An Roinn Caiteachais
Phoiblí agus Athchóirithe
Department of Public
Expenditure and Reform

Guidance Manual for the Preparation of Appropriation Accounts 2019

Government Accounting Unit
Department of Public Expenditure and Reform
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Guidance Manual for the Preparation of Appropriation Accounts 2019

Introduction

The purpose of this guidance manual is to provide clarification on issues which arise for Government Departments and Offices concerning the preparation of their annual appropriation account and in the context of the audit by the Office of the Comptroller and Auditor General.

This is the eighth edition reflecting changes to the 2019 appropriation accounts as per the Department of Public Expenditure and Reform **Circular 27/2019 – Requirements for Appropriation Accounts 2019.**

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Section A - Summary of Changes - 2019 Appropriation Account

The changes to the 2019 appropriation account and points of clarification are provided below:

1. Notes to the Appropriation Accounts 2019

There are six Notes to the 2019 appropriation account. The Notes to the accounts are as follows:

- Note 1: Operating Cost Statement (No change)
- Note 2: Statement of Financial Position (Change to sub-notes see point 2 below)
- Note 3: Vote Expenditure (No change)
- Note 4: Receipts (No change)
- Note 5: Staffing and Remuneration (Change to reporting requirements, see point 3 below)
- Note 6: Miscellaneous (Change to format, see point 4 below)

2. The sub-notes to Note 2:

The sub-notes to Note 2 Statement of Financial Position have been renumbered and are as follows:

- Note 2.1: Capital Assets
- Note 2.2: Bank and Cash
- Note 2.3: Stocks
- Note 2.4: Other Debt Balances
- Note 2.5: Other Credit Balances
- Note 2.6: Net Exchequer funding due
- Note 2.7: State Funding Account
- Note 2.8: Commitments
- Note 2.9: Matured Liabilities
- Note 2.10: Contingent Liabilities

3. Note 5: Staffing and Remuneration

Sub-note 5.1: **'Employee Numbers'** now has a separate row to separately record the number of departmental and agency staff at year end.

Sub-note 5.2: **'Pay'** is now broken into two tables to separately show the pay of departmental and agency staff arising from the employment of staff disclosed under sub-note 5.1 'Employee Numbers'.

Sub-note 5.3: **'Allowances and overtime payments'** requires details of allowances and overtime payments to be shown separately for departmental and agency staff. Higher, special or additional duties, other allowances, overtime and extra remuneration in more than one category are all required for departmental and agency staff. These should be broken down into separate tables, similar to Note 5.2.

The other notes on payroll overpayments, performance and merit pay, severance and redundancy pay, special payments and other remuneration arrangements should be disclosed for departmental staff only.

Sub-note 5.4: 'Other remuneration arrangements' has had the following text added to include information regarding staff on secondment: *''This account does not include expenditure in respect of Z officers who were serving outside the Department for all or part of 2019 in other Government Departments/Offices and whose salaries were not recouped by the Department."*

Sub-note 5.5: 'Payroll Overpayments' is now in a table format with the same information as was required in text last year.

See illustrative example attached, Page 18.

4. Note 6: Miscellaneous

Sub-note 6.3: 'Fraud and Suspected Fraud' is now shown in a table format instead of text showing the prior year figures for comparison purposes. With the following text added:

In the period between the signature of the appropriation account and the final appropriation account, the Department/Office was made aware of X number of new cases of suspected fraud/irregularities. Of these, X cases have a combined value of €X. X remain under investigation and no value has yet been identified.

See illustrative example attached, Page 20.

5. Net Allied Services

Departments in receipt of allied services should only include amounts for services provided directly to the Department in the appropriation account note.

Allied services provided to bodies under their aegis should not be included in a departmental appropriation account.

Services rendered by Departments without charge to Non-Voted Public Service Bodies should include this information in the allied services note because this is actually a cost for them.

See illustrative example on page 8 below:

6. Advance Notices

Starting with the 2020 appropriation accounts, to accommodate the transition to the FMSS system, depreciation will be calculated on a monthly basis. Depreciation should be charged from the date the asset is placed into service and run until the month of disposal. **As an interim arrangement for 2019 and 2020, Departments can calculate depreciation on a monthly or annual basis. All appropriation accounts from 2019 must state the depreciation method used.**

Starting with the 2020 appropriation accounts, the threshold for inclusion of capital assets on the statement of capital assets will increase to €10,000 for an individual asset. There will be no grouping of assets as was previously the case.

Section B – Common Errors/Points of Clarification

This section highlights common errors identified by the Office of the Comptroller and Auditor General in previous years and points of clarification.

1. Variations from estimate
2. Net Allied Services
3. Procurement Compliance
4. Capital commitments and PPP’s value
5. Extra Exchequer Receipts (EER’s)
6. Deviations from standard accounting policies

The sections below set out the correct format and accounting treatment for the issues identified above.

1. Variations from estimate

Note 3: ‘Vote expenditure’ presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). This should explain the variations on outturn versus original estimate provision including deferred capital funding.

2. Net Allied Services – Expenditure Incurred by other Departments

Allied Services are services provided centrally to Departments on the basis that, as specialists, the supplying Department (whose primary function is the provision of these central services) is able to perform the services more efficiently than the user Department.

Net Allied Services Expenditure represents expenditure borne elsewhere on behalf of the Department by another Department or directly on the Central Fund. Such expenditure is included in order that the total operating cost of the Department is reflected and not only the direct costs on the Vote.

The Net Allied Services note details the expenditure amount in relation to the Department which is borne elsewhere and where relevant, the costs of shared services provided to other Votes. There are various measurement bases for the calculation of the allied services expenditure figures.

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

There are various measurement bases for the calculation of the allied services expenditure figures based on the nature of the services provided. For example, the charge may be apportioned based on the approximate floor area of office space used by the Department or based on the number of employees/payees etc. Both the providers and receivers of allied services are reminded to ensure that the allied services are still relevant and that the breakdown across Departments is provided using an up to date and reasonable method of calculation/apportionment. It is critically important for the

Comptroller & Auditor General (C&AG) audit purposes that the Department providing the allied services to the receiving Department documents the cost allocation and methodology used to calculate allied services and provides these details to the receiving Department. This is to ensure that the Accounting Officer in the receiving Department is aware of the basis on which this cost has been calculated when signing off on their appropriation account

Please note that the Vote which incurs the expense has an obligation to explain the basis of calculation of any amount charged to another Vote. It is the responsibility of each Vote in receipt of services provided by another Vote **to review the basis on which the charge has been calculated and be satisfied with the calculation of the Net Allied Services figures charged to their Vote.**

Allied Services to Non-Vote Bodies

Departments in receipt of allied services should only include amounts for services provided directly to the Department in the appropriation account note. Allied services provided to bodies under their aegis should not be included in a departmental appropriation account.

Services rendered by Departments without charge to Non-Voted Public Service Bodies should include this information in the allied services note because this is actually a cost for them.

Departments providing allied services to Non-Vote bodies should include details of the cost of the provision of these services in a footnote to their Allied Services Note, *'In addition to services rendered without charge to other Votes shown here (€X million), services to the value of approximately €X million were also provided without charge to other non-voted bodies.'*

See Illustrative Example (Vote 9 Office of the Revenue Commissioners Appropriation Account 2018)

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

		2018	2017
		€000	€000
Vote 12 Superannuation and Retired Allowances		103,982	94,061
Vote 13 Office of Public Works		18,434	18,825
Vote 18 National Shared Services Office		607	744
		123,023	113,630
Costs of shared services provided to other Votes			
Services rendered by Revenue without charge a	e	(4,107)	(3,712)
		118,916	109,918

Note
a In addition to services rendered without charge to other Votes shown here (€4.107 million), services to the value of approximately €1.199 million were also provided without charge to other non-voted bodies.
e Indicates that the number is an estimated value or an apportioned cost.

3. Statement of Internal Financial Control – Procurement Compliance

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

The following text should be included in the Statement:
"The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines".

Separate Reporting Requirement Circular40/02: Public Procurement Guidelines Returns
In relation to purchases above €25,000 (exclusive of VAT) procured without a competitive process, Department of Finance Circular 40/02 requires Government Departments to send an Annual Report signed by the Accounting Officer to the Comptroller and Auditor General explaining why a competitive process was not used. A template for the Annual Report is set out in Appendix 'A' of Department of Finance Circular 40/02. A copy of each Annual Report should be sent to the Policy Unit of the Office of Government Procurement (email: returns@ogp.gov.ie).

Non-competitive procurement means a procurement without a competitive element such as direct award without prior advertising. The inclusion of a contract in a 40/02 return does not mean it is non-compliant as there may be justifiable reasons and it is expressly allowed for under the EU Directives in specific circumstances.

A Circular 40/02 return is required **in respect of the full value of contracts/purchases above a €25,000 threshold (exclusive of VAT) which have been awarded/paid without a competitive process in the year**.

In the event that an audit identifies **contracts/purchases above a €25,000 threshold (exclusive of VAT) which has been awarded/paid without a competitive process** and which has not been included in the Circular 40/02 return, the return should be amended to include those contracts omitted and resigned.

Illustrative Example (Vote 34 Housing, Planning and Local Government) 2018 Appropriation Account):

Non-compliance with procurement rules
The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant procurement guidelines. The Department complied with the guidelines with the exception of eight contracts (in excess of €25,000) totalling €770,842 (ex VAT), as set out below. • A contract in relation to catering with a total value of €37,228 (ex VAT) and one cleaning contract with a total value of €28,600 (ex VAT). These contracts which were originally awarded with a competitive process, were rolled over pending the completion of a procurement process. The procurement process in relation to the cleaning contract has since been completed. • A security contract with a total value of €143,583 (ex VAT) was entered into as an emergency measure to provide security relating to the erection of hoarding while maintenance/refurbishment works were being undertaken by the OPW at the Custom House. A competitive procurement process has since been completed. • Three contracts with a total value of €131,431 (ex VAT) were awarded without a competitive process as a matter of urgency in relation to drafting and publication of Environmental Impact Assessment (EIA) Regulations and the conduct of urgent transboundary EIA consultations. • Two contracts with a total value of €430,000 (ex VAT) were awarded without a competitive process to suppliers who had specialised expertise and previous experience in relation to issues arising on the proposed establishment of the Land Development Agency. The Department has provided details of these exceptional contracts as part of information on thirteen contracts with a total value of €1,072,537 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

4. Capital commitments and PPP's value

A reminder that the value for providing a separate note giving details of any Major Capital Projects and Public Private Partnership Projects increased to over €10,000,000 last year.

Note: Individual capital projects involving total expenditure of €10,000,000 or more should be shown separately in the major capital commitments table or the costs of public private partnership projects table.

Where the reported commitment level or projected project cost has varied by more than €500,000 compared with the previous year, the reason for the movement should be explained. Unitary payments for Public Private Partnership Projects should be shown separately in a table where projects involve total expenditure of €10,000,000 or more.

See illustrative example attached, Page 13.

5. Extra Exchequer Receipts (EER's)

The approval of the Department of Public Expenditure and Reform should always be obtained before determining whether to treat a particular type of receipt as an appropriation-in-aid (A-in-A) or an Exchequer Extra Receipt (EER). Departments are required to provide a breakdown of EER's and an explanation where the amounts are material in nature. In addition, Departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Monies Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same. Departments are also required to present the breakdown of EER's on an opening balance/closing balance basis.

See illustrative example attached, Page 17.

6. Deviations from standard accounting policies

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

Departments are reminded that where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account and to provide a note highlighting any departure from the standard accounting policies. As an interim arrangement for 2019 and 2020, Departments can calculate depreciation on a monthly or annual basis. All appropriation accounts from 2019 must state the depreciation method used.

Section C – General Guidance/Accounting Policies

1. Accounting Policies

The accounting policies and principles are determined by the Department of Public Expenditure and Reform. The accounting policies and principles, which have general application across Departments, Offices and other Vote holders, for the year are set out at the beginning of the appropriation accounts volume and are detailed in the Department of Public Expenditure and Reform Circular 27/2019*: Requirements for the Appropriation Accounts 2019.*

2. Introduction to the Appropriation Account

> Government Departments/Offices and Vote holders should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies in relation to accrual information in the notes to the appropriation accounts. Information regarding the accounting divergence from the standard accounting policies should be included in the Accounting Officer's introduction to the appropriation account.
>
> Departments are reminded to provide a note highlighting any departure from the accounting policies in the Accounting Officer's introduction to the appropriation account.

In the "Introduction to Accounts", each Accounting Officer should note any departures from accounting policies in their individual appropriation accounts, and any other issues of material significance (for example, transfer of functions). Examples of departures include fixed assets, commitments, contingent liabilities and public private partnerships.

Departments must also state their policies for valuing assets where the valuation method of the particular class of asset is not standard. As an interim arrangement for 2019 and 2020, Departments can calculate depreciation on a monthly or annual basis. All appropriation accounts from 2019 must state the depreciation method used.

The Accounting Officer is required to sign and date the face of the appropriation account under the 'surplus for surrender' heading in addition to the signature required for the Statement on Internal Financial Control (SIFC).

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

3. Receipts – Exchequer Extra Receipts (EERs)

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

4. Payments

Departments, Offices and other Vote holders are required to meet the requirements of the Department of Public Expenditure and Reform Circular 13/2014 "Management of and Accountability for Grants from Exchequer Funds".

5. Contingent Liabilities

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

Liabilities may arise from ongoing legal cases which can give rise to a contingent liability. Except in cases involving potential litigation or where disclosure would prejudice the Exchequer position and/or future negotiations with third parties contingent liabilities relating to court cases should be disclosed in the appropriation account.

Other arrangements with the potential to give rise to contingent liabilities should only be entered into where necessary and, then, only after the potential expenditure implications have been evaluated and assessed in the light of the possible scenarios that could arise on foot of the contingent liability. The potential benefits should always be compared with the most likely cost and with the range of possible costs to ensure that the contingent liability is properly assessed.

Under no circumstances should a contingent liability be accepted where the risk being assumed has not been assessed and defined as clearly as possible. Where a Minister agrees to accept a contingent liability, it is essential that the decision-making process is properly documented, setting out: (i) the rationale for accepting the liability and (ii) the potential benefit and (iii) the potential costs. The sanction of the Minister for Public Expenditure and Reform should be sought for the creation of any contingent liabilities that could give rise to significant Exchequer expenditure.

Judgement is required in determining whether and at what point in time, legally and/or non-legally binding obligations give rise to a liability. Information is material if its omission or misstatement could influence the discharge of accountability by the Department for that financial reporting period.

Materiality depends on both the nature and amount of the item judged in the particular circumstances relative to that Department and involves consideration of both qualitative and quantitative characteristics.

Assessments of materiality will be made in the context of the legislative, institutional and operating environment within which the Department operates and, in respect of prospective financial and non-financial information, the preparer's knowledge and expectations about the future.

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

6. Statement on Internal Financial Control

On foot of the 'Report of the Working Group on the Accountability of Secretaries General and Accounting Officers' in 2002, Accounting Officers are required to sign a Statement on Internal Financial Control in respect of the appropriation account. In their introductions to the appropriation accounts, some Accounting Officers describe actions taken or planned to enhance particular aspects of internal control in the Departments or Offices concerned.

> Maintenance of the system of internal financial controls is a continuous process and the system and its effectiveness should be kept under on-going review. Accounting Officers should include for the current year all relevant control elements which are in use under the Vote. The statement also covers the position of Departments in receipt of shared services.

In relation to procurement compliance, which is also covered in the Statement, the primary circular, Circular 40/02 "Public Procurement Guidelines", is available online: http://circulars.gov.ie/pdf/circular/finance/2002/40.pdf.

Further information is also available in the Public Financial Procedures (Section D2, Paragraph 30, available at: http://govacc.per.gov.ie/files/2012/05/SECTION-D.pdf) and online at: http://per.gov.ie/public-procurement-2.

Circulars in relation to government accounting are available online: http://govacc.per.gov.ie/government-accounting-circulars/

> Departments are required to provide details of any exceptions to compliance. In particular, Departments should detail the number and value of contracts which are not compliant, which guidelines they are not compliant with and what measures are in place to bring the contracts into compliance. See section B (3) above for further clarification

The following wording is suggested:

"The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department is compliant with the exception of X contracts to the value of €X."

Details should be provided as to why the contracts were not in compliance and the steps being taken to remedy the situation. It should also be noted whether these contracts were included on the 40/02 return.

> All contracts which are not in compliance should be disclosed regardless of value, but the value can be disclosed by group. For example, "5 contracts to a total value of €1.3m were awarded without competitive tender".

7. Accounting for Fixed Assets

This section provides clarification in terms of appropriate treatment for purchases, transfers, additions etc. Issues regarding depreciation and in particular procedures for transfers, are also addressed.

A. Statement of General Principles

Capital Fixed Assets are tangible assets which are permanent in nature with an economic useful life greater than one year, valued at a minimum of €1,000 and are held for purposes other than investment or resale. Heritage assets, the value of which cannot be adequately expressed in financial terms, are not included. Heritage assets which can be valued should be included in the statement of capital assets.

Assets should be included in the Asset Register as at the date of acquisition, and are stated at cost less accumulated depreciation. Cost comprises of all costs incurred in bringing the asset to its present location and condition. Money spent on fixed assets is referred to as capital expenditure.

Advance Notice: Starting with the 2020 appropriation accounts, the threshold for inclusion of capital assets on the statement of capital assets will increase to €10,000 for an individual asset. There will be no grouping of assets as was previously the case.

B. Detailed Requirements

Departments must compile an Assets Register recording the description, historical cost, present value (i.e. depreciated historical cost), date of acquisition and physical location of each material capital asset. Information on disposals and revaluations should be entered in the register as appropriate. The register should also record the depreciation rate being applied and the method being followed.

Departments may have to exercise judgement on the materiality of an item e.g. whether hand tools are a material item in terms of the Asset Register and as such should be capitalised or whether they are treated as consumables and are not capitalised.

The opening and closing values of capital assets on a Department's Asset Register and details of depreciation are shown by way of a Note to the 'Statement of Financial Position'. All appropriation accounts from 2019 must state the depreciation method used i.e. weather depreciation was calculated on a monthly or annual basis.

Valuation

Valuation refers to the amount at which fixed assets are shown in the Statement of Financial Position. The fixed asset is valued either at:

- its historical cost less the accumulated depreciation from the date of acquisition, or
- its current value which is defined as the lower of replacement cost or recoverable amount.

a) Land and Buildings

- All lands and buildings owned by the State and controlled or managed by a Department are included in the Statement of Financial Position (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer's introduction to the appropriation account.
- Where land and buildings are (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works[1], they are included in the account for that Office. Otherwise, they appear in the account for the relevant Department.
- Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the Department, but the ownership of the asset is noted in the Department's Account.

b) Furniture and Fittings

- Furniture and fittings are valued at cost.

c) IT Equipment

- In general IT assets, including peripherals and software, should be depreciated over 5 years. An exception is Major Operational Software systems which, because of its complexity, usually should have a life of 10 years.
- Operating software should be capitalised separately.
- Any peripheral item which has a discrete role independent of an overall system should be noted as a separate asset in the Assets Register.

d) Other Assets

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

e) Capital Assets under Development

- Capital Assets under Development are now included in note 2.1 Capital Assets. Capital Assets under Development <u>should not be subject to a depreciation charge</u>. Depreciation of a capital asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital assets under development should be included within Capital Assets in the Statement of Financial Position, showing expenditure on assets being developed within the Department, e.g. software development or construction projects. Cash payments in respect of capital assets under development in Note 1 'Operating Cost Statement' should be included in the line 'purchases cash' in the 'Changes in Capital Assets' section.

Subsequent Expenditure on Assets

[1] or other state body, for example the National Gallery.

- Subsequent expenditure undertaken to ensure that the asset maintains its previously assessed standard of performance, for example routine repairs and maintenance expenditure, should be recognised in the appropriation account (subject to the matured liability rule) and Operating Cost Statement as it is incurred.
- Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the gross book value, e.g., an increase in capacity.
- The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is usually added to its gross book value. Any addition or extension, which has a separate identity and is capable of being used after the existing asset is disposed of, is accounted for separately.

Depreciation

- Land is not depreciated. Where relevant, buildings are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.
- Departmental assets fall into different categories for depreciation purposes. The principal categories which will apply are set out in the table below. As an interim arrangement for 2019 and 2020, Departments can calculate depreciation on a monthly or annual basis. All appropriation accounts from 2019 must state the depreciation method used.

Category A – Items depreciated on a straight line basis to a nil value over 10 years	
	Depreciation Rate
Furniture and Fittings	10%
Plant and Machinery	10%
Major IT Operational Software Systems	10%
Category B – Items depreciated on a straight line basis to a nil value over 5 years	
	Depreciation Rate
IT Equipment, Hardware and Software	20%
Office Equipment	20%
Other Specialist Equipment	20%
Motor Vehicles	20%
Category C – Other items. Where relevant, an explanation regarding depreciation of other classes of asset should be indicated in the Accounting Officers introduction to the appropriation account.	
	Depreciation Rate
Land	0%
Buildings	0% to 5%
Military Assets	3% to 20%

- Departments should obtain prior approval from the Department of Public Expenditure and Reform for any departures, changes or additions to the standard accounting policies. Information regarding the accounting divergence from the standard accounting policies should be included in the Accounting Officer's introduction to the appropriation account.

Purchases and Additions

- In addition to inclusion in the Assets Register, the cost of purchasing the asset should be reflected in the appropriation account for the period incurred (subject to the matured liability rule).
- The depreciation charged should be reflected in the Operating Cost Statement and the Capital Asset Note.
- For purchases, the value should be in accordance with the above principles.

Retirements and Disposals

- The loss or gain from the disposal should be reflected in the Operating Cost Statement. The difference between the carrying amount of the asset being disposed of (i.e. the value shown in the Asset Register) and the cash proceeds received as appropriations-in-aid is included in the Operating Cash Statement.
- "Windfall" receipts are treated as Exchequer Extra Receipts[2] and details are provided in Note 4 to the appropriation account.

Transfers

- Transfer of assets from one Department to another should be treated as a disposal by the originating Department and an addition by the receiving Department at date of transfer.
- The item should be received at its net book value (the cost price minus depreciation as per the originating Department) and from that point forward, depreciated in line with the receiving Department's depreciation policy. The cost price and the depreciation charged as per the originating Department should be shown in the receiving Department's Note on Capital Assets (Note 2.1).
- See example below taken from Vote 6 and Vote 42, 2011 appropriation accounts:

[2] Section C5 Paragraphs 15 and 19 of the Public Financial Procedures refers. Available online: http://govacc.per.gov.ie/files/2012/05/SECTION-C.pdf

Vote 6 Office of the Minister for Finance

2.1 Capital Assets

	IT equipmen €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets				
Cost or valuation at 1 January 2011	24,343	5,247	2,280	31,870
Additions	—	25	88	113
Transfers to Department of Public Expenditure and Reform	(24,343)	—	—	(24,343)
Cost or valuation at 31 December 2011	—	5,272	2,368	7,640
Accumulated depreciation				
Opening balance at 1 January 2011	20,389	3,973	2,172	26,534
Transfers to Department of Public Expenditure and Reform	(20,389)	—	—	(20,389)
Depreciation for the year	—	238	66	304
Cumulative depreciation at 31 December 2011	—	4,211	2,238	6,449
Net assets at 31 December 2011	**—**	**1,061**	**130**	**1,191**
Net assets at 31 December 2010	**3,954**	**1,274**	**108**	**5,336**

Vote 42 Office of the Minister for Public Expenditure and Reform

2.1 Capital Assets

	IT equipment €000	Office equipment €000	Total €000
Gross assets			
Cost or valuation at 1 January 2011	—	—	—
Transfers from Department of Finance	24,343	—	24,343
Additions	275	2	277
Cost or valuation at 31 December 2011	24,618	2	24,620
Accumulated depreciation			
Opening balance at 1 January 2011	—	—	—
Depreciation on transfers from Department of Finance	20,389	—	20,389
Depreciation for the year	2,121	—	2,121
Cumulative depreciation at 31 December 2011	22,510	—	22,510
Net assets at 31 December 2011	**2,108**	**2**	**2,110**

Other Relevant Circulars

- Protocols for the Transfer and Sharing of State Property Assets (Circular 11/2015)
- Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service (Circular 02/2016)
- Policy for Property Acquisition and for Disposal of Surplus Property (Circular 17/2016)

8. Operating Cost Statement (Note 1)

This section will provide clarification regarding the relationship between the figures included under "Changes in Assets" and the Statement of Financial Position (i.e. the non-cash items), and what should be included under Note 1.1.

A. Statement of General Principles

The Operating Cost Statement (OCS) shows total expenditure first divided into Programme cost, Pay cost and Non-Pay cost. The deduction for appropriations-in-aid is taken after the "Gross Expenditure" subtotal so as to give a net programme cost.

Its purpose is to show, on an accruals basis, the total amount of resources consumed by a Vote in the year. As the appropriation account is cash based, it does not provide this information. This is because it includes expenditure on capital assets which will be consumed over several years and it may include payments to acquire goods or services which are consumed in the preceding or following year e.g. accruals and prepayments.

The statement produces the operating cost figure on an accruals basis by starting from the net expenditure figure, taken from the appropriation account showing subtotal for expenditure on administration and expenditure on services and programmes, and making a series of adjustments to that cash-based figure. These adjustments involve:

- identifying the changes in various categories of Departmental assets for the year of account
- the inclusion of expenditure borne elsewhere on behalf of the Department e.g. superannuation costs, accommodation costs, shared services costs etc.

The components of the OCS can be considered under specific categories a - f.

a. Cash Expenditure

Programme Cost, Pay Costs and Non-Pay Costs

- ***Programme costs*** refers to the total expenditure (pay and non-pay) attributable to expenditure on programmes which does **not** include the administrative pay and non-pay elements as included administration subheads (A.1, A.2, B.1, B.2, etc.) in Note 3 – Vote Expenditure.
- ***Pay costs*** refers to the administration pay amount. The amount should correspond with the total recorded under the Administration Note (A.1 Salaries, Wages and Allowances) on the face of the appropriation account, and also equal the sum of the Administration Pay as broken down under Note 3 - Vote Expenditure.
- ***Non-Pay Costs*** refers to the administration non-pay amount. The amount should correspond with sum of non-pay items recorded under the Administration Note on the face of the appropriation account, and also equal the sum of the Administration Non-Pay as broken down under Note 3 - Vote Expenditure.

Net Expenditure
This should be taken from the appropriation account showing a subtotal for expenditure on administration and expenditure on services and programmes less the appropriations-in-aid.

b. Statement of Financial Position

Changes in Capital Assets
The first adjustment to the Net expenditure figure is the removal of cash transactions relating to the purchase and disposal of capital assets and the insertion instead of the current charges pertaining to capital assets i.e. depreciation and the gain or loss on disposals.

Purchases Cash
This is the amount charged to the appropriation account in the year of account in respect of the purchase of Capital Assets. It is deducted from the net expenditure. Cash payments in respect of capital assets under development in Note 1 'Operating Cost Statement' should be included in the line 'purchases cash' in the 'Changes in Capital Assets' section.

It may differ from the "Additions" figure in the Statement of Capital Assets because the figure in that allows for any accrued capital expenditure (e.g. equipment delivered before year end but not paid for until the following year).

Disposals Cash
This figure represents the cash proceeds of any disposals of capital assets during the year.

This is included in the appropriations-in-aid figure on the appropriation account, thereby reducing the Net expenditure. In order to remove it from the expenditure, it must be added back. (It is the converse of "Purchases Cash"). The figure does **not** appear in the Statement of Capital Assets.

(Gain)/Loss on Disposals
This represents the difference between the net book value of any assets disposed of (i.e. the value shown in the Asset Register) and the cash proceeds received as appropriations-in-aid on the disposal of such assets.

The gain or loss does not appear in the Statement of Capital Assets but should have been separately recorded as part of the Asset Note.

c. Non-Cash Costs Incurred

Depreciation
This is the "Depreciation for the Year" figure, shown in the Statement of Capital Assets and is added as the measure of the quantity of capital assets consumed during the year of account.

d. Expenditure paid for in later years

Changes in Net Current Assets
This adjustment is necessary to take into account changes in the elements of working capital (accruals, prepayments, stocks etc.) relating to current expenditure.

Increase / (Decrease) in Closing Accruals
This figure equals the change in the closing accruals figures from the end of the previous year to the end of the current year.

For the purposes of Net Opening Accruals (i.e. the Net Closing Accruals figure from the previous year), Accrued Expenses and Deferred Income are always negative and Prepayments and Accrued Income are always positive.

For Net Closing Accruals, the situation is reversed. Accrued Expenses and Deferred Income are always positive and Prepayments and Accrued Income are always negative.

Again, it is critical that the signage is observed, i.e. increase is positive; decrease is negative.

(Increase) / Decrease in Stock
An increase in stock represents stock purchased but not consumed during the year. This expenditure must be deducted from the expenditure. A decrease in stock is the converse - stock consumed but not purchased during the year. So the cost must be added to the expenditure.

Again, it is critical that the signage is observed, i.e. increase is negative; decrease is positive.

Direct Expenditure
This is the result of the above adjustments, i.e. the total direct expenditure of the Department on an accruals basis.

e. Expenditure incurred on behalf of other Departments

In the case of a Department which supplies Allied Services Expenditure, the total amount provided to other Departments should be deducted from the amounts received to arrive at a net figure for the Department.

f. Total Operating Cost

This final figure is the accruals based cost of operating the Department (both direct and indirect).

9. State Funding Account

This section provides guidance to reconcile the movement from the prior year to the current year, as required in this note.

A. Statement of General Principles

The State Funding Account represents the value to be returned to the State if the 'business' was capable of being liquidated at current prices.

A requirement for the appropriation account 2012 and following years is to reconcile the movement in the State Funding Account from the prior year to the current year and to detail where the funding has come from. The reconciliation of the movement in the State Funding Account shows if and how the asset base of the Department (and therefore the investment of the State) was used in order to deliver the programmes of the reporting year.

- In a year when the State Funding Account reduces it means that the cost of programme delivery consisted of a drawdown of State Funds and the usage/absorption of existing assets.
- In a year when the State Funding Account increases it means that in addition to the cost of programme delivery for the year in question the drawdown of State Funds has been used to increase assets.

The requirement to reconcile the year-on-year State Funding movement implicitly means that every entry reflected in the balance sheet of the current year must have a corresponding entry in the Operating Cost Statement (OCS) whether cash based or accrued.

B. Detailed Requirements

Attention must be paid to capital assets to ensure that any/all items affecting the movement in assets (whether cash or accrual based) are reflected in the Operating Cost Statement in the changes in Capital Assets heading.

While the non-cash/accrued items do not have a direct impact on the current cash flows, they do affect the capital and asset structure of the Vote and contribute to calculating the resources consumed within the accounting period.

The basic formula, including figures for illustrative purposes, for verifying this reconciliation is as follows:

2.7 State funding account				
	Note		**2019**	**2018**
		€000	**€000**	**€000**
Balance at 1 January			124,233	108,796
Disbursements from the Vote				
Estimate provision	Account	10,767,125		
Deferred surrender	Account	(1,000)		
Surplus to be surrendered	Account	(38,887)		
Net Vote			10,727,238	10,769,720
Expenditure (cash) borne elsewhere	1.1		79,881	70,312
Non cash expenditure – notional rent	1		14,019	13,437
Net programme cost	1		(10,780,719)	(10,838,032)
Balance at 31 December			**164652**	**124,233**

Other Non-Cash Items

In some cases, this formula will not be sufficient to reconcile the figures. This is predominantly due to non-cash items which are included in the Statement of Capital Assets but do not feature in the Operating Cash Statement. Typical examples include:

- Prior Year Adjustments
- Assets transferred to/from other Departments
- Revaluation of Assets
- Write off/Write down of Assets
- Accrued purchases included in Asset note

By including these non-cash items in the formula above, the reconciliation will be possible.

Votes are encouraged to provide information to end user regarding the adjustments made to the calculation where applicable. Where an adjustment is required to complete the reconciliation, a catchall term such as “Adjustment” is not sufficient and details should be provided to enable the end-user to follow the reconciliation.

10. Commitments (Note 2: Statement of Financial Position)

This section provides guidance regarding global commitments, capital/non-capital grant programmes, major capital commitments and PPPs.

A. Statement of General Principles

A commitment is a contractual obligation to pay, on delivery, for goods or services which have yet to be supplied at year-end.

In the case of grant schemes, a commitment is recognised when the grant is approved but the guarantee has yet to fulfill the requirements of the scheme.
A note provides figures for commitments likely to materialise in the subsequent years under procurement, grant subheads and capital grant programmes, excluding commitments under €10,000.

All commitments (subject to financial thresholds above) should be disclosed. A distinction is drawn between commitments in terms of:

a) Global figure for commitments likely to materialize in subsequent year(s)
b) Non-Capital grant programme commitments
c) Capital grant programme commitments
d) Major capital project commitments
e) Commitments under public private partnerships

Note: Individual capital projects involving total expenditure of €10,000,000 or more should be shown separately in the major capital commitments table or the costs of public private partnership projects table.

Where the commitment has changed by more than €500,000 compared with the previous year, the reason for the movement should be explained.

B. Detailed Requirements

The financial reporting requirement for each of the classifications of commitments is discussed below. From an audit perspective, a look back to the figures disclosed in the previous year's accounts is recommended.

Global Figure for Commitments

A global figure for commitments likely to materialise under procurement, grant subheads and capital grant programmes in the subsequent year(s) should be given by way of note to the account. Note 2.8(a) – Global Commitments should separately disclose the closing balance for capital grant programmes in 2019 and 2018 as well as on capital projects in 2019 and 2018.

Major Capital Projects

In this context commitments relate only to legally enforceable commitments relating to capital projects. In regard to such commitments, a table should be included in the appropriation accounts setting out for each Vote, if appropriate, the total amount spent in the year of account and the total amount of the commitments to be met in subsequent years. In addition, for each individual capital project involving total expenditure of €10,000,000 or more, particulars should be given indicating the cumulative amount spent up to the beginning of the year of account, the amount spent in the year of account and the amount to be met in subsequent years. See example below:

Note: Where the programme spend has increased by more than €500,000 from 2018 to 2019, an explanation must be provided. See example below.

d) Major Capital Projects

Project	Cumulative Expenditure to 31 December 2018	Expenditure in 2018	Project Commitments in Subsequent Years	Expected Total Spend Lifetime of Project 2019	Expected Total Spend Lifetime of Project 2018
	€000	**€000**	**€000**	**€000**	**€000**
Capital Project A	6,000	900	4,200	11,100	10,800
Capital Project B	18,000	3,700	600	22,300	21,600
Total	24,000	4,600	4,800	33,400	32,400

Significant variations

Where the project spend has increased by more than €500,000 from 2018 to 2019, an explanation is provided as follows:

Project by Project basis	Expected Total Spend 2019	Expected Total Spend 2018	Year on year increase
	€000	**€000**	**€000**
Capital Project B	22,300	21,600	700

Explanation: Increase in project total spend arising from……….

Public Private Partnerships (PPP)

A Public Private Partnership (PPP) is an arrangement between the public and private sectors (consistent with a broad range of possible partnership structures) with clear agreement on shared objectives for the delivery of public infrastructure and/or public services by the private sector that would otherwise have been provided through traditional public sector procurement. PPP projects focus on a whole-life, integrated approach to the procurement of large scale public assets and/or services.

Further information on PPPs in Ireland can be found on the Central PPP Unit's website at www.ppp.gov.ie

The purpose of this note is to detail the cost of PPP projects in respect of which capital expenditure has been incurred. The full cost of each PPP project (i.e. capital costs, interest costs and operation and maintenance costs) for the current year is shown in the appropriation account as a separate line item under the subhead for unitary payments. From 2016 onwards all PPP costs will be accounted for under capital envelopes. See example below:

e) Unitary payments of Public Private Partnership Projects					
Name of PPP Project	**Cumulative Expenditure to 31 December 2018**	**Expenditure in 2019**	**Legally enforceable commitments to be met in subsequent years**	**Project Total 2019**	**Project Total 2018**
	€000	**€000**	**€000**	**€000**	**€000**
Project A	8,000	5,000	3,000	16,000	16,000
Project B	4,000	2,000	1,500	7,500	7,000
Significant variations					

Note: Unitary payments for Public Private Partnership Projects should be shown separately in a table where projects involve total expenditure of €10,000,000 or more.

The total capital cost (i.e. excluding Operation and Maintenance costs) of the project, to be shown in Column 4 in the table, should represent all the costs (**including VAT**) associated with the construction of the physical asset to the point of becoming available for use and included in the winning bidder's financial model:

i. Actual capital construction costs (including "fit out" services and equipment costs)
ii. Administration arrangement overheads for consortium that would be factored into commercial pricing of the built asset (e.g. bank fees, SPC operating costs insurance, etc.)
iii. Short term funding costs (excluding finance charges) to point of delivery of the built asset (i.e. arrangement and commitment fees, capitalised interest, etc.)

Column 1 *"Expenditure to 31 December 2018"* displays expenditure up to end of previous year on repayment of capital cost of asset at the point of delivery, excluding the cost of PPP financing.

Column 2 *"Expenditure in 2019"* displays expenditure in the current year on repayment of capital cost of the asset at point of delivery, excluding the cost of PPP financing.

Column 3 *"Legally enforceable commitments…"* displays the amount still outstanding on repayment of capital cost of the asset at point of delivery, excluding cost of future debt servicing in PPP arrangement, (i.e. the difference between Column 4 and the sum of Columns 1 and 2.)

Column 4 *"Project Total 2019"* displays the capital cost of asset at point of delivery, excluding finance charges over the life of the PPP project.

Treatment of VAT on Construction

It is usual for PPP projects that VAT is paid when individual payments are made. For such PPP projects the annual charge for VAT on construction should be included with the current year expenditure in

Column 2 and accumulated in Column 1. The balance still outstanding on the capital cost of the project at delivery given for each project in Column 3 should also include VAT on construction.

In a number of PPP projects, the VAT liability on construction of the asset may be dealt with separately to the arrangements in the financial model. In such circumstances, the VAT liability on construction agreed with the Office of the Revenue Commissioners and paid as a lump sum should be treated as a once off payment in the first year of the project and reflected in the table by being included in the amount in Column 2 (if the project commenced in the year of the appropriation account) or in Column 1 (if the project commenced before the year of the appropriation account). Where the VAT on construction is paid in this manner, the fact should be noted in a footnote to the table.

Relevant Circulars

- Global Figure for Commitments (as per Circular 1/1995)
- Multi-annual Capital Commitments (as per Circular 18/1992)
- Public Private Partnerships (PPP) (as per Circular 4/2007)

Vote Expenditure (Note 3)

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

Note: Departments/Offices and Other Vote holders are required to explain the difference between the original estimate provision and the outturn in the first instance. A note is provided where the variation relative to the original estimate provision (including deferred capital funding) is:

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

Explanations should be meaningful, and should supplement rather than reiterate the information contained in the appropriation account. The explanation should distinguish between the reason for the variation in the amount spent, and the funding implications e.g. under/over spend requires a supplementary estimate, or virement. Notes in relation to variations in the categories of appropriations in aid are included on a similar basis. See example below:

Significant variations (+/- 25%)

I. Salaries, wages and allowances

Estimate provision: €Xm, Outturn: €Ym

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

II. Travel and subsistence

Estimate provision: €Xm, Outturn: €Ym

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

III. Training and development and incidental expenses

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

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

11. Staffing and Remuneration (Note 5)

This section provides clarification regarding what is required to be disclosed regarding staff and pay.

A. Statement of General Principles

This note deals with staffing and remuneration to give an overall view of the number of employees (full time equivalents) and the associated pay costs for departmental and agency staff. The purpose is to relate the appropriation account to the Estimates.

B. Detailed Requirements

The note should clearly distinguish total number of staff broken down into Department and agencies at year end (with reference to the figure disclosed in the Revised Estimate). The figures disclosed for staff of agencies under the aegis of the Department should include a footnote explaining that the information is based on returns made by the agencies.

5.1 Number of staff at year end (full time equivalents)

Report the actual staff numbers[3] broken down into Department and agencies at year end from 2018 and 2019, with reference to the figure disclosed in the Revised Estimate Volume. For illustrative purposes, see an example of a Revised Estimate for 2019

[3] The actual employees serving (full-time equivalent)

	2018 Outturn	2019 Estimate
Exchequer pay included in above net total	28,123	31,243
Associated Public Service employees	506	520

With reference to the example above, the disclosure requirements for the appropriation accounts are as follows:

5.1 Employee Numbers

	2019	2018
Number of staff at year end (full time equivalents)		
Department	400	392
Agencies	120	114
Total	520	506

5.2 Pay

Total pay broken down into Department and agencies arising from the employment of staff disclosed under Note 5.1. Note 5.2 'Pay' will be broken down into separate tables – see example below. The figures required are for all department staff in one table and all agencies under the aegis of the department in another table. Report on the actual total pay, with reference to the "Exchequer pay" figure disclosed in the Revised Estimate in terms of the total allowances, overtime and employer PRSI arising from the employment of staff in 5.1.

- In cases where the Exchequer pay figure as is disclosed in the Revised Estimate Volume does not represent the totality of pay for the numbers disclosed under Note 5.1), a footnote to this effect should be provided. A similar footnote is included in the Estimates, and similar wording is proposed: *"These figures include a number of Non-Commercial State Agencies (NCSAs) that are not in direct receipt of Exchequer funding but whose staff are included under Note 5a)".*

The disclosure requirements for the appropriation accounts are as follows:

5.2 Pay - Department

	2019 €000	2018 €000
Pay		
Higher, special or additional duties allowance		
Other allowances		
Overtime		
Employer's PRSI		
Total pay [a]		

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

5.2 Pay - Agencies		
	2019	2018
	€000	€000
Pay		
Higher, special or additional duties allowance		
Other allowances		
Overtime		
Employer's PRSI		
Total pay [a]		

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

Note 5.3 Allowances and overtime payments for Department and Agency staff

Higher, special or additional duties, other allowances, overtime and extra remuneration in more than one category are required for departmental and agency staff in Note 5.3. These should be broken down into separate tables, similar to Note 5.2.

In the case of extra remuneration, the details given should include the total number of recipients of extra remuneration in one or more categories, the number of individuals that received €10,000 or more and the maximum individual payment, if over €10,000.

5.3 Allowances and overtime payments - Department

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2019 €	Highest individual payment 2018 €
Higher, special or additional duties	56	17	19,149	18,878
Other allowances	95	17	32,752	46,233
Overtime	178	2	29,626	33,374
Extra remuneration in more than one category	40	40	23,000	25,000

5.3 Allowances and overtime payments - Agency				
	Number of recipients	**Recipients of €10,000 or more**	**Highest individual payment 2019 €**	**Highest individual payment 2018 €**
Higher, special or additional duties	43	4	11,972	12,789
Other allowances	102	12	31,214	40,327
Overtime	63	6	24,862	32,473
Extra remuneration in more than one category	8	3	25,393	28,928

Below are examples for each category:

- Higher allowances - costs relating to an acting up position
- Special allowances - allowances relating to specific duties associated with the role
- Additional duties - allowances relating to specific duties which may not be associated with the role e.g. key holder
- Other allowances - anything else incidental to the function e.g. rent, uniform or boot allowances

The other notes on payroll overpayments, performance and merit pay, severance and redundancy pay, special payments and other remuneration arrangements should be disclosed for Department staff only.

Note 5.4 Other Remuneration Arrangement

Votes are reminded to disclose any payments made to retired civil servants in receipt of civil service pensions who are re-engaged[4].

The new additional text included in Note 5.4 refers to staff who were on secondment outside your Department for all or part of 2019 in another Government Department/Office and whose salaries were paid by the other Government Department/Office. Therefore, were not recouped by your Department. You do not need to include amounts in this text, you only need to provide the number of staff. For illustrative purposes only, see an example below of Note 5.4 – Other Remuneration Arrangements

[4] Circular 29/95 "Revised Vote Accounting Arrangements regarding Payments to Retired Civil Servants re-employed/re-engaged by Departments/Offices"

5.4 Other remuneration arrangements

10 retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €120,000, ranging from €1,000 to €30,000. The payments made were consistent with the principles of the Public Service Pensions (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €500,000 in respect of 10 officers who were serving outside the Department for all or part of 2019 and whose salaries were paid by the Department.

This account does not include expenditure in respect of 5 officers who were serving outside the Department for all or part of 2019 in other Government Departments/Offices and whose salaries were not recouped by the Department.

Note 5.5 - Payroll Overpayments

Note 5.5 'Payroll Overpayments' is now in a table format, see example below. Only overpayments which are of significant material value should be included in Note 5.5. As a general guide, if total payroll overpayments for the year exceed €10,000 they should be disclosed in the note. The total overpayments at year end and the number of overpayment cases this figure relates to should be disclosed. Comparative figures for the previous year (2018) should be provided to show any increase or decrease. The number of cases with recovery plans in place should also be disclosed.

Payroll overpayments that have been transferred to another Department should also be included in Note 5.5. Where a recovery plan is in place and a staff member transfers to another Government Department or civil service organisation the amount of the overpayment to be repaid to the Exchequer will transfer with the staff member and he/she will be required to repay the overpayment as provided for in the overpayment recovery plan to the new Department or civil service organisation. The number and value of the recovery plans transferred should be disclosed by the relevant Department in the year of transfer e.g. X number of overpayment recovery plans in respect of X number of individuals to the value of €X were transferred to Department X in the year. See example below.

5.5 Payroll Overpayments

	Number of recipients	2019	2018
		€	**€**
Overpayments			
Recovery Plans in place			

X number of overpayment recovery plans in respect of X number of individuals to the value of €X were transferred to Department X in the year.

Note 5.6 – Severance and Redundancy

Note 5.6 'Severance and Redundancy' was added to the appropriation account in 2018 to meet the requirements of DPER Circular 09/2018 "Consolidation of arrangements for the offer of severance terms in the civil and public service". Severance and redundancy payments (in excess of €10,000) are required to be disclosed in this Note. In addition to any severance payments made, the disclosure should include details, if any, of early payment of pension, the addition of added years of notional service, or any other enhancement to the accrued pension terms that has been granted. See illustrative example attached, page 19.

12. Compensation and Legal Costs (Note 6: Miscellaneous)

This section provides clarification regarding what is required to be disclosed regarding legal costs and compensation.

A. Statement of General Principles

In cases where cumulative legal costs incurred in the year of account exceed €50,000, (i.e. in situations where legal costs, in total, have exceeded €50,000, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the total cost into;

- legal costs paid by Department (i.e. its own costs),
- legal costs awarded (against the Department) and
- compensation awarded.

B. Detailed Requirements

Compensation awarded refers to:

- *damages awarded by a court or agreed as part of a settlement, to include general damages (loss of earnings) and special damages (any other pecuniary losses arising from the wrongful act of the other party) where applicable.*

Legal costs awarded refers to:

- *amounts paid by a Department to cover the legal fees of the other party in circumstances where a judgement has been made to that effect, normally arising from the Department having lost the case.*

Legal costs paid by the Department refers to:

- *amounts paid by a Department to lawyers it has engaged to represent it. Note that where a Department is represented by the Chief State Solicitor's Office (CSSO), the fees are discharged by the CSSO on behalf of the Department and are dealt with in the CSSO Vote and are not disclosed.*

Where compensation payments are forwarded to the CSSO for onward payment to the other party, the payment should still be disclosed by the Department. Where relevant, additional information can be provided to distinguish between legal fees and compensation arising from claims by employees of the Vote and those arising from claims by members of the public.

6.2 Compensation and Legal Costs

The format for presentation is as follows:

	Number of cases	Legal cost paid by Department /Office	Compensation awarded	Legal costs awarded	2019 Total	2018 Total
		€000	€000	€000	€000	€000
Claims by employees						
Explanation A	1	0	1,000	600	1,600	1,500
Explanation B	2	20	2,000	1,200	3,220	1,800
Claims by members of the public						
Explanation A	2	0	2,000	1,000	3,000	2,800
Explanation B	0	0	0	0	0	2,500
		20	5,000	2,800	7,820	8,600

13. Arbitration and Conciliation Costs (Note 6: Miscellaneous)

A note is required for costs arising from arbitration and conciliation proceedings. The total expenditure relating to arbitration and conciliation should be shown for 2019 and for 2018. The total number of cases for both years should be included in the note.

The arbitration and conciliation figure relates to all arbitration and conciliation payments made by the Department/Office in the year, which may include:

- arbitrator's and conciliator's fees,
- the settlement reached that the Department/Office paid in year,
- costs that are awarded against the Department/Office,
- consultants fees,
- VAT, etc.
- Where relevant, mediation costs should also be included in this Note.

Payroll costs arising from arbitration or conciliation should be included separately in Note 5 (Employee Numbers and Pay).

Illustrative Example:

A settlement of €3 million was initially sought by the contractor involved in the dispute, the final agreed settlement of €2.5 million was paid in the year. An additional €20,000 was paid to the arbitrator to cover their fees. See example below.

6.5	**Arbitration and Conciliation Costs**
	Expenditure in 2017 includes payments of €2.52 million (2016: €3.83 million) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings.
	There was 1 case in 2017 (2016: 3 cases). Figures include VAT, legal, engineering consultants and resolver fees.

14. Fraud and Suspected Fraud (Note 6: Miscellaneous)

This section provides clarification regarding what is required to be disclosed regarding fraud and suspected fraud.

A. Statement of General Principles

In the case of losses due to fraud or suspected fraud, information is supplied where;

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

B. Detailed Requirements

Note 6.3 'Fraud and Suspected Fraud' is now shown in a table format instead of text showing the prior year figures for comparison purposes.

The following text has been added to the table "In the period between the signature of the appropriation account and the final appropriation account, the Department/Office was made aware of X number of new cases of suspected fraud/irregularities. Of these, X cases have a combined value of €X. X remain under investigation and no value has yet been identified." See example below:

6.3 Fraud and suspected fraud

	Number of cases	2019	2018
		€000	€000
Fraud			
Suspected Fraud			

In the period between the signature of the appropriation account and the final appropriation account, the Department/Office was made aware of X number of new cases of suspected fraud/irregularities. Of these, X cases have a combined value of €X. X remain under investigation and no value has yet been identified.

Additional information can be provided, to inform the end-user as to the nature of the loss, with the title of the note amended to reflect this i.e. if fraud has not been proven, the note should refer to "Suspected Fraud".

15. Debt Write-Offs and Provisions

Information on write-offs must be presented in Note 6 'Miscellaneous'. See example below.

6.9 Write-Offs

The following sums were written off in the year:

	2019	2018
	€000	€000
Suspense account balance re: Income Tax	10	-
Unpaid fees from companies no longer trading	-	4
	10	4

16. Committees, Commissions and Special Inquiries

Where appropriate, Note 6 should include a statement of expenditure on each Commission or Special Inquiry financed from the Vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account 2019 and prior year should be shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment should be shown.

17. National Lottery

The National Lottery note should give the total amount(s) of payments made to promoters of National Lottery funded eligible charities. The note should indicate that these payments may have been part funded by the National Lottery and that a list(s) of grants provided are available on the relevant Department website.

18. EU Funding

The outturn shown in Subheads X.1 and X.2 includes payments in respect of activities which are co-financed by the ERDF and Y1 which is co-financed by the EU.

19. Late Payments

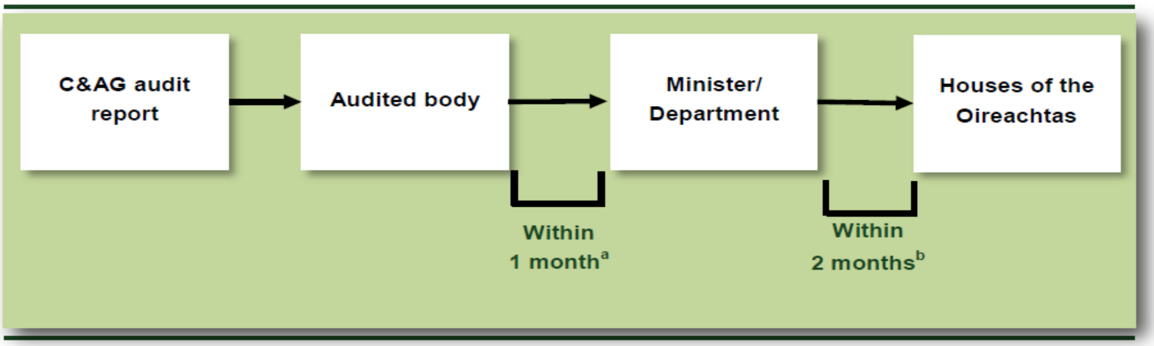
In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations, 2012, information is supplied in Note 6 where:

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

20. Annex to the 2019 Appropriation Account

Government Departments and Vote Holders are required to include, an annex to the 2019 appropriation accounts, providing a report on the presentation to the Oireachtas of the audited financial statements of bodies and funds under the aegis of their Departments. See illustrative example attached, page 23.

Timelines for presentation of audited financial statements



Source: Department of Public Expenditure and Reform Circular 7/2015

Notes: a Within 3 months if financial statements are required to be adopted at a company annual general meeting

b Within 3 months if financial statements must first be presented to Government.

Source: Comptroller and Auditor General Special Report on Public Sector Financial Reporting for 2015