in-aid			
Net expenditure				
	<i>Current year provision</i>			
	<i>Deferred surrender</i>			

Surplus for surrender

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

Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year.

	2017	2016
	€	€
Surplus		
Deferred surrender		
Surplus to be surrendered		

Name
Accounting Officer
Department/Office
Date

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost		
Pay		
Non pay		
Gross expenditure		
<i>Deduct</i>		
Appropriations-in-aid		
Net expenditure		
Changes in capital assets		
Purchases cash		
Depreciation		
Disposals cash		
Profit on disposal		
Changes in net current assets		
Decrease in closing accruals		
Increase in stock		
Direct expenditure		
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)		
Notional rents		
Net programme cost		

1.1 Net Allied Services Expenditure

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

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners		
Vote 12 Superannuation and Retired Allowances		
Vote 13 Office of Public Works		
Vote 18 National Shared Services Office		
Central Fund – Ministerial pensions		
Apportioned cost of accounting support for other Votes		

'e' indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position

		2017	2016
	Note	€000	€000
Capital assets	2.2		
Current assets			
Bank and cash	2.3		
Stocks	2.4		
Prepayments			
Other debit balances	2.5		
Accrued income			
Total current assets			
Less current liabilities			
Accrued expenses			
Other credit balances	2.6		
Net liability to the Exchequer	2.7		
Total current liabilities			
Net current assets			
Net assets			
Represented by:			
State funding account	2.1		

2.1 State Funding Account

		2017	2016
	Note	€000	€000
Balance at 1 January			
Disbursements from the Vote			
Estimate provision	Account		
Deferred surrender	Account		
Surplus to be surrendered	Account		
Net vote			
Expenditure (cash) borne elsewhere	1		
Non cash items – capital assets			
Non cash items – depreciation			
Non cash expenditure – notional rent	1		
Net programme cost	1		
Balance at 31 December			

2.2 Capital Assets

	Equipment	Furniture and fittings	Office equipment	Assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017				X	
Additions				Y	
Disposals	Z			(Z)	0
Cost or valuation at 31 December 2017					
Accumulated depreciation					
Opening balance at 1 January 2017					
Depreciation for the year					
Depreciation on disposals					
Cumulative depreciation at 31 December 2017					
Net assets at 31 December 2017					
Net assets at 31 December 2016					

General information note(s)

State-owned lands and buildings controlled or managed by the Department which do not have valuations are set out in Appendix A.

2.3 Bank and Cash

	2017	2016
at 31 December	€000	€000
PMG balances and cash		
Commercial bank account balance		

2.4 Stocks

	2017	2016
at 31 December	€000	€000
Stationery		
IT consumables		

2.5 Other Debit Balances

	2017	2016
at 31 December	€000	€000
Recoupable salaries		
Recoupable travel expenditure		
Travel imprests		
Recoupable travel pass scheme expenditure		
Other debit suspense items		

2.6 Other Credit Balances

	2017	2016
at 31 December	€000	€000
Amounts due to the State		
Income Tax		
Pay Related Social Insurance		
Professional Services Withholding Tax		
Value Added Tax		
Pension contributions		
Local Property Tax		
Universal Social Charge		
Payroll deductions held in suspense		
Other credit suspense items		

2.7 Net liability to the Exchequer

	2017	2016
	€000	€000
at 31 December		
Surplus to be surrendered		
Deferred surrender		
Exchequer grant undrawn		
Net liability to the Exchequer		
Represented by:		
Debtors		
Bank and cash		
Debit balances: suspense		
Creditors		
Due to State		
Credit balances: suspense		

2.8 Commitments

	2017	2016
	€000	€000
at 31 December		
a) Global Commitments		
Procurement of goods and services		
Grant programmes		
Capital grant programmes		
Capital projects		

b) Major Capital Commitments

Project	Cumulative Expenditure to 31 December 2016	Expenditure in 2017	Project Commitments in Subsequent Years	Expected Total Spend Lifetime of Project 2017	Expected Total Spend Lifetime of Project 2016
	€000	€000	€000	€000	€000
Capital Project A					
Capital Project B					

Significant variations**c) Capital Cost of Public Private Partnership Projects**

Name of PPP Project	Cumulative Expenditure to 31 December 2016	Expenditure in 2017	Legally enforceable commitments to be met in subsequent years	Project Total 2017	Project Total 2016
	€000	€000	€000	€000	€000
Project A					
Project B					

Significant variations**2.9 Matured Liabilities**

	2017	2016
	€000	€000
At 31 December		
Estimate of matured liabilities not discharged at year end		

Note 3 **Vote** Expenditure by Subhead

Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25%). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

Analysis of Administration Expenditure			
		2017	2016
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances		
ii	Travel and subsistence		
iii	Training and development and incidental expenses		
iv	Postal and telecommunications services		
v	Office equipment and external IT services		
vi	Office premises expenses		
vii	Consultancy and other services		

Significant variations (+/- 25%)

i. Salaries, wages and allowances

Estimate provision: €Xm, Outturn: €Ym

The increase /decrease of €Zm on expenditure on salaries, wages and allowances was due to...

ii. Travel and subsistence

Estimate provision: €Xm, Outturn: €Ym

The increase /decrease of €Zm on expenditure on travel and subsistence was due to...

iii. Training and development and incidental expenses

Estimate provision: €Xm, Outturn: e.g. €Ym

The increase/decrease of €Zm on expenditure on training and development and incidental expenses was due to...

Programme A		XXXX		
		Estimate provision €000	2017 Outturn €000	2016 Outturn €000
A.1	Administration – pay			
A.2	Administration – non pay			
A.3	XXXX			
A.4	XXXX			
A.5	XXXX			

Significant variations (+/- 5%)

Overall, the expenditure in relation to Programme A was €XX million higher/lower than (originally) provided. €Xm of this related to administration expenditure and has already been explained and the balance of the variance of €Xm was mainly due to the following:

A.3 XXXX

Estimate provision: €Xm, Outturn: €Ym

The increase in expenditure of €Zm relative to the estimate provision was due to ...

OR

A.3 XXXX

Estimate provision: €Xm, Outturn: €Ym

The shortfall in expenditure of €Zm relative to the estimate provision was due to ...

Programme B XXXX

		2017	2016
		Outturn	Outturn
		Estimate provision	
		€000	€000
B.1	Administration – pay		
B.2	Administration – non pay		
B.3	XXXX		
B.4	XXXX		

Significant variations (+/- 5%)

Overall, the expenditure in relation to Programme B was €XX million higher/lower than (originally) provided. €Xm of this related to administration expenditure and has already been explained and the balance of the variance of €Xm was mainly due to the following:

(Present as per Programme A)

Programme C XXXX

		2017	2016
		Outturn	Outturn
		Estimate provision	
		€000	€000
C.1	Administration – pay		
C.2	Administration – non pay		
C.3	XXXX		

Significant variations (+/- 5%)

Overall, the expenditure in relation to Programme C was €XX million higher/lower than (originally) provided. €Xm of this related to administration expenditure and has already been explained and the balance of the variance of €Xm was mainly due to the following:

(Present as per Programme A)

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1. Recoupment of certain expenses			
2. Miscellaneous			
3. Receipts from pension-related deductions on public service remuneration			
Total			

Significant variations (+/- 5%)

Overall, Appropriations-in-Aid were €Xm more / less than the estimate/ were as forecast.

Explanations for variances are set out below:

1. *Recoupment of certain expenses*
 Estimate provision: €Xm, Outturn: €Ym
 The increase /shortfall of €Zm was due to...
2. *Miscellaneous*
 Estimate provision: €Xm, Outturn: €Ym
 The increase /shortfall of €Zm was due to...

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January		
Collected		
Transferred to the Exchequer		
Balance at 31 December		

Note 5 Employee Numbers and Pay

	2017	2016
Number of staff at year end (full time equivalents)		
	2017	2016
	€000	€000
Pay		
Higher, special or additional duties allowance		
Other allowances		
Overtime		
Employer's PRSI		
Total pay^a		

^a The total pay figure is distributed across subheads A.1, B.1 and C.1.

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Total individual payment 2017 €	Total individual payment 2016 €
Higher, special or additional duties				
Other allowances				
Overtime				
Extra remuneration in more than one category				

5.2 Other remuneration arrangements

Y retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €X. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €X in respect of Z officers who were serving outside the Department for all or part of 2017 and whose salaries were paid by the Department.

5.3 Payroll overpayments

Overpayments at the year-end were €XX (2016: €xx (x number of cases)). Of this, €XX have recovery plans in place.

6 Miscellaneous

6.1 Committees and commissions

	2017	2016
	€000	€000
XX Advisory Committee ^a		
XX Appeals Board ^b		

^a The Committee's statutory function (under section xx of the relevant legislation) is to advise regarding:

- xx
- xx and
- xx.

^b The XX Board of Appeals acts as an appeal body for those applicants xx. The Board was established in xxxx year.

6.2 Carryover to 2018

Under the provisions of Section 91 of the Finance Act 2004, €XX of unspent allocations in respect of the capital elements of Subhead C.2 was carried forward to 2018.

6.3 Contingent Liabilities

The Department/Office has contingent liabilities estimated at €X.

6.4 Fraud and Suspected Fraud

(Insert note)

6.5 Commissions and Special Inquiries

(Insert note)

6.6 Legal Costs

	Number of cases	Legal cost paid by Department/Office	Compensation awarded	Legal costs awarded	2017 Total	2016 Total
		€000	€000	€000	€000	€000
Claims by:						
employees						
members of the public						

6.7 National Lottery Funding

	2017 Estimate €000	2017 Outturn €000	2016 Outturn €000
Subhead			
x. Payments to promoters of certain National Lottery funding			
x. eligible charities part funded by the National Lottery.			

6.8 EU Funding

The outturn shown in Subheads X.1. and X.2 includes payments in respect of activities which are co-financed from the ERDF. Estimates of expenditure and actual outturns were as follows:

	2017 Estimate €000	2017 Outturn €000	2016 Outturn €000
Subhead Description			
X.1 Structural Funds Technical Assistance and other costs			
X.2 Technical Assistance costs of Regional Assemblies (grant-in-aid)			
Y.1 Peace Programme/Northern Ireland INTERREG			

Appendix A

State-owned lands and buildings controlled or managed by the Department which do not have valuations

- 1 Property A
- 2 Park B
- 3 Property C
- 4 Park D

Appendix B

[NAME OF DEPARTMENT]

E.g. Department of Education and Skills

The following table lists the bodies under the aegis of the department where the department has an obligation to present financial statements. It indicates the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
<i>E.g. Higher Education Authority</i>	<i>31 December 2016</i>	<i>28 June 2017</i>	<i>1 July 2017</i>	<i>3 August 2017</i>