



Appropriation Account 2014

Vote 12

Superannuation and Retired Allowances

Introduction

As Accounting Officer for Vote 12, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2014 for pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform; fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Board; miscellaneous payments, etc.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €16.06 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Reclassification of figures

The 2014 accounts were prepared based on circular 17/2014 issued by the Department of Public Expenditure and Reform which specified the commercial bank account be identified separately in the accounts. This resulted in some of the 2013 comparative figures being reclassified.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, all transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The statement on internal financial control for the Department of Finance is also relevant given that it makes superannuation payments on an agency basis for Vote 12.

Financial control environment

I confirm that a control environment containing the following elements is in place

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- 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 guideline. The Department complied with the guidelines.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

23 March 2015

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas

Vote 12 Superannuation and Retired Allowances

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances for the year ended 31 December 2014 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Department and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 12 Superannuation and Retired Allowances for the year ended 31 December 2014.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Public Expenditure and Reform. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

15 September 2015

Vote 12 Superannuation and Retired Allowances Appropriation Account 2014

			2014	2013
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Superannuation and retired allowances				
	<i>Original</i>	444,800		
	<i>Supplementary</i>	33,000		
			477,800	427,704
Gross expenditure				
	<i>Original</i>	444,800		
	<i>Supplementary</i>	33,000		
			477,800	427,704
<i>Deduct</i>				
B Appropriations-in-aid				
	<i>Original</i>	82,250		
	<i>Supplementary</i>	10,750		
			93,000	89,224
Net expenditure				
	<i>Original</i>	362,550		
	<i>Supplementary</i>	22,250		
			384,800	338,480

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2014	2013
	€	€
Surplus to be surrendered	16,061,215	46,119,612

Notes to the Appropriation Account

1 Operating Cost Statement 2014

This note is not applicable as the administration costs of this Vote are borne by Vote 7 - Office of the Minister for Finance and the costs involved in formulation of superannuation policy are borne by Vote 11 - Office of the Minister for Public Expenditure and Reform.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Current Assets			
Net Exchequer funding due	2.5	72	(30,670)
Other debit balances	2.3	22,620	44
Total current assets		22,692	(30,626)
Less current liabilities			
Other credit balances	2.4	8,590	4,765
Bank and cash	2.2	14,102	(35,391)
Total current liabilities		22,692	(30,626)
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	Account	384,800	
Surplus to be surrendered	Account	(16,061)	
Net vote		368,739	338,480
Net programme cost		(368,739)	(338,480)
Balance at 31 December		—	—

2.2 Bank and Cash	2014	2013
at 31 December	€000	€000
PMG balances and cash	(14,327)	5,526
Commercial bank account balance	225	29,896
Orders outstanding	—	(31)
	<u>(14,102)</u>	<u>35,391</u>

2.3 Other Debit Balances	2014	2013
at 31 December	€000	€000
Recoupable pensions owed by other Departments	17	32
Other debit suspense items	22,603	12
	<u>22,620</u>	<u>44</u>

2.4 Other Credit Balances	2014	2013
at 31 December	€000	€000
Amounts due to the State		
Income Tax	5,051	2,123
Universal Social Charge	1,950	1,014
Local Property Tax	116	60
	<u>7,117</u>	<u>3,197</u>
Voluntary pension deductions held in suspense	13	3
Other credit suspense items	1,460	1,565
	<u>8,590</u>	<u>4,765</u>

2.5 Net Exchequer funding due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	16,061	46,120
Exchequer grant undrawn	(16,133)	(15,450)
Net Exchequer funding due	<u>(72)</u>	<u>30,670</u>

Represented by:**Debtors**

Debit balances: suspense	22,620	44
	<u>22,620</u>	<u>44</u>

Creditors

Bank and cash	(14,102)	35,391
Due to State	(7,117)	(3,197)
Credit balances: suspense	(1,473)	(1,568)
	<u>(22,692)</u>	<u>30,626</u>
	<u>(72)</u>	<u>30,670</u>

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Superannuation and Retired Allowances			
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances			
	<i>Original</i>	325,000		
	<i>Supplementary</i>	<u>316</u>	325,316	323,985
				319,010
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers			
	<i>Original</i>	40,000		
	<i>Supplementary</i>	<u>808</u>	40,808	40,832
				40,990
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers			
	<i>Original</i>	1,000		
	<i>Supplementary</i>	<u>(150)</u>	850	772
				911
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service			
	<i>Original</i>	58,180		
	<i>Supplementary</i>	<u>29,203</u>	87,383	83,328
				46,380
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service			
	<i>Original</i>	20,000		
	<i>Supplementary</i>	<u>2,929</u>	22,929	24,506
				19,954
A.6	Injury grants and medical fees			
	<i>Original</i>	500		
	<i>Supplementary</i>	<u>(95)</u>	405	339
				350
A.7	Fees to Pensions Board			
	<i>Original</i>	60		
	<i>Supplementary</i>	<u>(6)</u>	54	54
				55
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997			
	<i>Original</i>	5		
	<i>Supplementary</i>	<u>(5)</u>	—	—
				—
A.9	Pension liabilities of former public service bodies payable under statute		55	52
				54
			<u>477,800</u>	<u>473,868</u>
				<u>427,704</u>

Significant variations

Overall, the expenditure in relation to Programme A was €3.93 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Superannuation allowances, compensation allowances, pensions and certain children's allowances	1,331	This subhead is mostly made up of payments to established pensioners. It can be difficult to estimate expenditure from one year to the next as the subhead is impacted by the number of established pensioners joining and leaving the scheme each year as well as the various grades of pensioners that join the scheme.
Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	78	The original budget was decreased to €850,000 in the supplementary estimate due to the number of beneficiaries declining at a greater rate than anticipated.
Additional allowances and gratuities in respect of established officers and payments in respect of transferred service	4,055	For established staff who joined the civil service before 2004, there is a window of 5 years within which they may retire on full pension. Because the lump sum is 1.5 times salary, this subhead is particularly sensitive to both the number of retirees and their respective grades. There is no cost effective way to accurately forecast total numbers retiring in any one year. Numbers retiring in 2014 were almost double the number of retirees in 2013.
Injury grants and medical fees	66	The original budget was decreased to €405,000 in the supplementary estimate as this subhead provides for payments in respect of death or injuries on duty and fees for medical examinations/medical referees. By its nature, it is difficult to predict the cessation of existing payments and the incidence of new payments that will arise on the subhead.

These savings were offset in part by the following overspend:

Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	(1,577)	The original estimate was in line with the previous year's outturn. In 2014, lump sums were €4 million higher than the previous year, and this accounts for almost all of the variation.
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4 Receipts

4.1 Appropriations-in-aid			2014		2013
		Estimated	Realised	Realised	
	€000	€000	€000	€000	
1. Receipt from the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff					
	<i>Original</i>	30,000			
	<i>Supplementary</i>	(2,000)	28,000	28,000	
2. Receipts in respect of pension liability of staff on loan, etc.					
	<i>Original</i>	1,103			
	<i>Supplementary</i>	897	2,000	2,498	
3. Contributions to spouses' and children's pension scheme for civil servants and others					
	<i>Original</i>	21,500			
	<i>Supplementary</i>	(2,500)	19,000	20,021	
4. Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)					
	<i>Original</i>	25,237			
	<i>Supplementary</i>	1,763	27,000	28,455	
5. Repayment of gratuities, etc.					
	<i>Original</i>	1,103			
	<i>Supplementary</i>	(103)	1,000	1,312	
6. Purchase of notional service					
	<i>Original</i>	3,197			
	<i>Supplementary</i>	(197)	3,000	5,484	
7. Miscellaneous					
	<i>Original</i>	110			
	<i>Supplementary</i>	12,890	13,000	19,359	
Total			93,000	105,129	
				89,224	

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated €000	Explanation
Receipts in respect of pension liability of staff on loan, etc.	(498)	It is difficult to predict the number of staff on loan year to year.
Contributions to spouses' and children's pension scheme for civil servants and others	(1,021)	Contributions to Spouses' and Children's pension scheme for Civil Servants and others will vary according to the staff changes across the service and therefore are difficult to predict.
Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)	(1,455)	The number paying the full pension contributions exceeded estimate.
Repayment of gratuities, etc.	(312)	It is difficult to predict the number of gratuities that will be repaid.
Purchase of notional service	(2,484)	Purchase of notional service is at the discretion of officers and therefore it is difficult to predict the number who will purchase service.
Miscellaneous	(6,359)	This is mainly because of higher than expected receipts, principally arising from pension contributions relating to the Single Public Service Pension Scheme.

5 Employee Numbers and Pay

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 7 - Office of the Minister for Finance and staff engaged on the formulation of superannuation policy are charged to Vote 11 - Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

	2014	2013
A.1 Superannuation allowances, compensation allowances, pensions and certain children's allowances	13,633	12,806
A.2 Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,781	2,756
A.3 Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	37	61
A.5 Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,674	4,688
A.9 Pension liabilities of former public service bodies payable under statute	3	3
	21,128	20,314

5.3 Pension Payment Agency Services

The Department (Vote 12) makes pension payments, on an agency basis, to former staff of the bodies detailed below

Name of body	Number of pensioners	Gross value (per annum) €m
Vocational Education Committee/Institute of Technology/Education Training Board pensions	8,676	214
FÁS/Solas pensions	1,572	30.5

The amounts are charged to the following Vote:
Department of Education and Skills (Vote 26)

An amount of €10.187 million was due to be reimbursed to the Department at 31 December 2014 in relation to these agency arrangements. This value was reimbursed in January 2015.

6 Miscellaneous

6.1 Abatement of Pensions

The Pensions (Abatement) Act 1965 and the Public Service (Single Scheme and other Provisions) Act 2012 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The legislation also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

In 2014, in the case of two retired civil servants, fees were determined with reference to their former salary in the amount of €10,695.