



**Irish Fiscal  
Advisory Council**

**Annual Report  
and Accounts**  
for the year ended  
31st December **2022**

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## Chairperson’s Statement

This is the Irish Fiscal Advisory Council’s tenth annual report as a statutory body. The Council’s role is to independently assess, and comment publicly on, whether the Government is meeting its own stated budgetary targets and objectives. It is required to assess and endorse, as it considers appropriate, the official macroeconomic forecasts underpinning each Budget and Stability Programme Update. The Council also assesses the fiscal forecasts and the fiscal stance, and monitors compliance with legislated fiscal rules.

Since its establishment, the Council has sought to ensure that it fulfils its mandate as effectively as possible. In 2022, the Council continued to develop its analytical capacity so that conclusions and recommendations included in its Fiscal Assessment Reports are well-founded. It has endeavoured to present its analytical work in a way that informs debate and discussion around fiscal policy issues. During the year, the Council has also engaged in public debate through, for example its three appearances before the Oireachtas Select Committee on Budgetary Oversight and its one appearance before the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach, and through presentations by Council and Secretariat members at conferences and events. In February 2022, the Council’s sixth annual “Path for the Public Finances” conference took place which focused on the theme of ramping up public investment and getting better value for money. The conference took place over two days with speakers from the CBRE, the CPB Netherlands, the European Central Bank, the European Commission, the International Monetary Fund, the Irish Fiscal Advisory Council, the National Investment Office and the University of Limerick. The first day looked at national experiences and specific public investment needs. The second day took a “big picture” look at how public investment is monitored internationally, before concluding with a panel exploring the potential macroeconomic and fiscal implications of a ramp-up in public investment. The Council also participated in the Network of European Union Independent Fiscal Institutions and attended EU Commission meetings.

During 2022, along with its Audit and Risk Committee, the Council continued to adopt, review, and implement policies and procedures in line with the Code of Practice for the Governance of State Bodies, building on the work carried out since the Council’s establishment. For example, the Council approved new or revised policies on Financial Procedures: Management Accounts Preparation & Budgeting Policy, Payments

Procedures, Procurement Policy and Travel Policy, in addition to an Internal Audit Activity Charter and the Audit and Risk Committee Charter. The Council's internal auditors carried out two audits in 2022: Cyber Security and Remote Working and a joint audit of the review of the System of Internal Control and a review of Internal Financial Controls & Internal Control. I can confirm that the appropriate requirements of the Department of Public Expenditure and Reform Public Spending Code are being complied with.

The Council's primary outputs are its bi-annual Fiscal Assessment Reports which were published in May and November 2022, after the annual Budget and Stability Programme. These reports continue to attract considerable attention and that has helped to ensure that the views of the Council feature in debates on fiscal issues. A detailed response was provided by the Minister for Finance following the publication of both Fiscal Assessment Reports. In August 2022, the Council published its ninth Pre-Budget Statement, for Budget 2023. The Council published several working papers during the year including "Free State to Tax state: A century of taxation in Ireland" and "The Irish Fiscal Advisory Council at 10 Years". The Council also published four Analytical Notes: "Historical Public Spending in Ireland: An Experimental Dataset"; "A bottom-up sectoral assessment of the strength of income tax receipts"; "Potential impact of Commission on Taxation and Welfare proposals" and "Household consumption and savings in Ireland since the Covid-19 pandemic".

2022 saw the publication of 'The Irish Fiscal Advisory Council at 10 Years' a working paper which provides both a survey of the contributions made by the Council and its work performed over the 10 years since its establishment, along with an overview of how fiscal and economy policymaking has evolved in Ireland over this period.

The Council also agreed its Strategic Plan 2023-2025 articulating the Key Challenges, Risks and Opportunities and setting out its Strategic Goals. The Plan was informed by recommendations arising out of the OECD (2021) external review, providing an independent evaluations of the Fiscal Council's output, the implementation of which will ensure the Council continues to perform well relative to international standards.



Prof Michael McMahon,  
Acting Chairperson

# Introduction

## Background

The Irish Fiscal Advisory Council (“the Council”) was established on an interim basis in July 2011 and on a statutory basis in December 2012 by the Fiscal Responsibility Act 2012. The Council is comprised of a five-member Council and a six-member, full-time Secretariat, headed by a Chief Economist/Head of Secretariat. The Council’s mandate is to provide independent assessments of official macroeconomic and budgetary forecasts, assessments of compliance with the statutory Budgetary Rule, assessments of the overall stance of fiscal policy, and endorsements (as appropriate) of the official macroeconomic forecasts prepared by the Department of Finance.<sup>1</sup>

While the establishment of a fiscal council was a requirement of the EU/IMF Programme of Financial Support for Ireland (December 2010), it had been proposed domestically in the National Recovery Plan 2011–2014 and by the Joint Committee on Finance and the Public Service in November 2010.<sup>23</sup> The Programme for Government of the new Government, which took office in March 2011, committed to the establishment of a Fiscal Advisory Council. The policy changes in Ireland were also part of more general moves at a European level to strengthen fiscal governance through reforms to the Stability and Growth Pact and the Treaty on Stability, Coordination and Governance.

The Fiscal Responsibility Act 2012 (December) put the Council on a statutory footing.<sup>4</sup> The Act provides for an annual financial ceiling for the Council initially set at €800,000.<sup>5</sup> Within this ceiling, the amount incurred by the Council in performing its functions is met from the Central Fund.

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<sup>1</sup> The endorsement function was assigned to the Council in mid-2013 following an amendment to the Fiscal Responsibility Act 2012. See: <http://www.irishstatutebook.ie/pdf/2013/en.act.2013.0029.pdf>.

<sup>2</sup> The Joint Oireachtas Committee report is available at: <http://www.oireachtas.ie/documents/committees30thdail/jfinancepublicservice/reports/20101111.pdf>.

<sup>3</sup> The initial Department of Finance proposal was set out in detail in the discussion document Reforming Ireland’s Budgetary Framework: A Discussion Document, March 2011 available at: <http://www.finance.gov.ie/sites/default/files/budgetref.pdf>.

<sup>4</sup> Prior to the publication of the Act, the Council published a report Strengthening Ireland’s Fiscal Institutions (January 2012), outlining its views on the design of a new fiscal framework for Ireland that encompassed both fiscal rules and a permanent independent fiscal council.

<sup>5</sup> This is subject to adjustment in line with inflation in the Harmonised Index of Consumer Prices published by the Central Statistics Office.

## Mandate

The Council has four legally mandated functions. The first three were assigned in the *Fiscal Responsibility Act 2012*<sup>6</sup>. The fourth function (endorsement) was assigned to the Council in July 2013.<sup>7</sup>

1. **To assess the official forecasts** produced by the Department of Finance and published in the Stability Programme and in the Budget.
2. **To assess the fiscal stance** of Government, and specifically whether it is conducive to prudent economic and budgetary management, with reference to the EU Stability and Growth Pact.
3. **To monitor and assess compliance with the Budgetary Rule.**<sup>8</sup>
4. **To endorse the official macroeconomic forecasts** prepared by the Department of Finance in relation to each Budget and Stability Programme. This follows revised European requirements to have national medium-term fiscal plans and draft budgets based on independent macroeconomic forecasts, which means macroeconomic forecasts produced or endorsed by an independent body. A joint Memorandum of Understanding between the Council and the Department of Finance underpins the endorsement process.<sup>9</sup>

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<sup>6</sup> <http://www.irishstatutebook.ie/eli/2012/act/39/enacted/en/print.html>

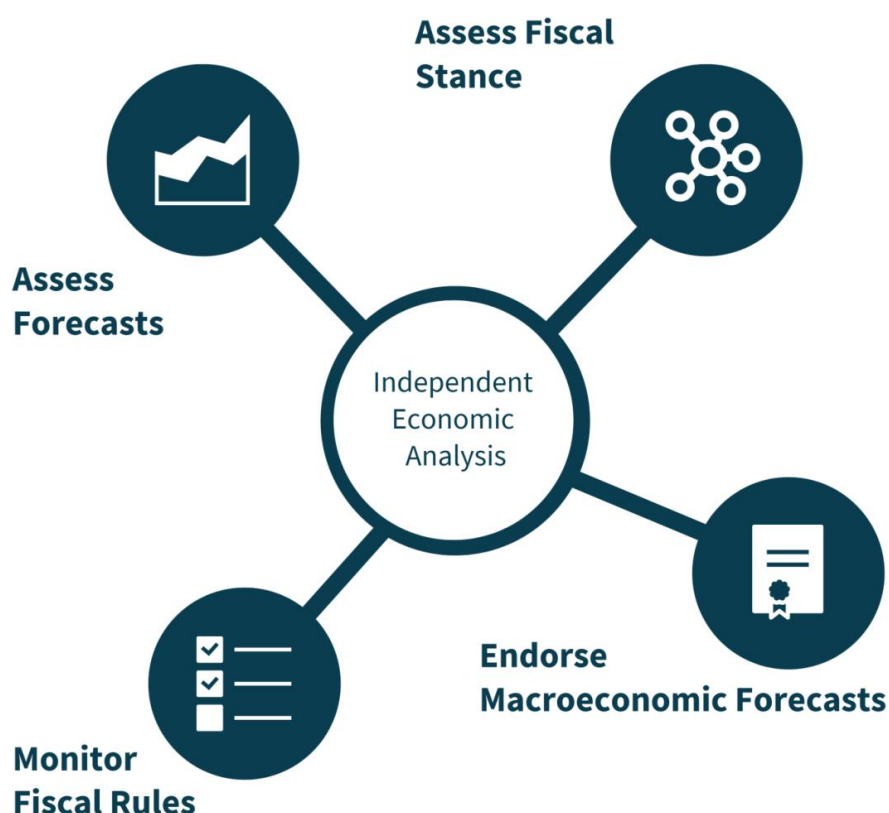
<sup>7</sup> See Ministers and Secretaries (Amendment) Act 2013:

<http://www.irishstatutebook.ie/pdf/2013/en.act.2013.0029.pdf>

<sup>8</sup> The Budgetary Rule requires that the budgetary position of the general government is in balance or in surplus, or is moving at a satisfactory pace towards that position. The Council must also assess whether any non-compliance is a result of 'exceptional circumstances'. This could mean a severe economic downturn and/or an unusual event outside the control of Government which may have a major impact on the budgetary position.

<sup>9</sup> The Council's *Fiscal Assessment Report* (November 2013) detailed the process in the run up to *Budget 2014*. The Memorandum of Understanding was subsequently revised in February 2014 and can be accessed here: [http://www.fiscalcouncil.ie/wp-content/uploads/2012/08/MoU\\_Feb2014.pdf](http://www.fiscalcouncil.ie/wp-content/uploads/2012/08/MoU_Feb2014.pdf)

Figure 1: Mandate of the Council



The Council produces biannual Fiscal Assessment Reports, as well as an annual Pre-Budget Statement. Reports are submitted to the Minister for Finance and subsequently published within ten days. The Council’s Annual Reports are laid before each House of the Oireachtas. The Council chairperson may also be required to appear before the Oireachtas in relation to its activities.

In relation to the endorsement function, the Council is required to provide a formal letter to the Secretary General of the Department of Finance at least five working days before the Department publishes the Budget and Stability Programme.<sup>10</sup> If the Council were to conclude that it had significant reservations about the preliminary or “provisional final” macroeconomic forecasts, it would immediately communicate these informally to the Department. If, following further discussions, the Council were still not in a position to endorse the macroeconomic forecasts underlying the Budget or Stability Programme Update (SPU), the Chair would write to the Secretary General explaining why this was the case, at least five working days before the Department publishes the Budget or SPU.

<sup>10</sup> The process of this function is outlined in the Memorandum of Understanding between the Fiscal Council and Department of Finance, 2017 and can be accessed here: [http://www.fiscalcouncil.ie/wp-content/uploads/2011/07/IFAC\\_DoF\\_Forecasting\\_MoU\\_2017-FINAL.pdf](http://www.fiscalcouncil.ie/wp-content/uploads/2011/07/IFAC_DoF_Forecasting_MoU_2017-FINAL.pdf)

To support the delivery of its mandate, the Council also produces reports for specific purposes, including Analytical Notes, Working Papers and other analytical work on the Irish economy, macroeconomic forecasting, and fiscal policy, in addition to an annual *Ex-Post* Assessment of Compliance with the Domestic Budgetary Rule.



## Membership of the Council and the Secretariat

The Minister for Finance appointed the Council's five members based on their experience and competence in domestic and international macroeconomic and fiscal matters. In 2022, the Council had a strong international dimension with four members based outside of Ireland.

### Council members 31 December 2022

- **Mr Sebastian Barnes:** is a Head of Division at the OECD Economics Department and former Counsellor to the Chief Economist. His first term of appointment to the Irish Fiscal Advisory Council was four years effective 31 December 2012. He was reappointed for a second four-year term effective from 1 January 2017 and for a further four-year term effective from 1 January 2021. Mr Barnes served as acting Chairperson from 1 January 2020, was appointed as the Chairperson effective from 22 July 2020 and re-appointed to this role on 17 December 2020.
- **Prof Michael McMahon:** Professor of Macroeconomics at the University of Oxford and Senior Research Fellow of St Hugh's College. His term of appointment to the Irish Fiscal Advisory Council is 4 years effective 18 April 2019. The Council appointed Prof McMahon as Vice-Chairperson of the Fiscal Council on 14 December 2020.
- **Ms Dawn Holland:** Visiting Fellow, National Institute of Economic and Social Research. Her term of appointment to the Irish Fiscal Advisory Council is four years effective 1 January 2020.
- **Dr Adele Bergin:** Associate Research Professor at the Economic and Social Research Institute, where she is a joint research area coordinator for macroeconomics. She is an adjunct Professor at the Department of Economics in Trinity College Dublin and a Research Fellow with the Institute for the Study of Labor (IZA) in Bonn, Germany. Her term of appointment to the Irish Fiscal Advisory Council is four years effective 1 January 2021.
- **Mr Alessandro Giustiniani:** former staff member of the International Monetary Fund (IMF) where he was most recently the lead country desk economist for Ireland responsible for developing the macroeconomic framework and the analysis of the sustainability of public debt. His term of appointment to the Irish Fiscal Advisory Council is four years effective 1 January 2021.

### Gender balance in the Council Membership

Council Member appointments and terms are defined in the Fiscal Responsibility Act 2012. The members are appointed by the Minister for Finance. Appointments comply with the Public Appointments Service (PAS) process set out in the Guidelines on Appointments to State Boards.

As at 31 December 2022, the Council has three (60%) male and two (40%) female members. The Council membership meets the Government target of a minimum of 40% representation of each gender in the Membership of State Boards as at 31 December 2022.

### Secretariat

The Secretariat's full complement of staff is a Chief Economist/Head of Secretariat (Dr Eddie Casey), two Economists, two Research Assistants, and an Administrator.

## Strategic Goals

### Central Goal: Deliver on all Elements of our Mandate

#### Assessment of Fiscal Stance, Official Forecasts, and Compliance with Budgetary Rule

- The Council published two Fiscal Assessment Reports, as well as a Pre-Budget Statement, in 2022:
  - The “Fiscal Assessment Report, May 2021” published on 31 May 2022 (within eight weeks of the Stability Programme Update) assessed the macroeconomic and budgetary forecasts that the Government set out in the 2022 “Stability Programme Update”. It also assessed compliance with legislated fiscal rules and the appropriateness of the broader fiscal stance.
  - The “Fiscal Assessment Report, November 2022” published on 23 November 2022 assessed the fiscal stance that the Government set out in Budget 2023. It also assessed the macroeconomic and fiscal forecasts, and monitors compliance with legislated fiscal rules.
  - The “Pre-Budget 2023 Statement” published on 31 August 2022 reviewed the fiscal stance in advance of Budget 2023. The Council’s assessment focused on an economic analysis, which assesses the appropriateness of the fiscal stance in terms of the principles of sound economic and budgetary management, and an assessment of whether the Government’s fiscal plans are in line with the requirements of the budgetary framework.
- The Council systematically reported on official forecasts as part of its reports.
- The Council continued to develop its analytical approach to assessing the fiscal stance and compliance with the Domestic Budgetary Rule. In May 2022, the Council published its “Ex-Post Assessment of Compliance with the Domestic Budgetary Rule in 2021”.
- After publishing each of its Fiscal Assessment Reports, the Council reviewed the report and documented changes/improvements for future reports.

## Council's assessment of actions required by other public bodies to support prudent economic and budgetary management

Council's Recommendation	Report	Page
<b>Recommendation:</b> The National Spending Rule should be broadened to capture general government spending, have a link to debt targets, and recognise the impact of tax measures.	Fiscal Assessment Report, May 2022	10
<b>Recommendation:</b> The impact of excess corporation tax receipts on the budget balance should be clearly shown. This approach of excluding excess corporation tax receipts from measures of the budget balance should be extended to monthly Exchequer balance estimates.	Fiscal Assessment Report, May 2022	11, 107
	Fiscal Assessment Report, November 2022	84
<b>Recommendation:</b> Medium-term forecasting should always be undertaken out to at least five years ahead.	Fiscal Assessment Report, May 2022	32
<b>Recommendation:</b> The official macroeconomic and fiscal forecasts should be consistent. Example: fiscal forecasts typically do not assume social benefits (pension payments and unemployment benefits) are uprated as this requires a formal budgetary decision, even if history suggests this is likely. But for the Department's forecasts of consumer spending and household savings to be realistic, some recognition of these likely changes are needed. Moreover, for consistency, the results of the Existing Levels of Service (ELS) approach should be incorporated into the broader macro forecasts over the medium-term.	Fiscal Assessment Report, May 2022	33, 60
<b>Recommendation:</b> Major policy commitments (such as Climate related costs and Sláintecare) need to be properly costed and factored into the Government's plans.	Fiscal Assessment Report, May 2022	85, 113
<b>Recommendation:</b> A new National Pension Reserve Fund should be used to save excess corporation tax receipts, gradually reducing the State's over-reliance on these risky revenues.	Pre-Budget Statement	6
	Fiscal Assessment Report, Nov 2022	9
<b>Recommendation:</b> The White Paper, part of Budgetary documentation, should be improved. A full breakdown of the expected nopoly change expenditure and revenue on a general government basis should be provided. Figures in the White Paper should also be presented on a "Gross" Exchequer basis rather than on a net basis, which tends to mask underlying developments when there are offsetting transactions. Figures for expected spending by Department should be included. The White Paper should also cover a five-year forecast horizon.	Pre-Budget Statement	36
<b>Recommendation:</b> The department spending ceilings should be published on time. These have not been published in the past three years as part of Budget-Day documentation. Instead, the ceilings have been relegated in terms of their importance and are being published very late in the year (usually late December) — well beyond the October requirement. The Government's failure to publish these ceilings on Budget Day, and their lack of integration into the budgetary framework more generally, represents a backwards step in transparency and a weakness in the overall fiscal framework.	Fiscal Assessment Report, Nov 2022	10
<b>Recommendation:</b> The Department should be more transparent in terms of how contingencies are baked into monthly spending profiles set out for the year. The Department's use of contingencies as a means of responding to uncertain costs has worked broadly well in recent years. However, separating these contingencies from other spending within departments would allow better scrutiny of how spending is evolving month to month.	Fiscal Assessment Report, Nov 2022	71

## Actions in response to previous assessments (from 2021 Annual Report)

Previous Recommendation	Outcome
<p><b>The Government needs to set out a credible medium-term strategy:</b> This would include a clear plan for how competing pressures can be achieved, higher pension spending, measures to address climate change, a reduced reliance on corporation tax reliance and other ambitions.</p>	<p>These issues were not addressed in 2022.</p>
<p><b>The Government should introduce three initiatives to put the public finances on a sound footing:</b> debt targets, a reformed Rainy Day Fund used from 2023 on that absorbs excess corporation tax receipts, and a sustainable anchor for net spending growth. This spending anchor should be based on alternative estimates of potential output growth and should allow for realistic bottom-up forecasts of price and demographic pressures.</p>	<p>The Government introduced a National Spending Rule which applied to Budget 2022 that was designed to limit net spending growth to trend economic growth rates of 5%. This was not set in legislation. Other issues were not addressed in 2022.</p>
<p><b>The Government should shift to using general government data:</b> This would mean shifting from its traditional focus on Exchequer data to a more harmonised general government presentation in line with Eurostat standards.</p>	<p>There was little progress made on this front in terms of further developing the official budgetary forecasts to provide more detail on non-Exchequer areas.</p>
<p><b>The Government should better specify its new spending rule and debt objective:</b> Design problems include (1) no legal underpinnings; (2) assumed trend growth rate is high at 5 per cent and beyond the Department’s own estimates of sustainable growth; (3) planned tax cuts do not reduce the space allowed for by the rule (in other words, they are in addition to sustainable increases allowed by the rule); and (4) the expenditure rule should be on a whole of government or “general government” basis. The debt objective “to stabilise, and reduce slightly, the debt-income ratio in the coming years” is a riskier approach than the assumption previously set out that the budget could be “returned to broad balance by the mid-part of this decade”.</p>	<p>These issues were not addressed in 2022 though the Department later clarified in the Stability Programme Update 2023 that the spending rule was a net one that resolved the third design problem listed here.</p>
<p><b>The Department of Finance should continue to estimate “Existing Level of Service” costs and should provide more detail on these:</b> These estimates reflect more realistic assumptions about the cost of maintaining existing supports and services. This more realistic approach is welcome and should be continued into the future. The Government should publish a full medium-term breakdown of the various drivers of the costs of maintaining the existing level of service and the assumptions and methodologies used. This would allow a more comprehensive evaluation of the figures provided.</p>	<p>No further progress was made on this front in 2022.</p>
<p><b>Medium-term budgeting should be improved:</b> First, a clear sense of how taxes would be adjusted if needed would help to safeguard future plans. Second, the Government should improve transparency on non-Exchequer areas. Third, the Government should deliver on the commitment to full 5-year-ahead medium-term forecasts and revert to this horizon in future publications.</p>	<p>These issues were not addressed in 2022.</p>
<p><b>Proper costings of major initiatives are needed:</b> The Government needs to spell out the costs of major spending initiatives such as the Climate change transition and Sláintecare reforms. To gauge progress and potential future costs, updated costings, which factor in pay and price pressures, should be carried out to better inform policy and planning.</p>	<p>These issues were not addressed in 2022.</p>

## Endorsement of Macroeconomic Forecasts

- The Council finalised the benchmark projections that the Secretariat prepared as an input in their endorsement considerations.
- Each Fiscal Assessment Report documented the Council’s approach to the corresponding endorsement exercise, including relevant meetings, data, and decisions.
- On 4 April 2022—more than five working days before the Stability Programme Update—the Council endorsed as within the range of appropriate forecasts the set of medium-term macroeconomic projections prepared by the Department of Finance on which Stability Programme Update 2022 (SPU 2022) would be based. On 19 September 2022—more than five working days before the Budget—the Council endorsed as within the range of appropriate forecasts the set of macroeconomic projections prepared by the Department of Finance for Budget 2023 for the years 2022 and 2023.
- The Council continued to develop and refine its short-term and medium-term forecasting models. On 21 April 2022 the Council published a working paper “Free State to Tax state: A century of taxation in Ireland” constructing a new dataset of tax rates and tax bands for the main tax headings in Ireland, from 1920-2019 and documenting the changes and trends in Irish tax policy over the past century. On 21 April 2022 the Council published an Analytical Note on “Historical Public Spending in Ireland: An Experimental Dataset” which provides an overview of a new experimental long-run central government spending dataset for Ireland. The dataset charts the history of central government spending in Ireland over close to a century, from 1922 to 2018. On 16 November 2022 the Council published an Analytical Note on “Potential impact of Commission on Taxation and Welfare proposals” which looks at the recent Commission on Taxation and Welfare’s recommendations. While the Commission focused on the overall strategy, we draw our own interpretation of the proposed reforms to assess the potential impact on taxation.
- The Council continued to review on an annual basis the “Memorandum of Understanding between the Irish Fiscal Advisory Council and the Department of Finance relating to the ‘Endorsement Function’ of the Council under the Fiscal Responsibility Acts 2012 and 2013”. On 17 February 2022, the Secretary General of the Department of Finance and the Chairperson of the Council signed the revised version.

## Supporting Goal 1: Ensure Compliance with all Requirements for a Statutory Body

### Publication of Annual Report and a set of financial accounts

- On 16 September 2022, the Council published its Annual Report and Accounts for the year ended 31 December 2021. This was within one month of the Comptroller and Auditor General completing its audit of the Council's financial statements, but not within six months of the end of the financial year.
- In 2022, the Council implemented recommendations from the previous audit by the Comptroller and Auditor General.
- The Council continued to review ongoing requirements for statutory bodies and updated its procedures as required.

### Independence and transparency

- The Council published dates of Council meetings.
- The Council published all formal interactions with Government in 2022.
- The Council responded to all queries (including Parliamentary Questions) in relation to Council activities.
- The Council made sure that the website remained up to date and reflective of Council work including minutes of meetings, decisions, reports, and presentations.

### External review of Council operations

- In 2020, a peer review of the Fiscal Council was conducted by an expert team led by the OECD. The project was funded by the European Union, and implemented by the OECD in cooperation with the European Commission's Directorate General for Structural Reform Support (DG REFORM). The review was informed by virtual visits for stakeholder interviews in summer 2020. The Council welcomed the final report, published in February 2021, and the Review's findings. The Council has implemented the bulk of recommendations addressed to the Council and in 2022 continued to engage with Department of Finance on aspects that would require legislative change or actions by the Department. This process is expected to reach its conclusion in 2023.

## Supporting Goal 2: Promote Awareness of Fiscal Policy issues

### Two Fiscal Assessment Reports and a Pre-Budget Statement every year

- The Council presented its reports in a clear manner to the highest possible professional standards, in print and on its website.
- To make sure that its reports contained non-technical summaries, the Council highlighted the “Summary Assessment” from both Fiscal Assessment Reports, and highlighted the key messages from its “Pre-Budget 2023 Statement”.
- The Council responded to queries on its reports in a timely manner.

### Analytical Notes and Working Papers

- On 21 April 2022 the Council published a working paper “Free State to Tax state: A century of taxation in Ireland” constructing a new dataset of tax rates and tax bands for the main tax headings in Ireland, from 1920-2019 and documenting the changes and trends in Irish tax policy over the past century. On 21 April 2022 the Council published an Analytical Note on “Historical Public Spending in Ireland: An Experimental Dataset” which provides an overview of a new experimental long-run central government spending dataset for Ireland. The dataset charts the history of central government spending in Ireland over close to a century, from 1922 to 2018. On 25 May 2022 the Council published an Analytical Note on “A bottom-up sectoral assessment of the strength of income tax receipts” which analyses the contributions of different sectors to income taxes paid directly by employees. On 16 September 2022 the Council published a working paper “The Irish Fiscal Advisory Council at 10 Years” which provides both a survey of the contributions made by the Council and its work performed over the 10 years since its establishment, along with an overview of how fiscal and economy policymaking has evolved in Ireland over this period. On 16 November 2022 the Council published an Analytical Note on “Potential impact of Commission on Taxation and Welfare proposals” which looks at the recent Commission on Taxation and Welfare’s recommendations. While the Commission focused on the overall strategy, we draw our own interpretation of the proposed reforms to assess the potential impact on taxation. On 23 November 2022 the Council published an Analytical Note on “Household consumption and savings in Ireland since the Covid-19



pandemic” which examines the impact of Covid-19 on Ireland’s measured levels of household consumption and savings.

- The Council presented its work at relevant conferences/seminars:
  - Niall Conroy presented on ‘Ireland’s next ramp up in public investment’ at the Council’s “Path for the Public Finances, 2022: ‘Ramping up public investment and getting better value for money” conference on 7 and 8 February 2022.
  - Eddie Casey was a panellist at the Commission on Taxation & Welfare: Our Future Tax & Welfare - Stakeholder Forum: 3 & 4 March 2022
  - Kevin Timoney presented at Dept of Economics (UL): Income, Output and Expenditure Approaches to Forecasting GNI: 16 March 2022
  - Niall Conroy presented at the Irish Economic Association Annual Conference 2022. Limerick 5 & 6 May 2022
  - Sebastian Barnes and Michael McMahon presented at the OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions Annual Network meeting: Dublin 5 & 6 May 2022
  - Sebastian Barnes and Eddie Casey presented at the Dublin Economic Workshop (16 & 17 September 2022)
  - Eddie Casey presented at the Citizen’s Assembly on BioDiversity re: Fiscal Framework: Dublin 25 September 2022
  - Sebastian Barnes presented to the EU Alternates: Brussels 26 October 2022
- The Council raises awareness on fiscal issues and activities of the Council outside of the Fiscal Assessment Report cycle.

#### External communications and awareness of the Council

- In 2022, the Council appeared before the Oireachtas Select Committee on Budgetary Oversight when invited (1 June, 7 September and 30 November) and the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach on 13 July.
- The Council hosted media briefings before publishing each Fiscal Assessment Report.
- The Council published a press release and presentation for each Fiscal Assessment Report.

- The Council held the sixth in the series of its annual “Path for the Public Finances” conferences on 7 and 8 February 2022. The conference focused on the theme of ramping up public investment and getting better value for money with speakers from the CBRE, the CPB Netherlands, the European Central Bank, the European Commission, the International Monetary Fund, the Irish Fiscal Advisory Council, the National Investment Office and the University of Limerick.
- The Council and Secretariat participated in relevant domestic and international conferences and seminars, including:
  - EU IFI meeting (3rd – 4th February 2022)
  - Irish Economic Association Annual Conference (5th & 6 May 2022)
  - Commission on Taxation & Welfare: Our Future Stakeholder Forum (3 & 4 March 2022)
  - Income, Output and Expenditure Approaches to Forecasting GNI (16 March 2022)
  - OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions Annual Network meeting: (5 & 6 May 2022)
  - EU IFI meeting ( 10 & 11 May 2022)
  - National Economic Dialogue (20 June 2022)
  - Foundation for European Progressive Studies ([FEPS](#)) and the Think-tank Action on Social Chance ([TASC](#)) Expert Seminar on Fiscal Rules on reforming the EU’s fiscal framework: (13 July 2022);
  - Dublin Economic Workshop (16 & 17 September 2022);
  - EU Network of Independent Fiscal Institutions (EUNIFI) meeting (20 September 2022);
  - EU IFI Meeting (21 September 2022);
  - IPFIN 2022 in Edinburgh on (27 & 28 October 2022);
  - ECFIN 2022 Conference (13 December 2022).

The Council responded in a timely manner to all queries on its activities.

- The Council made greater use of its website and social media accounts, to establish the Council as the authoritative source on fiscal policy and fiscal stance in Ireland. The Council continues to develop the website to make it more user friendly. The Council posted on its Twitter account about its publications, endorsements, and infographics, as well as topics such as corporation tax, the health budget, pensions and public investment.

## Achieving Our Goals

### Economic Forecasting: Short-term and medium-term forecasting; Long-term forecasting

- The Council further developed the Secretariat’s short-term (2 year) and medium-term (3–5-year) forecasting capabilities through training, recruitment, and reviewing Benchmark projections.
- On 21 April 2022 the Council published a working paper “Free State to Tax state: A century of taxation in Ireland” constructing a new dataset of tax rates and tax bands for the main tax headings in Ireland, from 1920-2019 and documenting the changes and trends in Irish tax policy over the past century.
- On 21 April 2022 the Council published an Analytical Note on “Historical Public Spending in Ireland: An Experimental Dataset” which provides an overview of a new experimental long-run central government spending dataset for Ireland. The dataset charts the history of central government spending in Ireland over close to a century, from 1922 to 2018.
- On 25 May 2022 the Council published an Analytical Note on “A bottom-up sectoral assessment of the strength of income tax receipts” which analyses the contributions of different sectors to income taxes paid directly by employees.
- On 16 November 2022 the Council published an Analytical Note on “Potential impact of Commission on Taxation and Welfare proposals” which looks at the recent Commission on Taxation and Welfare’s recommendations. While the Commission focused on the overall strategy, we draw our own interpretation of the proposed reforms to assess the potential impact on taxation.
- On 23 November 2022 the Council published an Analytical Note on “Household consumption and savings in Ireland since the Covid-19 pandemic” which examines the impact of Covid-19 on Ireland’s measured levels of household consumption and savings.

### Public Finances and Fiscal Rules

- The Council continued to make sure that Secretariat staff members are appropriately trained and informed on all issues relating to the public finances and fiscal rules.

- The Council documented clearly the Government’s compliance or non-compliance with the domestic Budgetary Rule, in its “Assessment of Compliance with the Domestic Budgetary Rule in 2021” published in the Fiscal Assessment Report, May 2022.
- The Council further developed its analysis of revisions to public finance projections relative to plans, its analysis of budgetary one-offs, and its understanding of key drivers of public expenditure forecasts.
- The Council continued to develop its work on producing long-term fiscal projections.

#### Full-time six-person Secretariat

- The Council provided ongoing training for Secretariat where appropriate.
- The Council continued regularly reviewing the Secretariat’s output.
- The Council and Secretariat maintained a supportive work environment.
- The Council made sure that clear work plans and goals were in place for staff in 2022.
- The Council liaised with service providers, to ease the administrative burden on staff, and continued its annual review of its Shared Service Agreement with the ESRI (Economic and Social Research Institute).

#### Stakeholders

- During 2022, the Council and Secretariat met with key stakeholders of the Council to hear their views on economic issues and work related to the Council. This included Committees to Houses of the Oireachtas, the Central Statistics Office, the Department of Finance, the Department of Public Expenditure and Reform, the ESRI, private economic forecasting agencies, and other international fiscal councils.
- During 2022, the Council participated in international fiscal council forums, attending meetings of the Network of EU Independent Fiscal Institutions (EUIFI), EU Network of Independent Fiscal Institutions (EUNIFI), and OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions.

## Governance

### Audit and Risk Committee

In 2022, the Audit and Risk Committee's members were:

- Dawn Holland (Chairperson)
- Michael Kelly (external member appointed February 2016, re-appointed February 2019 and again in February 2022).
- Adele Bergin (appointed in January 2021)

The Audit and Risk Committee met on five dates in 2022:

- 16 February
- 14 April
- 20 July
- 02 September
- 16 November

In 2014, the Fiscal Council appointed Mazars as internal auditors for 2015–2017. Mazars were re-appointed as internal auditors for the period 2018 to mid-2021. Following a procurement process the Fiscal Council re-appointed Mazars in July 2021 as internal auditors for the provision of two internal audits annually, over a 48-month period.

Mazars carried out two internal audits in 2022: a Cyber Security and Remote Working audit and a joint audit of the review of the System of Internal Control and a review of Internal Financial Controls & Internal Control for 2021.

In February 2022, the Council approved the updated Charter of the Audit and Risk Committee, and in November 2022 approved the Internal Audit Charter.

### Disclosure of interests

In accordance with the Code of Practice for the Governance of State Bodies, the Council has a Code of Business Conduct which includes guidance in relation to the disclosure of interests by Council Members. These procedures were complied with.

Council members are designated directors for the purposes of the Ethics in Public Office Acts 1995 and 2003, and have obligations in relation to disclosure of material interest and an annual statement of interest under the terms of the Acts.

## Self-Assessment

The Council completed its annual self-assessment evaluations in 2022. Council members returned completed annual self-assessment evaluations to the Chairperson.

# Implementation of the Public Sector Climate Action Mandate and sustainability activities

## Energy consumption

The Fiscal Council offices are located in the Economic & Social Research Institute (ESRI) building. The Fiscal Council has a shared service agreement (SSA) in place with the ESRI. Under this agreement, the ESRI provides office accommodation and building services on a pro rata basis and support services relating primarily to accounts, IT, and other corporate services. The facilities provider, the ESRI, have been developing and implementing various “green” initiatives across the site on an ongoing basis. The Fiscal Council is actively engaging in these initiatives and its own.

The Fiscal Council’s energy consumption is apportioned based on the use of ESRI facilities according to the pro-rata number of staff. On this basis, consumption by energy type in 2022 was 17,191kWh of electricity and 11,646kWh of gas for a total 28,837kWh energy consumption. Compared to 2018, this represents an overall 58% reduction in consumption<sup>11</sup>.

**Table: Consumption by energy type**  
kWh

	2018	2019	2020	2021	2022	2022 vs 2018
Electricity	46,233	39,692	25,179	31,650	17,191	-63%
Thermal	22,921	21,185	13,544	11,197	11,646	-49%
Total	69,153	60,877	38,722	42,847	28,837	-58%

## Air travel emissions

The Council is required to comply with Circular 1/2020 on procedures for offsetting emissions associated with official air travel. The Council did not comply with its requirements for 2021 and 2022 as it had some queries in relation to coverage and whether payment was required irrespective of the infrequency of air travel and low amounts due. A total of €48.76 was due (2022: €14.65, 2021: €34.11) based on 10,638 kms travelled (8 return flights) in 2021 and 3,364 kms travelled (3 return flights) in 2022. These amounts were subsequently paid in October 2023 and the Council intends to make annual Q1 payments in respect of the preceding calendar year going forward.

<sup>11</sup> As set out in the [Climate Action and Low Carbon Development \(Amendment\) Bill 2021](#), Ireland's first two carbon budgets provide for a reduction of 51 per cent in the total amount of greenhouse gas emissions over the course of the first two budget periods ending on 31 December 2030, from the annual greenhouse gas emissions reported for the year ending on 31 December 2018.

## Paper usage

The Council has eliminated its use of paper-based processes in full.

By default, digitisation is the Council's main approach to delivering on its mandate.

In the past two years, the Council has not procured paper and its policy is to ensure that recycled paper is the default option if required.

## Energy management

The Council is required to implement energy management programmes as per SEAI's energy management guidance (S.I. 426 of 2014) and report to SEAI annually on M&R.

## Procurement

Where appropriate, the Council intends to now procure goods and services in line with [EPA Green Public Procurement Guidance](#) and using [GPP Criteria Search](#) where appropriate. There were no above-threshold procurement needs in 2022 that this would apply to.

The Fiscal Council has ceased using disposable cups, plates and cutlery in its offices for full-time staff. It intends to introduce a policy in 2023 to fully eliminate all use, including for visitors.

The Fiscal Council has no envisaged construction needs but will ensure to specify low carbon construction methods and low carbon cement material as far as practicable for any directly procured or supported construction projects from 2023.

## Buildings and Vehicles

The Fiscal Council

- provides secure and accessible bicycle parking through its facilities provider
- does not provide car parking by default to staff except in exceptional circumstances
- facilitates the bike-to-work scheme for its employees
- does not own any property, energy sources are provided by its facilities provider
- has no vehicles and does not intend to procure any in future



## Appendix: Statement on System of Internal Controls in a State Body

(from the Chairperson's Comprehensive Report to the Minister)

- 1) On behalf of the Irish Fiscal Advisory Council, I acknowledge the Council's responsibility for making sure that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).
- 2) The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.
- 3) The key control procedures, tailored to reflect the size and complexity of the Council to provide a full understanding of the procedures, put in place by the Council to provide effective internal control include the following:
  - i. The Council concluded its annual review of the effectiveness of internal control systems on 31 March 2023, to ensure that it had considered all aspects of risk management and internal control for 2022.
  - ii. The Council had no instances where breaches in control occurred.
  - iii. The Council had no material losses or frauds.
  - iv. The Audit and Risk Committee and the Council reviewed the Statement on Internal Controls to ensure it accurately reflects the control system in operation during 2022.
  - v. The external auditors reviewed the Statement on Internal Controls to confirm that it reflects the audited body's compliance with the requirements of the Code of Practice and is consistent with the information of which they are aware from their audit work on the financial statements.
  - vi. I confirm that a control environment containing the following elements is in place: procedures for all key business processes have been documented; financial responsibilities assigned at management level with corresponding accountability; an appropriate budgeting system with an annual budget which is submitted to the Department of

Finance; systems aimed at ensuring the security of the information and communication technology systems; and systems in place to safeguard assets.

- vii. A risk register is in place which identifies the key risks facing the Irish Fiscal Advisory Council and these have been identified, evaluated and graded according to their significance. The Council systematically reviews its risk register and updates as necessary.
  - viii. There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.
  - ix. I confirm that the following ongoing monitoring systems are in place: key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies; reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.
  - x. The Irish Fiscal Advisory Council's monitoring and review of the effectiveness of the system of internal control is informed by
    - a letter of assurance from the ESRI, who provide accounting and payroll services to the Fiscal Council as part of a shared service agreement, in respect of the operation of its systems of internal control. In addition, all processes and procedures carried out by the ESRI in relation to services provided to the Fiscal Council are subject to audit by the Fiscal Council's internal auditors during the annual SIC audit;
    - the work of the internal and external auditors;
    - the Audit and Risk Committee which oversees their work; and
    - the senior management within the Irish Fiscal Advisory Council responsible for the development and maintenance of the internal financial control framework.
- 4) I confirm that the Council concluded its annual review of the effectiveness of internal control systems on 31 March 2023.
- 5) No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

- 6) I confirm that the Council is in compliance with current procurement rules and guidelines as set out by the Office of Government Procurement.

## Financial Statements for the year ended 31 December 2022

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## Governance Statement and Council Members' Report

### Governance

The Irish Fiscal Advisory Council (“the Fiscal Council”) was established on an interim basis in July 2011 and on a statutory basis in December 2012 by the Fiscal Responsibility Act 2012 (“the Act”). The Fiscal Council is comprised of a five-member Council (“the Council”) and a six-member, full-time Secretariat, headed by a Chief Economist/Head of Secretariat. The Fiscal Council’s mandate is to provide independent assessments of official macroeconomic and budgetary forecasts, assessments of compliance with the statutory Budgetary Rule, assessments of the overall stance of fiscal policy, and endorsements (as appropriate) of the official macroeconomic forecasts prepared by the Department of Finance. The Act guarantees the Fiscal Council’s independence while making it accountable to the Minister for Finance. The Council is responsible for ensuring good governance of the organisation. It does this by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Fiscal Council are the responsibility of the Chief Economist/Head of Secretariat, who must follow the broad strategic direction set by the Council and must make sure that all Council members have a clear understanding of the key activities and decisions related to the Council, and of any significant risks likely to arise. The Chief Economist/Head of Secretariat acts as a direct liaison between the Council and staff.

### Council Responsibilities

The work and responsibilities of the Council are set out in the Schedule of Matters, which also contain the matters specifically reserved for Council decision. Standing items considered at the Council’s regular meetings include:

- declaration of interests,
- financial reports/management accounts,
- minutes of the Audit and Risk Committee,
- performance reports,
- reserved matters,
- risk updates,
- IT Security,
- Freedom of Information, and
- Parliamentary Questions.

The Fiscal Responsibility Act 2012 requires the Fiscal Council to keep, in such form as may be approved by the Minister for Finance with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it. In preparing these financial statements, the Fiscal Council is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Fiscal Council is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to make sure that the financial statements comply with the Fiscal Responsibility Act 2012. The maintenance and integrity of the corporate and financial information on the Fiscal Council's website is the responsibility of the Council. The Council is responsible for approving the annual work plan and budget. An evaluation of the performance of the Council by reference to the annual plan and budget was carried out on 03 February 2023.

The Council is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Council considers that the financial statements give a true and fair view of the financial performance and the financial position of the Fiscal Council at 31 December 2022.

The Council has approved a procurement policy that delegates authority for spending, under certain limits, to the Secretariat.

### Council Structure

The Council consists of a Chairperson, Vice Chairperson, and three ordinary members, all of whom were appointed by the Minister for Finance. The members of the Council were appointed for a period of four years and meet on roughly a monthly basis. The table below details the appointment period for members as of 31st December 2022:

Council member	Role	First appointed	Reappointed (ii)
Sebastian Barnes	Chairperson	31 December 2012	1 January 2017 1 January 2021
Prof Michael McMahon	Vice Chairperson	18 April 2019	
Dawn Holland (i)	Ordinary Member	1 January 2020	
Dr Adele Bergin (i)	Ordinary Member	1 January 2021	
Alessandro Giustiniani	Ordinary Member	1 January 2021	

(i) Audit and Risk Committee member

(ii) Effective 16 December 2020 a Council Member can serve up to three consecutive terms.

### Key Personnel Changes

There were no changes to the Membership of the Fiscal Council in 2022.

### Audit and Risk Committee

The Council has established an Audit and Risk Committee, which comprises two Council members and one independent member. The role of the Committee is to support the Council in relation to its responsibilities for issues of risk, control and governance and associated assurance. The Committee is independent from the financial management of the organisation. In particular, the Committee ensures that the internal control systems

including audit activities are monitored actively and independently. The Committee reports to the Council after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee in 2022 were Dawn Holland (Chairperson), Adele Bergin and Michael Kelly. The Committee met five times in 2022.

## Other information

### **Auditor:**

The Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1

### **Bankers:**

Bank of Ireland  
Lower Baggot Street  
Dublin 2

## Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Council and Committee meetings for 2022 is set out below, including the fees and expenses incurred by each member:

	See Notes pages 20-21	Council meetings attended (total: 10)	Audit and Risk Committee meetings attended (total: 5)	Fees (2022) €	Travel and subsistence expenses (ii) (2022) €
Mr Sebastian Barnes (i)	4, 5	10	N/A	(i) 20,520	5,240
Prof Michael McMahon	4	10	N/A	11,970	1,870
Ms Dawn Holland	4	10	5	11,970	2,056
Dr Adele Bergin (i)	4, 5	10	4	(i) 11,970	-
Mr Alessandro Giustiniani	4	10	N/A	11,970	-
<b>Total Council Members Fees and Expenses</b>				<b>68,400</b>	<b>9,166</b>
Mr Michael Kelly (Audit and Risk Committee only)	6	N/A	5	1,845	-
<b>Total</b>				<b>70,245</b>	<b>9,166</b>

(i) These fees are paid to the employers of the Council members, and not to the Council members themselves.

(ii) Travel and subsistence expenses are incurred with no benefit to the individual.

## Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Council is responsible for making sure that it has complied with the requirements of the Code of Practice for the Governance of State Bodies (“the Code”), which the Department of Public Expenditure and Reform published in August 2016. The following disclosures are required by the Code:



## Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range		Number of employees	
From	To	2022	2021
€60,000	€69,999	-	-
€70,000	€79,999	-	1
€80,000	€89,999	2	1
€90,000	€99,999	-	-
€100,000	€109,999	1	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but exclude employer's PRSI.

## Consultancy Costs

The Fiscal Council had no consultancy costs in 2022.

## Legal Costs and Settlements

The Fiscal Council had no legal costs or settlements in 2022.

## Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	See Note page 20	2022 €	2021 €
<b>Domestic</b>			
Council	4	2,570	360
Employees		836	-
<b>International</b>			
Council	4	6,596	1,204
Employees		2,467	-
<b>Total</b>		<b>12,469</b>	<b>1,564</b>

## Hospitality Expenditure

No hospitality expenditure was incurred in 2022.

## Statement of Compliance

The Council has adopted the Code of Practice for the Governance of State Bodies (2016), adapted in some instances to take account of the Fiscal Council's particular governance framework and the statutory requirements of the Fiscal Responsibility Act 2012 and Regulation (EU) № 473/2013 of the European Parliament and of the Council of 21 May 2013, including the requirement for the Fiscal Council to be independent. The Council has put procedures in place to ensure the application of relevant provisions of the Code of Practice. In that context, the Council has assessed each provision appropriate to the Fiscal

Council’s statutory requirements and it has agreed with the Department of Finance those provisions not relevant or to which the Fiscal Council will comply via an alternative principle. It also has an Oversight and Performance Delivery Agreement in place in this regard. Further details are provided in the following table:

<b>What the Code provision requires</b>	<b>The Council’s measures for achieving the objectives of the provision</b>
1.18 (“Ministerial Views”) requires the Council to send a copy of the draft Strategic Plan to the Minister for Finance before Council finalise and adopt the plan, and to consider the views of the Minister and the public interest.	The Council must maintain its independence and so does not seek the views of the Minister for Finance on its draft Strategic Plans. The Council does, however, consider the public interest when drafting its Strategic Plans.
10.1 (“Customer Charter”), 10.2 (“Customer Charter Cycle”), 10.3 (“Display and Content”), 10.4 (“Customer Action Plan”), and 10.5 (“Customer Charters and Customer Action Plans”).	The Council does not provide services directly to the public, and so the Council has no Customer Charter and no Customer Action Plan.

## Statement on Internal Control

### Scope of Responsibility

On behalf of the Irish Fiscal Advisory Council (“the Fiscal Council”), I acknowledge the Council’s responsibility for making sure that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Fiscal Council for the year ended 31 December 2022 and up to the date of approval of the financial statements.

### Capacity to Handle Risk

The Fiscal Council has an Audit and Risk Committee comprising two Council members (one of whom chairs the Committee) and one external member with financial and audit expertise. The Committee met five times in 2022. As per the Charter and Terms of Reference for the Audit and Risk Committee, the Committee oversees the internal audit function, with the Secretariat procuring third-party auditors as necessary to conduct a programme of work agreed with the Committee.

The Committee has developed a risk management policy which sets out its risk appetite, risk management processes, and roles and responsibilities of staff members in relation to risk. The Secretariat issued the policy to all staff members, who are expected to work within the Fiscal Council’s risk management policies, to alert management on emerging risks and control weaknesses, and to assume responsibility for risks and controls within their own area of work.

### Risk and Control Framework

The Fiscal Council has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A Risk Register is in place which identifies the key risks facing the Fiscal Council and these have been identified, evaluated and graded according to their significance. The Council systematically reviews and updates its Risk Register. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The Risk Register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities assigned at management level with corresponding accountability;
- an appropriate budgeting system with an annual budget which is submitted to the Department of Finance;
- the Fiscal Council has sought and received assurances from the ESRI that it has reviewed its systems of internal control in relation to the provision of accounting and payroll services as part of a shared service agreement to the Fiscal Council;
- systems aimed at ensuring the security of the information and communication technology systems;
- systems in place to safeguard assets.

### Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

### Procurement

I confirm that the Fiscal Council has procedures in place to ensure compliance with the applicable EU Directives and national laws relating to public procurement, and the Office of Government Procurement's "Public Procurement Guidelines for Goods and Services". During 2022, the Irish Fiscal Advisory Council complied with these procedures.

### Review of Effectiveness

I confirm that the Fiscal Council has procedures to monitor the effectiveness of its risk management and control procedures. The Fiscal Council's monitoring and review of the effectiveness of the system of internal control is informed by:

- a letter of assurance from the ESRI, who provide accounting and payroll services to the Fiscal Council as part of a shared service agreement, in respect of the operation of its systems of internal control (SIC). In addition, all processes and procedures carried out by the ESRI in relation to services provided to the Fiscal Council are subject to audit by the Fiscal Council's internal auditors during the annual SIC audit;
- the work of the internal and external auditors;
- the Audit and Risk Committee which oversees their work; and
- the senior management within the Fiscal Council, which are responsible for the development and maintenance of the internal financial control framework.

I confirm that the Council conducted an annual review of the effectiveness of the internal controls for 2022.

### Covid-19

The onset of the Covid-19 pandemic in early 2020 resulted in some changes to the working and control environment with remote and virtual working becoming the normal practice. The Council considered the impact of Covid-19 on the Fiscal Council's control environment, resulting in a number of procedural and control changes which have been documented and implemented and subjected routinely to internal audit review. The controls, both existing and those introduced in response to the Covid-19 pandemic, continue to be effective.

### Internal Control Issues

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.



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Michael McMahon  
Acting Chairperson  
Date: 12/09/2023

## Report of the Comptroller and Auditor General



### Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

#### Report for presentation to the Houses of the Oireachtas

#### Irish Fiscal Advisory Council

#### Opinion on the financial statements

I have audited the financial statements of the Irish Fiscal Advisory Council (the Council) for the year ended 31 December 2022 as required under the Fiscal Responsibility Act 2012. The financial statements comprise

- the statement of income and expenditure
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Council at 31 December 2022 and of its income and expenditure for 2022 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Basis of opinion*

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Council and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Council has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Council members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Mark Brady**  
For and on behalf of the  
Comptroller and Auditor General  
19 September 2023

# Report of the Comptroller and Auditor General

## Appendix to the report

### Responsibilities of Council members

The governance statement and Council members' report sets out the Council members' responsibilities. The Council members are responsible for

- the preparation of annual financial statements in the form prescribed under paragraph 10 of the Schedule to the Fiscal Responsibility Act 2012
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under paragraph 10 of the Schedule to the Fiscal Responsibility Act 2012 to audit the financial statements of the Council and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

## Statement of Income and Expenditure for the year ended 31 December

	Notes	2022 €	2021 €
<b>Income</b>			
State funding receivable	2	735,837	683,641
Deferred retirement benefit funding	17(c)	168,000	152,000
		903,837	835,641
<b>Expenditure</b>			
Salaries	3	464,038	442,145
Council members' fees	4	35,910	35,910
Council members' expenses	4	9,166	1,564
Payments to international and Irish public bodies	5	32,490	32,490
Administration expenses	6	212,489	192,099
Retirement benefit costs	17(a)	146,962	132,105
		901,055	836,313
<b>Excess of Expenditure over Income before appropriations</b>		2,782	(672)
Transfer from/(to) capital account	14	(2782)	672
<b>Net Income/Expenditure for the year</b>		-	-

The Statement of Cash Flows and notes numbered 1 to 19 form an integral part of these financial statements and should be read in conjunction therewith.



Michael McMahon  
Acting Chairperson  
Date: 12/09/2023



## Statement of Comprehensive Income

for the year ended 31 December

	Notes	2022 €	2021 €
Surplus for the year		–	–
Actuarial (loss)/gain on retirement benefit obligations	17 (b)	606,000	(240,000)
Movement in deferred retirement benefit funding	17 (c)	(606,000)	240,000
Total comprehensive income for the year		–	–

The Statement of Cash Flows and notes numbered 1 to 19 form an integral part of these financial statements and should be read in conjunction therewith.



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Michael McMahon  
Acting Chairperson  
Date: 12/09/2023

## Statement of Financial Position as at 31 December

	Notes	2022 €	2021 €
<b>Fixed Assets</b>			
Tangible Assets	7	5,655	2,873
<b>Current Assets</b>			
Cash and Cash Equivalents	8	125,735	153,134
Debtors and prepayments	9	12,328	9,188
		138,063	162,322
<b>Current Liabilities</b>			
Sundry creditors and accrued expenses	10	126,695	124,426
Amount due to Central Fund	2	11,368	37,896
Total Current Liabilities		138,063	162,322
<b>Net Assets before Retirement Benefits</b>		5,655	2,873
<b>Retirement Benefits</b>			
Retirement Benefit Obligations	17 (b)	(679,000)	(1,117,000)
Deferred Retirement Benefit Asset	17(c)	679,000	1,117,000
		-	-
<b>Net Assets after Retirement Benefits</b>		5,655	2,873
Represented by			
Capital Account	14	5,655	2,873

The Statement of Cash Flows and notes numbered 1 to 19 form an integral part of these financial statements and should be read in conjunction therewith.



Michael McMahon  
Acting Chairperson  
Date: 12/09/2023

## Statement of Cash Flows for the year ended 31 December

	2022 €	2021 €
<b>Net Cash Flows from Operating Activities</b>		
Excess/(deficit) of income over expenditure	(23,746)	(55,841)
Depreciation of fixed assets	3,987	3,212
(Increase)/Decrease in receivables	(3,140)	(2,474)
Increase/(Decrease) in payables	2,269	12,217
<b>Net Cash Inflow/(outflow) from Operating Activities</b>	<b>(20,630)</b>	<b>(42,886)</b>
<b>Cash Flows from Investing Activities</b>		
Payments to acquire property, plant & equipment	(6,769)	(2,540)
<b>Net Cash Flows from investing activities</b>	<b>(6,769)</b>	<b>(2,540)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(27,399)</b>	<b>(45,426)</b>
Cash and cash equivalents at 1 January	153,134	198,560
<b>Cash and cash equivalents at 31 December</b>	<b>125,735</b>	<b>153,134</b>



Michael McMahon  
Acting Chairperson  
Date: 12/09/2023

## Notes to and forming part of the Financial Statements for the year ended 31 December 2022

### 1. Statement of Accounting Policies

The principal accounting policies adopted by the Council in determining the amounts included in the statement of financial position and in reporting its transactions for the year are as follows:

#### a) Basis of accounting

The Irish Fiscal Advisory Council (“the Fiscal Council”) was established with effect from 31 December 2012 under section 7 of the Fiscal Responsibility Act 2012. Prior to that date it operated on a non-statutory basis.

These financial statements are prepared on an accruals basis under the historical cost convention and in accordance with generally accepted accounting practice. The unit currency is the euro.

#### b) Statement of Compliance

The financial statements of the Irish Fiscal Advisory Council for the year ended 31 December 2022 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC).

#### c) Expenditure

The expenditure recognised in the Statement of Income and Expenditure represents the costs incurred by the Fiscal Council in the year in the performance of its functions.

#### d) Income

The income reported in the Statement of Income and Expenditure reflects the amounts receivable from the Central Fund in respect of the expenditure in the year in accordance with section 9 of the schedule to the Fiscal Responsibility Act 2012.

#### e) Fixed Assets and Depreciation

The fixed assets held by the Fiscal Council at year end consisted of computer equipment which was depreciated at an annual rate of 33% and Fixtures and Fittings which was depreciated at an annual rate of 20%. A full year’s depreciation is charged in the year of acquisition.

#### f) Capital Account

The Capital Account represents the unamortised value of state funding used to purchase fixed assets.

#### g) Employee Benefits

##### Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Sundry creditors and accrued expenses figure in the Statement of Financial Position.

## Retirement Benefits

There are two superannuation schemes in operation within the Fiscal Council. The Fiscal Council operates the Single Public Services Pension Scheme (“Single Scheme”) which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. All directly paid employees are obliged to join the scheme. Employee contribution rates are 3% of Pensionable Remuneration and 3.5% of Net Pensionable Remuneration. There is no employer contribution. Single Scheme members’ contributions are payable to the Department of Public Expenditure and Reform ([Note 17](#)). The Scheme is unfunded and will be financed on a pay-as-you-go basis from funds available to the Fiscal Council. Sanction has been received from the Department of Public Expenditure and Reform to operate the new model pension scheme on an administrative basis for the purpose of providing superannuation arrangements for staff not part of the Single Scheme, pending formal adoption of the model scheme by the Fiscal Council. The Fiscal Council is making the relevant deductions and pending formal approval of the scheme, the amounts are included in creditors at year-end.

Retirement benefit costs reflect pension benefits earned by employees and are shown net of staff pension contributions payable to DPER. Deferred funding for retirement benefits is recognised as an asset corresponding to the deferred liability for retirement benefit obligations.

Retirement benefit liabilities are measured on an actuarial basis using the projected unit method. In determining the value of liabilities, assumptions are made as to price inflation, pension increases, earnings growth and demographics. The assumptions underlying the 2022 liabilities and pension costs are set out in [Note 17](#).

Actuarial gains and losses arising from changes in actuarial assumptions and from experience are recognised in the Statement of Comprehensive Income in the year in which they occur.

## 2. State Funding

The Irish Fiscal Advisory Council is funded from the Central Fund. Under section 9 of the schedule to the Fiscal Responsibility Act 2012 the amount chargeable to the Central Fund is the amount expended by the Fiscal Council in carrying out its functions.

The Central Fund operates on a receipts and payments basis whereas these financial statements have been prepared on an accrual basis. The table below sets out the reconciling items.

	2022 €	2021 €
Opening amount due to/(from) Central Fund	37,896	93,065
Received from Central Fund	730,347	648,367
Amount due to Central Fund at year end	(11,368)	(37,896)
Central Fund Receivable	756,875	703,536
Less: Employee contributions payable to DPER (Note 17(a))	(21,038)	(19,895)
State Funding Receivable for the year	735,837	683,641

### 3. Salaries

The number of persons employed (full-time equivalents (FTE)) in the financial year was 6.33 (2021:6.46).

Information on retirement benefits for staff directly employed by the Irish Fiscal Advisory Council are set out in [Note 17](#).

#### Remuneration

##### (a) Aggregate Employee Benefits and Termination Benefits

	2022 €	2021 €
Staff short-term benefits	418,965	398,989
Termination benefits	-	-
Employer's contribution to social welfare	45,073	43,156
	<b>464,038</b>	<b>442,145</b>
Retirement benefit costs- See Note 17	130,962	132,105
<b>Total</b>	<b>595,000</b>	<b>574,250</b>

The total number of staff employed (FTE) at year end was 6 (2021:6). The Fiscal Council employed eight individuals at different times over the course of 2022 (2021: 8). No termination benefits were paid in the year (2021: nil).

##### (b) Staff Short-Term Benefits

	2021 €	2021 €
Basic pay	418,965	398,989
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>418,965</b>	<b>398,989</b>

##### (c) Key Management Personnel

Key management personnel in the Fiscal Council consists of the Chief Economist/Head of Secretariat and the Chairperson and other members of the Council. The total value of employee benefits for key management personnel is set out below:

##### Chief Economist/Head of Secretariat

	2022 €	2021 €
Salary	102,494	104,300
Allowances	-	-
Termination benefits	-	-
Health insurance	-	-
<b>Total</b>	<b>102,494</b>	<b>104,300</b>

The current Chief Economist/Head of Secretariat is a member of the Single Public Service Pension Scheme and their entitlements in that regard do not extend beyond the terms of that scheme.

## Council Members

Fees and expenses incurred by the Council members amounted to €45,076 (2021: €37,474). For a breakdown of the fees and expenses paid to Council Members, please refer to [note 4](#). Additionally, fees were paid to the employers of two Council members in 2022; see [note 5](#).

### 4. Council Members' Fees and Expenses

Council members' fees payable are sanctioned by the Minister for Finance and are set by the Department of Public Expenditure and Reform: €20,520 for the Chair and €11,970 for other Council members. Fees incurred in 2022 totalled €68,400 (2021: €68,400).

Expenses incurred by Council Members amounted to €9,200 (2021: €1,564). These mainly reflect travel and subsistence costs incurred by international and non-Dublin based members attending Council meetings in Dublin.

#### Council Members' fees and travel expenses

Council Member	Fees 2022 (€)	Travel Expenses 2022 (€)	Total 2022 (€)	Fees 2021 (€)	Travel Expenses 2021 (€)	Total 2021 (€)
Sebastian Barnes (Chairperson) <sup>i</sup>	See <a href="#">Note 5</a>	5,240	5,240	See <a href="#">Note 5</a>	555	555
Dawn Holland	11,970	2,056	14,026	11,970	388	12,358
Prof Michael McMahon	11,970	1,870	13,840	11,970	621	12,591
Dr Adele Bergin <sup>i</sup>	See <a href="#">Note 5</a>	–	–	See <a href="#">Note 5</a>	–	–
Alessandro Giustiniani	11,970	-	11,970	11,970	-	11,970
<b>Total</b>	<b>35,910</b>	<b>9,166</b>	<b>45,076</b>	<b>35,910</b>	<b>1,564</b>	<b>37,474</b>

<sup>i</sup>As per [Note 5](#) fees payable to Mr Barnes are directed to his full-time employer, the OECD, as compensation for time spent on Council's business. Fees payable to Dr Adele Bergin are directed to her full-time employer, the ESRI, as compensation for time spent on Council's business.

While other members' travel expenses relate to meetings in Dublin, the Chairperson's travel expenses relate to press conferences, government events such as the National Economic Dialogue, meetings of the European Commission, meetings of the Network of EU Independent Fiscal Institutions (EU IFIs), and meetings of the OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions.

Sebastian Barnes resides in France; Dr Adele Bergin resides in Ireland; Alessandro Giustiniani resides in Italy and Dawn Holland and Dr Michael McMahon reside in the United Kingdom. The Revenue Commissioners have clarified that tax is not payable on expenses based on civil service rates paid to Council members.

### 5. Payments to International and Irish Public Bodies

Due to the time commitment necessary to fulfil the functions of the Council, Department of Finance-approved fees are paid to the employer where the Chairperson or other Council members are employed by public sector bodies or international bodies of which Ireland is a member.

In 2022, €20,520 was payable to OECD in respect of Mr Sebastian Barnes, €11,970 was payable to the ESRI in respect of Dr Adele Bergin.

	2022 €	2021 €
OECD	20,520	20,520
ESRI	11,970	11,970
<b>Total</b>	<b>32,490</b>	<b>32,490</b>

## 6. Administration Expenses

	2022 €	2021 €
ESRI Administration fee <sup>i</sup>	125,864	130,719
Travel Costs of Staff	3,303	-
Professional Fees <sup>ii</sup>	14,803	15,155
Computer Software	35,817	21,082
Computer Hardware	658	107
Staff Training	7,198	8,259
Meeting Costs	125	444
Report Production	1,160	1,008
C&AG Audit Fee	10,000	9,600
Other Costs	9,574	2,513
Depreciation	3,987	3,212
<b>Total</b>	<b>212,489</b>	<b>192,099</b>

<sup>i</sup>The ESRI Administration fee includes a charge, on a pro rata basis, for support services provided by the ESRI which include Office Facilities, Accounts, IT, Reception and other corporate services.

<sup>ii</sup>Included in Professional Fees is an amount of €1,845 (2021: €1,845) payable to the external member of the Audit and Risk Committee for his work on the committee. This fee was approved by the Council in February 2021.



## 7. Tangible Assets

	Computer Equipment 2022 €	Fixtures & Fittings 2022 €	Total 2022 €
<b>Cost:</b>			
At beginning of year	23,036	-	23,036
Additions	4,554	2,215	6,769
At end of year	27,590	2,215	29,805
<b>Accumulated Depreciation:</b>			
At beginning of year	20,163	-	20,163
Provided in year	3,544	443	3,987
At end of year	23,707	443	24,150
Net book value at end of year	3,883	1,772	5,655
Net book value at beginning of year	2,873	-	2,873

## 8. Cash and Cash Equivalents

	2022 €	2021 €
Current Accounts	125,735	153,134

At 31 December 2022, €126,695 (2021: €124,426) was due for payment to creditors of the Fiscal Council- See [Note 10](#).

## 9. Debtors and prepayments

	2022 €	2021 €
Debtors and pre-paid expenses	12,328	9,188

## 10. Sundry creditors and accrued expenses

	2022 €	2021 €
Payroll Taxes	9,848	9,437
Creditors	27,304	22,808
Withholding Tax	-	486
Accrued Expenses <sup>i,ii</sup>	89,543	91,695
<b>Total Creditors</b>	<b>126,695</b>	<b>124,426</b>

<sup>i</sup> Includes an amount of €32,280 (2021: €29,907) due to the ESRI in relation to services provided under a shared service agreement.

<sup>ii</sup> Includes an amount of €3,389 (2021: €3,751) in relation to the cost of annual leave untaken at 31 December 2022 as measured under FRS 102.

## 11. Taxation

The Fiscal Council is exempted from liability to corporation tax under Section 227 Schedule 4 of the Taxes Consolidation Act 1997 (as amended by subsequent Acts up to and including the Finance Act 2017).

## 12. Commitments — Capital and Others

There were no capital commitments at the reporting date.

## 13. Contingent Liabilities

The Council Members were not aware of any material contingent liabilities at the reporting date.

## 14. Capital Account

The Capital Account represents the amount of funding used to purchase fixed assets reduced by the amount amortised in line with depreciation on the related assets.

### Capital Account

	2022	2021
	€	€
Unamortised funding at 1 January	2,873	3,545
<b>Income and Expenditure Account Transfers</b>		
Funding to acquire fixed assets	6,769	2,540
Amortisation in year	(3,987)	(3,212)
Transfer (from)/to Capital Account	2,782	(672)
Balance at 31 December	5,655	2,873

## 15. Council Members' Interests

The Council has adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Council Members and these procedures have been adhered to in the year. In cases where a conflict of interest has been declared, Council members do not participate in or attend Board discussions relating to the matters in question.

## 16. Related Party Disclosures

### Key Management Personnel

Key Management personnel in the Fiscal Council consist of the Chief Economist/Head of Secretariat and the Chairperson and other members of the Council. Total compensation paid to key management personnel, including Council members' fees and expenses, amounted to €147,570 (2021: €141,774). For a breakdown of the fees and expenses paid to key management personnel, please refer to [Note 3 \(c\)](#).

The following amounts are included in creditors/accruals total of €126,695 ([Note 10](#)):

OECD re Sebastian Barnes Time buy out €20,520.

ESRI re Adele Bergin Time buy out €11,970.

## Department of Finance

The Minister for Finance appoints the members of the Council in accordance with section 7 of the Fiscal Responsibility Act 2012.

## ESRI

The ESRI provides office accommodation and building services on a pro rata basis and support services relating primarily to accounts, IT, and other corporate services. Professor Alan Barrett was a member of the Council from 2011 until May 2015 and is currently Director of the ESRI. Dr Martina Lawless was a member of the Council from January 2017 to December 2020 and is an employee of the ESRI. Dr Adele Bergin was appointed as a Member of the Council from January 2021 and is an employee of the ESRI.

The following amounts are included in creditors/accruals total of €126,695 ([Note 10](#)): ESRI re Administration fee €32,280.

## 17. Retirement Benefit Costs

The results set out below are based on an actuarial valuation of the retirement benefit liabilities in respect of Council staff as at 31 December 2022 carried out by a qualified independent actuary for the purpose of FRS 102. There are currently no retired members.

### (a) Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure

The retirement benefit costs for the year are set out below.

	2022 €	2021 €
Current Service cost	153,000	145,000
Interest cost	15,000	7,000
Less: Employee contributions	(21,038)	(19,895)
	146,962	132,105

Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform and totalled €16,542 in 2022 (2021: €15,672). Employee contributions under the model scheme amounted to €4,496 in the year and are retained pending approval of the scheme and are included in creditors at year-end. Total retained at 31 December 2022 €27,304 (2021: €22,808).

The description of the scheme at (e) explains why a deferred retirement benefit liability has arisen in the year.

### (b) Analysis of the movement in retirement benefit obligation during the financial year

	2022 €	2021 €
<b>Obligation at the beginning of the year</b>	1,117,000	725,000
Current service cost	153,000	145,000
Interest cost	15,000	7,000
Actuarial loss/(gain)	(606,000)	240,000
Benefits paid in the year	-	-
<b>Obligation at the end of the year</b>	679,000	1,117,000

### (c) Deferred retirement benefit funding

The Fiscal Council recognises these amounts as an asset corresponding to the unfunded deferred liability for retirement benefits on the basis that these amounts will be received from the Central Fund as and when the pension liabilities fall due for payment.

The deferred funding for retirement benefits recognised in the Statement of Income and Expenditure for the year ended 31 December 2022 is €168,000 (2021: €152,000).

The movement for deferred funding recognised in the Statement of Comprehensive Income for the year ended 31 December 2022 is (€606,000) (2021: €240,000).

The deferred funding asset for retirement benefits at 31 December 2022 amounts to €679,000 (2021: €1,117,000).

### (d) History of defined retirement benefit obligations

	2022 €	2021 €
Defined retirement benefit obligations	679,000	1,117,000

### (e) Description of Scheme and Actuarial Assumptions

The Fiscal Council operates within the Single Public Service Pension Scheme (Single Scheme) which is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The Scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration and spouses' and children's pensions. The minimum retirement age is 66 years (rising in line with State pension age changes). It includes an actuarially reduced early retirement facility from the age of 55. Pensions in payment increase in line with the consumer price index.

The Single Scheme is an unfunded defined benefit scheme which will be financed on a pay as you go basis. A standard vesting period of two years must be served before public servants become eligible for retirement benefits from the Scheme. Five staff members have reached the two-year eligibility period threshold. Therefore, a retirement benefit liability arising from the Single Scheme exists at 31 December 2022.

One staff member is a member of a public service pension scheme that predates the Single Scheme. This scheme is a defined-benefit superannuation scheme established under section 8 of the National Treasury Management Agency Act, 1990.

The retirement benefit liability at 31 December 2022 amounted to €679,000 (2021: €1,117,000)

Liabilities shown are computed using the Projected Unit Credit method. The objective under this method is to expense each participant's benefits under the Scheme as they accrue; taking into consideration future salary increases and the Scheme's benefit allocation formula. Thus, the total pension, to which each participant is expected to become entitled, is broken down into units, each associated with a year of past or future credited service. The main financial assumptions used are set out below:

	2022	2021
Discount rate	3.50% p.a.	1.20% p.a.
Rate of increase in salaries	4.00% p.a.	3.50% p.a.
Rate of increase in pensions	3.50% p.a.	3.00% p.a.
Inflation	2.50% p.a.	2.00% p.a.

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (currently age 66, rising in line with State pension age changes). The table below shows the average life expectancy for members attaining age 65 in 2022 and 2042.

Year of attaining age 65	2022	2042
Life expectancy – male	21.9 years	24.2 years
Life expectancy – female	24.3 years	26.3 years

## 18. Events after the Reporting date

There were no events after the reporting date that would require adjustment to or disclosure in the Financial Statements.

## 19. Approval of Financial Statements

The Financial Statements were approved by the Council on 12 September 2023