

Minutes of Irish Fiscal Advisory Council Meeting (29th & 31st March 2023)

Online

09.00am-12.00noon, Wednesday 29th March 2023

Present

Mr Sebastian Barnes (Chair)

Dr Michael McMahon

Ms Dawn Holland

Dr Adele Bergin

Mr Alessandro Giustiniani

Attending

Dr Eddie Casey

Mr Niall Conroy

Mr Kevin Timoney

Mr Killian Carroll

Mr Brian Cronin

Ms Karen Bonner

Attending (for item Nº 5 only)

Representatives

Department of Finance,

Economic and Budget Division

Proceedings

1. Admin/Financial

- **Declarations of interest:**

There were no declarations of interest.

- The Council **approved the minutes** of the meeting of the Council held on 3 February 2023 & 28 February 2023. Alessandro proposed and Adele seconded them.

- **Matters arising**

The annual Council Board Member Self-Assessment Evaluation Questionnaires, returned directly to the Chairperson, will be discussed by the Council at a future meeting.

It was confirmed that the **2022 unaudited financial statements** as reviewed by the A&RC, were reviewed and approved by the Council and submitted to the C&AG by 28 February deadline.

- **OECD Review Implementation update**

An update was provided in respect of the implementation and status of the recommendations arising out of the OECD peer review.

- **Items for approval**

The Council reviewed and approved the **draft Annual Report 2022** for submission to the C&AG at audit stage.

- **Audit and Risk Committee Minutes:**

The A&RC meeting held on 16 February 2023 was reported as follows:-

- Reviewed the **Charter and TORs of the A&RC** and recommend the unchanged document which was reviewed and agreed by the Council.
- Mazars attended the A&RC meeting to report on the **Systems of Internal Financial Controls (SIFC) 2022 audit**, undertaken in January 2023. The overall audit gives a substantial level of assurance with one low level finding and no observations from the high-level internal control questionnaire (ICQ).
- The A&RC also reviewed the **Risk Policy** and recommend the unchanged policy to the Council which was reviewed and agreed.
- Section 1 (Reputation and Role) of the **Risk Register** was reviewed and an addition to 1.2 Impact/Effectiveness recommended in respect of 'Current Controls' that Social media and media policies are in place, which was reviewed and agreed by the Council.
- The A&RC reviewed the **draft unaudited Financial Statements** including the Governance Statement and

the Statement on Internal Control for the year ended 31st December **2022** and recommended these to the Council. The Council, at its meeting on 3 February 2023, agreed to subsequently review and approve the financial statements, to include the SIC, prior to its next scheduled meeting as it is a requirement that these are submitted to the C&AG by no later than 28 February 2023.

It was noted that these were circulated to the Council on 24 February 2023 and were reviewed and approved for submission to the C&AG by the deadline.

- Seven **policies** were reviewed and are recommended to the Council and were agreed and actioned by the Council as follows:

Anti-Fraud Policy - the Council reviewed and agreed the unchanged policy.

Banking Policy - the Council reviewed and agreed the unchanged policy.

Financial Procedures - the Council reviewed and agreed the unchanged document.

Fixed Asset Policy and Procedures – the Council reviewed and agreed the changed policy, updated in respect of fixed asset types and depreciation treatment.

Income Policy - the Council reviewed and agreed the changed policy updated in respect of the timing of the prior year income adjustment.

Payment Policy – the Council reviewed and agreed the changed policy, with updates in respect of Circular 117/2022 (domestic subsistence increases) and the Appendix (travel and subsistence rates).

Travel Policy – the Council reviewed and agreed the changed policy, with updates in respect of Circular

117/2022 (domestic subsistence increases) and the Appendix (travel and subsistence rates).

- The A&RC reviewed the Code of Conduct and recommend the unchanged document to the Council which was reviewed and approved.
- The next meeting of the A&RC is scheduled for 27 April 2023.

- **Annual review of the effectiveness of internal controls**

The Council is satisfied with the effectiveness of controls for 2022, having reviewed:-

- (i) the draft unaudited Financial Statements including the Governance Statement and the Statement on Internal Control;
- (ii) the minutes of all meetings of the Audit & Risk Committee;
- (iii) the internal and external audit reports, progress on implementation of recommendations and the reasonable assurance in respect of the Statement of Internal Financial Control;
- (iv) the risk register at each meeting;
- (v) ESRI letter of attestation;
- (vi) the 2022 annual Board Self-Assessment Evaluation Questionnaires; and
- (vii) agreed the 2022 draft Annual Report.

- **Standing items:**

- **Purchases and Receipts book:** The Council reviewed the Purchases and Receipts book for January and February 2023.
- **Management Accounts:** The management accounts for Q1 2023 will be available in mid-April.
- **Recruitment Update:** The Summer Internship Programme 2023 is currently advertised with a closing date of 31 March. Other potential project focused recruitment options are also being explored.
- The Council received nine **Parliamentary Questions** since the last meeting.

- **FOI Update:** The Council received one FOI request since the last meeting.
- **Info Security/GDPR:** It is planned to review the IT infrastructure in Q3 2023.
- **EU IFIs**
An update was provided in respect of recent EU IFI activity.
- **Recent and Forthcoming Meetings:**
 - Recent:**
 - Eddie presented at an OECD workshop on long-term fiscal reporting: Paris 10 February
 - Audit and Risk Committee meeting: 16 February
 - Eddie presented at the UCC Economics Conference on 2 March
 - EFB Annual Conference: 3 March
 - Sebastian was a panelist at the TASC FEPS Fiscal Rule seminar: Dublin 14 March
 - Forthcoming:**
 - Fiscal Council's Path for the Public Finances Conference, focusing on the theme of saving today's revenues for use by current and future generations: RIA (Dublin) 30 March 2023.
 - Eddie attending 15th OECD PBO IFI Annual Meeting: Reykjavik 12-15 April
 - Eddie presenting at the Business Post Healthy Ageing Summit: Croke Park 26 April
 - Irish Economic Association Conference: Athlone 3-5 May
 - Forthcoming Council meetings 2023: Forthcoming calls and meeting dates - FAR call 28 April, meeting 9 May (remote), FAR section calls mid-May (tbc) and an in-person meeting in June to coincide with the Oireachtas appearance (tbc).
 - Forthcoming Audit and Risk Committee meetings 2023 @ 9.30am: 27 April.

2. Endorsement Preparations

The Council prepared for the forthcoming endorsement discussion with the Department on 31 March.

AOB

There was no other business. The meeting will reconvene on Friday 31 March 2023 @ 9.00am.

ESRI Conference Room
9.00am-1.30pm, Friday 31st March 2023

3. Council discussion ahead of Department of Finance Presentation

The Council discussed the forthcoming endorsement process.

4. Work update

The Council published a new Working Paper "Saving for Ireland's Future: Building a Sustainable Framework to Fund the State Pension". The paper was well received at the Council's Path for the Public Finances Conference, focusing on the theme of saving today's revenues for use by current and future generations, held in the RIA on 30 March 2023.

The Council was provided with an update in respect of the Corporation Tax paper and Tax Multipliers paper.

It was noted that the Recession Probability paper was accepted to the IEA conference.

5. Department of Finance presents its forecasts

John McCarthy, Chief Economist/Assistant Secretary General and colleague(s) from Department of Finance's Economic and Budget Division joined the meeting and presented their preliminary Stability Programme Update (SPU) 2023 forecasts and responded to questions raised by the Council. The Council thanked the Department of Finance representatives who then left the meeting.

6. Council discussion on endorsement decision

The Council held further discussions related to the Department of Finance's preliminary SPU forecasts in the context of a decision regarding endorsement. In this regard, clarification on the final forecasts and a draft of the text of the endorsement letter will be circulated for review and final approval.

The Council was satisfied that the final forecasts are within an endorsable range, taking into account the methodologies used and the plausibility of the judgements made. The Council endorses as within the range of appropriate forecasts the set of macroeconomic projections prepared by the Department of Finance for SPU 2023 covering the years 2023 to 2030.

The Council will discuss the endorsement process and assess the macroeconomic projections in its forthcoming FAR.

7. Stability Programme Update and preparation for the FAR

The Department will publish the Stability Programme Update 2023 later in April.

The Council discussed the content and timelines for the FAR with plans for a call regarding the first draft in late April and a more detailed review during the 9 May meeting.

8. AOB

There was no other business. Eddie will canvas the Council to agree call dates to review drafts of the FAR. The next Council meeting will take place on 9th May 2023 @ 9am.

Signed:

Sebastian Barnes (Chairperson)

Dated: _____