

Ref: F7/01/010

Circular 8/11: Requirements for Appropriation Accounts 2011

1. I am directed by the Minister for Public Expenditure and Reform to refer to existing arrangements for the preparation of Appropriation Accounts and to advise of the following requirements which apply for the Appropriation Accounts 2011.

(A) **All Government Departments, Offices and other Vote holders**, including those participating in the Performance Budgeting project, are required to prepare a Balance Sheet for the Appropriation Account for the year ended 31 December 2011 and all subsequent years - see Section A;

(B) **Departments and Offices participating in the Performance Budgeting** pilot are required to prepare their Appropriation Account in a revised format – see Section B.

2. These instructions supplement those contained in Department of Finance Circular 01/95 and supersede those of 02/2010 for the pilot participants only.

3. Queries on the application of this circular should be directed to Government Accounting Section, Department of Public Expenditure & Reform at GovAcc@per.gov.ie. The Circular is available on www.govacc.per.gov.ie.

David Moloney
Assistant Secretary

October 2011

To: All Accounting Officers

Section A: Requirement to Prepare a Balance Sheet

In line with the Programme for Government and taking account of general accounting practice elsewhere in the public sector and in the private sector, the statement of assets and liabilities (currently Note 2 to the Appropriation Account) will be replaced in the 2011 Account and onwards, by a balance sheet. This requirement, which is of a presentational nature, applies to all vote holders. For illustrative purposes, the presentational changes required above are shown in a recast version of note 2 of the 2011 Account for Vote 6, Office of the Minister for Finance, in Appendix A.

Statement of Assets and Liabilities

4. At present, each Appropriation Account includes a statement of assets and liabilities (Note 2 of the Account). This statement is presented in a non-balancing format and presents information on total assets and liabilities, and is supported by sub-notes giving further detail with regard to capital assets, assets under development, stocks and stores, liabilities to/from the State/Exchequer, debtors and prepayments, creditors and accrued liabilities and commitments. The information presented in the statement is very similar to that of a balance sheet, but lacks a balancing entry.

Balance Sheet

5. With effect from the 2011 Appropriation Account, the statement of assets and liabilities will be replaced by a balance sheet, as follows:

(a) The preparation of balance sheets by Departments, Offices and other Vote holders will include the information currently provided in the statement of assets and liabilities, with the **additional inclusion** of a balancing entry called '**State Funding Account**'.

(b) The balance sheet will be presented with both current and prior year figures for comparison purposes.

(c) The supporting sub-notes, referred to at paragraph 4 above, will continue to be provided.

6. The Department of Public Expenditure and Reform will issue guidance in due course on keeping asset valuations up to date on a periodic basis.

Appendix A

2. Balance Sheet 31st December 2011

						2011	2010
				Note		€000	€000
Capital Assets				2.1		5,898	8,751
Capital Assets under Development				2.2		<u>244</u>	<u>231</u>
						<u>6,142</u>	<u>8,982</u>
Current Assets							
Bank and cash				2.3		1,597	1,735
Stocks				2.4		53	49
Prepayments						749	736
Accrued income						18	18
Other debit balances				2.5		<u>319</u>	<u>475</u>
Total Current Assets						<u>2,736</u>	<u>3,013</u>
Less Current Liabilities							
Accrued expenses						339	402
Other credit balances				2.6		1,944	1,827
Net Liability to the Exchequer				2.7		<u>(28)</u>	<u>383</u>
Total Current Liabilities						<u>2,255</u>	<u>2,612</u>
Net Current Assets						<u>481</u>	<u>401</u>
Net Assets						<u>6,623</u>	<u>9,383</u>
Represented by:							
State Funding Account						<u>6,623</u>	<u>9,383</u>

2.1 Capital Assets							
				IT Equipment	Furniture and Fittings	Office Equipment	Total
				€000	€000	€000	€000
Gross assets							
Cost or valuation at 1 January 2011				23,373	5,218	2,214	30,805
Additions				397	29	19	445
Disposals				-	-	(9)	(9)
Cost or valuation at 31 December 2011				<u>23,770</u>	<u>5,247</u>	<u>2,224</u>	<u>31,241</u>
Accumulated Depreciation							
Opening balance at 1 January 2011				16,616	3,442	1,996	22,054
Depreciation for the year				2,919	283	94	3,296
Depreciation on disposals				-	-	(7)	(7)
Cumulative depreciation at 31 December 2011				<u>19,535</u>	<u>3,725</u>	<u>2,083</u>	<u>25,343</u>
Net Assets at 31 December 2011				<u>4,235</u>	<u>1,522</u>	<u>141</u>	<u>5,898</u>
Net Assets at 31 December 2010				<u>6,757</u>	<u>1,776</u>	<u>218</u>	<u>8,751</u>
2.2 Capital Assets under Development							
						In-House Computer Applications	
						€000	
Amounts brought forward at 1 January 2011							231
Cash payments for the year							268
Transferred to asset register							(255)
Amounts carried forward at 31 December 2011							<u>244</u>
2.3 Bank and Cash							
						2011	2010
						€000	€000
at 31 December							
PMG balances and cash						1,604	1,817
Orders outstanding						(7)	(82)
						<u>1,597</u>	<u>1,735</u>
2.4 Stocks							
						2011	2010
						€000	€000
at 31 December							
Stationery						19	24
IT consumables						<u>34</u>	<u>25</u>
						<u>53</u>	<u>49</u>
2.5 Other Debit Balances							
						2011	2010
						€000	€000
at 31 December							
Advances to OPW						16	31
Recoupable salaries						94	264
Recoupable travel expenditure						26	37
Recoupable travel pass scheme expenditure						118	117

Section B: Performance Budgeting Project - Revised Format for Appropriation Accounts 2011

The following Departments and Offices participating in the Performance Budgeting pilot are required to prepare their Appropriation Account in a revised format. The revised format is outlined below and is illustrated in Appendix B.

Vote no.	Vote Name
1	President's Establishment
5	Office of the Comptroller and Auditor General
6	Office of the Minister for Finance
7	Superannuation and Retired Allowances
8	Office of the Appeal Commissioners
9	Office of the Revenue Commissioners
10	Office of Public Works
11	State Laboratory
12	Secret Service
15	Valuation Office
16	Public Appointments Service
17	Office of the Commission for Public Service Appointments
18	Office of the Ombudsman
31	Agriculture, Fisheries and Food
42	Office of the Minister for Public Expenditure & Reform

Revised Format

Introduction

7. Each Appropriation Account will start with an introductory note by the Accounting Officer which incorporates the ambit of the Vote, the statutory basis of the Account and a formal statement by the Accounting Officer tying the Account to the standard Statement of Accounting Policies and Principles as well as to the standard Statement on Internal Financial Control (SIFC). Any exceptions to the standard accounting policies or enhancements to internal financial controls will also be included here.

Audit Certificate

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

Appropriation Account

9. The Account itself will be presented:

(a) Without the ambit text in the heading (now in the introductory note).

(b) With the inclusion of the outturn for the prior year in the third column of the Account for comparison purposes. Prior year data will also be presented in the notes where appropriate.

(c) On a Programme basis consistent with Part II of the REV presentation format.

(d) Showing separately a breakdown of total Administration cost by subhead type consistent with Part II of the REV presentation format.

Notes to the Appropriation Account

10. Notes to the Account will be structured so that related information is presented together and similar information appears in the same place in the Account of each Vote. There will be 6 main notes as follows:

- a) **Note 1 Operating Cost Statement** - amended to show outturn split by Programme cost, Pay and Non-Pay.
- b) **Note 2 Balance sheet** (formerly the Statement of Assets and Liabilities), followed by a number of supporting sub-notes which will give details of the main components, such as, capital assets, assets under development, stocks and stores, commitments, outstanding matured liabilities, etc.
- c) **Note 3** will contain a breakdown of the financial inputs for each programme. The format will be consistent with the table shown in Part III of the REV and will include two extra columns to show (i) the prior year comparative and (ii) the variation on current outturn versus provision. The usual **explanations of variations** on outturn versus provision should follow. Explanations should be concise and meaningful, and should supplement rather than reiterate the information contained in the Account.
- d) **Note 4** will deal with **Receipts** in two sub-notes: 4.1 - Appropriations-in-Aid and 4.2 - Exchequer Extra Receipts. The usual explanation of variations will be provided for Appropriations-in-Aid. A breakdown/explanation is to be provided also where the Extra Receipts are material in nature.
- e) **Note 5** will deal with **Employee Numbers and Pay**. The first part of the note will give an overall view, providing figures in respect of total number of staff at year end, total pay, as well as total allowances, overtime and employer PRSI. This will be followed by sub-notes giving the usual details of allowances and overtime, performance and merit pay and other remuneration arrangements.
- f) **Note 6 Miscellaneous Items** will bring together the remaining Vote specific notes for example write-offs, compensation payments, EU funding, cost of Commissions and Enquiries, Late Payment Interest, National Lottery funding etc.
- g) Detailed lists of **National Lottery funded grants** no longer appear with the Appropriation Account. Instead, a short sub-note should appear under note 6 giving the total amount(s) provided from the National Lottery (by Programme) and indicating that the detail list(s) of grants provided are available on the relevant Department website.
- h) **Note 7** - If additional notes are required with an Account, for example, miscellaneous accounts or grant-in-aid accounts, these should in future appear as Note 7, etc.
- i) **Sequencing of Notes:** Where the Appropriation Account of a Vote does not have a requirement for one or more of the main notes, for example, Note 1- Operating Statement, the note reference should remain (to maintain the number sequence across Votes) but with a comment to the effect that the note is not applicable.