

## 6 Payroll Accrual for National Accounts

- 6.1** National accounts are a series of statistical data giving information on the overall performance of the economy including the main government finance statistics such as the budget deficit and debt. They are compiled by the Central Statistics Office (CSO), as provided for by EU regulations, according to the European System of National and Regional Accounts framework and provide a basis for country-by-country comparison of economic and fiscal data. The national accounts include information that is required for, among other purposes, fiscal monitoring of national budget deficits under the Excessive Deficit Procedure.<sup>1</sup>
- 6.2** The national accounts record expenditure and economic flows on an accrual basis. This recognises a transaction in the period the service or good is provided. In contrast, the appropriation accounts of government departments are prepared on a cash basis, and record transactions when the liability to pay for the good or service has matured and the payment is made. However, appropriation accounts include accrual-based operating cost information in a note to the account.
- 6.3** Public service staff pay costs and payments to pensioners are recognised in the appropriation accounts at the point of payment. Payments are made either weekly, fortnightly or monthly, and normally are paid in arrears. The accounting policies and principles for appropriation accounts set by the Department of Public Expenditure and Reform (the Department) specify that there is no accrual recognised for the earned but unpaid element of salary at the year end.
- 6.4** As the number of days covered by pay periods does not exactly match the number of days in the calendar year, an accrual element builds up over time. This gives rise to an extra pay period every ten to eleven years for fortnightly paid staff, and every five to six years for weekly paid staff, and represents the crystallisation of this liability.
- 6.5** To enable the introduction of the reporting of this accrual element of payroll and payments to pensioners for the purpose of the national accounts, the Department
- published information for the first time in the Revised Estimates Volume for 2015 on the estimated accrued Exchequer pay and pensions liabilities at end of 2014 and 2015, and
  - requested departments to include the accrued liabilities for Exchequer pay and Exchequer pensions at the end of 2013 and 2014 as part of the appropriation accounts submitted for audit, together with an estimate of the accrual for 2015.
- 6.6** The accrual information submitted by departments with the appropriation account was audited as part of the statutory audit of the accounts. No material changes to the figures submitted were required following the audit.
- 6.7** By agreement with the Department, the information is presented in the annex to this report in a format specified by the CSO. The table also includes information in relation to Houses of the Oireachtas which is funded directly from the Exchequer and which prepares its financial statements in the appropriation account format.

<sup>1</sup> The Excessive Deficit Procedure is derived from the Treaty on the Functioning of the European Union (as provided for in the Lisbon Treaty) and the requirement that member states avoid excessive government deficits. The European Council of Finance Ministers (ECOFIN) is the appropriate body for deciding on whether sanctions should be applied to member states who breach the budgetary rules. National accounts provide the economic and fiscal information to enable ECOFIN to monitor government deficits.

**Annex A Accrued liabilities for Exchequer pay and Exchequer pensions<sup>a</sup>**

Vote No.	Title	2013		2014		2015	
		Gross €000	Net €000	Gross €000	Net €000	Gross €000	Net €000
			actual			estimates	
1	President's Establishment	39	37	44	41	3	3
2	Department of the Taoiseach	334	313	374	350	36	34
3	Office of the Attorney General	301	284	318	296	18	17
4	Central Statistics Office	784	738	885	833	156	151
5	Office of the Director of Public Prosecutions	380	353	411	383	24	23
6	Office of the Chief State Solicitor	431	406	482	451	25	24
7	Office of the Minister for Finance	494	467	502	472	55	42
8	Office of the Comptroller and Auditor General	292	274	323	304	1	1
9	Office of the Revenue Commissioners	7,118	6,691	7,980	7,507	1,375	1,322
10	Office of the Appeals Commissioners	12	11	16	15	1	–
11	Office of the Minister for Public Expenditure and Reform	618	573	674	628	20	19
12	Superannuation and Retired Allowances	13,565	13,565	16,714	16,714	–	–
13	Office of Public Works	2,660	2,515	2,870	2,721	1,118	1,068
14	State Laboratory	159	148	153	144	6	6
15	Secret Service	–	–	–	–	–	–
16	Valuation Office	215	202	229	215	9	9
17	Public Appointments Service	116	110	142	134	25	25
18	Shared Services	153	145	261	248	241	234
19	Office of the Ombudsman	171	160	170	158	17	16
20	Garda Síochána	35,323	31,586	38,619	36,037	26,051	24,672
21	Prisons	3,033	2,826	3,862	3,607	4,086	3,807
22	Courts Service	1,298	1,222	1,487	1,406	249	241
23	Property Registration Authority	601	568	645	617	117	113
24	Justice and Equality	2,846	2,672	3,195	3,017	421	408
25	Environment, Community and Local Government	1,403	1,309	1,468	1,370	76	73
26	Education and Skills	157,156	148,290	168,436	159,179	58,852	55,511
27	International Co-operation	382	359	434	405	19	18
28	Foreign Affairs and Trade	1,621	1,532	1,890	1,789	310	301
29	Communications, Energy and Natural Resources	438	410	493	461	26	26
30	Agriculture, Food and the Marine	4,710	4,415	5,063	4,748	497	477
31	Transport, Tourism and Sport	794	732	820	760	1	1
32	Jobs, Enterprise and Innovation	1,354	1,272	1,606	1,508	222	216
33	Arts, Heritage and the Gaeltacht	896	844	1,013	955	80	76
34	National Gallery	49	47	95	90	–	–
35	Army Pensions	–	–	–	–	–	–
36	Defence	6,326	5,991	867	817	1,030	987
37	Social Protection	7,297	6,659	8,116	7,412	1,764	1,675
38	Health	617	576	668	624	42	40
39	Health Service Executive	64,740	55,854	76,510	66,010	23,541	20,311
40	Children and Youth Affairs	14,679	13,101	13,064	11,483	12,918	11,304
41	Office of Government Procurement	90	84	252	237	22	21
	Houses of the Oireachtas	668	632	190	147	243	236
	<b>Total</b>	<b>334,163</b>	<b>307,973</b>	<b>361,341</b>	<b>334,293</b>	<b>133,697</b>	<b>123,508</b>

Note: a Net pay is the total (gross) pay after deducting the pension related deduction introduced under financial emergency legislation.