

Committee of Public Accounts Thursday 11 April 2019

Opening Statement – Ms Colette Drinan, Accounting Officer, Office of the Comptroller and Auditor General

I thank the Chairman and Committee for the invitation to appear here this morning. I am joined by my colleagues, Mr Andrew Harkness, Director of Audit and previous Accounting Officer, and Ms Mairead Leyden, Senior Auditor. I would like to offer some background information before looking at the specifics of the 2017 Appropriation Account.

The Committee is of course very familiar with the work of the Office, which is to assist the Comptroller & Auditor General in the exercise of his statutory functions. In his opening statement, the C&AG set out the distinction between his constitutional role and the role of the Office, and my role as Accounting Officer. When I became Accounting Officer in January, I took on responsibility for the administrative operations of the Office. As such, I am responsible for ensuring that there are adequate financial management and internal control systems in place to support the proper administration of the Office in an economic and efficient manner.

Business overview

The Office's approved staff complement is 178. As at 31 March 2019, the Office had 159 full-time equivalent staff and 19 vacancies. We have recently completed a trainee auditor recruitment process, resulting in a panel of 29, and consequently the number of vacancies is expected to significantly reduce in the coming weeks.

The current staff are distributed across three functional areas: nearly three-quarters of the staff (116) work on financial audit; 15% (24) work on examination reporting and 12% (19) on support services.

Financial audit involves annual financial audits of nearly 290 clients. All financial audit staff from the auditor grade upwards are qualified accountants. Audits are carried out in accordance with international standards on auditing. In order to manage peaks in demand during the calendar year, the Office contracts out a number of these financial audits annually. A key objective of the Office is to advance the timeliness of the completion of financial audits. The Committee will be aware of the progress which has been made over

recent years. At the end of 2018, eight sets of financial statements relating to 2017 or earlier years had not been certified. This compares with 13 arrears for 2017.

The output of the reporting programme comprises the report on the accounts of the public services, which issues at the end of September each year, and special reports. In 2018, 29 reports were issued – 22 chapters in the report on the accounts of the public services and seven special reports. This compares with 26 reports issued in 2017 – 24 chapters and two special reports.

Support services comprise a number of business units covering human resources, finance, information technology, good practice, business improvement, training and development and corporate services.

Financial position

In 2017, the Office operated an administrative gross budget of €12.64 million, nearly 82% of which was allocated to salaries. During 2017, actual expenditure was about €11.9m, €720,000 or 6% below budget. This was primarily due to savings of around €500,000 in salaries. There was a further saving of €291,000 in subhead A7, because our requirement for external assistance for examinations was less than budgeted for. On the receipts side, audit fee income was up by over €300,000, reflecting the earlier completion of the audit programme. This trend continued in 2018.

The savings in salaries have arisen mainly due to turnover of staff and the carrying of unfilled vacancies. Vacancies arise due to staff departing and also due to an increase in the overall staff complement in recent years. There is currently a shortage of qualified accountants in the Irish market, as a result of the recovery in the economy. This has created a demand for experienced accountants and we see the impact of this on our turnover rates. We recruit actively – in the last three years, we have made 125 staff appointments, including 64 recruits at entry level. The environment continues to be challenging and we keep this issue under constant review.

This is a brief overview of the Office and its work. I thank the Chairman and Committee members for their attention and I welcome the opportunity to engage further on specific queries that the Committee may have.