

4 July 2017

Ms Margaret Falsey  
Committee Secretariat  
Committee of Public Accounts  
Leinster House  
Dublin 2

Dear Margaret

**Re: Briefing material for meeting on Thursday, 6 July, 2017**

Our meeting of the above date refers. I am pleased to enclose updates in relation to the following items:

- *Vote 11 (Office of the Minister for Public Expenditure and Reform) - Appropriation Accounts 2015*
- *Vote 12 (Superannuation and Retired Allowances) - Appropriation Accounts 2015*
- *Vote 18 (Shared Services) - Appropriation Accounts 2015*
- *Vote 39 (Office of Government Procurement) - Appropriation Accounts 2015*
- *Chapter 3 Vote Accounting and Budget Management*
- *C&AG Special Report 95: Financial Reporting in the Public Sector*

The Officers attending with me on the day will be as follows:

Mr Paul Quinn  
Ms Paula Lyons  
Mr David Feeney  
Mr Frank Griffin  
Ms Helen Codd

My opening address will follow.

Yours sincerely



**Robert Watt**  
**Secretary General**

## **Briefing Material**

### **Public Accounts Committee**

**6 July, 2017**

**The six sections below provide information on each area requested by the Committee:**

- 1. Vote 11 (Office of the Minister for Public Expenditure and Reform) - Appropriation Accounts 2015**
- 2. Vote 12 (Superannuation and Retired Allowances) - Appropriation Accounts 2015**
- 3. Vote 18 (Shared Services) - Appropriation Accounts 2015**
- 4. Vote 39 (Office of Government Procurement) - Appropriation Accounts 2015**
- 5. Chapter 3 Vote Accounting and Budget Management**
- 6. C&AG Special Report 95: Financial Reporting in the Public Sector**

**1. Vote 11 – Office of the Minister for Public Expenditure & Reform**  
**Appropriation Accounts 2015 and update to current position**

**RECENT FINANCIAL HISTORY**

<b>Estimate Summary</b>	<b>2015 Estimate €m</b>	<b>2015 Outturn €m</b>	<b>2016 Estimate €m</b>	<b>2017 Estimate €m</b>
<b>A. Public Expenditure &amp; Sectoral Policy</b>	<b>17.7</b>	<b>16.7</b>	<b>17.8</b>	<b>18.1</b>
<b>B. Public Service Management &amp; Reform</b>	<b>26.8</b>	<b>24.1</b>	<b>28.1</b>	<b>37.9</b>
<b><i>Gross Total:</i></b>	<b>44.5</b>	<b>40.8</b>	<b>45.9</b>	<b>56.0</b>
<b>C. Appropriations in Aid</b>	<b>3.9</b>	<b>4.3</b>	<b>2.2</b>	<b>2.9</b>
<b>Net Total:</b>	<b>40.6</b>	<b>36.5</b>	<b>43.7</b>	<b>53.1</b>

**2015 Headline**

The Estimate for 2015 was set at €40.6 million, a 13% increase on the 2014 Estimate. The increase was driven mainly by Programme B pay (Public Service Management and Reform), the Office of the Government Chief Information Officer (OGCIO), technical support for regional assemblies, structural funds technical assistance and the reform agenda.

The audited surplus surrendered in 2015 was €4.1 million, which arose mainly as follows:

- Administrative Pay for Programmes A and B (€2.2 million) - this saving was driven by a number of factors including resignations / retirements and slower than anticipated recruitment while an examination of staffing needs and balancing of resource requirements was considered;
- Reform Agenda (€0.6 million) - this saving arose across a number of reform projects. While some projects did not progress as quickly as anticipated, savings were also achieved by drawing down from existing consultancy contracts in place in the Reform and Delivery Office;
- Office of National Lottery Regulator (€0.2 million) - this allocation was not required as the Office became self-funding in 2015;
- Consultancy and Other Services (€0.2 million) - this variance arose in respect of a provision for legal costs. The timing of a court decision was later than anticipated and final costs had not been settled;
- Peace Programme / Northern Ireland INTERREG (€0.6 million) - the variance arose because the new round of Peace / INTERREG projects were slower to commence spending than anticipated;
- Structural funds technical assistance and other costs (€0.5 million) - this variance was primarily due to a delay to the e-Cohesion IT project; and
- EU Programmes Appropriations-in-Aid (€0.5 million) - these were higher than expected as a result of the earlier than anticipated recoupment of monies in respect of EU Programmes.

## **2016 Headline**

The 2016 Estimate of €43.8 million represented an increase of €3.1 million compared to the 2015 Estimate. The increase was driven largely by:

- Provision for additional non-pay costs within the OGCIO to enable that Office to deliver objectives in respect of the new ICT Strategy for the Public Service (€1.5 million);
- Funding of pensions for bodies under the aegis of the Minister (IPA and ESRI) (€0.3 million);
- Civil Service L&D Programme commenced in 2015 and was allocated a budget of €0.8 million;
- Implementation costs in relation to the Protected Disclosures Act 2014 (€0.3 million); and
- Non-pay costs administration costs (€0.4 million).

## **2017 Headline**

The 2017 Estimate of €53.1 million represents an increase of €9.4 million compared to the 2016 Estimate. The Estimate includes provision for:

- Additional resources required to enable the Office of the Government Chief Information Officer to progress the Government's commitments in relation to the Public Service ICT Strategy, including the "Build to Share" element of the strategy (€6.5 million);
- An increased allocation for Civil Service Learning and Development in order to deliver a shared model of learning and development across the Civil Service (€0.6 million);
- An increased allocation to Structural Funds Technical Assistance and Other Costs to facilitate electronic exchange of information between the State and EU Commission (€0.5 million);
- A new allocation for the design of an administrative system to support the implementation of the Single Public Service Pension Scheme across the Public Service (€0.3 million);
- A new allocation to support the work of the Irish Government Economic and Evaluation Service, which is an integrated cross-Government service that aims to support better policy formulation and implementation in the civil service (€0.2 million);
- A new allocation to provide for the Public Service Pay Commission in its consideration of public service remuneration (€0.2 million); and
- Increase in pay costs of €1.5 million due to increased number of staff to support the continued roll-out of the reform programme, including digital government.

## 2. Vote 12 (Superannuation and Retired Allowances) – Appropriation Accounts 2015 and update to current position

### RECENT FINANCIAL HISTORY

Estimate Summary	2015 Estimate €m*	2015 Outturn €m	2016 Estimate €m	2017 Estimate €m
<b>A. Programme Expenditure</b>	<b>511.0</b>	<b>499.2</b>	<b>526.9</b>	<b>539.9</b>
<i>Gross Total:</i>	<b>511.0</b>	<b>499.2</b>	<b>526.9</b>	<b>539.9</b>
<b>B. Appropriations in Aid</b>	<b>124.2</b>	<b>136.4</b>	<b>135.0</b>	<b>180.0</b>
<b>Net Total:</b>	<b>386.8</b>	<b>362.8</b>	<b>391.9</b>	<b>359.9</b>

\* including Supplementary Estimate

### 2015 Headline

The 2015 Appropriation Accounts for the Vote show:

- A gross outturn of €499.2 million compared to an estimate of €511 million (including supplementary estimate of €37 million);
- A net outturn of €362.8 million compared to an estimate of €386.8 million (including net supplementary estimate of €16.8 million), giving a surplus of €24 million for surrender to the Exchequer;
- The supplementary estimate was applied for on the basis of expected excess spending of €37 million and expected excess receipts of €20.2 million. In the event, the excess spending came in lower, at €25.2 million, and excess receipts came in higher, at €32.4 million; and
- The surplus of €24 million arose primarily due to an underspend on subhead A4 (established lump sums) and greater than anticipated receipts from the Single Public Service Pension Scheme, a considerable portion of which were credited to the Vote following the application for the Supplementary Estimate.

The original 2015 gross estimate amounted to €474 million. This was based on:

- existing pensions in payment on 31<sup>st</sup> December 2014;
- an estimated 950 retirements and 300 deaths for the established scheme – i.e. a net increase of 650 between 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2015;
- an estimate in the region of €66 million in respect of lump sum payments to established civil servants; and
- negligible change in expenditure levels on other expenditure items (unestablished pensions, spouses and children's etc.).

It transpired that the level of retirements in 2015 was greater than anticipated, as just over 1,170 established civil servants retired. This contributed to additional spending in the region of €14 million on subhead A4. The additional retirees contributed to additional spending of €12 million on subhead A1 (pensions of established civil servants).

There were:

- 21,128 pensions in payment at the end of December 2014;
- 21,872 pensions in payment at the end of December 2015; and
- 22,904 pensions in payment at the end of December 2016.

### **2016 Headline**

The 2016 Gross Estimate for the Vote was €526.9 million. Total gross expenditure for 2016 (provisional outturn) amounted to €499.5 million, which was €27.4 million (5%) lower than the estimate.

Subhead A4 (lump sums paid to retirees of the established scheme) was the main driver of the underspend, with the final outturn €14.4 million (16%) lower than the estimate. The difference from the estimate is explained by the fact that while the number of retirees is largely in line with what was forecast, the average lump sum was lower than that used for forecasting purposes. Most of the remaining underspend is attributable to subhead A1 (pension payroll for the established scheme).

### **2017 Headline**

The 2017 gross estimate for the Vote is €539.9 million and the net estimate is €359.9 million.

### 3. Vote 18 – National Shared Services Office – Appropriation Accounts 2015 and update to current position

#### RECENT FINANCIAL HISTORY

Estimate Summary	2015 Estimate €m	2015 Outturn €m	2016 Estimate * €m	2017 Estimate * €m
<b>A. National Shared Service Office (NSSO) (Administration)</b>	2.1	1.4	2.6	2.8
<b>B. PeoplePoint</b>	14.5	13.2	13.9	13.2
<b>C. Payroll Shared Services Centre</b>	16.8	9.3	17.2	18.4
<b>D. Other Shared Services Projects Financial Management Shared Services</b>	10.4	2.3	9.0	16.2
<b>Gross Total:</b>	<b>43.9</b>	<b>26.2</b>	<b>42.7</b>	<b>50.6</b>
<b>E. Appropriations in Aid</b>	4.9	4.2	4.8	5.5
<b>Net Total:</b>	<b>39.0</b>	<b>22.0</b>	<b>37.9</b>	<b>45.1</b>

*\* The projects moved towards a fully operational transactional shared services programmes in 2016 and therefore have been merged to a single programme – Programme A – Provision of Shared Services. For comparison purposes, in the above table, the 2016 and 2017 Estimates are split as per prior years.*

#### **2015 Headline**

The 2015 Estimate of €39.0 million represented a net increase of €8.5 million compared to 2014 Estimate. This increase was largely driven by the expected further migration of existing payroll functions from originating Departments to the Payroll Shared Services, and the provision of costs for the delivery of the Financial Management Shared Service solution.

The Net Outturn for 2015 was €22.0 million, giving a surplus to surrender of some €18.0 million. This variance arose because of:

- A delay in the tender process for the Financial Management Shared Service Project which subsequently delayed the return to Government for decision; and
- The later than anticipated migration of staff from originating departments to Payroll Shared Services.

Of this surplus, €1.2 million was deferred as Capital Carryover to the Financial Management Shared Service Project.

#### **2016 Headline**

The 2016 Estimate of €37.9 million represented a slight decrease (€1.1 million) compared to 2015 Estimate. This decrease reflected:

- A reduction in the allocation required for both the PeoplePoint and Payroll Projects, as they reached a natural conclusion and became fully operational; and
- A reduced provision for the Financial Management Shared Service project, pending consideration of the tenders and a return to Government for decision. The financing of the project was dealt with as part of the submission to Government.

### **2017 Headline**

The 2017 Estimate of €45.2 million is an increase of some €7.3 million compared to the 2016 Estimate. This increase is largely driven by Capital cost in the Financial Management Shared Service as the project begins development of a new finance technology platform.



**4. Vote 39 - Office of Government Procurement – Appropriation**  
**Accounts 2015 and update to current position**

**RECENT FINANCIAL HISTORY**

Estimate Summary	2015	2015	2016	2017
	Estimate	Outturn	Estimate	Estimate
	€m	€m	€m	€m
<b>A. Programme Expenditure</b>	<b>19.5</b>	<b>14.3</b>	<b>20.5</b>	<b>20.4</b>
<b><i>Gross Total:</i></b>	<b>19.5</b>	<b>14.3</b>	<b>20.5</b>	<b>20.4</b>
<b>B. Appropriations in Aid</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Net Total:</b>	<b>19.0</b>	<b>13.8</b>	<b>20.0</b>	<b>19.9</b>

**2015 Headline**

The Estimate for 2015 was set at €19.0 million representing an increase of €6.5 million compared to the 2014 Estimate. This was largely driven by the requirement to provide for annualised salaries for additional staff on-boarded during 2014 and pay bill costs for staff on-boarded during 2015.

The outturn was €13.8 million, leaving a surplus to be surrendered of €5.3 million, of which €0.2 million was carried forward to 2016. This surplus arose mainly as follows:

- Administrative Budget Pay (€1.7 million) - the 2015 Estimate provision was based on the expectation that recruitment would progress over the course of the first six months toward a full complement of 231 staff by mid-2015. The delay in obtaining office accommodation impacted on recruitment, which could not progress until appropriate office space was available. A total of 185 staff were on-board by the end of 2015; and
- Procurement Consultancy and Other Costs (€2.4 million) - the delays encountered in recruitment also impacted on spend in this category. This resulted in a longer implementation period to put in place the necessary external capacity supports.

**2016 Headline**

The Estimate for 2016 was set at €20.0 million, an increase of €1 million (5%). This was largely driven by the requirement to provide for annualised salaries of staff on-boarded during 2015 and pay bill costs for staff on-boarded during 2016. The Chief Procurement Officer also sought increased headcount (7) to fulfil additional roles which had not been provided for in the original plan. These additional costs were offset, in part, by a reduction on the premises budget in 2016, as some costs in 2015 related to once-off fit-out costs of new head office premises.

## **2017 Headline**

The Estimate for 2017 was set at €19.9 million. This represents a decrease of €22,000 compared to 2016. The OGP has established four hub offices as well as its headquarters at Spencer Dock in Dublin. It expects to have its full staff complement during 2017. The OGP is progressing additional development of public procurement. These developments include eInvoicing, EU reporting, eCatalogue and will need external support. Most areas of expenditure including pay have been reduced from 2016 levels with the exception of consultancy which has increased by €0.5 million to reflect the above mentioned projects.

## 5. Chapter 3 of C&AG Report 2015 - Vote Accounting and Budget Management

This section covers the State's revenue and expenditure based on the 2015 Appropriation Accounts and final tax outturn figures.

The General Government Deficit continued to improve in 2015. The 2015 outturn of the General Government Deficit was below that projected in Budget 2015 which had set a target deficit/GDP ratio of 2.7%. In October 2015, in Budget 2016, the projected deficit for 2015 was revised to 2.1%. This reflected strong performance of taxation that allowed additional expenditure to be accommodated while at the same time achieving a deficit better than previously expected. The table below gives an overview of the forecasts of the 2015 deficit as well as its actual performance as calculated by the Central Statistics Office (CSO).

<b>2015 General Government Deficit</b>	<b>Deficit €m</b>	<b>Deficit/GDP</b>
<b>Budget 2015 forecast (Oct 2014)</b>	-€5,315	-2.7%
<b>Forecast Oct 2015 (Budget 2016)</b>	-€4,390	-2.1%
<b>CSO Government Financial Statement (April 2016)</b>	-€4,937	-2.3% *
<b>CSO Government Financial Statement (April 2017)</b>	-€5,034	-2.0%**

\* Excluding a once-off statistical factor relating to an AIB-related share transaction, the underlying deficit was 1.3% of GDP

\*\* Reflects revision to 2015 GDP in 2015 National Accounts.

Tax revenue exceeded expectations during 2015. €3.3 billion more was raised by the State than forecast in 2015 giving the State a tax income of €45.6 billion. The 2015 outturn across tax categories was above forecast. This is summarised in the table below.

<b>2015 Exchequer Returns</b>	<b>Outturn €m</b>	<b>Profile €m</b>	<b>Difference</b>	<b>%</b>
<b>Total</b>	€45,601	€42,300	+€3,301	(7.8%)
<b>Income Tax</b>	€18,359	€17,980	+€379	(2.1%)
<b>VAT</b>	€11,944	€11,775	+€169	(1.4%)
<b>Corporation Tax</b>	€ 6,872	€ 4,575	+€2,297	(50.2%)
<b>Other</b>	€ 8,426	€ 7,970	+€456	(5.7%)

PRSI receipts of €8.5 billion were €0.25 billion ahead of profile.

On the Expenditure side, Gross Voted expenditure amounted to €54.6 billion, €1.4 billion ahead of profile (2.6%) and €495 million up (0.9%) on the 2014 figure. Net Voted expenditure amounted to €42.7 billion, €1 billion (2.5%) ahead of profile and up €313 million (0.7%) up on the 2014 figure. This demonstrates continued fiscal restraint on the part of the Government and continuing improvement in employment, resulting in increased PRSI receipts.

## **2015 Supplementary Estimates and Outturn v Profile**

Given the scale of gross voted expenditure, €55 billion in 2015 and €56 billion in aggregate for 2016, the cash basis of Government accounting, and the funding implications that unexpected events can have on expenditure requirements, the need for Supplementary Estimates can arise for a number of reasons:

- Policy - the Government may decide, taking into account developments during the year that it is appropriate to allocate additional funding to a certain area, and to propose this - for example with the Christmas Bonus for Social Welfare recipients;
- Overrun - there may be an overrun on a Vote within a Vote Group, which requires additional funding to deal with the overspend. The net impact on overall spending of these overruns can be offset, in the first instance, either fully or partially by expected savings that will arise on other Votes within the relevant Vote Group;
- Timing - events may occur which change the timing of certain receipts or payments, and change the amount that is required to be spent during the present year; or
- Technical - there may be shifts in expenditure requirements between various areas within a Vote which, although they do not involve a net increase in the total level of spending, may be appropriate to deal with by way of a Technical Supplementary Estimate.

Therefore, Supplementary Estimates play an important role in achieving a proper alignment of funding allocations with planned expenditure.

## **Supplementary Estimates 2015**

The Revised Estimates Volume 2015 set out total gross voted expenditure for the year of €53.2 billion. This level of expenditure was based on the assumption of coming in below the Excessive Deficit Procedure deficit target of 2.9% and the level of revenue forecast at the time of Budget 2015 in mid-October 2015. As detailed in the Expenditure Report 2016, published on Budget day in October, the gross voted expenditure Forecast Outturn for 2015 was revised to €54.9 billion.

This extra funding of almost €1.7 billion for gross voted expenditure in 2015, reflected in the Supplementary Estimates, allowed the Government to target additional expenditure in areas experiencing increased demand and demographic pressures. Importantly, with Ireland moving to the preventive arm of the Stability and Growth Pact in 2015, this additional 2015 expenditure was taken into account when assessing compliance with our SGP obligations.

The backdrop to the additional spending in 2015 was the strong 2015 tax revenues which exceeded forecast by almost €3 billion for the year. In net voted expenditure terms, the total of all Supplementary Estimates presented to the House amounted to just over €1.4 billion. The Supplementary Estimates for 2015 allowed for additional expenditure to be directed in particular towards the key areas of health, education and social protection. Funding was provided towards:

- a Summer works scheme to allow work to be carried out on our schools;
- funding for the IDA to support jobs in the regions;
- further capital funds for the Science and Technology Programme and the Programme for Research in Third-Level Institutions;
- a Christmas bonus for recipients of long term Social Welfare payments;

- the health sector for the delayed discharge initiative and Fair Deal scheme, the hospital waiting lists and winter initiative, and roll-out of universal GP services; and
- additional expenditure on the Public Transport Investment Programme for the maintenance of the heavy rail network and expansion of the PSO bus fleet, and on the Roads Programme to address critical works on the national road network and improve sub-standard road pavements on regional and local roads;

Therefore, the additional expenditure provided by way of Supplementary Estimate represented a responsible approach towards ensuring that public services were adequately funded to meet Government's key social and economic objectives of protecting the vulnerable in society and creating the conditions to support growth in employment.

### **Supplementary Estimate 2016**

The 2016 Estimate totalled €56 billion. Gross voted current expenditure for 2016 was €51.8 billion which was €0.1 billion (0.2%) under profile. This was €0.9 billion (1.8%) higher than the 2015 figure. Gross voted capital expenditure for the year was €4.2 billion. This was €0.2 billion ahead of profile (6.2%) and €0.5 billion (12.8%) up on the 2015 figure.

Supplementary Estimates of €0.5 billion gross and €0.4 billion net were agreed by the Dáil. The Department of Social Protection received a supplementary estimate of €0.1 billion (net) for the social welfare Christmas Bonus. €0.1 billion of the bonus was paid from the Social Insurance Fund.

The higher level of capital expenditure had been previously outlined in the Mid-year Expenditure Report and related to road repairs (in response to flooding damage at the beginning of 2016) and faster than expected progress under the schools building programmes. It also reflected the allocation of €35 million for capital grants to the Department of Jobs, Enterprise and Innovation through a Supplementary Estimate to support increased flexibility in undertaking initiatives in responding to Brexit in 2017.

Finally, there were also a number of Supplementary Estimates over the final two months of the year to enable certain reallocations of expenditure within Votes Groups (including for example Justice and Defence, to be funded by savings within those Vote Groups). As Public Financial Procedures do not provide for negative Supplementary Estimates to reflect anticipated year-end savings, the effect of all Supplementary Estimates was to require an increase in the gross expenditure allocation for 2016 to €56.329 billion. However, it was anticipated at that time - as proved to be the case - that under-spending across Departments would bring overall expenditure for the year back into line with the amount set out in Expenditure Report 2017. It should be noted that in light of the high priority afforded by Departments to minimising the risk of an Excess Vote, the scale and extent of end-year savings only become apparent quite close to the end of the year.

## **6. C&AG Special Report 95: Financial Reporting in the Public Sector**

### **Background**

The Comptroller and Auditor General (C&AG) carried out a review of the timeliness of financial reporting by public bodies in respect of 2014 under Section 11 of the Comptroller and Auditor General (Amendment) Act, 1993.

Timely preparation and publication of audited financial statements is a key element in public accountability and in providing effective oversight of public bodies. The audit of the financial statements of public sector bodies plays an important role in providing assurance that public funds and resources have been used in accordance with the law, managed to good effect and properly accounted for. Audits identify issues which can assist public bodies in improving financial management, governance and propriety in the conduct of public business.

The presentation of audited financial statements to the Houses of the Oireachtas plays a crucial role in public accountability. Most financial statements audited by the C&AG are required by law to be laid before the Oireachtas. Even where not formally required by law, in the interests of public accountability, financial statements audited by the C&AG should be presented to the Oireachtas. The C&AG is responsible for the presentation of the annual Appropriation Accounts of Government Departments and Offices. Responsibility for the presentation of audited financial statements of all other public bodies rests with the relevant parent Department.

### **Timeliness of Presentation of Financial Statements**

In May 2015, the Department of Public Expenditure and Reform issued revised instructions which highlighted the need for the timely production of financial statements of State bodies, timely submission of those to parent Departments and timely presentation of audited financial statements to the Oireachtas<sup>1</sup>.

Most financial statements audited by the C&AG are required by law to be laid before the Oireachtas. The general requirement is that audited financial statements should be presented within three months of certification.

For the 2014 year of account, the C&AG was responsible for the audit of the annual financial statements of almost 300 public bodies and funds in the central government sector. These included Government Departments, Departmental Funds and a range of Semi State Bodies.

### **Findings of Comptroller and Auditor General Report**

The findings of the C&AG report are as follows:

#### ***a) Production of Financial Statements and Audit Completion***

- The appropriation accounts of Government Departments were all produced within the required timeframe.
- In contrast, two thirds of other public bodies did not produce financial statements until three months or more after the end of the accounting period.

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<sup>1</sup> Department of Public Expenditure and Reform Circular 17/2015; Timely Production and Submission of Accounts of Bodies and Funds Audited by the Comptroller and Auditor General.

- Six public bodies had not produced 2014 financial statements for audit by the end of 2015.
- Overall, the audits of 66% of 2014 financial statements had been completed by the end September 2015, accounting for 95% of the turnover value subjected to audit.

***b) Financial Statements in Arrears***

- There were 25 sets of financial statements in respect of prior years that had not been certified by the end of 2015.
- The education and training boards had a particularly high level of arrears, with the 2013/2014 financial statements for 9 of the 16 boards not certified at the end of 2015. Organisation change in the sector was a key factor in the delays. In 2013, the education and training boards replaced vocational education committees.
- By the end of November 2016, all but two of the 2013/2014 financial statements had been certified.
- There have been ongoing delays in the production of financial statements and the finalisation of audits of Universities.
- Two factors contributed to this:
  - Higher Education Authority requirement for the universities to prepare annual financial statements in two formats<sup>2</sup>; and
  - In most cases, the governing authorities of universities have chosen to appoint commercial auditors to carry out the audit of the financial statements in addition to the statutory audit by C&AG.

***c) Presentation of Financial Statements to the Oireachtas***

- Almost 60% of the 2014 financial statements (certified in 2015) were presented on time.
- The remaining balance were presented late or had not been presented.

**Conclusion and Recommendations**

The C&AG recommended that the Department of Public Expenditure and Reform should consider requiring Departments to include in an annex to their Appropriation Account a report on the presentation to the Houses of the Oireachtas the financial statements of funds and bodies under their aegis.

The Accounting Officer for Department of Public Expenditure and Reform has accepted the recommendation. The Department of Public Expenditure and Reform is currently examining the feasibility of requiring Departments to include in an annex to their Appropriation Account details of presentation to the Houses of the Oireachtas the financial statements of funds and bodies under their aegis. However, it is acknowledged that this will be a significant burden for Government Departments with a large number of bodies under their aegis and it may take some time for the recommendation to be fully implemented.

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<sup>2</sup> Consolidated financial statements that conform to generally accepted accounting practice in Ireland and a funding statement (annual audited funding statements in a standard format prescribed by the Higher Education Authority which record how funds provided for core university activity are expended.)