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Chapter 6: Payroll Accrual for National Accounts

FAST FACTS

- The Central Statistics Office (CSO) prepares National Accounts on an accruals basis.
- These accounts give information on the overall performance of the economy including the main government finance statistics such as the general government deficit and debt.
- Appropriation Accounts are prepared on a cash basis.
- Public service staff pay costs and payments to pensioners are recognised in the appropriation accounts on the payroll date with these payments being made either weekly, fortnightly or monthly and normally in arrears. As the number of days covered by the pay periods does not exactly match the number of days in the calendar year an accrual element builds up over time.
- A consequence of the cash based approach is that every 10/11 years for fortnightly paid staff 27 payments are made rather than 26. This is in effect an additional payment to meet an accrual that has been building up over that 10/11 year period.
- With the first fortnightly payroll of 2015 occurring on 1 January 2015, 27 pay periods fell into 2015. This resulted in an additional €270 million being included in the gross voted expenditure figures in the Revised Estimates Volume 2015.
- With the banking system closed on 1 January, payment was advanced to staff and pensioners in respect of the 1 January 2015 payroll on 31 December 2014, with the funding required to make that payment advanced from the Central Fund as provided by Appropriation Act 2014.
- With 1 January 2015 being the payroll date and tax and PRSI being accounted in that January period, the full amount of that pay and pension cost is a charge to the 2015 Appropriation Accounts.
- Accruals based operating cost information is included as a note to the appropriation accounts. However, this information does not include an accrual in respect of the earned but unpaid element of public service staff pay and pensions.
- To enable the introduction of the reporting of this accrual data for deficit purposes, the Revised Estimates Volume 2015 included, in the Summary Tables,

information on Exchequer pay and pensions expenditure on an accruals basis. This was in addition to the cash based information. The Department of Public Expenditure and Reform also requested Departments to include accruals information in the notes to the 2014 appropriation accounts.

- The Department of Public Expenditure and Reform subsequently agreed, following discussions with the Comptroller and Auditor General's office and the CSO that this information be included as a separate annex in a format specified by the CSO.