



Department of Finance Report  
on the implementation of  
recommendations of the Internal  
and External Reviews of the  
Compilation of General  
Government Debt Statistics



An Roinn Airgeadais  
Department of Finance



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## List of Abbreviations

CSO – Central Statistics Office

CBI – Central Bank of Ireland

The Department – Department of Finance

D/Fin - Department of Finance

D/Per – Department of Public Expenditure and Reform

EDP – Excessive Deficit Procedure

ESA95 – European System of Accounts 1995

GFS – Government Finance Statistics

NTMA – National Treasury Management Agency

HFA – Housing Finance Agency

NDFA – National Development Finance Agency

GGDebt or GGD - General Government Debt

GGB – General Government Balance

GFSLC - Government Finance Statistics Liaison Committee

Deloitte - Deloitte & Touche

MOU – Memorandum of Understanding

IA or IAU – Internal Audit Unit

MAC – Management Advisory Committee

## 1. Introduction

Following the identification of a €3.6 billion statistical reporting discrepancy in the 31 December 2010 amount of the General Government Debt (GGD) in October 2011, and subsequent discussion of the matter at the Committee of Public Accounts in November 2011, two reviews were initiated by the Department of Finance (the Department):

1. An internal management review, the *Internal Review of General Government Debt Statistical Discrepancy*, which investigated the specific circumstances surrounding the statistical reporting discrepancy. The internal review also examined procedures and organisational structures in place. The review was completed in March 2012 and published by the Department on 7 June 2012.
2. An external review, *External Review of the Compilation of General Government Debt Statistics*, to examine the respective roles of the key agencies involved in the calculation and reporting of GGD; communications between the agencies as well as summarising the reasons for the error regarding processes, systems, staffing and control issues. Deloitte & Touche (Deloitte) was engaged by the Department to undertake the external review and work commenced in February 2012. The review was completed in May 2012 and published by the Department on 7 June 2012.

Both reviews concluded with recommendations.

Following the publication of these reports, the GGDebt group ('the group') was established consisting of representatives from the Department of Finance, the CSO and the NTMA. This group was set up with the objective of overseeing the implementation of the recommendations in the internal and external reviews. The terms of reference of the group and the specific roles and responsibilities of the represented bodies are attached in Appendix 3. The group was formed on a temporary basis until the recommendations are satisfactorily implemented. Any further oversight role regarding the reporting of debt and deficit figures will be undertaken by the permanent Government Finance Statistics Liaison Committee (GFSLC). The Department is also represented on the GFSLC.

This is a Department of Finance Report on the implementation of the recommendations of the internal and external reviews

Significant changes to control procedures are summarised in Section [2](#). Sections [3](#) and [4](#) set out the internal and external recommendations and outline the actions taken to implement each recommendation. For completeness, the recommendations are listed in the same order with the same reference number as given in the internal and external reviews starting with the internal report. This may give rise to a certain amount of repetition.

## 2. Significant changes to control procedures

Since the completion of the two reviews, a number of high level changes to organisation and communication, process and systems, and resourcing have been implemented in the Department and between the Department and the other agencies responsible for the reporting of debt. Most of these changes address the recommendations of the two reviews and are included in the two main sections of this document (sections [3](#) and [4](#)). As a summary, the significant changes are set out in the following bullet points:

### Organisation & Communication

- A GG Debt Group consisting of D/Fin, CSO and NTMA representatives has been established to oversee the implementation of the recommendations. It is also charged with reviewing the methodology of the GGD calculation process and to oversee the transfer of responsibility for transmission of the biannual Maastricht Returns to CSO.
- Organisational responsibility has been streamlined and clarified. The CSO will have responsibility for the historical components of the EDP returns from March 2013 while the Department of Finance will have responsibility for all forecast components.
- The Government Financial Statistics Liaison Committee consisting of representatives from CSO, D/Fin and CBI will have an on-going role to oversee the production of the EDP returns. Expert sub-groups of the GFSLC provide fora for advice and exchange of knowledge on specific topics.
- A GGDebt Technical group was established in 2012 to provide a forum for cooperation and discussion of technical issues among the Department of Finance, NTMA, CSO and CBI. This group which meets quarterly will continue to function and will be brought under the aegis of the GFSLC as an expert sub-group following the disbandment of the GG Debt Group.
- A good faith reporting policy, or whistleblowing policy, has been established and formally promulgated throughout the Department.
- A Departmental Critical Financial Reporting policy, incorporating planning review, and sign-off requirements has been established and is in place.

## Process and Systems

- Memoranda of understanding clarifying organisational responsibilities regarding all areas of Government Financial Statistics between the Department and the CSO; between the Department and the NTMA; and between the Department and the Central Bank have been put in place. A memorandum of understanding between the CSO and the Central Bank has also been put in place; and a memorandum of understanding between the CSO and the NTMA is being prepared and is expected to be finalised by June 2013.
- A new official template for statistical classification issues has been distributed throughout both D/Finance and D/Per and has also been distributed to all other Government Departments. This template which includes a sign-off requirement for both sides will be the only medium for all formal statistical enquiries and subsequent advice.
- New enhanced templates requiring sign-off by data providers for use in collection of debt and deficit data of the non-Exchequer general government bodies have been put in place for the end-September 2012 and subsequent Maastricht EDP Returns<sup>1</sup>.
- A summary guide to GGB and GGDebt concepts has been prepared and together with the new template for statistical classification issues has been distributed to all government departments.
- All aspects of the calculation of deficit and debt procedures have been documented in the Department of Finance Manual on Government Deficit and Debt incorporating the RACI concepts of responsibility, accountability, consultation and informing.
- New structures have been put in place to improve the processes of validation of data and tables in key reports.
- A detailed business plan containing a continuous programme of process review and improvement plus appropriate KPIs, measured on a quarterly basis is now in place for the Statistics Unit of the Department.

## Resourcing

- The Statistics Unit of the Department of Finance is now within the remit of the Finance Office and reports directly to the Chief Finance Officer. The staffing complement in the Statistics Unit has been increased from two to three by the addition of an Administrative Officer who is a qualified accountant.

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<sup>1</sup> As part of the assumption of responsibility for the historical components of the EDP return from March 2013, the CSO are introducing a new data collection and compilation process on a phased basis which is scheduled for completion by September 2014.



## Risk

- All activities of the Department, including the activities of the Statistics Unit, are within the scope of Internal Audit.
- A dedicated risk management function has been established in the Department, reporting to a newly formed Risk Committee.
- A Department-wide compliance function has been established and is being resourced.
- Eurostat reservations on the March 2012 EDP return were successfully addressed and withdrawn<sup>2</sup> in respect of the September 2012 EDP return. No reservations were expressed on the September 2012 return.

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<sup>2</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-22102012-AP/EN/2-22102012-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-22102012-AP/EN/2-22102012-AP-EN.PDF)

### 3. Response to the recommendations of the internal review

#### Information management

Title/Area	Recommendation	Response
IR 3.1  (information management)	Information flows between sections within the Department of Finance and with the Department of Public Expenditure and Reform need to be improved. It is critical that the relevant sections in both Departments are cognisant of the possible implications of proposed policy measures and their impact on GGDebt and GGBalance and consult with the Statistics Unit to enable the measures to be assessed and evaluated in advance.	<p>A new official template for statistical classification issues has been distributed by the Statistics Unit of the Department of Finance throughout the Department of Finance and the Department of Public Expenditure and Reform (Appendix 1). This template, which includes a sign-off requirement for both sides, will be the only medium for all formal statistical enquiries and subsequent advice.</p> <p>A short explanatory guide to the GGD and GGB concepts has been prepared by the Department. This has been distributed, along with the official template for statistical classification issues and a letter from the Secretary General of Department of Finance, to the Secretaries General of all other Departments (including the Department of Public Expenditure and Reform) requesting that all new policy proposals require an assessment of the likely impact of the proposal on general government debt and deficit statistics.</p>

## Formation of General Government Group

Title/Area	Recommendation	Response
IR3.2.1 (GG group)	Greater co-operation is also required between the key actors involved in the calculation of GGDebt and GGBalance figures. There already exists a Government Finance Statistics Liaison Committee under the aegis and chairmanship of the CSO which includes representatives of the Central Bank of Ireland and the D/Fin.	<p>A GG Debt Group consisting of D/Fin, CSO and NTMA was set up in 2012 with the objective of overseeing the implementation of the recommendations in the internal and external reports. The group has been formed on a temporary basis until the recommendations are satisfactorily implemented. It is also charged with reviewing the methodology of the GGD calculation process and to oversee the transfer of responsibility for transmission of the biannual Maastricht Returns to CSO.</p> <p>A separate GGDebt Technical group was established in 2012 to provide a forum for cooperation and discussion of technical issues among the Department of Finance, NTMA, CSO and CBI. This group, which is currently chaired by the Department of Finance, also includes representatives from each of the four bodies and was established with the primary purpose of discussing ESA95 methodological and classification issues affecting the reporting of general government debt and debt servicing. This group will be brought under the auspices of the existing Government Finance Statistics Liaison Committee (GFSLC) and operate as an expert sub-group of this forum in the future.</p> <p>The GFSLC will continue to perform its existing oversight role regarding the reporting of debt and deficit figures</p> <p>Memoranda of Understanding have been agreed between:</p> <ul style="list-style-type: none"> <li>• D/Fin and CSO</li> </ul>

Title/Area	Recommendation	Response
		<ul style="list-style-type: none"> <li>• D/Fin and CBI</li> <li>• CSO and CBI</li> <li>• D/Fin and NTMA</li> </ul> <p>An MOU between CSO and NTMA is expected to be finalised by June 2013.</p> <p>These documents formally clarify organisational duties and responsibilities regarding all relevant areas of government financial statistics, including responsibilities regarding GFS data compilation, exchange and submission to the relevant institutions.</p>
IR3.2.2 (GG group)	<p>Notwithstanding the existence of this Committee (Government Finance Statistics Liaison Committee) and the statutory responsibility of the CSO for statistical methodology, there is merit in the establishment of a General Government Group (GGG) under the aegis of the D/Fin made up of representatives from the following organisations:</p> <ul style="list-style-type: none"> <li>• Department of Finance</li> <li>• Department of Public Expenditure and Reform</li> </ul>	<p>Following the publication of the internal &amp; external reports a General Government Group, now termed the 'GGDebt group' was established consisting of representatives from the Department of Finance, the CSO and the NTMA, being the agencies directly involved in the calculation and reporting of government debt. The GGDebt group was set up with the objective of overseeing the implementation of the recommendations in the internal and external reports. The group has been formed on a temporary basis until the recommendations are satisfactorily implemented. The on-going oversight role regarding the reporting of debt and deficit figures will be undertaken by the Government Finance Statistics Liaison Committee (GFSLC), which includes the same representatives of the Department and the CSO.</p> <p>The GFSLC provides a forum for cooperation among the agencies involved in the compilation of Government Finance Statistics (GFS). This committee, which is chaired by the CSO, includes representatives from</p>

Title/Area	Recommendation	Response
	<ul style="list-style-type: none"> <li>• Central Statistics Office</li> <li>• National Treasury Management Agency</li> <li>• Central Bank of Ireland</li> </ul>	<p>the CBI and D/Fin and was established with the primary overall purpose of ensuring that the Irish GFS data compiled and disseminated by the three entities are accurate and comparable.</p> <p>The GFSLC remit includes an oversight role in the reporting of twice-yearly EDP debt and deficit figures. Its remit has also expanded to include a number of satellite committees which extends the reach of the GFSLC to other bodies including the Department of Public Expenditure and Reform, NTMA and NDFA.</p> <p>One of these is the GGDebt Technical Group, established in 2012, and including representatives of the Department, CSO, NTMA and CBI. Its primary purpose is to provide a forum for the discussion of ESA95 methodological and classification issues affecting the reporting of General Government Debt.</p> <p>Appendix 4 provides an overview of GFSLC structure.</p>
IR3.2.3 (GG group)	The GGG should agree a memorandum of understanding which sets out the roles and responsibilities of each member of the group in relation to key statistical information insofar as they do not overlap the roles of the existing Liaison Committee.	<p>Memoranda of Understanding have been agreed between:</p> <ul style="list-style-type: none"> <li>• D/Fin and CSO</li> <li>• D/Fin and CBI</li> <li>• D/Fin and NTMA</li> <li>• CSO and CBI</li> </ul> <p>An MOU between CSO and NTMA is expected to be finalised by June 2013.</p>

Internal Recommendations

Title/Area	Recommendation	Response
		<p>These documents formally clarify organisational duties and responsibilities regarding all relevant areas of government financial statistics, including responsibilities regarding GFS data compilation, exchange and submission to the relevant institutions.</p>
<p>IR3.2.4 (GG group)</p>	<p>The Group should meet quarterly prior to compiling and publishing the GGDebt and the EDP statistics for submission to Eurostat and at other times as required. All decisions and actions of the Group should be recorded in agreed minutes.</p>	<p>The GGDebt group has met in the Department of Finance on the following dates:</p> <ul style="list-style-type: none"> <li>• 29/05/2012</li> <li>• 25/06/2012</li> <li>• 23/07/2012</li> <li>• 12/09/2012</li> <li>• 14/11/2012</li> <li>• 26/02/2013</li> </ul> <p>The Department of Finance has chaired the meetings and appropriate minutes have been recorded. At the meeting on 12/09/2012, the group examined the forthcoming EDP submission to Eurostat, in advance of the meeting of the GFSLC on 13/09/2012 which formally endorsed the September 2012 return.</p>
<p>IR3.2.5</p>	<p>The key functions of the Group should be to carry out quarterly reviews of the GGDebt and</p>	<p>The key functions of the GGDebt group are set out in terms of reference of the group, which are attached in the Appendices. These include:</p>

Title/Area	Recommendation	Response
(GG group)	GGBalance statistics and to identify and assess the effect of changes in policy or processes on the statistics.	<ul style="list-style-type: none"> <li>• Oversee the implementation of the recommendations of the Internal and External Reviews of the General Government Debt Statistical Discrepancy.</li> <li>• Oversee the process for and results of the on-going calculation of the GGD in the D/Fin (until transfer to the CSO).</li> <li>• Oversee the process for transfer of this responsibility to the CSO.</li> </ul> <p>The permanent oversight role regarding the reporting of debt and deficit figures in the EDP returns will continue to be undertaken by the GFSLC.</p>
IR3.2.6 (GG group)	Each member of the Group should be required to sign-off on their agreed inputs to the GGDebt Report prior to its submission to Eurostat.	<p>The purpose of the GGDebt meeting on 12/09/2012 was to sign-off on the forthcoming EDP submission to Eurostat.</p> <p>The GFSLC meeting on 13/9/2012 formally endorsed the September EDP return.</p> <p>All data survey templates, which collect data used as input into the EDP return, were reviewed and now include a sign-off requirement for data suppliers and also contain a requirement for respondents to explain significant changes to data or key judgement items or unresolved issues.</p>
IR3.2.7 (GG group)	It is also recommended that the nature and format of the current tables used in the process is reviewed and improved.	New enhanced templates requiring sign-off by data providers for use in collection of debt and deficit data of the non-Exchequer general government bodies have been put in place for the end-September 2012 and subsequent Maastricht EDP Returns.

Internal Recommendations

Title/Area	Recommendation	Response
		<p>Furthermore, the data aggregation tables used by the Department in relation to its on-going role regarding debt forecasting have been reviewed and enhanced to contain granular information regarding estimated inter-agency holdings and reconciliations of stock and flow calculations.</p>
<p>IR3.2.8 (GG group)</p>	<p>The Group should propose and agree policy options in relation to the treatment of borrowings by public bodies in the General Government sector and advise the Department of Finance, the NTMA and the CSO on the treatment of these borrowing in their published reports.</p>	<p>The statistical treatment of borrowings by public bodies is determined by the application of the ESA 95 rules. The GGD Group, GFSLC, and the GGD Technical Group provide fora for the discussion of, and agreement on these matters.</p> <p>The MOUs include protocols for the provision of statistical advice by the CSO or D/Fin on general government statistical matters.</p> <p>A short explanatory guide to the GGD and GGB concepts has been prepared by the Department. This has been distributed, along with the official template for statistical classification issues, and a letter from the Secretary General of Department of Finance to the Secretaries General of all other Departments (including the Department of Public Expenditure and Reform) requesting that all new policy proposals require an assessment of the likely impact of the proposal on general government deficit and debt statistics.</p> <p>Furthermore, the General Government Secured Borrowings Order 2011 specifies, for general government bodies, that the consent of the Minister for Finance to engage in secured borrowing is necessary and must be sought in advance.</p>



Title/Area	Recommendation	Response
<p>IR3.2.9 (GG group)</p>	<p>In the longer term, given the current duplication of effort by D/Fin and the CSO, it may be more efficient if the collection and collation of historical data is undertaken by the CSO, where the requisite technical expertise to perform a checking function should exist. The GGDebt forecast function would remain in the D/Fin as is appropriate for the budget and economic responsibilities of the Department. The CSO should maintain its present data quality control function in relation to complying with the relevant provisions of the ESA.</p>	<p>From March 2013 responsibility for EDP transmission and historical reporting of general government debt rests with the CSO. One of the functions of the GGDebt group is to oversee the process for transfer of this responsibility.</p> <p>The GGDebt forecasting function remains with the Department of Finance. This includes responsibility for forecasts of current end-year debt which is part of the EDP transmission programme.</p> <p>The remit of the GFSLC, of which the Department is a member, includes an oversight role in the reporting of debt and deficit figures, including the biannual Maastricht EDP Returns. Oversight includes agreeing, planning, scheduling and review of the process and of the draft submission.</p> <p>The responsibilities of each agency involved in the process are specified in the respective MOUs.</p> <p>The revised arrangements have been agreed by all parties and reviewed by Eurostat.</p>

Resource Implications

Title/Area	Recommendation	Department of Finance Response
<p>IR3.3.1 (Resource implications)</p>	<p>The Department should consider and assess whether the level of expert resources currently allocated to the Statistics Unit is consistent with the importance and technical nature of its tasks and with the additional workload now being undertaken by the Unit.</p>	<p>The Department recognises the importance and technical nature of the work of the Statistics Unit. The staffing complement in the Statistics Unit has been increased from 2 to 3, with the assignment of a qualified accountant to the unit. The unit consists now of one statistician on secondment from CSO and two administrative officers.</p>
<p>IR3.3.2 (Resource implications)</p>	<p>In making such an assessment, consideration should be given to ensuring that the appropriate level of technical and managerial support is available within the Department to evaluate critically the statistical output produced by the Statistics Unit.</p>	<p>As part of a restructuring of the Department the Statistics Unit is now within the remit of the Finance Office, reporting to the Chief Finance Officer.</p> <p>The Statistics Unit continues to work very closely with the Central Budget Office of the Department</p> <p>The Department has introduced a formal policy document on the production of critical financial reports defining of the various officials involved in producing and overseeing critical financial reports. This includes various requirements for planning, review and sign-off.</p> <p>The MOU between D/Fin and CSO includes protocols for the exchange of statistical guidance.</p> <p>The permanent oversight role regarding the reporting of debt and deficit figures in the EDP returns will continue to be undertaken by the GFSLC.</p>

Internal Recommendations

Title/Area	Recommendation	Department of Finance Response
		<p>The GGDebt Technical group provides the combined technical expertise of the main agencies producing general government debt reporting.</p>

Documentation

Title/Area	Recommendation	Department of Finance Response
<p>IR3.4 (Documentation)</p>	<p>The Department should undertake an exercise to document all key business processes and procedures and align them to job descriptions for all staff in the Department. This is particularly important where there is a high level of staff mobility and where specialist skills and knowledge are required.</p>	<p>The statistics unit has completed and updated its Department of Finance Manual on Government Deficit and Debt. This manual outlines the methods of calculating general government deficit; general government debt and outlines the surveying process.</p> <p>A short explanatory guide to the GGD and GGB concepts has been prepared by the statistics unit. The guide contains a decision tree outlining the issues to consider in classification decisions for new proposals.</p> <p>The statistics unit has built up a library of examples of responses to queries for reference and consistency regarding statistical treatment of transactions and classification.</p> <p>A detailed annual business plan containing a key objectives and appropriate KPIs, measured quarterly, is now in place for the Statistics Unit.</p> <p>PMDS forms, incorporating role descriptions, are complete for 2013 for all staff in the Unit.</p>

Supervisory peer review of statistical reports

Title/Area	Recommendation	Department of Finance Response
<p>IR3.5.1 (Supervisory, peer review of statistical reports)</p>	<p>Subject to the recommendation at 3.2 above, and the memorandum of understanding between the relevant bodies, all key reports produced by the Statistics Unit, including the GGDebt and GGBalance should be subject to independent validation.</p>	<p>New structures are in place to improve the validation of data and tables for key reports by the statistics unit. These structures take the form of analytical tables which are subject to independent review; all key changes from previous tables are highlighted and given explanation; reconciliations between national debt and GGD and between stock and flow approaches are prepared; debt and data and tables are reviewed and queried by CFO and the PO of Central Budget Office before publication.</p> <p>The GFSLC has and will continue to have an oversight role in the reporting of debt and deficit figures, including the biannual Maastricht EDP Returns.</p> <p>The Department has introduced a formal policy document on the production of critical financial reports defining of the various officials involved in producing and overseeing critical financial reports. This includes various requirements for planning, review and sign-off.</p> <p>The respective responsibilities of the various agencies are specified in the respective MOUs.</p> <p>Increased staffing level in the SU allows time and resource for further validation.</p>
<p>IR3.5.2 (Supervisory,</p>	<p>It is recognised that in the case of statistical reports, this supervisory role will need to be examined</p>	<p>In addition to review procedures within the department and the CSO, a review function is also currently provided by the GGDebt Group with</p>

## Internal Recommendations

Title/Area	Recommendation	Department of Finance Response
peer review of statistical reports)	carefully in order to establish whether it should be carried out in the Department or whether outside review is necessary (as would be the case with the proposed GGG).	<p>ultimate oversight by the GFSLC.</p> <p>The permanent oversight role regarding the reporting of debt and deficit figures in the EDP returns will continue to be undertaken by the GFSLC.</p> <p>All reporting arrangements are subject to review by internal audit and by the risk management function in the Department and are also subject to review by Eurostat.</p>

## Risk Management

Title/Area	Recommendation	Department of Finance Response
IR3.6.1 (Risk management policy)	An embedded risk management system will assist line management to formally consider and assess principal risks and management and control arrangements to ensure that all reasonable steps are being taken to address vulnerabilities and exposures and thereby maximise the opportunity to deliver on strategic priorities, division objectives and key business functions. It is recommended that the Department of Finance reviews its risk management processes and risk	<p>During 2012, the Department revised its Risk Policy and established a risk management committee, which is a subcommittee of the MAC and which is comprised of senior management from across each Division. The role of the subcommittee is to provide oversight regarding the identification, assessment and management of risk.</p> <p>During 2012, the Department also created and filled the post of Chief Risk Officer (CRO) to assist line management and the MAC in discharging their oversight of risk. The CRO reports to the Secretary General and the risk management committee and is independent of line management.</p>

## Internal Recommendations

Title/Area	Recommendation	Department of Finance Response
	management strategy which was last updated in 2010.	
IR3.6.2 (Risk management policy)	The D/Fin has prepared a revised Statement of Strategy and Business Plans outlining its updated business objectives. This recent exercise provides an ideal opportunity to carry out a risk assessment exercise in the Department to identify and assess the risks which could prevent the Department in meeting its stated objectives.	In tandem with the business planning process, the CRO performed a detailed risk assessment exercise to identify and assess the risks which could prevent the Department from meeting its stated objectives.  This was primarily a top-down risk assessment, the results of which have been documented in the 2012 risk register. This high level risk assessment exercise will be supplemented during 2013 with a bottom-up risk assessment and management policy, fully integrated into divisional business plans.

## Audit Remit

Title/Area	Recommendation	Department of Finance Response
IR3.7.1 (Audit remit)	A “whole of organisation” remit for the IAU will facilitate the scrutiny by IAU of the key business processes across the wider Department. It is recommended that the IAU commence a programme of reviews of business processes in all the Divisions using a risk-based audit approach, including the prioritisation	The internal audit universe for 2013 spans all the divisions and business units within the Department and is not confined to the audit of finance and corporate service functions. The audit plan for 2013 was based on a review of the risk register in place and took account of audit topics suggested by the Management Advisory Committee and the Audit Committee. The Internal Audit Unit plans to cover all Divisions and a wide range of business units as part of a three year audit strategy. The Audit Committee will continue to review and oversee the risk management processes and the internal audit function and will advise

Internal Recommendations

Title/Area	Recommendation	Department of Finance Response
	of risk and control issues by the MAC.	the Secretary General accordingly. The IAU plans to carry out a follow up audit of the GGD reporting process in 2013.

#### 4. Response to the recommendations of the external review

##### Organisation

Area/Title	Recommendation	Response
<p>Organisation: 5A. Centralised Responsibility</p>	<p>Overall responsibility for the GGD compilation and reporting processes should be centralised in one organisation. This would reduce or eliminate duplication of effort, improve standardisation and communications, and ensure clear accountability. In our opinion the most appropriate agency for this is the CSO. However, it is noted that there will be some elapsed time before the CSO is in a position to take on this work.</p> <p>The respective interests and roles of other parties should be recognised through appropriate responsibility, accountability and governance structures (see below). In particular, the critical interest and role of the Department in current year and forecast GGD data should be recognised and accommodated appropriately. Specifically responsibility for GGD forecasts should</p>	<p>From March 2013 responsibility for EDP transmission and historical reporting of general government debt will rest with the CSO.</p> <p>D/Fin will assist CSO compilation of March 2013 EDP reporting by continuing data collection and provision, where necessary.</p> <p>CSO will replace D/Fin debt data collection with a new reporting system by the September 2014 EDP transmission.</p> <p>One of the functions of the GGDebt group (see below) is to oversee the process for transfer of this responsibility.</p> <p>The revised arrangements have been agreed by all parties and reviewed by Eurostat.</p> <p>The GGDebt forecasting function remains in the Department of Finance. This includes responsibility for forecasts of current end-year debt which is part of the EDP transmission programme.</p> <p>To assist D/Fin with compilation of current year and forecast data, CSO will provide D/Fin with (a) methodological guidance; (b) reporting templates for data providers suitable for use in collecting forecast data; and (c) such outturn data as may be useful in compiling D/Fin forecasts.</p>



External Recommendations

Area/Title	Recommendation	Response
	<p>remain with the Department, while bearing in mind that the CSO should maintain its present data quality control function in relation to complying with the relevant provisions of the ESA.</p>	<p>Memoranda of Understanding have been agreed between:</p> <ul style="list-style-type: none"> <li>• D/Fin and CSO</li> <li>• D/Fin and CBI</li> <li>• D/Fin and NTMA</li> <li>• CSO and CBI</li> </ul> <p>An MOU between CSO and NTMA is expected to be finalised by June 2013.</p> <p>These documents formally clarify organisational duties and responsibilities regarding all relevant areas of government financial statistics, including responsibilities regarding GFS data compilation, exchange and submission to the relevant institutions.</p> <p>External review of the EDP return is provided by the GFSLC and the GGDebt Group.</p>
<p>Organisation: 5B. Formal Accountability Model</p>	<p>We recommend the development of a formal RACI (Responsibility, Accountability, Consulted, Informed) structure for all roles. The model should provide for clear cascade of responsibility from senior management, and for appropriate</p>	<p>Memoranda of Understanding have been agreed between:</p> <ul style="list-style-type: none"> <li>• D/Fin and CSO</li> <li>• D/Fin and CBI</li> <li>• D/Fin and NTMA</li> </ul>

External Recommendations

Area/Title	Recommendation	Response
	levels of validation and sign-off.	<ul style="list-style-type: none"> <li>• CSO and CBI</li> </ul> <p>The MOU between CSO and NTMA is expected to be finalised by June 2013.</p> <p>These documents formally clarify organisational duties and responsibilities regarding all relevant areas of government financial statistics, including responsibilities regarding GFS data compilation, exchange and submission to the relevant institutions.</p> <p>All aspects of the calculation of deficit and debt procedures have been documented in the Department of Finance Manual on Government Deficit and Debt which incorporate the RACI concepts.</p> <p>The Department has introduced a formal documented policy on the production of critical financial reports, incorporating planning, review, and sign-off requirements.</p> <p>Revised reporting templates include sign-offs from data suppliers on data integrity and unresolved issues have been revised and agreed with counterparties, and are in use.</p> <p>External review of the EDP return is provided by the GGD Group and the GFSLC</p>
Organisation:	There is a need for greater and more formal coordination between the key parties involved in the calculation and	<u>Forum 1:</u> Following the publication of the internal & external reports and directly addressing this recommendation a ‘GGDebt group’ was established consisting of representatives from the

Area/Title	Recommendation	Response
<p>5C. Formal Coordination</p>	<p>reporting of GGD, and a governance group should be put in place to give effect to this. The group should include senior representatives of Department, the Department of Public Expenditure and Reform, the CSO, the NTMA, the Central Bank and other stakeholders where appropriate.</p> <p>The mandate and meeting frequency of this group may evolve over time, but we would propose that initially it meets on a regular (e.g. monthly) basis. There is a considerable body of work to implement the recommendations arising from the Internal and External Reviews and in our opinion this Group should oversee this work from a governance perspective.</p> <p>Other recommended functions of the group should include:</p> <ul style="list-style-type: none"> <li>Review of changes to ESA and EDP rules and guidelines and associated implications for Ireland’s statistical reporting</li> </ul>	<p>Department of Finance, the CSO and the NTMA, these being the agencies directly involved in the calculation and reporting of government debt.</p> <p>The GGDebt group was set up with the objective of overseeing the implementation of the recommendations in the internal and external reports. The group will disband once the recommendations are satisfactorily implemented.</p> <p>The GGDebt Group is also charged with reviewing the methodology of the GGD calculation process and to oversee the reallocation of responsibilities for transmission of the biannual Maastricht EDP Returns. The above responsibilities are set out in the group’s terms of reference.</p> <p><u>Forum 2:</u> The Government Finance Statistics Liaison Committee (GFSLC) provides a forum for cooperation among the agencies involved in the compilation of Government Finance Statistics (GFS). This committee, which is chaired by the CSO, includes representatives from the CBI and D/Fin and was established with the primary purpose of ensuring that the Irish GFS data compiled and disseminated by the three entities are accurate and comparable. The Committee also meets to discuss ESA95 methodological and classification issues affecting Ireland’s GFS, including the twice yearly EDP returns. The permanent oversight role regarding the reporting of debt and deficit figures in the EDP returns will continue to be undertaken by the Government Finance Statistics Liaison</p>

External Recommendations

Area/Title	Recommendation	Response
	<ul style="list-style-type: none"> <li>• Communication of policy decisions to all impacted stakeholders</li> <li>• Review and resolution of issues and risks associated with the GGD reporting process</li> <li>• Review and agreement of changes to processes and procedures</li> <li>• Quarterly reviews of GGD statistics and monitoring of relevant controls</li> </ul>	<p>Committee (GFSLC).</p> <p>The remit of the GFSLC has also expanded to include a number of satellite committees with specific functions which extends the reach of the GFSLC to other bodies including the Department of Public Expenditure and Reform, NTMA and NDFA.</p> <p><u>Forum 3:</u> A GGDebt Technical group was established in 2012 with the primary purpose of discussing ESA95 methodological and classification issues affecting the reporting of general government debt and debt servicing. This group which meets quarterly, provides a forum for cooperation among the Department of Finance, NTMA, CSO and CBI, and is currently chaired by the Department of Finance. It will be brought under the auspices of the GFSLC as an expert sub-group following the disbandment of the GGDebt group.</p> <p>A short explanatory guide to the GGD and GGB concepts has been prepared by the Department. This has been distributed, along with the official template for statistical classification issues, and a letter from the Secretary General of the Department of Finance to the Secretaries General of all other Departments (including the Department of Public Expenditure and Reform) requesting that all new policy proposals require an assessment of the likely impact of the proposal on general government debt and deficit statistics.</p> <p>Appendix 4 provides an overview of the GFSLC structure.</p>
<p>Organisation:</p>	<p>Provision should be made, where it</p>	<p>The Statistics Unit is now within the remit of the Finance Office</p>

Area/Title	Recommendation	Response
<p>5D. Management Review</p>	<p>does not already exist, for independent line management review within and across the CSO and the Department of all ESA/EDP returns. The Department should also evaluate the need for the appointment of a senior resource to oversee, quality assure and standardise all elements of external debt and deficit reporting that fall within its remit.</p>	<p>reporting to the Chief Finance Officer. The September 2012 EDP return was reviewed by the Chief Financial Officer and by the Principal Officer in the Central Budget Office of the Department of Finance.</p> <p>In addition, the September 2012 EDP return was reviewed by the GGD Group and the GFSLC prior to transmission to Eurostat. All EDP transmissions will continue to be reviewed prior to transmission by the GFSLC.</p> <p>The CSO also has in place internal management review of the GFS compilation process. This will be extended to EDP compilation for the March 2013 transmission.</p>
<p>Organisation: 5E. Quality Assurance Process</p>	<p>Management within the CSO and the Department should put in place a requirement for periodic quality assurance reviews by staff external to the GGD process. These may be staff from other sections, who while not necessarily expert in the subject matter, would have the competence to review the processes, procedures and general organisational arrangements.</p>	<p>New structures are in place to improve the validation of data and tables for key reports: analytical tables are produced and subject to independent validation; all key changes from previous tables are highlighted and given explanation; reconciliations between National Debt and GGD data and between stock and flow approaches are prepared; data and tables are reviewed and queried by CFO and the PO of central budget office before publication.</p> <p>A detailed annual business plan containing a continuous programme of process review and improvement plus appropriate KPIs is now in place for the Statistics Unit.</p> <p>The activities of the Statistics Unit are within the scope of the work of the Internal Audit Unit, and the risk management function.</p>

External Recommendations

Area/Title	Recommendation	Response
		<p>The Department will periodically evaluate the need for further independent review over and above that implemented by internal audit and risk management.</p> <p>Existing CSO GFS compilation systems have come within the ambit of a Lean Six Sigma review of CSO processes undertaken in 2011/2012. Processes that have been changed or newly undertaken since that time, will be addressed within the context of the CSO National Accounts IT Transformation Project currently being undertaken. EDP and other annual GFS data compilation processes are being treated as a priority area within this project.</p> <p>Eurostat quality review processes also apply to EDP/GFS processes and outputs. These include national documentation such as the EDP Inventory of Sources and Methods and EU documentation such as the Manual on Government Deficit and Debt which provides guidance on the application of the European System of Accounts (ESA95) to the calculation of Government Debt and Deficit data. Another aspect of quality review is the formal clarification process which takes place in the two week period following each EDP notification. These quality review processes are governed by Council Regulation (EC) No. 479/2009<sup>3</sup> as amended by Council Regulation 679/2010<sup>4</sup>.</p>
<p>Organisation: 5F. Internal Audit Review</p>	<p>It is recommended that GGD reporting processes are included in the scope of the internal audit function in both the Department and the CSO. The focus</p>	<p>The internal audit universe within the Department of Finance now includes all business processes including the GGD reporting procedures. Its remit is not confined to the audit of finance and corporate service functions. The audit plan for 2013 was based on a review of the risk register in place and took account of audit topics</p>

<sup>3</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:145:0001:0009:en:PDF>

<sup>4</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:198:0001:0004:EN:PDF>

External Recommendations

Area/Title	Recommendation	Response
	<p>should be on the effectiveness of the processes and procedures, as opposed to necessarily audit of the reported figures.</p>	<p>suggested by the Management Advisory Committee and the Audit Committee. The Internal Audit Unit plans to cover all Divisions and a wide range of business units as part of a three year audit strategy. The IAU will carry out a follow-up audit of the GGD reporting processes in 2013.</p> <p>The Audit Committee of the CSO has confirmed to the Director General of the CSO that general government accounts fall within the remit of their oversight function and within the audit universe of the internal audit function, and that a review will be conducted in 2014 of the processes and procedures in the General Government Debt and Excessive Deficit Procedures reporting processes.</p>
<p>Organisation: 5G. Audit Committee Oversight</p>	<p>It is recommended that the GGD reporting process is given consideration from a risk management perspective by the Audit Committee in both the Department and CSO.</p>	<p>The Audit Committee of the Department will continue to review and oversee the risk management processes and the internal audit function and will advise the Secretary General accordingly. As part of their oversight function, the Audit Committee will continue to monitor, inter alia, the control processes and risk mitigations in relation to GGD reporting functions in the Department.</p> <p>The Internal Audit Committee of the CSO has confirmed to the Director General of the CSO that all external statistics reports are given consideration from risk management perspective and that the Committee and head of Internal Audit will conduct a detailed review of the audit universe and Internal Audit plan in early 2013.</p>

Process and System

Area/Title	Recommendation	Response
<p>Process and Systems:</p> <p>6A. Process Documentation</p>	<p>Clearly and consistently defined process documentation and procedures should be prepared for the end to end GGD process. These should be communicated to and made available to all parties, and updated at appropriate intervals.</p>	<p>The statistics unit has completed and updated its Department of Finance Manual on Government Deficit and Debt. This manual outlines the methods of calculating general government deficit, general government debt and outlines the surveying process.</p> <p>A short explanatory guide to the GGB and GGD concepts has been prepared by the Statistics Unit. This guide contains a decision tree outlining the issues to consider in classification decisions for new proposals. This has been distributed to all Government Departments.</p> <p>As part of an initial exercise towards moving all National Accounts outputs to a new IT system, the CSO undertook a data and process mapping exercise for all its outputs. In relation to the Quarterly Government Debt return, this involved itemising all the relevant data and disaggregating the process into its component stages including data collection, data analysis and aggregation and dissemination to the relevant bodies (Eurostat, ECB, D/Fin, CBI). An updated and more detailed version of the EDP inventory of methods is to be published by CSO in 2013.</p> <p>CSO maintains a list of entities classified within the general government sector. This was last updated in June 2012. A further update will be submitted by CSO to Eurostat in April 2013. This will be a publicly available document, updated quarterly.</p>
<p>Process and Systems:</p>	<p>The Department and the CSO should jointly explore the feasibility of</p>	<p>Institutional arrangements are clarified and agreed in a series of Memoranda of Understanding between the Department, the CSO,</p>



Area/Title	Recommendation	Response
<p>6B. Standard GGD Model</p>	<p>developing a standard GGD calculation and reporting model (using a consolidation/reporting tool) to reduce the manual effort currently involved in this process. That model might serve both EDP and ESA debt reporting requirements and would enhance the reconciliation process. The proposed development of a standard data input template (see Recommendation 9A) could complement this model by automatically linking to same in achieving a streamlined GGD calculation process. This recommendation should be considered in the context of the timing of the CSO's IT Transformation Project.</p>	<p>the CBI, and the NTMA.</p> <p>New enhanced templates requiring sign-off by data providers for use in collection of debt and deficit data of the non-Exchequer general government bodies have been put in place for the end-September 2012 and subsequent Maastricht EDP Returns.</p> <p>These templates contain a requirement for respondents to explain any significant matters with respect to the data being provided.</p> <p>CSO has set out a plan and timetable for the inclusion of EDP processes as a priority area of the CSO's National Accounts IT Transformation Project.</p>
<p>Process and Systems: 6C. Reconciliation of Data</p>	<p>A comprehensive listing of State agencies which are permitted to borrow or have (or are likely to have) other forms of liabilities between each other should be developed, and reconciliations of both the amounts and definitions of assets/liabilities between agencies should be incorporated as part of the GGD</p>	<p>CSO maintains a list of entities classified within the general government sector. This was last updated in June 2012. A further update will be submitted by CSO to Eurostat in April 2013. This will be a publicly available document, updated quarterly and will help enable the reconciliation of debt between entities within General Government.</p> <p>The quarterly debt and deposit survey of non-market public corporations which D/Fin conducts on behalf of CSO requires the</p>

External Recommendations

Area/Title	Recommendation	Response
	<p>process. The Departments of Finance, and Public Expenditure and Reform, and the CSO should cooperate in developing and maintaining this list.</p>	<p>respondents to specify whether debt and deposits are with the private or public sectors. Furthermore, distinction is made between debt owing to central or local government.</p>
<p>Process and Systems:  6D. Risk Register Review</p>	<p>In light of the statistical discrepancy, we recommend that management within the Department, the CSO, NTMA, the HFA and other key agencies review their risk registers to consider what, if any, updates are necessary in relation to the calculation and reporting of GGD.</p>	<p>The CRO has reviewed actions taken by management to ensure the completeness and accuracy of the calculation and reporting of GGD.</p> <p>The risk register includes a risk regarding the miscalculation and/or misreporting of key information published by the Department.</p> <p>The risk register for CSO's National Accounts Division includes as a risk issue, the statistical quality and reliability of disseminated data under its remit.</p> <p>A progress report on CSO's implementation of the recommendations of the reviews of the statistical reporting discrepancy is a standing item on the agenda of the National Statistics Board. A progress report on macro-economic matters is a standing item on the agenda of the NSB. Any issues arising in relation to the compilation of GFS will continue to be highlighted in this forum.</p>
<p>Process and Systems:  6E. Department of Finance Risk</p>	<p>As per our terms of reference, the scope of our work was limited to General Government Debt. However, this is just one element of a wide range of debt, deficit and other external reporting related to the</p>	<p>The CRO has discussed the policies and procedures that have been implemented with respect to other areas of external reporting of information and will co-ordinate with internal audit on an on-going basis on the testing approach to gain comfort over the accuracy of such reporting</p>

External Recommendations

Area/Title	Recommendation	Response
Management Review	national finances. As such, it is recommended that the Department of Finance conducts a formal risk assessment of all such areas to determine the likelihood and impact of potential misstatements. This determination would be based on factors such as the complexity of the process, the number of parties involved, and the reliability of underlying systems and data. Other Departments and offices should participate in this process as appropriate.	<p>The Finance Office of the Department has compiled a risk ranked register of all financial reports produced by the Department.</p> <p>The Department has introduced a formal policy document on the production of critical financial reports defining of the various officials involved in producing and overseeing critical financial reports. This includes various requirements for planning, review and sign-off.</p> <p>The CSO risk registers require all heads of division to reflect in their division's risk registers, the need to consider the impact of potential misstatements associated with data, data sources and data management.</p>

Communications

Area/Title	Recommendation	Response
Communication s: 7A. Communication s Policy	The recommendations set out in Section 5, in relation to organisation arrangements, roles and responsibilities, and governance should greatly improve the quality and effectiveness of communications between parties. In addition, a formal communications policy should be developed to address matters	<p>Memoranda of Understanding have been agreed between:</p> <ul style="list-style-type: none"> <li>• D/Fin and CSO</li> <li>• D/Fin and CBI</li> <li>• D/Fin and NTMA</li> <li>• CSO and CBI</li> </ul>

External Recommendations

Area/Title	Recommendation	Response
	<p>such as frequency of review meetings, issue escalation and circulation of materials.</p>	<p>An MOU between CSO and NTMA is expected to be finalised by June 2013.</p> <p>These documents formally clarify organisational duties and responsibilities regarding all relevant areas of government financial statistics, including responsibilities regarding GFS data compilation, exchange and submission to the relevant institutions.</p> <p>A number of formal groups have been established to ensure cross agency communication. All are governed by Terms of Reference documents (see response to 5C).</p>
<p>Communication s: 7B. Statements of Requirements</p>	<p>It is recommended that the CSO, in the context of the role envisaged for it in recommendations 5A, coordinates the preparation of a concise statement of requirements/service agreement between the key parties in the GGD process that define the service arrangements including the data to be provided, format for transmission, timelines, accountabilities and quality standards expected.</p>	<p>This recommendation has been addressed through the Memoranda of Understanding.</p> <p>New enhanced templates requiring sign-off by data providers for use in collection of debt and deficit data of the non-Exchequer general government bodies have been put in place for the end-September 2012 and subsequent Maastricht EDP returns.</p>
<p>Communication s:</p>	<p>A formal issue management process should be put in place as part of the governance structures supporting</p>	<p>A documented issue management process is incorporated in the revised Department of Finance Manual on Government Deficit and</p>

External Recommendations

Area/Title	Recommendation	Response
7C. Issue Management Process	<p>GGD calculation and reporting. This should include the classification of issues which would allow items of significant risk or uncertainty to be escalated quickly.</p> <p>In addition, the issue management process should include a formal assessment and sign-off by relevant parties, where issues identified give rise to policy changes requiring restatement or different treatment of data.</p>	<p>Debt.</p> <p>The Department has approved and published a Department wide Good Faith Reporting Policy.</p> <p>In addition to review procedures within the Department and the CSO, a review function is also currently provided by the GGDebt group with ultimate oversight by the GFSLC.</p> <p>The permanent oversight role regarding the reporting of debt and deficit figures in the EDP returns will continue to be undertaken by GFSLC.</p> <p>Data survey templates now include a formal notification by data suppliers of any issues regarding the data.</p>

Resources

Area/Title	Recommendation	Response
Resources: 8A. Resource Review	<p>The adequacy of the resources in the Statistics Unit should be reviewed on a regular basis by Management within the Department, to ensure that staffing is at a level commensurate with the workload of the Unit and</p>	<p>The staffing complement in the Statistics Unit has been increased from two to three and includes staff with qualifications and experience in the fields of statistics, accounting and economics.</p>

External Recommendations

Area/Title	Recommendation	Response
	the relative risk profile of its work.	
<p>Resources: 8B. Skills Need Analysis</p>	<p>The capability of the resources within the Statistics Unit should be reviewed by management, against a defined competency model. Subject to any changes in organisational arrangements (see Section 5), the seconding of a resource from the CSO should continue as it should leverage available expertise and facilitates cooperation. However, the Department should continue to supplement this resource with adequately experienced and trained resources to ensure that it can deliver on its responsibilities. Appointments to the Unit should only be on the basis of candidates having the necessary mix of statistical, accounting, economic and policy competency.</p>	<p>The staffing complement in the Statistics Unit has been increased from two to three and includes staff with qualifications and experience in the fields of statistics, accounting and economics.</p> <p>Management within the Department specified that the new appointment to the Unit was on the basis of the candidate having the necessary qualifications and experience, in this case accountancy. The new appointee to the Statistics Unit is a qualified accountant.</p> <p>The Statistics Unit of the Department of Finance is now within the remit of the Finance Office and reports directly to the Chief Finance Officer.</p> <p>A resource review will be performed annually.</p> <p>A business plan containing a continuous programme of process review and improvement plus a training plan to meet the needs of the Statistics Unit is now in place.</p> <p>The secondment of a resource from the CSO remains in place under the new reporting responsibilities. This arrangement is consistent with the strategic priorities of the National Statistics Board of strengthening the integration of the Irish Statistical System.</p> <p>The MOU with the CSO defines protocols for the provision of advice and assistance in general government statistical matters.</p>

Area/Title	Recommendation	Response
<p>Resources: 8C. Training</p>	<p>A training / technical update programme should be put in place for staff, management and internal audit on at least an annual basis.</p>	<p>The Statistics Unit business plan includes provision for staff statistical training to enhance the capability of the Unit.</p> <p>Statistics Unit staff attended the following training courses/seminars during 2012:</p> <ul style="list-style-type: none"> <li>• A two week Eurostat training course on GFS</li> <li>• Two Financial Accounts Working Group meetings</li> <li>• Seminar on the implementation of the new ESA 2010 for GFS</li> <li>• Three meetings of Eurostat’s Taskforce on the implications of Council Directive 2011/85 on the collection and dissemination of fiscal data</li> </ul> <p>The Department of Finance HR Unit conducted a comprehensive Training Needs Analysis (TNA) survey across the Department (December 2012). Individual Divisional training plans will be developed, encompassing :</p> <ol style="list-style-type: none"> <li>1. Leadership &amp; Management Training</li> <li>2. Microsoft Office Training ( including Word, Excel, PowerPoint &amp; Outlook) - at beginner, intermediate, and advanced levels, as appropriate (the Department will also seek to utilise SharePoint technologies which will enhance the capability to develop and share documents and information in a timely, efficient and effective manner)</li> </ol>

External Recommendations

Area/Title	Recommendation	Response
		<p>3. Academic &amp; Professional Courses</p> <p>4. Continuing Professional Development (CPD) events, tailored to the requirements of staff/Sections/Divisions, while focused on the Department’s strategic objectives, as set out in the Statement of Strategy.</p> <p>The Statistics Unit business plan includes as a key objective to ‘improve and disseminate wider understanding of the concept of general government reporting.’ In meeting that objective:</p> <ul style="list-style-type: none"> <li>• A new official template for statistical classification issues has been distributed throughout Department of Finance and Department of Public Expenditure and Reform, (See Appendix 1). This template which includes a sign-off requirement for both sides will be the only medium for all formal statistical enquiries and subsequent advice.</li> <li>• A short explanatory guide to the GGD and GGB concepts has been prepared by the Department. This has been distributed, along with the official template for statistical classification issues, and a letter from the Secretary General of Department of Finance to the Secretaries General of all other Departments requesting that all new policy proposals require an assessment of the likely impact of the proposal on general government debt and deficit statistics.</li> </ul>



Data Management

Area/Title	Recommendation	Response
<p>Data Management: 9A. Standard Template</p>	<p>Develop a standardised template (or set of templates) for all counterparty data, with a separate, tailored section to address source-specific reporting requirements for ESA and EDP reporting purposes. The objective should be to establish a more streamlined information exchange process, removing the amount of rework and manual data entry while improving the overall efficiency and accuracy of data collation.</p> <p>Each supplying agency should complete one agreed data collection template which meets the needs of both the Department and the CSO, for historical, current and forecast data as appropriate. Recommendation 7B should also be considered in this context.</p> <p>GGD information suppliers should have explained to them the specific data requirements and the impact on the overall GGD calculation process.</p>	<p>Standard documentation and templates for statistical classification advice is now in place. Reporting templates, including sign-offs on data integrity and any data issues , have been revised and agreed with counterparties.</p> <p>Specifically, the reporting template from NTMA has been amended to include clear details regarding NTMA holdings of HFA debt.</p> <p>In addition, the HFA submits a detailed breakdown of the counterparty information to the CSO in relation to its short term paper programme. This template clearly identifies the relevant holders of short-term paper (for example the NTMA) which the CSO then uses to arrive at a consolidated figure.</p> <p>The revised survey templates are sent to data providers with an accompanying explanatory letter outlining the uses to which the data is put. In addition, Statistics Unit staff members discuss any queries that may arise.</p> <p>In addition a series of Memoranda of Understanding between the Department of Finance and CSO, NTMA and CBI specifying reporting obligations and the data to be exchanged have been set out.</p> <p>Collection of data from government bodies continues to be done by the Department. The template is approved by the CSO and uses the CSO’s classification codes. The data is used by both agencies. Historical data is subsequently updated by the CSO following the publication of annual reports of these bodies.</p>

External Recommendations

Area/Title	Recommendation	Response
	<p>Clear, simple language should be used with guidance on requirements. Technical terms should be clearly explained.</p>	<p>A summary guide to GGB and GGDebt concepts has been prepared and together with a new template for statistical classification issues has been distributed to all government departments.</p>
<p>9B. Data Management</p>	<p>Enhanced document management techniques and technologies should be adapted including cost effective approaches such as eRooms and secure shared drives.</p>	<p>The Statistics Unit have reviewed and redesigned the data management systems used to calculate the general government statistics. These include a series of analytical checks to enhance the robustness of the system.</p> <p>A 2012 Excel upgrade will be enhanced by further improvements of IT systems in 2013, including the planned roll-out of Sharepoint throughout the Department.</p> <p>CSO has set out a plan and timetable to consider the development of an automated model for GGD for the inclusion of the EDP processes as a priority area of the CSO's National Accounts calculation and reporting in the context of CSO's IT transformation project.</p>

## Appendix 1 - Statistical Queries Form

### Statistical Queries Form

**Instructions:**

This form is to be used to obtain a formal opinion from the Statistics Unit on matters relating to Statistical classification. Please complete and send to the Statistics Unit at [Statistics.unit@finance.gov.ie](mailto:Statistics.unit@finance.gov.ie).

Some complex queries may also require CSO review. This form caters for that also.

Note that Eurostat are the final arbiter in relation to statistical classification matters.

Informal verbal guidance from the Statistical Unit will continue to be available.

Query	
Query/Project title:	
Department:	
Name:	
Date:	
Date response requested by:	
<p>Details of query. Please include a description of the proposed transaction/new body including information on:</p> <ul style="list-style-type: none"> <li>• How is the funding being provided and by what body?</li> <li>• Is there a capital injection by Government; What are the terms of the capital injection; Are private investors involved?</li> <li>• Is there a transfer of ownership of assets; If so what type of asset and what are the conditions of the transfer of ownership?</li> <li>• Is there borrowing involved?</li> <li>• Is there a commercial return for the investment?</li> <li>• Where is the risk being borne?</li> <li>• Where are the rewards?</li> <li>• What is the policy purpose of the transaction?</li> <li>• What body/bodies have control legally/economically? Who appoints the board/directors?</li> </ul>	

Appendices

Note that even minor changes to the above may have significant effects on the statistical classification result.	
<p>Are the following available (please attach)?</p> <ul style="list-style-type: none"> <li>• Business plan</li> <li>• Draft bill</li> <li>• Any other documents as necessary.</li> <li>•</li> </ul>	
Statistical classification proposed by requestor, including rationale:	
<b>Response</b>	
Analysis by Statistical Unit, including reference to technical guidance, precedent etc:	
Any key uncertainties highlighted by the Statistical Unit:	
Any other comments:	
Signed by Statistical Unit	
To be agreed with CSO (Y/N)	
Agreed by CSO (Y/N)	
Comments from CSO	
Signed by CSO	

## Appendix 2 - Guide to General Government Statistics

### Summary Explanatory Guide to General Government Debt and General Government Balance Statistics

#### 1. General Government Sector

Statistical authorities classify all institutional entities within one of five sectors. These are financial corporations, non-financial corporations, households, non-profit institutions serving households, and general government.

#### 2. Criteria for classifying entities within the general government sector

In order for an entity to be classified within the general government sector it must be classified as 'a non-market public institutional unit'. It is an 'institutional unit' if it has autonomy over its primary function and keeps a full set of accounts. It is 'public' if it is controlled by government. Control is generally determined by ownership or by appointing the Board. An entity is 'non-market' if sales revenue is less than 50% of costs.

An example of a public body classified outside general government is the ESB. It is market based because the majority of its income comes from charging for services. An example of an entity classified within general government is Enterprise Ireland. It receives most of its funding from Government.

If a body is classified in the general government sector then any borrowing by it impacts the General Government Debt. Similarly, receipts and expenditure affect the General Government Balance.

#### 3. Entities included in general government

- a. Government Departments and other Offices of State funded by the Exchequer, i.e. Ministerial Votes;
- b. Non-commercial Semi-State Bodies, including the Housing Finance Agency;
- c. Extra-budgetary Funds, including the Post Office Savings Bank Fund;
- d. Local Government;
- e. The Social Insurance Fund;
- f. The National Pensions Reserve Fund;
- g. Other bodies which are controlled and mainly financed by government.

Any borrowings made by these bodies increase the General Government Debt, and the receipts and expenditure of these bodies impact on the General Government Balance. In addition, the performance of the National Pensions Reserve Fund counts towards the General Government Balance.

#### 4. General Government Debt (GGD)

The General Government Debt (GGD) is the measure of the total gross debt of the State and is used for comparative purposes across the European Union. It is calculated as follows:

- a. The National Debt is the *net* debt owed by the Exchequer;
- b. Add to this any cash balances and other related assets to get the *gross* National Debt;
- c. Add the promissory notes outstanding to financial institutions as a means of providing State support to these institutions;
- d. Add the amount of coinage in circulation;
- e. Finally, add the liabilities of non-exchequer entities in general government, (see section 2. above), to determine General Government Debt.

#### 5. General Government Balance (GGB)

The GGB, which is routinely referred to as the deficit, measures the fiscal performance of all arms of Government, i.e., Central Government, Local Authorities, Vocational Education Committees and non-commercial State sponsored bodies, as well as funds such as the Social Insurance Fund and the National Pensions Reserve Fund which are managed by Government agents. It thus provides an accurate assessment of the fiscal performance of the 'Government' sector. It does not reflect the performance of commercial State sponsored bodies as these agencies are classified as being outside the General Government sector. The GGB is calculated in accordance with ESA 95, a consistent standard developed by the EU to facilitate budgetary comparisons between Member States in accordance with their obligations under the Maastricht Treaty.

It can be calculated as follows:

- a. The Exchequer Borrowing Requirement is the difference between Exchequer receipts and expenditure, calculated on a cash basis;
- b. Deduct cash inflows and outflows that result from loan and equity transactions;
- c. Adjust for accruals;
- d. Add the net lending(+) /net borrowing (-) of extra- budgetary funds and other central government bodies;
- e. Add the net lending(+) /net borrowing (-) of local government.

#### 6. Considerations for determining whether an entity is within the General Government Sector

It is not possible to give an exhaustive list of criteria for determining whether or not a body should be classified within general government. However, items to consider when determining if a proposal has a GGB or GGD effect (which may be different to the amount of the Cost to the Exchequer) would include the following:

*Is a new body being established?*

How such a body is structured determines whether it is classified in General Government and thus whether its activities impact the GGB and GGD. As a general rule bodies are classified in government where they receive greater than 50% of income from government. Other criteria which

must be met include whether they are being used as an instrument of public policy and who appoints the board and thus effectively controls and directs the activities of the body.

*Is an existing entity being brought into or removed from general government?*

The Central Statistics Office routinely examine the structure and activities of public bodies to determine whether or not they should be classified within the general government sector. Changes in circumstances can cause a body to be reclassified. For instance, if a body starts to receive the majority of its funding from government rather than from market activity, this might require it to be reclassified within general government and vice versa. However, regarding the market test, the situation must persist for three years before a change in classification would take place. If an entity is brought into government then its gross liabilities will increase the GGD. GGB is affected by the receipts and expenditure of the entity.

*What is the nature of the assets held by the entity?*

The disposal of assets of a body can have unexpected effects on the GGB. Assets are classified as being either financial assets or non-financial assets. The sale of financial assets does not affect GGB because the sale represents the exchange of one financial asset for another, i.e. cash. However, when this cash is spent the GGB is increased as this represents expenditure. On the other hand, the sale of non-financial assets improves the GGB, e.g. buildings, land etc.

*Is the funding being provided from a source other than Exchequer funds?*

When a body is classified in General Government all its sources of funding affect the GGB and GGD. If a body in General Government borrows it increases the GGD. Borrowings and repayments are not counted towards GGB, however when the money is spent it counts as expenditure and thus worsens the GGB. Depending on the nature of the expenditure this can have a sizable effect on the GGB in any given year because of Eurostat rules. For instance, in the case of a construction project, the full amount is recognised as expenditure in the years during which the construction proceeds.

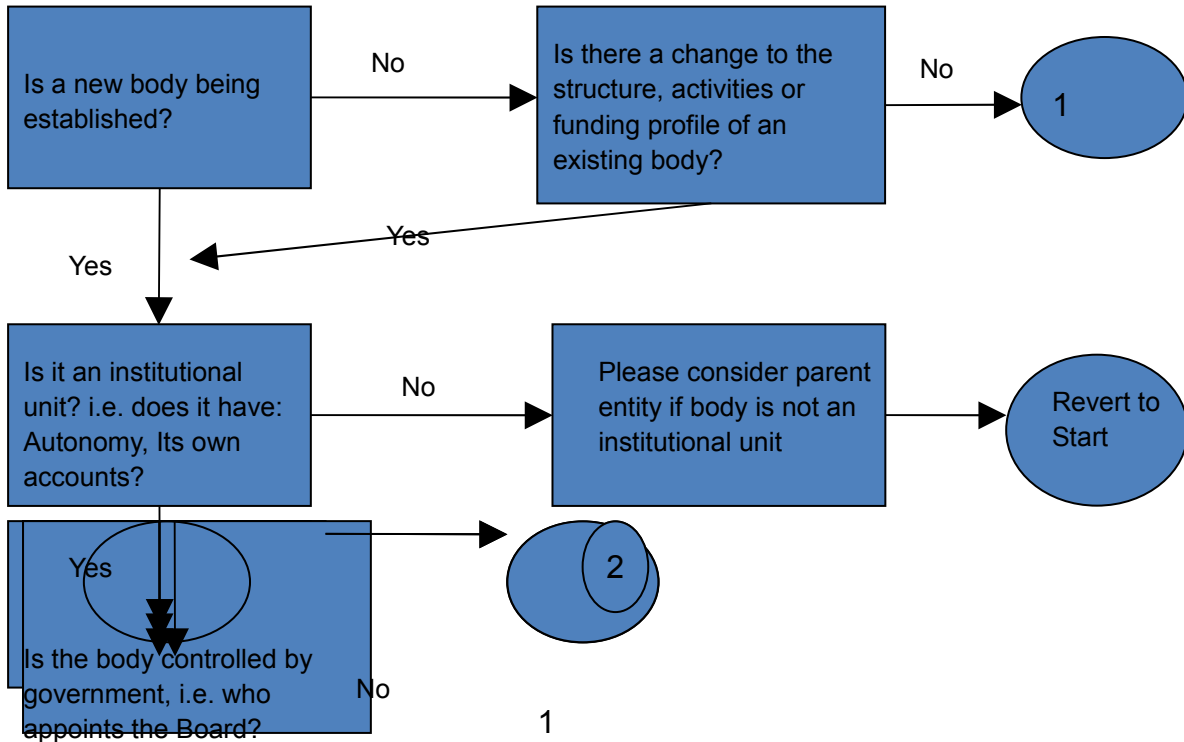
*Thus GGB and GGD can be affected even in situations where bodies source funding independent of the Exchequer.*

A further consideration relates to the timing of expenditure. GGB measures the receipts and expenditure of the sector in any given year. Thus the expenditure of accumulated funds from previous years will worsen the GGB in the year in which expenditure takes place.

A flowchart is included below with a simplified decision tree which may assist in indicating if a body is likely to be within general government or not.

Note however that the statistical determination is ultimately the responsibility of CSO and Eurostat.

Flow chart providing guidance in assessing whether a body is in general government



Yes

Do sales of goods and services cover less than 50% of its production costs?

No

1

Yes

Body within General Government. All liabilities added to GGD, transactions affect GGB

Likely there is no effect on the GGB or GGD over and above the cost to the Exchequer

2

Likely there is an effect on GGB and GGD which needs to be quantified



## Appendix 3 - Terms of Reference of GG Debt Group

### GGDebt Group Terms of Reference

#### *Membership*

- Department of Finance: CFO (Chair), PO-Central Budget, Statistician, AO-Statistics Unit.
- Central Statistics Office: Assistant Director General on Macroeconomic Statistics, Senior Statistician GFS, Statisticians GFS.
- National Treasury Management Agency: Head of Risk, Senior Treasury Manager.

#### *Functions*

- Oversee the implementation of the recommendations of the *Internal Review of the General Government debt Statistical Discrepancy*.
- Oversee the implementation of the recommendations of the Deloitte and Touche report, *External Review of the Compilation of General Government Debt Statistics*.
- Oversee the process for and results of the on-going calculation of the GGD in the DoF (until transfer to the CSO).
- Oversee the process for transfer of this responsibility to the CSO.

#### *Meetings*

- The Group will meet in the Department of Finance on a monthly basis.

### Specific roles of each body

- Department of Finance: National compiler of Government Finance Statistics
- CSO: National compiler of Government Finance Statistics
- NTMA: Provider of National Debt data

Appendices

