An Phríomh-Oifig Staidrimh
Central Statistics Office

Inventory of the methods, procedures and sources used for the compilation of deficit and debt data and the underlying government sector accounts according to ESA2010

Ireland

October 2018

Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: "The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95.... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording."

In line with the provisions of the Regulation set up in Article 9, "Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data".

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments statistics in June 2012 and are followed by all EU Member States. This version introduces references to the ESA2010 as well as some updates of the relevant topics mirroring the changes introduced by the ESA2010.

Contents

Black text in Sections represents Eurostat text and
blue text represents Ireland's response

A: Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

1. General Government

This section describes the coverage of the General Government sector and the sub-sectors for Ireland.

The general government sector is composed of two sub-sectors: S.1311 and S.1313. It includes:

1.1. Central government subsector (S.1311)

In Ireland Central Government is defined to include all bodies established through political processes and for whose activities a Minister of Government or other responsible person is accountable to the people through the Oireachtas (National Parliament). This responsibility extends to the presentation of detailed audited annual accounts to the Oireachtas. Central Government includes legislative, judicial and executive bodies established in this manner. The sector does not include public corporations or enterprises engaged in the production of market services or goods. Central budgetary organisations include:

a) Departments of State
b) Extra-Budgetary Funds for which separate accounts are maintained and which are directly administered by Departments
c) Non-market agencies – i.e. bodies which are not Departments but which are funded almost entirely from the Exchequer, and are subject to central government controls

Departments of State

There are currently 17 Departments of State (see Annex I), each headed by a Minister. As the Constitution of Ireland[1] Bunreacht na hÉireann restricts the size of the Government to 15 members, a Minister may have responsibility for more than one Department where the number of Departments exceeds 15. Departments may have responsibility for a number of extra-budgetary funds and/or non-market agencies.

Extra-Budgetary Funds

A Government Department, or in some cases the National Treasury Management Agency (NTMA), manages the extra-budgetary funds. Budgetary data in respect of these funds are reported in either the Appropriation Accounts, the audited accounts of the fund in question or the NTMA Annual Report. The main extra-budgetary funds in Central Government are the Social Insurance Fund, the Ireland Strategic Investment Fund or ISIF (formerly the National Pensions Reserve Fund (NPRF)) and the Dormant Accounts Fund (see also section 3.2.1.4). Up to the establishment of the ISIF at end 2014 the NPRF was controlled and managed by the National Pensions Reserve Fund Commission, which had discretionary authority to determine and implement an investment strategy for the Fund based on commercial principles and subject to prudent risk management. The NTMA was appointed as manager of the Fund to act as agent of the Commission.

Non-Commercial Semi-State Bodies (Non-market agencies)

Bodies which are neither government departments nor extra-budgetary funds but which are funded almost entirely from the Exchequer and are subject to government control are referred to nationally as non-commercial semi-state bodies. Examples of such bodies which are classified in the Central Government sub-sector include Enterprise Ireland, the Industrial Development Authority (IDA Ireland), Teagasc (the Irish Agriculture and Food Development Authority), voluntary hospitals, voluntary schools, Irish Rail (the state owned rail transport company) and the Housing Finance Agency (which raises money for on-lending by Local Authorities) See also Annex 1. These bodies are deemed to be non-market as they cover less than half of their operating costs through sales of goods or services. Commercial semi-state companies, though publicly controlled, are not classified in the General Government

1 http://www.irishstatutebook.ie/eli/cons/en

sector because they are market entities. Audited accounts are available for each semi-state body.

1.2. State government subsector (S.1312)

This subsector does not exist in Ireland.

1.3. Local government subsector (S.1313)

Local Government in Ireland currently comprises 31 Local Authorities (city and county councils), three regional assemblies and a number of non-profit agencies (Approved Housing Bodies) involved in the delivery of social housing which were reclassified as government units in 2017. Prior to the establishment of the Health Service Executive in 2005 (a unit of Central Government) this sector also included regional Health Boards. Education and Training Boards (formerly Vocational Education Committees) and Institutes of Technology, both of which were formerly classified to Local Government but are now classified to Central Government.

Local Authorities

Local authorities operate under the supervision of the Minister for Housing, Planning and Local Government.

The Department of Housing, Planning and Local Government oversees the operation of the local government system and implements policy in relation to local government structures, functions, human resources and financing. Until 1 June 2014 local government in Ireland consisted of a number of local and regional authorities at three levels:

- at county/city level: 29 County Councils, 5 City Councils, 5 Borough Councils and 75 Town Councils
- at regional level: eight Regional Authorities co-ordinate some of the county/city and sub-county activities; they play a monitoring role in relation to the use of EU structural funds
- two regional authorities, known as Regional assemblies were established in July 1999 under new structures for regionalisation. They promote co-ordination of the provision of public services in their areas, manage new regional operational programmes in the next Community Support Framework and monitor the general impact of all EU programmes of assistance under the CSF

The Local Government Reform Act 2014 provided for the abolition of Town Councils and the introduction of municipal districts as decision making structures rather than corporate entities (with effect from 1 June 2014). Following this and the merger of specific city/county councils the number of local authorities in Ireland was reduced to 31, comprising single county-wide executive and operational structures.

The 2014 Act also provided for the existing 8 regional authorities and 2 regional assemblies to be replaced by 3 new regional assemblies. The membership of a regional assembly consists of members of the local authorities within the region. Their main function is to draw up regional spatial and economic strategies.

Health Boards (until end 2004)

The Health Act, 1970 provided for the establishment of eight regional health boards which were responsible for the administration of health services in their local areas from 1971 to 2004.

In March 2000, the Eastern Regional Health Authority was established to co-ordinate the provision of healthcare services in Dublin and the surrounding counties. Three Area Health Boards were also established – the South Western Area Health Board, the Northern Area Health Board and the East Coast Area Health Board. They were responsible for delivering in their own areas the services previously provided by the Eastern Health Board, which was ceased.

These 11 Health Boards were abolished with effect from 1st January, 2005 and have been replaced by a single body the Health Service Executive (HSE), which is responsible for the delivery of health services nationwide. The HSE is considered a unit of Central Government and its activities are included in the accounts for S.1311 from 2005.

Approved Housing Bodies

Section 6 of the Housing (Miscellaneous Provisions) Act, 1992 allows for the designation of certain non-profit entities as Approved Housing Bodies (AHBs). This status allows a voluntary housing body to access funding for the provision of social housing under schemes established by the Department of Housing, Planning and Local Government. The current conditions to become an AHB under Section 6 of the Housing (Miscellaneous Provisions) Act state that an organisation seeking such status may take the form of:

- Limited Companies formed by guarantee of their members and not having a shareholding, registered under the Companies Act 2014
- Societies registered under the Industrial & Provident Societies Acts, 1893 – 2014
- Trusts incorporated under the Charities Acts

Furthermore such a body must:

- have as its goal, the relief of housing needs, to assist with cases of poverty or hardship, including the welfare of Travellers, and the delivery and management of housing
- have in its Memorandum and Articles of Association or registered rules, provisions preventing the distribution of any surplus, profit, bonus or dividend to its members
- ensure that its assets are applied solely towards its objects

Following a review of the largest of these AHBs in 2017 (comprising around 80% of the total housing stock of the sector) the CSO reclassified these organisations to the local government subsector. A review of the remaining AHBs is on-going.

1.4. Social security funds subsector (S.1314)

This subsector is no longer reported for Ireland following a decision, in 2014, that the Social Insurance Fund (the only entity previously reported under this sector) did not fulfil the criteria for an institutional unit. Consequently the Social Insurance Fund has been reclassified with retrospective effect as an extra-budgetary fund of Central Government.

2. Institutional arrangements

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA2010 Transmission Programme;
- institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;
- general overview about bookkeeping system used by public units, internal quality checks and external auditing;
- communication between individual national authorities involved in EDP;
- publishing of deficit and debt statistics.

Legal basis for the compilation of GFS and EDP data

Quarterly and annual GFS as set out by the ESA regulation as well as historic EDP data are compiled by the CSO under its general statistical legislation, the Statistics Act, 1993. Monthly and quarterly cash-based fiscal data are prepared and published by the Department of Finance under *S.I. No 208 of 2013 European Union (Requirements for Budgetary Frameworks of Member States) Regulations 2013.*

2.1. Institutional responsibilities for the compilation of general government deficit and debt data

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in section 2.3 Communication.

National accounts data for general government are transmitted to Eurostat[2] via the following tables (see the related EU legislation)[3] :

Table 2 – Main aggregates of general government (annual data)
Table 6 – Financial accounts by sector (annual data)
Table 7 – Balance Sheets for financial assets and liabilities (annual data)
Table 801 – Non-financial accounts by sector (quarterly)
Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector (annual data)
Table 11 – Expenditure of General Government by function (annual data)
Table 25 – Quarterly Non-financial Accounts of General Government
Table 26 – Balance sheets for non-financial assets (annual data)
Table 27 – Quarterly Financial Accounts of General Government
Table 28 – Quarterly Government Debt (Maastricht Debt) for General Government

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables[4].

2 https://ec.europa.eu/eurostat/data/database
3 https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:174:0001:0727:EN:PDF
4 https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables

Table 1. - Institutional responsibilities for the compilation of general government national accounts and EDP tables

Institutional responsibilities *(the appropriate cells are crossed)*			NSI	MOF	NCB	Other
Compilation of national accounts for General Government:						
Nonfinancial accounts	annual		X			
	quarterly		X			
Financial accounts	annual		X			
	quarterly		X			
Maastricht debt	quarterly		X			
Compilation of EDP Tables:						
EDP table 1	actual data	deficit/surplus	X			
		debt	X			
		other variables	X			
	planned data	deficit/surplus		X		
		debt		X		
		other variables		X		
EDP table 2 (actual data)	2A central government		X			
	2B state government		n/a			
	2C local government		X			
	2D social security funds		n/a			
EDP table 3 (actual data)	3A general government		X			
	3B central government		X			
	3C state government		n/a			
	3D local government		X			
	3E social security funds		n/a			
EDP table 4			X (actual)	X (planned)		

NSI - National statistical institute including units subordinated to the NSI (the latter is to be specified in comments)
MOF – Department of Finance/Economy including units subordinated to the MOF (to be specified in comments)
NCB – National Central Bank, Other – other national body, to be specified in comments
Official names of the institutions involved, in national language (Irish) and in English.

NSI: An Phríomh-Oifig Staidrimh / Central Statistics Office.
MoF: An Roinn Airgeadais / Department of Finance.

Roles and functions of institutions involved

Actual data

With effect from 2013, the Central Statistics Office (CSO) compiles preliminary EDP statistics in April year N for the year N-1 as well as updated estimates for years N-2 to N-4 for all sub-sectors of General Government and publishes these estimates nationally. GFS and EDP aggregates are published also in the CSO's National Income and Expenditure in summer of year N. In accordance with the national revisions policy estimates are updated at this point to take account of availability of data sources which would not have been available for the April notification as well as other methodological changes. In October year N the CSO produce revised EDP statistics for the year N-1 for all sub-sectors of General Government. Estimates for earlier years are generally not revised at this point unless a clear material issue is identified. Small revisions are deferred until the following April – again in line with the national revisions policy. The CSO co-operate in the compilation of these estimates with the Department of Finance, using shared data sources and consulting on methodology through the structures of the Government Finance Statistics Liaison Committee.

Up to 2012 the Department of Finance compiled EDP statistics in co-operation with the Central Statistics Office (CSO). The Department of Finance was primarily responsible for compiling the accounts for the Central Government and Social Security Fund subsectors (the latter is no longer treated as a sub-sector in the Irish accounts but as an extra-budgetary fund of Central Government) while the CSO estimated the net lending/borrowing of Local Government (S.1313) based on balance sheet data compiled by the Department of Housing, Planning & Local Government, pending availability of the annual financial statements of local authorities.

Planned data

The Department of Finance compile current year estimates for inclusion in the EDP notification. While the CSO is not involved in the production of forecasts we provisionally agree with the Department of Finance the methodological basis (e.g. classification of specific entities) on which these forecasts are predicated.

Approval of EDP data before sending to Eurostat

The Central Statistics Office gives final approval of historic (years N-4 to N-1) EDP data before transmission, following a quality assurance process undertaken by the Government Finance Statistics Liaison Group (see section 2.3). This is in accordance with the Statistics Act, 1993 Section 13 which states that:

> *"The Director General shall have the sole responsibility for and be independent in the exercise of the functions of deciding—*
> *(a) the statistical methodology and professional statistical standards used by the Office;*
> *(b) the content of statistical releases and publications issued by the Office; and*
> *(c) the timing and methods of dissemination of statistics compiled by the Office."*

and with Section 15 which allows for the delegation of these functions to any member of staff of the CSO.

The Department of Finance gives final approval of current year forecasts, however as indicated above, the methodology used in the preparation of these forecasts is agreed with the CSO to ensure maximum consistency with the approach taken by the CSO in the preparation of statistical data.

Transmission arrangements

Since April 2013, completed EDP tables have been transmitted to Eurostat, in electronic format only, by the Central Statistics Office. Supporting documentation including an explanation of major revisions and other relevant issues, such as progress on EDP Action Points are also transmitted by the CSO. Prior to 2013 the tables were transmitted in electronic format by the Department of Finance.

EDP transmission tables are provided to members of the GFSLC at the same time as they are transmitted to Eurostat on the understanding that they are for use by members of the group in their capacity as GFS co-compilers and are not for further disclosure until such time as the data are published nationally by the CSO.

2.1.1. Existence of an EDP unit/department

The Government Accounts Division of the Central Statistics Office has been responsible for the EDP notification for Ireland since April 2013. Prior to April 2013 the Statistics Unit of the Department of Finance had this responsibility.

In 2018 the Government Accounts Division was divided into two functions – Government Accounts Compilation and Outputs and Government Accounts Classifications. These divisions are part of the Economic Statistics Directorate of the Central Statistics Office. An organisation chart showing staffing down to Statistician (Assistant Principal equivalent) level is attached in Annex 2

2.1.2. Availability of resources for the compilation of GFS data

Staff of the Government Accounts Compilation and Outputs division compile all annual and quarterly GFS data and tables required under the ESA transmission programme and also compile the EDP tables. This unit also sources and supplies government data required by other national accounts divisions for their estimates, and is responsible for the preparation of the government components of other National Accounts aggregates. The GFS data produced by the division is also provided for the compilation of the institutional sector accounts for Ireland. In addition to GFS/EDP outputs this division has responsibility for the preparation of European System of Integrated Social Protection Statistics (ESSPROS) and System of Health Accounts data for Ireland.

The Government Accounts Compilation and Outputs division takes the primary role in processing public accounts data for national accounts, specifically:

1. Revised Estimates for Public Services (also known as the Revised Estimates Volume)
2. End-year Exchequer returns (Exchequer Statement)
3. Appropriation Accounts - Audited figures for expenditure and receipts of Government Departments.
4. Finance Accounts - Audited figures of inflows and outflows to the Exchequer account.
5. Consolidated accounts of local government – Audited consolidated accounts for the local authorities.
6. Accounting information (in the form of annual reports or dedicated data collections) of non-market agencies included in the government sector

Both Government Accounts divisions co-operate with the Department of Finance in designing data collection instruments for use with non-market agencies and extra-budgetary funds, which are used for the production of preliminary estimates until such time as audited annual accounts are available.

These divisions also work with the Department of Housing, Planning and Local Government to design data collection templates to enable the production of GFS estimates for local government which again are used for the production of estimates until the annual audited accounts become available.

In addition the CSO conducts its own data collections based on pre-defined templates agreed with key providers such as the NTMA, the Revenue Commissioners and the Department of Employment Affairs and Social Protection.

The above data are received in a mix of paper and electronic formats, entered into our processing system and ESA coding is applied to these data by the Government Accounts Compilation and Outputs Division. This division is embarking on the development of a new IT system in collaboration with the National Accounts IT team. The system will ultimately integrate all data sources into one database encompassing financial and non-financial data. This will greatly improve efficiencies, data quality and enable further data analyses. Given the scale and complexity of this project it currently has an estimated time frame of 2-3 years.

This division also provides GFS and other data to the OECD, ECB and IMF namely:

OECD	Annual Revenue Statistics Questionnaire on Public Sector Debt Health Expenditure data
IMF	Questionnaire on Public Sector Debt
ECB	Monetary Union Financial Accounts

2.2. Institutional arrangements relating to public accounts

Generally, "public accounts" are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and relating accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

2.2.1. Legal / institutional framework

Central Government – Public Financial Procedures

The legal framework for public accounts for the majority of Central Government entities is founded in the Constitution of Ireland and supplemented by legislation and Government circulars.

The Constitution lays down the general principle that, unless otherwise provided by law, all revenues of the State must be paid into one fund (called the Central Fund or the Exchequer), on which the Government then draws for expenditure on State services. Article 11 of the Constitution provides that "*all revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law.*"

The Government Accounting division of the Department of Public Expenditure and Reform is responsible for developing and advising on policy for accounting, financial management, internal audit and risk management for the central government area. The Public Financial Procedures Manual[5] is a comprehensive, though not exhaustive, summary of public financial management. This document is prepared and updated by the Department of Public Expenditure and Reform and is based on the relevant constitutional and legal framework. The accounting policies of the majority of central government bodies (Departments of State, Non-Departmental Voted expenditure and Non-market Public Corporations) are governed by these procedures and audited by the Comptroller and Auditor General.

Appropriation accounts, showing the financial transactions of Government Departments, are prepared in accordance with the Exchequer and Audit Departments Act, 1866 (as amended by the Comptroller and Auditor General (Amendment) Act, 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform. The appropriation accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Financial systems are not harmonised across central government bodies. Accounts of Departments of State and Non-Departmental Voted expenditure are prepared on a cash basis (namely the Appropriation Accounts as referenced above) while those of non-market agencies are generally prepared on an accruals basis in accordance with standards set out in the primary legislation establishing the body and

5 http://govacc.per.gov.ie/public-financial-procedures-booklet-by-section/

the Code of Governance for State Bodies set out by the Department of Public Expenditure and Reform. The Department of Public Expenditure and Reform are currently leading a project to introduce a standardised chart of accounts for voted expenditure. However there are substantial exclusions from this project, including the Health Service Executive, Local Authorities, social welfare payments and other bodies grant-aided by government departments who have their own internal accounting systems. The CSO is involved with this project and is working with the project team to ensure that ESA 2010 requirements are taken into account in the design specifications, however ultimately this will only give detailed information on around 20% of voted expenditure.

Appropriation Accounts and Finance Accounts

Government expenditure consists of voted and non-voted expenditure. Voted expenditure, which forms the larger part of Government expenditure, is for the ordinary services, called Supply Services, of Government Departments. The Dáil 'votes' (authorises) the monies for the services each year. Under Article 17 of the Constitution the Dáil may only vote money when requested to do so by the Government.

Non-voted expenditure is paid out of the Central Fund under specific legislation, without annual reference to the Dáil. It consists of expenditure on items such as the service of the National Debt, contributions to the European Union (EU) Budget, the Houses of the Oireachtas Commission, share subscriptions to State bodies, judicial salaries and pensions and the salaries and pensions of the President and the Comptroller and Auditor General.

As referenced above an appropriation account is prepared for each 'Vote' as required under the relevant legislation. The Finance Accounts, which are prepared under Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993, contain detailed analysis and classification of the payments into and out of the Central Fund as well as details of the National Debt. They also contain certain other statements and footnoted information. The Finance Accounts have a statutorily specified purpose in relation to providing an annual statement of the transactions, recorded on a cash basis, of the Central Fund. They do not purport to be a comprehensive financial statement for the State, its assets and liabilities. Further details on the Finance Accounts are given in Section 2.2.2.1.

Other Central Government Bodies

Other CG bodies such as schools and hospitals operate their own financial management systems but report accounting information to the parent Department of State under specified guidelines, often set out in the primary legislation establishing the body. They generally also prepare accounts in accordance with standard accounting guidance such as local Generally Accepted Accounting Practice (GAAP). Therefore there is not full consistency across Central Government.

Local Government

Local Authorities are monitored and controlled by the Department of Housing, Planning and Local Government. They are subject to a number of financial reporting requirements, some of which are statutory while others form part of the Department's own general governance processes. The Local Government Act, 2001 provides for each local authority to " ***maintain a fund to be known as the local fund which consists of such accounts kept under section 107 as may be necessary***" (Section 97), which shall receive and issue all monies received by or paid by the local authority except for those administered under a separate "***community fund***". Section 109 of the Act allows for the establishment of a community fund to support community initiatives "***which in the opinion of the local authority will benefit the local community and includes the provision or improvement of amenity, recreational, cultural or heritage facilities, the protection or enhancement of the environment and programmes to promote social inclusion and community development***."

Under the Local Government Acts 2001, each year local authorities are required to prepare Annual Financial Statements (AFS). The AFS are prepared in accordance with the Accounting Code of Practice (ACOP) on an accrual basis and are audited by the independent Local Government Audit Service. The ACOP along with the Accounting Regulations for Local Authorities in Ireland form a Statement of Recommended Practice (SORP) which provides recommendations for accounting and reporting of financial statements for local authorities. The first ACOP was published in 1998 and has been revised in the subsequent years to reflect developments of an accounting nature. The General Accounts Working Group (GAWG) is a group chaired by the professional accountant of the Department of Housing, Planning and Local Government and comprising representatives from the Heads of Finance in Local Government; the Local Government Audit Service and Department officials. The GAWG is responsible for developing new accounting policies, providing guidance on implementation, reviewing existing policies requiring amendment and addressing all issues relating to accounting policy

The format of the AFS, as set out in the ACOP, consists of:

1. Income and Expenditure Account Statement
2. Balance Sheet
3. Funds Flow Statement
4. Notes to the Accounts
5. Appendices (including detailed analysis of revenue income and expenditure, capital account income and expenditure and disclosures on interests in companies and joint ventures)

Each local authority is required to produce their statements in a specific format which follows a Code of Practice in accordance with Part 12 of the Local Government Act, 2001 and which differs from the standard company accounts. The Code of Practice is subject to ongoing review and any changes in accounting treatment are implemented only with the agreement of the GAWG.

A consolidated account for all Local Authorities is produced by the Department of Housing, Planning and Local Government. This information is compiled from the audited Financial Management System (FMS) based annual accounts that each individual Local Authority is required to provide to the Department. The final detailed consolidated accounts become available by September (T+21 months approximately) after the end of the reference year.

In addition to the annual financial statements, the Department also coordinates data collection on a quarterly basis of revenue, expenditure, debtors and balance sheet data, for the monitoring of quarterly gross government balances and to meet various reporting requirements e.g. Council Directive 2011/85. These are produced on an accruals basis for all city, county and town councils. The Department aggregates the data and sends a report to both the Department of Finance and the CSO by 15th of the third month following the reference quarter. The CSO is working with the Department and heads of finance of local authorities to develop initial reporting of revenues and expenditures in a more timely manner.

2.2.2. Auditing of public accounts

2.2.2.1. General government units

After year end, Departments and Offices in receipt of voted funds must prepare an account of their expenditure and receipts, called the Appropriation Account. This Account must be signed by the Accounting Officer, (usually the Secretary General or Head of the Department or Office in question) who is responsible for having the Account prepared and presented for audit to the Comptroller and Auditor General (see below) before 1 April of the year following that to which it relates. The statutory duties of Accounting Officers in giving evidence to the Public Accounts Committee are set out in Section 19 of the Comptroller and Auditor General (Amendment) Act, 1993.

The Department of Finance is required by law to prepare and present to the Dáil annual accounts of the Central Fund called the Finance Accounts. The Secretary General, of the Department of Finance, is responsible for having the accounts prepared and for signing them. The Finance Accounts contain detailed analysis and classification of the receipts into and issues from the Central Fund, as well as details relating to the National Debt. The Finance Accounts are audited by the Comptroller and Auditor General under Section 4.2 of the Comptroller and Auditor General (Amendment) Act, 1993.

The accounts of other central government units are audited by the Comptroller and Auditor General.

The accounts of individual local authorities are audited by the Local Government Audit Service, as provided for in the in Local Government Act, 2001 (Section 116). The consolidated account for all local authorities prepared by the Department of Housing, Planning and Local Government is unaudited but is based on the audited accounts of individual authorities.

Internal Audit

Accounting Officers are required to supply a signed Statement of Internal Financial Control to the C&AG with the annual Appropriation Account. The Public Financial Procedures state that "*Departments/ Offices should have either (a) a fully functioning, adequately resourced internal audit unit (capable of undertaking broad audit coverage of the organisation), with staff who are appropriately trained, preferably to an appropriate professional standard; or (b) where the size or risk does not warrant a separate unit, access to such a unit through a joint venture or client arrangement with another Department, or some other appropriate arrangement*". In addition the Internal Audit function must "*operate freely and objectively*".

Regulation 9 of the Local Government (Financial Procedures and Audit) Regulations 2014 requires each local authority to maintain an adequate and effective system of internal audit. These Regulations replaced the Local Government (Financial Procedures and Audit) Regulations 2002 which also required each local authority to maintain an adequate and effective system of internal audit. It is a matter for each chief executive officer to ensure that there is an adequate internal audit resource in place in order to fulfil such requirements.

Audit Committees have been in place in local authorities since 2007; however, up to 2014 they did not operate on a statutory footing. Section 59 of the Local Government 2014 Act now requires each local authority to establish a new audit committee within three months of polling day. Detailed regulations were made by the (then) Minister for the Environment, Community and Local Government, along with detailed associated guidance, to provide a legislative basis for: the appointment of audit committee members; the continuing development of members; safe-guards to ensure the independent operation of the committees; and provide a specific framework for the committees' work. The audit committee's role is to support the elected Council by providing an independent assessment of the activities of management in controlling the local authority, the quality of the risk management, financial reporting, financial management and internal audit. The results of this assessment should be reported to, and considered by, the Council. In doing so, the audit committee should identify any matters in respect of which it considers that action or improvements are needed, and make recommendations as to the steps to be taken. Within the organisation structure, the audit committee's position in reporting directly to the Council maintains its independence from the executive.

The work of the internal audit unit in a local authority is carried out primarily for the benefit of the Chief Executive but it is likely to be a significant resource used by the audit committee in discharging its responsibilities. The audit committee has an important role in promoting the understanding of internal audit's function and status within the organisation, enhancing the independence and perceived value of internal audit and assisting the internal audit unit in judging priorities. The audit committee is mandated to review the effectiveness of the internal audit function; review with management and the internal auditor the Audit Unit's charter and annual work programmes, activities and staffing; and ensure that no limitations are placed on the work of the internal audit unit.

The Code of Practice for the Governance of State Bodies sets out the requirements for the internal audit of both commercial and non-commercial state bodies as outlined in section 2.2.2.2.

2.2.2.2. *Public units, not part of general government*

The arrangements for the audit of public corporations may be set out in the primary legislation establishing the entity or otherwise are governed by company law. The accounts of 32 public corporations are audited by the Comptroller and Auditor General. The remaining corporations are audited by private sector accountancy firms. The published audited accounts of public corporations are generally available within 3-12 months of year end.

The Code of Practice for the Governance of State Bodies sets out certain reporting and governance requirements for all state bodies (both commercial and non-commercial). In particular they require the publication (or submission to Government in lieu of publication) of annual accounts and an annual report not later than "four months after the end of the relevant financial year". The Code of Practice also sets out clear requirements for internal control and audit and risk management. The published annual reports of these bodies typically contain a profit and loss account, balance sheet and cash-flow statement, along with a statement of internal control. They may also contain a risk management statement along with the other disclosures typically seen in this type of reporting. The format and level of detail varies depending on the size and scale of the entity.

2.3. Communication

2.3.1. Communication between actors involved in EDP

2.3.1.1. *Agreement on co-operation*

The Government Finance Statistics Liaison Committee (GFSLC) provides a formal oversight function in relation to Ireland's Government Finance Statistics (GFS), including the twice yearly EDP returns. The GFSLC comprises representatives of the CSO, the Central Bank of Ireland and the Department of Finance. These three bodies are, jointly, the main compilers of Government Finance Statistics and share responsibility for reporting GFS for Ireland for past, present and forecast years both nationally and under the relevant EU regulations. The GFSLC is chaired by the Assistant Director General for Economic Statistics of the CSO. A requirement for a minimum of two meetings per year is set out in the Terms of Reference of the group, to coincide with the bi-annual EDP transmissions. Minutes of each meeting are recorded and held by the CSO.

The GFSLC structures also make provision for the establishment of expert groups on specific topics. Currently four such groups exist:

- PPPs and Capital Investment Expert Group
- General Government Debt Expert Group
- Taxes Expert Group
- Public Sector Classifications Group

A schematic of existing and planned groups is shown in Annex 3. Minutes of all meetings are recorded by the convening GFSLC member and copies are held by the CSO. In addition, notes on methodological issues are agreed among the group and held by the CSO. Publication of key classification decisions commenced in 2015, as part of the CSO's documentation of methodology[6].

Formal Memoranda of Understanding (MoU) exist between the Central Statistics Office and Department of Finance and between the Central Statistics Office and the Central Bank of Ireland. These define roles and responsibilities, set out arrangements for the transmission of data and specify areas of co-operation between the bodies involved. The MoUs are co-signed by the most senior official of each organisation, namely the Director General of the CSO, the Secretary General of the Department of Finance and the Governor of the Central Bank. The MoU with the CBI was finalised in early 2013 and is currently being updated to reflect relevant changes such as the

6 https://www.cso.ie/en/methods/governmentaccounts/classificationdecisions/

transition to ESA 2010. The latest MoU between CSO and Department of Finance was signed in 2018 as an update to the MoU first signed in 2013.

The terms of reference of the GFSLC and all sub-groups, along with the MoU between the Central Statistics Office and Department of Finance and between the Central Statistics Office and the Central Bank of Ireland set out the working arrangements and data exchange agreements in detail and are publicly available on the CSO website[7].

Section 31 (2) of the Statistics Act, 1993 provides a mandate for the CSO to influence the design of relevant data systems of government bodies, stating that *"If any public authority proposes to introduce, revise or extend any system for the storage and retrieval of information or to make a statistical survey it shall consult with the Director General [of the CSO] and accept any recommendations that he may reasonably make in relation to the proposal."*

At present relevant initiatives in relation to public accounting systems include a project to introduce a shared Financial Management System for Voted expenditure and an action plan arising from the 2013 Fiscal Transparency Assessment of Ireland conducted by the IMF. The CSO are engaging directly with both of these projects to ensure that GFS and other statistical requirements are taken into account in the development of any new systems resulting from this work. This engagement has been on a collaborative basis and the use of the CSO's legal mandate has not been required.

The CSO and Department of Finance regularly review shared data collection instruments and amend or seek clarity from data suppliers as needed.

2.3.1.2. *Access to data sources based on public accounts*

Data is received in combined formats as described below.

Central Government

Different reports are used for preliminary and final data. For example, the 'Appropriation Accounts' provide audited final figures for items for which preliminary unaudited results were initially taken from the publication 'Revised Estimates for Public Services' (also known as the Revised Estimates Volume)'. The level of detail provided in these reports is almost identical. The valuation rules, consistency with other sources, etc. are the same for all sources.

Data on transfers between the different sub-sectors of General Government are usually available in the public accounts and are used to check the consistency of data in primary and counterpart sources.

The basic data are published in reports such as the Revised Estimates Volume, Finance Accounts and Appropriation Accounts etc. The Department of Finance maintains an internal database, which includes detailed information by Department Vote on data contained in the Revised Estimates Volume. This database is available to the CSO and we work on a continuing basis with the Ministries of Finance and Public Expenditure and Reform to code and verify this data. The Department of Finance makes any necessary changes to its database on foot of any corrections and reclassifications notified by the CSO. The CSO uses the figures in the database to compile its initial estimates of the accounts of Central Government. The values are subsequently updated by the CSO to incorporate the more final audited results provided in the Appropriation Accounts.

In addition the CSO processes the annual reports of government bodies and extra-budgetary funds to ensure coverage of bodies whose revenues and expenditure do not transit through the Exchequer account and to capture the own-resource income and expenditure of these bodies.

Certain data are provided in pre-defined templates designed by CSO in consultation with

7 https://www.cso.ie/en/aboutus/lgdp/legislation/memorandumsofunderstanding/

data providers, for example data on national debt service costs are provided by NTMA in an electronic format which has been designed to meet the needs both of GFS and other national accounts compilers across the directorate.

The majority of taxes data is provided to the CSO in electronic form by the Revenue Commissioners. Data on social contributions is supplied by the Department of Employment Affairs and Social Protection who produce the accounts of the Social Insurance Fund (an extra-budgetary fund of central government). Data on non-Revenue collected taxes are sourced from published reports (e.g. TV licence data). Local Authority collected taxes are reported to CSO by the Department of Housing, Planning and Local Government.

Local Government

The CSO provides Eurostat with Table 0200 of the ESA 2010 transmission programme, which gives a detailed breakdown of the Income and Expenditure of General Government, including Local Authorities, at an interval of T+3 months. However, the data for Local Authorities for the most recent year in this table are based on quarterly reporting of the financial assets and liabilities of local authorities which are not detailed enough to provide all the necessary information on non-financial transactions The estimated income and expenditure figures are adjusted to be consistent with the net lending/borrowing figures calculated in these quarterly financial return. Work is underway with the Department of Housing, Planning and Local Government to produce preliminary revenue and expenditure figures in a more timely manner.

The CSO compiles the final results for Local Authorities using detailed information obtained from the Department of Housing, Planning and Local Government. This information is compiled from the audited FMS based annual accounts that each individual Local Authority is required to provide to the Department. This finalised detailed information only becomes available many months (t+21months approximately) after the end of the reference year. The accounts are accrual based but they are compiled in a specific format which follows a Code of Practice in accordance with Part 12 of the Local Government Act 2001 and which differs from standard company accounts.

When the detailed FMS based accounts become available, the information in the balance sheet replaces the information obtained earlier in the statistical survey of end year stocks of financial assets and liabilities. This provides a revised estimate of net lending/borrowing (B.9f), which is used by CSO as the definitive estimate for EDP reporting. Under the current system these finalised accounts in respect of year N become available only in time for the October (year N+2) EDP notification.

2.3.2. Publication of deficit and debt statistics

2.3.2.1. *Publication of EDP data*

Prior to 2013, EDP figures were published by the Department of Finance in a press statement on the date of release of the finalised figures by Eurostat. From April 2013, the CSO have taken over responsibility for national publication of these figures. On 22 April 2013 the CSO launched a new statistical release on GFS and simultaneously published the EDP tables in transmission format on our website[8].

The following EDP tables have been published nationally since April 22nd 2013

- EDP notification tables: Tables 1-4 for years N-4 to N-1
- A summary of the data contained in Table 11- PPPs (2009 – N-1) of the Questionnaire relating to the EDP notification tables:
- Supplementary tables for the financial crisis (2007– N-1)

These data are typically published nationally at around t+105 days, i.e. in advance of publication by Eurostat. They are flagged as provisional pending final verification and publication of EDP data for all

8 https://www.cso.ie/en/statistics/governmentaccounts/

Member States by Eurostat. Should any variation arise between initial estimates as published and the final data post validation the CSO publish an information note and/or revised tables depending on the scale of the revision. There is no variation in the level of detail or schedule of publication between the April and October notification periods.

2.3.2.2. *Publication of underlying government ESA2010accounts*

The statistical release published simultaneously with the notification tables contains an integrated presentation of financial and non-financial ESA 2010 accounts for the government sector in Ireland. Tables include detailed revenue and expenditure for General Government as well as financial balance sheet data with estimates of non-financial assets and net worth of GG. Tables showing the transition from the Exchequer Balance to the General Government Balance and National Debt to General Government Debt are also included.

First estimates of annual data for year N-1 have been published in April N since April 2013 and revised estimates are published in October year N-1. Quarterly data were also published for the first time in April 2013 and quarterly thereafter at approximately t+110 initially and latterly at t+104/105. The release includes some summary narrative on the figures and more detailed background notes setting out key methodological issues and highlighting relevant changes, e.g. changes in classification of bodies or transactions.

3. EDP tables and data sources

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA2010based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP tables 2 and 3.

3.1. EDP table 1

EDP table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation[9]: net borrowing(-)/net lending(+)(B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (D.41).

This section focuses on Maastricht debt only. A detailed description of B.9 calculation and data sources for individual subsectors is covered under section 3.2.

3.1.1. Compilation of Maastricht debt

3.1.1.1. *Specification of debt instruments* Debt instruments for Central Government (S.1311)
The national debt which is managed by the NTMA accounts for around 97 % of General Government Debt in Ireland. Debt structure has varied somewhat in recent years, but the largest component is government bonds. Loans increased significantly in recent years to be the second largest component of debt but are now beginning to reduce. Deposit liabilities are mainly comprised of government savings products offered to households.

More detail on these instruments, is provided below.

Currency and deposits (F.2)
- Coins in circulation (main creditors: all sectors)
- Deposits with State Savings schemes (main creditors: S.14 - households)

Short term debt securities (F.31)
- Exchequer bills and notes (main creditors: S.2 – rest of the world, S.12 – financial corporations, S.13 – other CG bodies – which are consolidated).
- European commercial paper and discounted commercial paper (main creditors: S.2 – rest of the world, S.12 – financial corporations)
- Section 69 bonds (main creditors domestic companies - usually S.11)
- Treasury bills (main creditors: S.2 – rest of the world, S.12 – financial corporations)

Long term debt securities (F.32)
- Government bonds (main creditors: S.2 – rest of the world, S.12 – financial corporations, sometimes S.13 – other CG bodies – which are consolidated)
- Bonds issued by the Housing Finance Agency (main creditors: S.2 – rest of the world, S.12 – financial corporations)

Short-term loans (F.41)
- Collateral arrangements entered into by the NTMA with S.12
- Overdrafts and other short-term financing arrangements entered into by various government bodies with commercial banks (S.12)

Long-term loans (F.42)
- Bilateral inter-government loans to IE (main creditors: S.2 – rest of the world – UK, Sweden, Denmark)
- Bailout loans (main creditors: S.2 – IMF, EFSF, and ESM)
- Loans from EIB
- Commercial long-term loans held by other central government bodies

9 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:069:0101:0101:EN:PDF

3.1.1.2. *Data sources used for the compilation of Maastricht debt*

The vast majority of data required for the compilation of the gross debt (stock) of each sub-sector and of the contribution which the debt of each sub-sector makes to General Government Gross Debt (and hence GGGD itself) is provided to CSO by the National Treasury Management Agency (NTMA). Data is reported quarterly at T+53 days via a dedicated template which has been agreed between CSO and the NTMA to supply the data requirements of both GFS and Balance of Payments.

In addition to the main published accounts of government (e.g. the Appropriation Accounts), the Department of Finance collects specific data from supervisory Government Departments in relation to the liabilities and certain financial assets of local authorities, health boards (up until their abolition on 1 January 2005 when a single body, the Health Services Executive, took over their functions), other local agencies, non-commercial state bodies and other relevant state bodies. The data collected consists of: gross liabilities to Central Government, to the rest of General Government and to the private sector.

Private sector debt is broken down into:

- Bonds
- Other debt with original maturity less than one year; and other debt with original maturity of greater than one year
- Gross debts guaranteed by Central Government
- Deposits with Central Government, with the rest of General Government and with the private sector

Actual data for the national debt managed by the NTMA, i.e. the Exchequer contribution to General Government Debt is available to CSO quarterly at around T+53 days. This represents between 97% and 99% of total GG Debt for the period 2013-2017. Small revisions may be made in the October year N+1 notification following publication of the NTMA annual report.

Data on debt and deposits of other central government bodies is collected quarterly by the Department of Finance and is available to CSO at approximately T+ 9 weeks.

Local government data for the April notification is supplied to CSO via a quarterly return at approximately T+10 weeks. Final data is available in the audited accounts of local government once these become available at approximately T+21 months (see section 3.4.1.1)

Information on liabilities of local government to central government is collected directly from the sponsoring government departments by the Department of Public Expenditure and Reform and also from the Housing Finance Agency (Local authorities borrow from HFA which since the April 2007 notification has been classified to Central Government).

3.1.1.3. *Amendments to basic data sources*

Most of the data described in section 3.1.1.2 are directly available at nominal value, and no adjustments are necessary. A very high proportion (approx. 97%) is directly reported by the NTMA with the vast majority of this data being reported at nominal value. For the small remainder, the NTMA supplies the information necessary to adjust the data to nominal value.

Some minor reclassifications of instruments occur from time to time due to Repo arrangements. This results in the reclassification of a liability from a debt security to a loan.

For Central Government deposit liabilities (which in Ireland consist of the State Savings schemes - Savings Certificates, Prize Bonds, National Instalment Savings, National Solidarity Bonds and Savings Bonds), the nominal value of the liability includes the accrued interest when it is actually credited to the instrument holder.

Debt denominated in foreign currency is valued in accordance with the Manual on Government Deficit and Debt, Part VIII.2.2.3. The necessary information is provided by the NTMA.

Liabilities of non-commercial semi-state bodies (Non-market agencies) are reported at book value, which for EDP purposes is taken as being equivalent to the nominal value. All such liabilities are in national currency.

Measures of both gross and net debt are published nationally in our annual and quarterly Government Finance Statistics releases.

3.1.1.4. *Consolidation of Maastricht debt*

There are two sources of consolidation for GG Debt. Historically we have always been aware that both central and local government bodies can buy central government debt securities, and secondly the Housing Finance Agency provides debt financing to local authorities.

To address this issue the GG Debt expert group reviews counterparty information on a quarterly basis in relation to the relevant debt instruments and verifies the classification of public sector bodies holding government debt instruments. Due again to the high degree of centralisation of GG Debt data this is generally not problematic. Significant transactions such as the early repayment of IMF loans and the buy-back of floating rate notes related to the IBRC liquidation are tracked as part of this work to ensure the correct recording.

3.2. Central Government sub-sector, EDP table 2A and 3B

Information provided in this section refers to data sources available for the Central Government (S.1311), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA2010.

3.2.1. Data sources for main Central Government unit: "The State"

This section describes data sources available and used for compilation of national accounts and EDP tables for the main Central Government unit:

- Basic data sources
- Complementary data sources used for the purpose of special ESA2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

The Exchequer

The main central government unit, as reported in the working balance of EDP T2A, is the Exchequer. Article 11 of the Constitution of Ireland provides that "*all revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law.*" This fund, known as the Central Fund, is the amount standing to the credit of the Exchequer Account at the Central Bank. The banking transactions of the Fund are effected through the Exchequer Account.

The Exchequer Balance, which is reported as the working balance in EDP T2A, is a cash flow measurement which identifies the difference between receipts physically paid in to and expenditures paid out of the Exchequer Account in each calendar year. These revenues and expenditures are assigned under Ireland's budgetary conventions between the Current Budget and the Capital Budget.

- End-year Exchequer returns (Exchequer Statement): Unaudited details of all inflows and outflows to the Exchequer account. Used in the April EDP notification, data are available by April year N for year N-1, and are available in electronic format from their website[10].
- The Audited Financial Statements of the Exchequer are published annually in September year N for the reference year N-1 by the Department of Finance, and are available in electronic format from their website[11].
- Appropriation accounts are produced by the Comptroller and Auditor General, and are generally available by end-September year N for the reference year N-1. Provisional accounts are provided confidentially in

10 https://www.finance.gov.ie/what-we-do/public-finances/exchequer-returns/
11 https://www.finance.gov.ie/what-we-do/public-finances/finance-accounts-2/accounts/

electronic format to the CSO by the C&AG to facilitate the October EDP notification. The finalised audited accounts are available online[12].

- The Revised Estimates for Public Service (also known as the Revised Estimates Volume): provide detailed unaudited figures for expenditure and receipts of Government Departments. Estimated outturns (including an element of forecast data) are available by April N for year N-1. The published versions are available online[13].
- Forecast data are provided electronically by the Department of Finance for inclusion in the twice-yearly EDP transmissions to Eurostat.

12 http://www.audgen.gov.ie/viewdoc.asp?DocID=-1&CatID=3&m=6&UserLang=EN
13 https://www.per.gov.ie/en/rev/

Table 2 – Availability and use of basic source data for the main central government unit

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final Data				
1	2	3	4	5	6	7	8
		T + days	T + months		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	A	T+4	~T+10	(3) Current and capital revenue and expenditure and financial transactions	X	X	X
A	Q	T+55	~T+10	(4) Balance sheets			X
				Financial Statements			
A	A	T+150	~T+10	(5) Profit and loss accounts		X	X
A	A	T+150	~T+10	(6) Balance sheets		X	X
				(7) Cash flow statement			
				Other Reporting			
C	Q	T+70	*	(8) Statistical surveys		X	X
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed
Periodicity (column 2); M - monthly, Q - quarterly, A - annual, O - other, to be specified.
Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.
Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.
Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

Details of sources referenced in Table 2

Item (3) Data source for first results is the Exchequer Statement, which is available 2 days after month end. Final data - Finance Accounts and Appropriation Accounts available in time for the April N+2 notification. Draft appropriation accounts data may be available in time for October N+1.

Item (4) Data source for first results is quarterly returns from e.g. NPRF, NTMA, HFA. Final data is from annual reports

Items (5) to (7) Data source for first results is from preliminary draft accounts of various CG bodies. Final data is from annual reports

Item (8) Debt and deposit questionnaire from Department of Finance, Surveys of NMPCs and EBFs from Department of Finance.

**Final data from annual reports ultimately replaces these sources.*

3.2.1.1. *Details of the basic data sources*

Data sources used for compilation of national accounts

The valuations used in Budget reporting of 'the State' are generally on a cash basis. However, the format, classifications and level of detail provided for sub-sectors in different reports may not be comparable on a line by line basis.

The basic data are published in reports such as the Revised Estimates Volume, Finance Accounts and Appropriation Accounts. The Ministries of Finance and Public Expenditure and Reform maintain a shared internal database, which provides a detailed classification of the receipts and expenditures of government departments corresponding to the Department by Department Vote classifications contained in the Revised Estimates Volume. These data encompass the majority of central government expenditure, including transfers to local government. The CSO uses the figures in the database to compile its initial estimates of the accounts of central government. The values are subsequently updated by the CSO to incorporate the more final audited results provided in the Appropriation Accounts.

At present, CSO code this data in our own systems using the descriptor fields to identify the type of transaction, counterpart information and functional classification. The voted expenditure data is mainly revenue and expenditure, with financial flows being the exception. Other Exchequer data is coded as financial/non-financial in a separate file structure.

The CSO are continuously enriching the data received from the Department of Public Expenditure and Reform. This includes coding the transactions with ESA 2010, COFOG, counterparty and capital formation. The integration of these codes into the source system will produce greater efficiencies and will also facilitate feedback and quality improvements in the source data. As new items of revenue and expenditure are identified they are coded by CSO and fed back to the Department for inclusion in the next iteration.

The basic source data usually provide information on the gross flows between the different sub-sectors of General Government. This information is used to check the consistency of primary and counterpart data. Sometimes this requires further investigation through statistical inquiries or existing quality assurance and communication channels/structures.

Balance sheet information available to the CSO is of mixed quality and level of detail. It is sometimes possible to distinguish between, e.g. AF.81/AF.89, in other cases it is necessary to estimate the split using supplementary information. Again this may require further investigation through statistical inquiries or existing quality assurance and communication channels/structures.

Working balance (WB)

The revenues and expenditures as reported in the accounts which generate the working balance are also used for the compilation of GFS and national accounts for the main central government unit.

The monthly Exchequer Statement contains all inflows to and outflows from the Central Fund in the year to the end of the reporting month. Therefore it reports a mix of financial and non-financial transactions as well as intra-government flows. The CSO code each transaction (many of which are standard from month to month) and identify those which are financial transactions and those which are intra-government, either through the notes in the statement or through supplementary information supplied by the Department of Finance.

The initial estimates generated from the Exchequer Statements are replaced by data based on the Finance Accounts when available, and these provide an audited measure of the working balance and the underlying transactions.

3.2.1.2. *Statistical surveys used as a basic data source*

The Department of Finance conduct monthly and quarterly surveys of extra-budgetary units. The results of these data are used by the CSO for first estimates for the April notification in respect of year N-1 and until such time as the annual accounts of these units are available. The survey of extra-budgetary units is exhaustive. Due to the role of the Department of Finance non-response is not an issue. See section 3.2.1.4 below.

3.2.1.3. *Supplementary data sources and analytical information*

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA2010 requirements, supplementary data could be used e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

A number of data sources to supplement the Exchequer data are utilised by CSO to compile ESA 2010 compliant national accounts.

- A reporting template on government debt (the Gross Debt return) and on interest costs (Debt Service Statement) are supplied to CSO by the NTMA on a quarterly basis. These provide more detail on specific transactions, debt instruments and counterpart information as well as the information needed to adjust Exchequer cash interest paid to accrued interest.
- The Ireland Strategic Investment Fund provides a quarterly reporting template to CSO which provides additional detail on financial assets and transactions.
- Exchequer tax receipts are replaced with time-adjusted Revenue taxes data.
- The annual accounts of a range of government bodies including the Health Service Executive, hospitals, and local authorities are processed by CSO and used for final estimates once available.
- Balance of Payments data is used to identify rest of world counterpart information for specific transactions.

Under ESA 2010, flows are recorded on an accruals basis; therefore adjustments are required to convert cash-based data to accrual data. Accruals adjustments include: tax accruals (VAT, Income taxes); EU transfers; departmental balances and the impact of the capital carryover.

- The NTMA produces details of the national debt interest on an ESA2010 basis. This is not available in the main Exchequer accounts, which are all on a cash basis. These data, along with data from the accounts of other government bodies, are used to produce a National Debt interest to GG Debt Interest 'walk' table.
- VAT, Excise, Pay As You Earn (PAYE) tax receipts, PRSI, the health levy and the National Training Fund levy are recorded on a time-adjusted basis, by adjusting the cash amounts to reflect the usual time gap between the accrual of tax and the due date for cash payment. Adjustments for SEPA have also been introduced into the processing system.
- Initial estimates of the revenues and expenditures of the HSE, on a cash basis, are sourced from the Revised Estimates Volume. The data in the annual account of the HSE is prepared on an accruals basis and is used to replace the cash based data when the annual account becomes available.
- An adjustment of accounts payable/receivable for voted expenditure is available in the Appropriation Account and adjustments to reflect this data are made to the cash-based accounts.

3.2.1.4. *Extra-budgetary accounts (EBA)*

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first line of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called "extra-budgetary accounts" - EBA. In some cases, according to national legislation, transactions which are not scrutinized by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

Non-financial flows recorded in EBA

The Department of Finance collects and sends the EBF data which has been ESA 2010 coded to the CSO, this enables detailed consolidation for extra-budgetary units. The main variables recorded are P.2 intermediate consumption, D.41 interest, D.59 other current taxes, and D.2 taxes on production and imports. Table A shows the breakdown of income for each of these EBFs and whether the income flows through the Exchequer.

Table A Extra Budgetary Funds included in adjustment line "Non-financial transactions not included in the working balance" in Table 2A

Department of State	Extra-budgetary funds	Income Source	Income Included in Working Balance
Agriculture, Food and the Marine	Fishery Harbour Centres Fund	D4, P131 & D73	No
Communications, Climate Action and Environment.	Environment Fund	D2 (Plastic Bag & Landfill Levy)	No
Education and Skills	National Training Fund	D2 & D5 (National Training Fund Levy)	D2 is included in working balance. D5 is not (NTF income is mostly D5)
	Residential Institutions Redress Scheme/Fund	D73 from CG	n/a
Employment Affairs and Social Protection	Social Insurance Fund	D6 (PRSI)	No
Finance	Bank Guarantee Scheme Fund	D2	No
	Capital Service Redemption Account	D2	No
	Credit Institutions (Eligible Institutions Guarantee) Scheme Account 2013*	D2	Yes
	Credit Union Fund	D2	No
	Credit Institutions Resolution Fund	D2	No
	Deposit Guarantee Scheme*	D2	No
	Dormant Accounts Fund	F4	No
	Sundry Monies Deposit Account	D73 from CG	n/a
	Intestate Estates Fund Deposit Account	P131	No
	National Lottery Suspense Account	D2 (Sale of Lottery Tickets)	Yes
	Post Office Savings Bank Fund	D4	Yes
	Risk Equalisation Fund	D2 (Stamp Duty)	No
Foreign Affairs and Trade	Bilateral Aid	D73 from CG	n/a
Health	Special Account for Hepatitis C Compensation	Funded from Vote	n/a

Department of State	Extra-budgetary funds	Income Source	Income Included in Working Balance
Housing, Planning, and Local Government	Programme for Peace and Reconciliation	Funded from Exchequer	n/a
	Western Investment Fund	Funded from Vote	n/a
	Voluntary Housing Scheme	Funded from Vote	n/a
	Local Loans Fund	Funded from Exchequer	n/a
	Local Government Fund	D2 & D59 (Motor Tax & Property Tax)	Yes

There are a number of other schemes that have historically been called EBFs and are included in the register of public bodies for Ireland as such. The CSO is currently reviewing these schemes to determine if they are (a) active and (b) true EBFs. Department of Finance data collection of EBFs is based on an assessment of materiality based on a point in time – this assessment is due for updating. Those EBFs not assessed as material or whose status is under review are shown Table B. For these there is no specific data collection however it is known that these schemes are not funded through specific taxes. Many are funded through the Vote or other transfers from central government which would be visible in other data sources while others may be redundant or inactive schemes.

Data for the extra-budgetary funds set out in Table A is, as previously stated, provided mostly by the Department of Finance, although the NTMA provide data for the CSRA. The net lending/ borrowing of the EBFs is calculated and appears in EDP table 2A under the section “Non-financial transactions not included in the working balance”.

Table B – Other Schemes

Department of State	Extra-budgetary funds	Funding
Agriculture, Food and the Marine	Horse and Greyhound Racing Fund	Funded through Vote
Education and Skills	Adult Education Organisations Fund	Further work needed to establish if this is an EBF
	Ciste na Gaeilge	Further work needed to establish if this is an EBF
	Department of Education Scholarship Fund	Further work needed to establish if this is an active EBF
	Fund for Organisations Promoting Ireland as an Educational Centre	Further work needed to establish if this is an active EBF
Employment Affairs and Social Protection	Rent & Interest Account No. 3	Further work needed to establish if this is an active EBF
Finance	Scientific and Technological Education (Investment) Fund	Further work needed to establish if this is an active EBF
	Fund for Cultural, Scientific etc. Organisations	Funded through Vote
	Land Bond Account	No current income source
	Ireland-United States Educational Fund 2013	No current income source
	Social Insurance Investment Fund	Funded through SIF accounts
	Traveller's Protection Fund	No funding since 1987 - cash reserve built up from contributions from tour operators.
	State Property (Misc. Deposits) Account	Assets of Companies that have ceased to trade etc. Reviewing at present though thought to be fairly static.
Housing, Planning and Local Government	Local Authority Library and Archive Service	Funded through Vote
Public Expenditure and Reform	Garda Síochána Reward Fund	Funded through Vote through disciplinary fines.

Data of extra-budgetary units are taken into account when compiling the table 2A and 3B of EDP and in national accounts compilation (both non-financial and financial accounts). Data for all extra-budgetary funds net lending/borrowing appears in EDP table 2A under the section "Non-financial transactions not included in the working balance". An exception is the Ireland Strategic Investment Fund (formerly the National Pensions Reserve Fund or NPRF) which is treated as an institutional unit and is reported under "Other central government bodies".

A more detailed description of the principal EBFs is set out below.

Fishery Harbour and Coastal Infrastructure Development Programme

The Fishery Harbour and Coastal Infrastructure Development programme is administered by the Sea Fisheries Administration Division of the Department of Agriculture, Food and the Marine. The programme funds capital development projects at the six designated Fishery Harbour Centres and also co-funds projects at regional fishery harbours which are the responsibility of

Local Authorities. The monies invested will ensure the future viability of the fishing industry, to bring the Fishery Harbour Centres up to international practice, to reduce congestion at the harbours and to improve safety for the fisheries sector.

Environment Fund
The Environment Fund receives money collected from Landfill sites, and from Plastic Bag levies. The purpose of these Environment Fund levies is to change societal behaviour in terms of landfill use and influence behaviour in terms of consumption of disposable plastic bags. The levies are spent on a wide range of environmental and waste management projects including research and development to inform policy. Expenditure allocations are authorised annually by the Minister for Communications, Climate Action and Environment.

National Training Fund
The Department of Education and Skills assumed responsibility for the operation of the National Training Fund NTF from the then Department of Enterprise, Trade and Employment in 2010. The fund provides for expenditure on training for those seeking employment, training for persons in employment, literacy and numeracy, training for those in the community and voluntary sector and also provides funding for the identification of existing and future skills needs for the economy.

Residential Institutions Redress Scheme/Fund
Caranua is the name of the Residential Institutions Statutory Fund. It is a State body, set up to assist people who spent time in institutions in Ireland as children and who received awards through settlements, courts or the Residential Institutions Redress Board. Caranua operates under the Residential Institutions Statutory Fund Act, 2012 and is governed by a Board appointed by the Minister for Education and Skills. The Education Finance Board which ceased operations in early 2014 was replaced by Caranua.

The Residential Institutions Redress Fund operates under the Department of Education and Skills. It was established under the Residential Institutions Redress Act to make financial awards to assist in the recovery of certain persons who as children were abused while resident in certain institutions in the State and who have or have had injuries that are consistent with that abuse.

Programme for Peace and Reconciliation
The Special Support Programme for Peace and Reconciliation was set up by the European Commission to foster peace, promote reconciliation and to encourage positive growth in disadvantaged communities and those that have been most affected by the conflict within Northern Ireland and the border counties. The funding for this programme is made up of 75% from the European Union and 25% from the Irish Government.

Western Investment Fund
This fund is operated by the Western Development Commission, providing risk capital (seed and venture capital and loan finance) to micro, small and medium-sized (SMEs) and social enterprises in the West of Ireland.

Voluntary Housing Scheme
Voluntary Housing Bodies provide social and affordable housing for people who could not otherwise afford to provide suitable accommodation from their own resources. The Voluntary Housing Bodies decide on the types of housing projects/services they will provide, having regard to local needs. They are responsible for tenancy allocations in consultation with the Local Authorities. They are not-for-profit organisations, concerned with the relief of housing needs and usually take the legal form of housing associations. Voluntary Housing is supported by Local Authorities and the Department of Housing, Planning and Local Government under separate schemes.

Local Loans Fund
The Fund is the source from which loans (out of public monies) are made available to Local Authorities. The Local Loans Fund Act, 1935 provided for the establishment, maintenance, financing and management of the Fund. The Act further provided for advances from the Central Fund and their repayment. There have been no such advances since 2000.

Local Government Fund

The Local Government Fund (LGF) is a special central fund which was established in 1999 under the Local Government Act 1998. It is financed by the full proceeds of motor tax and an Exchequer contribution. The Fund provides local authorities with the finance for general discretionary funding of their day-to-day activities and for non-national roads, and funding for certain local government initiatives.

Bank Guarantee Scheme Fund

Bank Guarantee Scheme Fund was the bank account in the Central Bank that the banks would have paid their fees into for the original bank guarantee (CIFS) and was closed when this scheme ended in 2010.

Capital Services Redemption Account

Capital Services Redemption Account is a facility maintained by the National Treasury Management Agency for the purpose of servicing national debt and transactions of a normal banking nature. The Capital Services Redemption Account was established to set funds aside to meet the cost of servicing and redeeming State debt. It is maintained by the NTMA and is subject to guidelines issued by the Minister for Finance.

Credit Institutions (Eligible Institutions Guarantee) Scheme Account 2013

The Credit Institutions (Eligible Liabilities Guarantee) Scheme (ELG) provides for an unconditional and irrevocable State guarantee for certain eligible liabilities (including deposits) of up to five years in maturity incurred by participating institutions from the date they joined the scheme until the closure of the Scheme on certain terms and conditions. The NTMA was appointed by the Minister for Finance as the ELG Scheme Operator. On 26 February 2013 the Minister for Finance announced the closure of the ELG Scheme to all new liabilities from midnight on 28 March 2013. After this date, no new liabilities will be guaranteed under the Scheme. This does not affect any liabilities already guaranteed as of 28 March 2013. Participating institutions in the ELG Scheme are credit institutions or subsidiaries of credit institutions which have been approved by the Minister for Finance. The Minister stands as guarantor of all guaranteed liabilities of a participating institution, subject to the terms and conditions of the ELG Scheme, the Rules and ELG Scheme Agreements entered into by each participating institution.

Credit Union Fund

The main purpose of the Credit Union Fund is to provide a course of financial support for the restructuring of Credit Unions, to provide stabilisation support and to meet the expenses of the Credit Union Restructuring Board (ReBo) in discharging its functions under the Act. The Minister for Finance signed into law the Credit Union Fund (Stabilisation) Levy Regulations 2014 on 26 November 2014 giving effect to the introduction of a stabilisation levy to provide stabilisation support for credit unions under the Stabilisation Scheme. The Commission on Credit Unions in its Report, which was agreed by all Commission members including credit union stakeholders, recommended the introduction of a statutory stabilisation scheme funded by mandatory contributions from credit unions.

Credit Institutions Resolution Fund

This fund has been designed to provide a source of funding for the resolution of financial instability in, or an imminent serious threat to the financial stability of, an authorised credit institution. The Credit Institutions Resolution Fund Levy Regulations, 2014 provide for contributions by authorised credit institutions to the Credit Institutions Resolution Fund. The 2012 Regulations (as updated by the 2014 Regulations) require every person who, on 1 October 2014, is an authorised credit institution described in the Schedule to the 2012 Regulations to pay a levy in respect of the levy period to the Central Bank of Ireland. This includes all banks, building societies and credit unions licenced in Ireland with the exception of institutions covered by the Credit Institutions (Stabilisation) Act, 2010.

The Deposit Guarantee Scheme

The Deposit Guarantee Scheme (DGS) protects depositors in the event of a bank, building society or credit union authorised by the

Central Bank of Ireland being unable to repay deposits. Deposits up to €100,000 per person per institution are protected. The DGS is obliged to issue compensation to depositors duly verified as eligible within 20 working days of a credit institution failing. The DGS is administered by the Central Bank of Ireland and is funded by the credit institutions covered by the scheme. Each credit institution is required to maintain a Deposit Protection Account (DPA) equivalent to 0.2 percent of their total deposits, in order to fund the DGS. The DGS is part of the Central Bank of Ireland's strategy to ensure that the best interests of consumers of financial services are protected.

Dormant Accounts Fund

The Dormant Accounts Fund is a scheme for the disbursement of unclaimed funds from accounts in credit institutions in Ireland. The fund is administered under the 2001 Dormant Accounts Act, together with the Unclaimed Life Assurance Policies Act 2003 and the Dormant Accounts (Amendment) Act 2012 and is under the statutory function of the Minister of the Environment, Community and Local Government with effect from the 1st January 2013. The balances on dormant accounts are paid into the Dormant Accounts Fund, which is managed by the NTMA.

Sundry Monies Deposit Account

This Fund is used to hold receipts until the correct disposal instruction is received. The vast majority of the receipts are moved to the Exchequer within a reasonable timeframe after original receipt.

Intestate Estates Fund Deposit Account

The estate of a person who dies intestate and without surviving relatives is forfeit to the State. The Chief State Solicitor's Office (CSSO) makes lodgements to this account, on notification to Exchequer Section, in respect of assets of such persons.

National Lottery Suspense Account

The surplus revenues earned by the national lottery are paid into the Exchequer and are issued from the Office of the Minister for Finance to suspense accounts operated by the relevant Government Departments for spending on approved projects in the areas of sport and other recreation, national culture (including the Irish language), the arts, the health of the community, youth activities and amenity and welfare projects. The scheme is open to all voluntary community organisations wishing to provide recreational facilities and thereby promote the greater availability of recreational and leisure opportunities for the community.

Post Office Savings Bank Fund

This fund is under the control of the National Treasury Management Agency. Moneys in the fund are primarily lent to the Exchequer either as ways and means advances or through the purchase of Government securities. The Exchequer effectively underwrites the solvency of the fund and the moneys deposited in POSB accounts are, therefore, State guaranteed.

Risk Equalisation Fund

The Community Rating levy, collected by the Revenue Commissioners, is paid over to the Risk Equalisation Fund, which is administered by the independent regulator, the Health Insurance Authority. The Authority redistributes the fund back to the market through credits payable to insurers in respect of insured older lives (aged 60 and over) to offset some of the additional cost of insuring older and less healthy members and pays a credit to insurers in respect of overnight stays in hospital for all ages.

Special Account for Compensation of Hepatitis C

This fund is used to pay awards made by the Hepatitis C & HIV Compensation Tribunal and or by the High Court on appeal to persons infected with Hepatitis C or HIV through the administration of blood and blood products within the State. The fund is also used to pay the administration costs of the Tribunal.

Small Savings Reserve Fund

The Small Savings Reserve Fund was established under Section 160 of the 1994 Finance Act to allow funds to be set aside to meet the overhang of unpaid interest on the Government small savings schemes. The Finance Accounts also provide details on the Small Savings Reserve Fund and on the Capital Services Redemption Account, an extra-budgetary fund established by the 1950 Finance Act to allow funds to be set aside to meet the cost of servicing and redeeming the stock of debt.

Social Insurance Fund

The Social Insurance Fund (SIF) is made up of the receipts of Pay-Related Social Insurance (PRSI) contributions collected by the Revenue Commissioners in respect of employers, employees and self-employed persons. Social insurance benefits, redundancy payment entitlements and occupational injuries benefits administered by the Department of Employment Affairs and Social Protection are paid out of the SIF at rates established by legislation. Under Section 9 of that Act, the SIF comprises a current account which is managed and controlled by the Minister for Social Protection and an investment account which is managed and controlled by the Minister for Finance, the Department exercises full control over the daily activity of the account. The Social Insurance Fund was established by the Social Welfare Act, 1952.

Ireland Strategic Investment Fund (formerly National Pensions Reserve Fund)

The National Pensions Reserve Fund (NPRF) was first established in 2001 under the National Pensions Reserve Fund Act, 2000 to supplement the existing "pay as you go" public pension system and was controlled and managed by the NPRF Commission, acting through the NTMA as manager of the Fund. 2014 saw the transition of the NPRF from a globally diversified fund to the Ireland Strategic Investment Fund (ISIF), a new fund with a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.

3.2.2. Data sources for other Central Government units

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP T2A).

Data sources for other central government units used in the compilation of national accounts and EDP tables include:

- Non-market public corporations (NMPCs)
- Voluntary hospitals
- Institutes of Technology (IoTs)
- Irish Bank Resolution Corporation (IBRC)

Table 3 – Availability and use of basic source data for other central government units: Data on other CG bodies

Available source data				Source Data Accounting	Source data used for compilation of	
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			B.9 (NFA)	B.9f (FA)
		First Results	Final Data			
1	*2*	*3*	*4*	*5*	*7*	*8*
		T + days	*T + months*			
				Budget Reporting		
				(1) Current revenue and expenditure		
				(2) Current and capital revenue and expenditure		
C	Q	T+50		(3) Current and capital revenue and expenditure and financial transactions	X	x
A	Q	T+70		(4) Balance sheets	X	x
				Financial Statements		
A	A		~T+10	(5) Profit and loss accounts		
A	A		~T+10	(6) Balance sheets		
				(7) Cash flow statement		
				Other Reporting		
				(8) Statistical surveys		

See notes to table 2, on the used abbreviations.

Details of sources referenced in Table 3
Item (3) Department of Finance survey of NMPCs
Item (4) Quarterly returns from IBRC special liquidator
Items (5) – (7) Annual report data for hospitals, IOTs, NMPCs

3.2.2.1. *Details of the basic data sources*

The basic source data usually provide information on the gross flows between the different sub-sectors of General Government. This information is used to check the consistency of primary and counterpart data. Sometimes this requires further investigation through statistical inquiries or existing quality assurance and communication channels/structures.

The Department of Finance conduct monthly and quarterly surveys of non-market public corporations and extra-budgetary funds. The results of these data are used by the CSO for first estimates for the April notification in respect of year N-1 and until such time as the annual accounts of these units are available. These surveys are described in more detail in section 3.2.2.2.

Data on IBRC is provided through a template completed by the Special Liquidator each quarter.

This is a dedicated template designed by the CSO, based on the pre-liquidation format of the accounts of IBRC and including data required for consolidation. Both financial and non-financial data is collected. The format allows for automated coding of the relevant transactions in a CSO designed Excel file. Sometimes details of particular transactions (e.g. disposal of fixed assets, or proceeds of loan book sales) require further investigation. This is done via the Department of Finance.

Annual reports of voluntary hospitals and Institutes of Technology are supplied to the CSO in the format in which they are prepared for other statutory reporting purposes, comprising an income and expenditure statement, balance sheet, cash flow statement and notes to the accounts. These data are entered manually into our processing system. The notes to the annual financial statements contain some additional detail which allow us to code the relevant ESA transactions, and may contain information on counterparty data, or at least provide information which allows the counterparty to be inferred. Flows from other government units may be identified in these accounts or in the accounts of the government unit providing the funding – e.g. from the HSE to the hospitals.

Balance sheet information available to us is of mixed quality and level of detail. It is sometimes possible to distinguish between, e.g. AF.81/AF.89; in other cases it is necessary to estimate the split using supplementary information. Again this may require further investigation through statistical inquiries or through dedicated queries using GFSLC structures or bilateral discussions.

3.2.2.2. *Statistical surveys used as a basic data source*

As noted above the Department of Finance monthly and quarterly surveys of non-market public corporations and extra-budgetary funds are used by the CSO for first estimates for the April notification in respect of year N-1 and until such time as the annual accounts of these units are available. The surveys are focussed on those entities with significant non-Exchequer revenues as the gross effect of those funded by the Exchequer is already captured in the main data sources – although full detail on the types of transactions may not be available for first estimates. Therefore this is, in effect a sample survey which allows for an estimation of the profile of government expenditure in particular until final data is available. Due to the role of the Department of Finance non-response is not an issue.

The main variables collected are:

- Inflows:
    - Taxes on production & imports
    - Current taxes on income & wealth
    - Capital taxes
    - Social contributions
    - Property income
    - Sales of goods & services
    - Loan Repayments
    - Transfers from other government entities (by sub-sector).

- Outflows:
    - Compensation of employees
    - Pensions
    - Intermediate consumption
    - Social payments
    - Interest expenditure
    - Subsidies
    - Gross fixed capital formation
    - Capital transfers to private sector bodies
    - Current transfers to private sector bodies
    - Transfers to other government entities (by sub-sector).

There is also an option to supply additional information to explain specific transactions.

3.2.2.3. *Supplementary data sources and analytical information*

This section describes supplementary data sources which are used to amend basic data sources while compiling national accounts. In order to meet ESA2010 requirements, supplementary data could be used for, e.g. accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

In addition to the sources described in the foregoing, regular customised quarterly reports are supplied to the CSO which provide information on income, expenditure and balance sheet positions for other central government bodies such as the Housing Finance Agency (HFA), the Strategic Banking Corporation of Ireland (SBCI) and Irish Water (IW). The quarterly data received from the HFA also provides counterpart information on the holders of its debt securities, which facilitates the assessment of the consolidated impact of this body on General Government. Similarly, the SBCI data is comprehensive and also distinguishes between government and non-government transactions/ positions. The IW data received enables the calculation of the both the financial and non-financial B.9s. Any inconsistencies in the data are queried directly with the provider.

The National Oil Reserve Agency (NORA) is covered under the quarterly Department of Finance survey of non-market public corporations. This survey provides information on deposits and debt, again providing sufficient detail to allow proper consolidation. Accounts information from the annual report is used to supplement this survey data, particularly for the estimation of AF.8 assets and liabilities.

3.2.3. EDP Table 2A

This section provides detailed information on individual lines reported in EDP T2A.

3.2.3.1. *Working balance - use for the compilation of national accounts*

The data sources for the working balance are the Exchequer statements and Finance Accounts referenced in section 3.2.1.1. These are also used in the compilation of the non-financial accounts and B.9.

3.2.3.2. *Legal basis of the working balance*

The legal basis of the working balance for Ireland – the Exchequer Balance – is set out in section 3.2.1. Payments out of the Exchequer fall into two categories – Voted Expenditure and Non-voted Expenditure. Voted Expenditure forms the larger part of Government expenditure and is for the ordinary services, called Supply Services, of Government Departments. The Dáil approves or 'votes' monies for these services each year. Non-voted expenditure is paid out of the Central Fund under specific legislation, without annual reference to the Dáil. It consists of expenditure on items such as the service of the National Debt, contributions to the European Union (EU) Budget, the Houses of the Oireachtas Commission, share subscriptions to State bodies, judicial salaries and pensions and the salaries and pensions of the President and Comptroller and Auditor General.

The Finance Accounts for a given year provide the audited Financial Statements of the Exchequer. These figures are audited by the Office of the Comptroller and Auditor General (in Irish Oifig an Ard Reachtaire Cuntas agus Ciste) under Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993. These audited accounts are publicly available online[14]. There may be very small adjustments to the working balance as a result of auditing which may affect the B.9 or B.9f depending on their nature. There have been no such changes recently – a change in 2013 to the Exchequer Balance following auditing referred to a small change in cash interest paid in the period and had no B.9 impact.

3.2.3.3. *Coverage of units in the working balance*

Two adjustment lines due to sector delimitation appear in EDP T2. The purpose of the first adjustment is to exclude flows relating to units which do not belong to the government sector (or to the particular subsector) according to ESA2010 definition. The second adjustment refers to B.9 of other units which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

14 https://www.finance.gov.ie/what-we-do/public-finances/finance-accounts-2/accounts/

3.2.3.3.1. Units to be classified outside the subsector, but reported in the WB

There are no units reported in the working balance which do not belong in the government sector.

3.2.3.3.2. Units to be classified inside the subsector, but not reported in the WB

The line net lending/net borrowing of other central government units comprises the B.9 of the Irish Strategic Investment Fund, Institutes of Technology, Voluntary hospitals, the Irish Bank Resolution Corporation and a number of other non-market public corporations.

The B.9 as reported in first estimates is based on a mix of cash and accrual data, derived from dedicated data collections by CSO and the Department of Finance. Later estimates are based on annual report data and are on an accruals basis. Generally all transactions related to these bodies are reflected in their own B.9 rather than in other adjustment lines, whether this is based on initial or final data. Data for these bodies is fully ESA coded in CSO processing systems however a full set of accounts is not produced for all bodies individually or for groups of entities. The transfer of data processing into a new IT system planned to take place over the period 2018-2019 will allow for a more automated approach and the production of the sequence of accounts for some individual entities/groups of entities.

3.2.3.4. *Accounting basis of the working balance*

The working balance is a pure cash measure. As outlined in section 2.2.1, the Exchequer balance is a cash flow measurement which identifies the difference between receipts physically paid in to and expenditures paid out of the Exchequer Account in each calendar year. No adjustments are made in respect of non-cash payments or receipts or timing differences in transactions.

3.2.3.4.1. Accrual adjustment relating to interest D.41, as reported in EDP T2

Interest, like all other transactions, is recorded on a pure cash basis in the working balance. Details of premium and discount related flows are provided to CSO by the National Treasury Management Agency and are used in the calculation of the line *Difference between interest paid and accrued*. In addition this line takes account of accrued interest on the promissory notes issued to financial institutions and an adjustment for the National Loans Advance Interest Account. This latter refers to temporary inflows arising due to the sale of bonds between coupon dates which will ultimately be repaid as part of the final coupon payment. This line reports adjustments for interest expenditure only.

Adjustments for interest revenue are reported under the line '*non-financial transactions not included in the working balance'* – see section 3.2.3.5.

3.2.3.4.2. Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2 Transactions amended on accrual basis via F.8_rec

The following transactions are adjusted for in the line accounts receivable:

- Tax time adjustments – specifically VAT and Excise (Section 6.1)
- Accrual adjustment for voted expenditure (Appropriation Accounts – Section 2.1.2)
- Accrual adjustment for voted expenditure (Appropriation Accounts – Section 2.1.2)
- Other one-off or occasional transactions – e.g. SEPA

Transactions amended on accrual basis via F.8_pay

The following transactions are adjusted for in the line accounts payable:

- EU transfers (Section 6.2)
- Accrual adjustment for voted expenditure (Appropriation Accounts – Section 2.1.2)
- Other one-off or occasional transactions – e.g. assumption of pension liabilities, sales of licences

As the data sources for EDP Table 2 and for EDP Table 3 and financial accounts are the same the data is fully consistent.

3.2.3.4.3. Other accrual adjustments in EDP T2

Not applicable for Ireland.

3.2.3.5. *Completeness of non-financial flows covered in the working balance*

The adjustment "Non-financial transactions not included in the working balance" refers to a range of transactions and bodies as detailed in Table 2A. These include banking sector interventions utilising promissory notes, transactions of extra-budgetary accounts, proceeds of licence sales (UMTS), interest flows from contingent capital in financial institutions, and the impact of certain budgetary central government entities not reflected in the working balance, such as the Health Service Executive and the Social Insurance Fund.

3.2.3.6. *Financial transactions included in the working balance*

As previously described the working balance is essentially equivalent to a bank account balance, with all cash transactions of the Exchequer reflected in the working balance. As such the working balance may include the impact of transactions in financial assets and liabilities such as the issuance and repayment of loans and proceeds from the sales of equity.

On receipt of annual Exchequer statements and Finance Accounts the CSO review each transaction to determine its nature. Electronic versions of the Exchequer Statement are ESA coded in the CSO processing system. These frequently include a range of financial transactions which are coded as such. Some of these transactions, in particular certain loans are regular transactions and are easily identifiable. Where new or difficult to interpret transaction headings appear the Statistics Unit of the Department of Finance is asked to provide briefing on the nature of the transaction so that it can be correctly classified.

Regularly occurring financial transactions include the issuance and repayment of loans to certain government funds to allow for cash flow management, typically the Social Insurance Fund and Local Government Fund. In 2014, loans of around EUR 4 billion were issued to and repaid by the Social Insurance Fund. The Irish government capital contribution to the European Stability Mechanism is recorded under the line "Equities, acquisition".

Most other recent transactions refer to interventions in the financial sector including the acquisition of contingent capital in AIB and Bank of Ireland in 2011 and its partial disposal in 2013. The acquisition and subsequent sale of Irish Life and Permanent is also seen here as is the effect of the repayment of notional loan principal in 2011 related to the promissory notes issued to the then Anglo Irish Bank and Irish Nationwide Building Society.

3.2.3.7. *Other adjustments reported in EDP T2*

There has been only one entry under this line to date. In 2015 the Ireland Strategic Investment Fund redeemed part of its preference shares in the publicly owned bank AIB for the sum of €1,700 million. At the same time the balance of its preference shares were converted to ordinary shares, and the promissory note issued to EBS in 2010 was paid off in full. The net proceeds of these transactions were recorded in the December Exchequer Statement. The conversion of the preference shares to ordinary shares was determined to be a capital transfer, based on AIB losses incurred since the last capital injection was made in 2012 and on the uncertainty of a return on the investment when compared to the guaranteed return on the preference shares previously held. The difference between total capital transfers into AIB up to 2015 and losses incurred since the last capital injection was recorded as D.9 expenditure in 2015 and included in the line "Other adjustments" in Table 2A.

3.2.3.8. *Net lending/net borrowing of central government*

Apart from the adjustments described above, the only remaining adjustment to the working balance before arriving at the B.9 of central government is the inclusion of the impact of "other central government bodies". The basis for this calculation and its coverage has been described in section 3.2.2.

3.2.4. EDP Table 3B

3.2.4.1. *Transactions in financial assets and liabilities*

EDP T3 is compiled in Ireland using QFAGG data.

Table 4. Data used for compilation of transactions and of stocks of financial assets and liabilities

	Assets							Liabilities						
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data		X	X	X					X	X	X			
Stock data	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Transaction data														
Stock data	X	X	X	X	X	X	X	X	X	X	X	X	X	X

F.2 (currency and deposits) assets and liabilities: The account of the Central Fund into which all monies received by and payments made by the Exchequer is held in the Central Bank. Data on the movement and position of the Fund is reported to CSO by the NTMA. Other Central Government units may also hold deposits at commercial financial institutions. Data on stocks of deposits are generally sourced from annual reports and the Department of Finance survey on debt and deposits of CG bodies. The CSO is currently undertaking a review exercise to establish the exhaustiveness of this data. Generally, transactions are estimated through changes in stocks. Currency liabilities of government refer to liabilities for coins in circulation, while deposit liabilities mainly refer to State savings products and the liability to deposit holders in IBRC.

F.3 (debt securities) assets and liabilities: Data on securities held and issued by central government units are reported by the NTMA and Department of Finance.

F.4 (loans) assets and liabilities: Data is mainly reported by the NTMA (national debt), the ISIF (formerly NPRF) and Department of Finance (other CG bodies with lower levels of borrowing/lending). Other CG bodies with significant loan assets or liabilities are required to make separate returns to CSO, e.g. the HFA, SBCI.

F.5 (equity and investment fund shares) assets and liabilities: Data is mainly reported by the NTMA and ISIF. The ISIF quarterly data return provides a detailed breakdown of investment assets (predominantly in AF.2, AF.3 and AF.5) held by the State, and movements in those assets during the quarter. Annual reports are used to estimate the State's equity investment in public corporations. Additionally, a quarterly report is received from the Central Bank which details the State's reserve assets, which are held in the Central Bank. Data for other CG bodies and the Central Bank is sourced through annual/quarterly reports.

F.6 (insurance, pension and standardised guarantee schemes) liabilities: The amounts involved are extremely small and are sourced from annual reports and from quarterly data returns of relevant bodies, e.g. data is obtained from annual reports for RTE and Horse-Racing Ireland and data is taken from regular quarterly returns for the Housing Finance Agency (and supplemented by annual report financial statements, if required). As the amounts are small there can be fluctuation between asset and liability recording for these instruments.

F.7 (financial derivatives and employee stock options) assets / liabilities: The principal source for data on financial derivatives is the NTMA which accounts for exchange rate swaps, interest rate swaps and cross-currency swaps arising from dealing in bonds or loans, and managing associated risk, in areas outside the Eurozone. To a much lesser extent, transactions in financial derivatives can occur for other CG bodies. The main example encountered in recent years is RTE. Examination of the financial statements contained in their annual reports indicates that the organisation has some foreign currency exposure (arising from the payments associated with both U.S. and U.K. television programmes) and the risks associated with movements in these currencies are managed using derivative instruments.

F.8 (other accounts receivable/payable) assets / liabilities:
As outlined in section 3.2.3.4.2, most F.8 data refers to taxes, EU transfers (e.g. FEOGA payments) and voted expenditure. Taxes data is sourced from the Revenue Commissioners, data on EU transfers is reported by the relevant units in the Departments of Finance and Education and Skills. Details on other payables/receivables are sourced from the Appropriation Accounts and, in the case of Government bodies such as RTE, HFA, NORA and the HSE, financial statements from the annual reports are also used. In most cases the stocks of accounts receivable and payable are used to calculate the equivalent transactions.

Counterparty information on financial assets and liabilities is compiled in the preparation of Monetary Union Financial Accounts (MUFA). The data which feeds the outputs for MUFA is completely consistent with the data in ESA Table 2700. This data, which is provided to the Central Bank of Ireland under the MUFA Guideline (ECB/2013/24), consists of non-consolidated positions and transactions for General Government.

3.2.4.2. *Other stock-flow adjustments*

Data for the lines "Issuance above/below nominal value", "Redemptions/repurchase of debt above/below nominal value" and "Appreciation/ depreciation of foreign currency debt" are based on data reported by the NTMA as part of their National Debt reconciliation.

The data corresponding to the item "Issuance above/below nominal value" is obtained from the NTMA. It is composed of the excess of premiums/ discounts and also of cancellations.

The item "Difference between interest accrued and paid" is made up from data which is received on national debt interest from the NTMA. It is derived from the aggregation of the following items – (i) interest accrued in the period, (ii) cash interest paid, (iii) national loans advance interest and (iv) net derivative flows on debt interest swap contracts.

The interest flow attributable to swaps and FRAs is calculated using data provided by the NTMA in the national debt service statement. The cash interest flow in the period is subject to a series of adjustments (accrual, amortisation and termination) to arrive at an accrual figure for interest on swaps.

The line "Difference between interest accrued and paid", is identical to that reported in Table 2A.

The NTMA provide a table on the reconciliation of movements in national debt. One of the items shown in this table provides details on debt cancellations in the period. It is this item which is recorded in Table 3A/B under "Redemptions of debt above/below nominal value".

"Appreciation/depreciation of foreign currency debt" in Table 2A contains only currency movements associated with the termination of hedging swaps related to the repayment of foreign currency denominated debt. Repayments of IMF debt have resulted in entries in this item for recent years. The data source for this item comes from the NTMA and details movements, including currency movements, in foreign denominated debt during the period.

The only item reported to date under "Changes in sector classification" is due to the reclassification of IBRC to S.1311 under ESA 2010[15].

3.2.4.3. *Balancing of non-financial and financial accounts, transactions in F.8*

This section aims at describing of techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.

Allocation of discrepancy B.9 vs B.9f

Every effort is made to reconcile non-financial and financial data at the level of the individual unit/ group of units. Where this cannot be achieved adjustments may be made on either the financial or non-financial account depending on an assessment of the quality of the relevant dataset. In some cases we have formed the view through a review of data sources that the discrepancy arises from time of recording problems. This is more acute in early estimates and as more final data becomes available the discrepancy can be observed to reduce. There is no fixed practice for allocating the discrepancy to a particular item or instrument.

Changes to intermediate data

Counterpart data is generally used only for consolidation – the main example is the use of HFA data to verify local government financial stocks and flows. The final discrepancy arrived at after all quality reviews have taken place is not allocated to any instrument.

Complementary elements on stocks/

There is no allocation of the discrepancy to AF.8 or any other instrument category.

Accruals

See above under allocation of discrepancy.

Ex-post monitoring

In recent periods the observed discrepancy has been within 2% of GDP for quarterly data and 0.5% of GDP for annual data, however we continually review our data sources to further reduce differences. The GFSLC structures would be utilised to review significant issues where a discrepancy is too high and cannot be resolved through normal data enquiries, however this has not arisen in recent years.

15 http://ec.europa.eu/eurostat/documents/1015035/2990403/IE-Classification-Irish-Bank-Resolution-Corp-ESA2010.pdf/20c5c9be-732c-41e5-9591-7de87e6ce9bf

3.3. State government sub-sector, EDP table 2B and 3C

Not applicable for Ireland.

3.4. Local government sub-sector, EDP table 2C and 3D

3.4.1. Data sources for Local Government main unit:

Table 5 – Availability and use of basic source data for main local government units

Available source data					Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1		Source Data Accounting	WB	B.9 (NFA)	B.9f (FA)
		First results	Final Data				
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
		T + days	*T + months*		*cross appropriate cells*		
				Budget Reporting			
A	Q	T+90	n/a	(1) Current revenue and expenditure		X	X
A	O –Bi-annual	T+90	n/a	(2) Current and capital revenue and expenditure		X	
C	Q	T+55	n/a	(3) Current and capital revenue and expenditure and financial transactions		X	X
GGB A	Q	T+75	n/a	(4) Balance sheets			X
				Financial Statements			
AFSA	A	T+150	T+21	(5) Profit and loss accounts	X	X	X
AFS A	A	T+150	T+21	(6) Balance sheets		X	X
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			

Accounting basis (column 1): C- cash, A- accrual, M-mixed.

Periodicity (column 2); M - monthly, Q - quarterly, A - annual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

Details of data sources shown in Table 5.

Item (1) – Quarterly LG return on Revenue, capital expenditure and debtors

Item (2) – Preliminary estimate of income and expenditure – bi-annual reporting of high level estimates of current and capital income and expenditure for latest and forecast years.

Item (3) – Department of Finance quarterly data collection on local government income and expenditure

Item (4) – GGB quarterly return to CSO and Department of Finance

Items (5) & (6) – Local Authorities Consolidated Annual Financial Statements

3.4.1.1. *Details of the basic data sources*

The final source used for both financial and non-financial accounts of local government is the Local Authorities Consolidated Annual Financial Statements. These are supplied to the CSO by the Department of Housing, Planning and Local Government who amalgamate each local authority's annual financial statement. Draft accounts are available to CSO in time for the April N+2 transmission for year N but are subject to revision. Audited accounts become available about 21 months after the year end which we use to produce the final estimate. For first results a dedicated return known nationally as the quarterly GGB return is used. This provides information on financial flows only. Non-financial accounts for the most recent periods are estimated based on financial flows supplemented by budgetary information (Items 1, 2 and 3 in table above), and historic trends until the Local Authority AFS becomes available.

The classification of transactions in the annual financial statements does not correspond exactly to the general government finance statistics classifications, for instance changes in provisions for bad debts are not made explicit in the accounts. Therefore we have to make our own adjustment to both the income and expenditure figures for this estimate.

The current income from goods and services transactions can be taken directly from Appendix 4 of the accounts and they feed a number of GFS and national accounts items including: (a) the differential between the market value of rent and the actual amount paid by tenants (b) interest income (c) Miscellaneous receipts and (d) tax revenues, adjusted for uncollected rates. The data source used is the ***Quarterly LG return on Revenue, capital expenditure and debtors*** provided by the Department at around the 15th of the third fourth month after the relevant quarter. This quarterly report shows both the invoiced revenues and the amounts collected and amounts written off.

The information on current expenditures in Appendix 1 Analysis of Expenditure is also reasonably well aligned. However, it lacks details of the debt provisions which we have alluded to already. Therefore we need to make adjustments to the calculation of intermediate expenditure for these bad debt provisions using the Quarterly Return of Debtors (e.g. revenue for commercial rates is recorded on invoice basis but CSO only record actual cash receipts). Data is available to allow for consolidation in financial accounts e.g. liabilities to the Housing Finance Agency are verified against the HFA's annual report.

Not all capital expenditure reported in the AFS results in capital formation of Local Authorities. The reported capital expenditure includes other items such as grants to other institutional units, payment of mortgage loans and the purchase of land which are coded accordingly. The estimation of capital formation of local government is computed in co-operation with the Capital Formation section of National Accounts.

3.4.1.2. *Statistical surveys used as a basic data source*

No statistical surveys are used.

3.4.1.3. *Supplementary data sources and analytical information*

3.4.1.3.1. Supplementary data sources used for the compilation of non-financial accounts

The accounts of other government bodies with whom the Local Authorities have significant transactions (e.g. Irish Water, Local Government Fund) may be used as supplementary information in the compilation of non-financial accounts for this sector.

3.4.1.3.2. Supplementary data sources used for the compilation of financial accounts

Quarterly financial returns and the annual report of the Housing Finance Agency (part of central government) are used to verify the loan position with the local authorities each quarter and at year end.

3.4.2. Data sources for other Local Government units

Table 6 Availability and use of basic source data for other local government unit

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First Results	Final Data				
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
		T + days	*T + months*		*cross appropriate cells*		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
A	A	T+90		(3a) Current and capital revenue and expenditure and financial transactions	n/a	X	
A	A	T+10 months		(3b) Current and capital revenue and expenditure and financial transactions	n/a	X	
A	A	T+90		(4a) Balance sheets			X
A	A	T+10 months		(4b) Balance sheets			X
				Financial Statements			
A	A		T+9	(5) Profit and loss accounts	n/a	X	
A	A		T+9	(6) Balance sheets			X
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			

Accounting basis (column 1): C- cash, A- accrual, M-mixed.

Periodicity (column 2); M - monthly, Q - quarterly, A - annual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

Items (3a) & (4a) Joint survey with Department of Finance of income, expenditure and balance sheet for latest and forecast years.

Items (3b) & (4b) Annual Regulatory Financial Return.

Items (5) & (6) Annual Financial Statements

3.4.2.1. *Details of the basic data sources*

Until the middle of 2013, the Vocational Education Committees were part of local government. With the establishment of the Education and Training Boards (ETBs), the VECs have disbanded and their function has moved to ETBs. These are controlled by Central Government.

Following the reclassification of the larger AHBs to local government their annual financial statements are currently being integrated into the GFS data processing for Ireland. These are available up to reference year N-2 in time for the April notification. For year N-1 estimates for AHBs a joint data collection with Department of Finance, based on the format of their annual financial statements as well as financial returns made to the interim housing regulator are used.

In many cases the revenues and expenditures of entities under control of the local authority have been consolidated into the accounts. Quite a large number of entities are listed in the Appendix 8 of the Annual Financial Statements. However some of these are not under local authority control and have been listed by virtue of an employee working with the relevant body which is in no way connected with the relevant local authority. It is also not currently possible to distinguish which of the entities that have been consolidated into the financial statements are classified as market corporations, therefore outside general government. CSO are currently in the process of collating details that will enable us to undertake this exercise. The outcome of this work will also be reflected in the register of public bodies and national accounts variables. The overall impact on our aggregates is expected to be minimal.

3.4.2.2. *Statistical surveys used as a basic data source*

A statistical survey was introduced in 2015 to capture descriptive and financial details of all units under local authority control in order to further improve the coverage of the local government revenue and expenditure and financial positions. This survey identified 155 entities that are controlled by local government. The data supplied by the Local Authorities was incomplete and a full analysis of the status of all the companies was not possible. The initial results based on 2013 data showed that 100 of 155 companies were market entities, 39 were non-market entities and 16 had insufficient data to classify. Of the market entities, 21 were consolidated with the parent Local Authority. Of the non-market entities, 13 were not consolidated with the parent Local Authority. This resulted in approximately €125,000 of debt not being captured and another €800,000 yet to be classified. The CSO is currently in the process of updating the data capture template with data from 2016 annual reports and annual financial statements in order to carry out the market test. This data will be sent to the relevant Local Authorities to verify. The results of this are expected in 2019.

3.4.2.3. *Supplementary data sources and analytical information*

Not applicable.

3.4.3. EDP Table 2C

3.4.3.1. *Working balance - use for the compilation of national accounts*

The working balance is taken as the "Overall Surplus/(Deficit) for the year" from the Income & Expenditure Account Statement of the Local Authority Consolidated AFS. This is after transfer from/to reserves to part fund capital transactions.

3.4.3.2. *Legal basis of the working balance*

The Local Authority Consolidated Annual Financial Statements are produced in accordance with the Local Government Acts and in accordance with the Accounting Code of Practice[16], last updated December 2014.

3.4.3.3. *Coverage of units in the working balance*

The coverage is almost comprehensive with all Local Authorities, and consolidated entities under their control, covered in the working balance. There are a number of missing non-market entities that are not consolidated under Local Government Control. As indicated in section 3.4.2.2, this is being addressed by on-going work.

3.4.3.3.1. Units to be classified outside the subsector, but reported in the WB

As indicated in section 3.4.2.2, there are also some market units under control of the local authority where their revenue and expenditure is consolidated into the accounts and therefore reported in the working balance and this is being addressed by the on-going work highlighted above.

3.4.3.3.2. Units to be classified inside the subsector, but not reported in the WB

Please see 3.4.3.3.1

3.4.3.4. *Accounting basis of the working balance*

As the working balance is produced under accrual accounting no further accrual adjustments are applied in EDP T2C.

3.4.3.5. *Completeness of non-financial flows covered in the working balance*

As the working balance is arrived at as the difference between current revenue less current expenditure less transfers to capital reserves we are required to make a number of adjustments for non-financial flows are reported in EDP Table 2C for the following transactions:

"Imputed interest payments from housing associations" less "Imputed transfers to housing associations" which almost balance out. We also add in capital revenues generated from central government. The capital data is obtained from Appendix 6 of the Annual Financial Statement and from Capital Formation Section of National Accounts (CAPFORM). To ensure consistency of the series CAPFORM in National accounts provide local authority data along with depreciation.

A deduction for capital transfers paid to S.14/S.15 and for the value of gross fixed capital formation in the year are included. We make adjustments to both tax revenue and intermediate consumption to take account of the non-collectability of commercial rates which are recorded on an invoice basis. Finally we adjust the working balance to account for rates waived or written off, provisions for bad debt and changes in stock.

3.4.3.6. *Financial transactions included in the working balance*

The only financial transaction included in the working balance is the transfer from revenue to capital reserve which has been partly used to fund capital transactions.

3.4.3.7. *Other adjustments reported in EDP T2C*

We report a "Residual" value to reflect timing differences between the B.9 derived in Table 2C (i.e. after adjusting for financial and non-financial transactions) and the B.9 calculated from the balance sheets in the audited Annual Financial Statements. This residual amount tends to fluctuate between negative and positive over time and does not indicate any systemic pattern.

16 https://www.housing.gov.ie/local-government/administration/finance/accounting-code-practice-january-2017

From April 2018 onwards the line Net lending (+)/ net borrowing (-) of other local government bodies shows the B.9 of AHBs reclassified to S.1313.

3.4.3.8. *Net lending/net borrowing of local government*

As described earlier in this chapter, the balance sheets are used in the calculation of EDP net borrowing (B.9) for local government

3.4.4. EDP Table 3D

3.4.4.1. *Transactions in financial assets and liabilities*

The main data source used for the compilation of local government data are the quarterly "General Government Balance" return submitted by Local Authorities to the Department of Housing, Planning and Local Government (DPHLG) for consolidation and forwarded on to the Department of Finance and the Central Statistics Office. This data source contains data on the assets and liabilities of local authorities. It is supplemented with the use of the consolidated annual financial statements (once available) which provide a more authoritative estimate for the annual B9f. Financial transactions are derived, in both cases above, by using balance-sheet data and estimated using the change in position.

If counterpart data is available then it is compared with the primary data sources indicated above. If there is strong evidence to suggest a greater degree of quality in the counterpart information then the primary data will be amended. Money and Banking statistics are not used in the compilation of local government statistics. This is due to the fact that this data source does not provide a breakdown of loans and deposits at the level of detail required.

If information becomes available on specific transactions or other economic flows, such as debt cancellation, then adjustments will be made to the data to reflect such movements. At present, however, no such information source is available.

The data used in the compilation of local government is amended to accurately reflect known consolidation effects. Such consolidation adjustments include adjustment at general government level to account for the interaction between local and central government. In particular, consolidation adjustments are implemented to adjust for borrowing from the Housing Finance Agency (a central government body). Currently no consolidation adjustments are made to account for the interaction of local government agencies and bodies with each other - this is due to a lack of source information.

No direct data source is available for financial transactions, as indicated above. Stock positions are recorded on an accruals basis and transactions are estimated from these. Stock positions are at market value so, by implication, transactions are also recorded at this valuation.

Currently no direct information is available on F.5 for local government.

If data sources are unavailable at the time of compilation then the B.9 reported in the Exchequer statement for local government can be used as a guide for estimating the B.9 / B.9F. Additionally, it may be possible to exploit counterpart information on certain instruments, such as F.3 and F.4, in such circumstances.

The primary data sources used in compilation have the same coverage of units.

For AHBs the data sources are as described under EDP Table 2C.

Table 7. Data used for compilation of transactions and of stocks of financial assets and liabilities

	Assets							Liabilities						
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data														
Stock data	X	X	X	n/a	n/a	n/a	X	n/a	n/a	X	n/a	n/a	n/a	X
	Calculation of stocks													
Transaction data														
Stock data	X	X	X	n/a	n/a	n/a	X	n/a	n/a	X	n/a	n/a	n/a	X

3.4.4.2. *Other stock-flow adjustments*

Not applicable for Ireland

3.5. Social security sub-sector, EDP table 2D and 3E

Not applicable for Ireland

3.6. Link between EDP T2 and related EDP T3

The monitoring of the link between the individual adjustments in EDP T2 and the related transactions reported in EDP T3 is important for the assessment of GFS data quality.

It is not expected that the adjustments from EDP T2 would be clearly identified in EDT3.

- First, this is due to different coverage of units, because the adjustments in EDP T2 should refer only to the main entity reported in the WB, while transactions in EDP T3 reflect the whole subsector.
- Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.8 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 reported in EDP T3 and in FA. For the latter (coverage of transactions), the WB balance as reported in EDP T2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.
- Third, adjustments/transactions reported in EDP T2A are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP T3 refer to the whole subsector and they are consolidated.

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP T2, these should be reflected also in financial accounts and EDP T3 under the related financial instrument.

Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP T2 and EDP T3.

3.6.1. Coverage of units

The same register of units is used for non-financial and financial accounts compilations, and for EDP table 2 and 3. In particular the register of GG units maintained by CSO is used to identify the composition of S.13 by all compilers and is used as reference point for the design of data collection. The coverage of units reported therefore is theoretically identical however as previously reported for individual units and groups of units there is variation in quality between financial and non-financial data leading to a statistical discrepancy.

3.6.2. Financial transactions

Financial transactions excluded from the working balance in Table 2A/2C are reported on the same basis in financial accounts in EDP Tables 3B/3D as in Tables 2.

Data on Exchequer financial transactions reported in the working balance are also used in the compilation of EDP T3 and financial accounts. For example, transactions in equity are observed in Exchequer data and are also recorded in financial accounts, however supplementary information may be used to identify valuation changes as opposed to true transactions.

Only one adjustment is reported for Local Government under financial transactions and this is based on the Local Authority AFS which are also used for financial accounts compilation. This transaction can be observed in financial accounts through movements in cash.

3.6.3. Adjustments for accrued interest D.41

There is no difference in the lines "difference between interest paid and accrued in Tables 2A and 3B. The basis for this line is explained in Section 3.2.3.4.1. No equivalent line is reported for local government as the working balance for local government is on an accruals basis.

3.6.4. Other accounts receivable/payable F.8

The individual amounts recorded in EDP table 2A are the same as the equivalent parts of those recorded in EDP Table 3B, however the latter is broader in coverage, encompassing all CG units rather than those reported in Table 2A for budgetary central government. To reconcile these two lines, data on accounts receivable/payable for a number of other CG units is required in addition to that reported in EDP Table 2A.

Accrual adjustments for both non-financial and financial accounts are based on the same data sources – e.g. tax time adjustments, voted expenditure accruals, EU transfer accruals. An example of an accrual adjustment relating to financial transactions is the recent National Lottery licence sale, where an F.8 payable is recorded in the financial accounts is then unwound at the same rate at which imputed receipts are recorded in the non-financial accounts.

3.6.5. Other adjustments/imputations

There is only one entry under this line to date. In 2015 the Ireland Strategic Investment Fund redeemed part of its preference shares in the publicly owned bank AIB for the sum of €1,700 million. At the same time the balance of its preference shares were converted to ordinary shares, and the promissory note issued to EBS in 2010 was paid off in full. The net proceeds of these transactions were recorded in the December Exchequer Statement. The conversion of the preference shares to ordinary shares was determined to be a capital transfer, based on AIB losses incurred since the last capital injection was made in 2012 and on the uncertainty of a return on the investment when compared to the guaranteed return on the preference shares previously held. The difference between total capital transfers into AIB up to 2015 and losses incurred since the last capital injection was recorded as D.9 expenditure in 2015 and included in the line "Other adjustments" in Table 2A.

3.7. General comments on data sources

Comments on existing data sources can be seen in the relevant sections earlier in this chapter. There are currently initiatives underway in Ireland to increase harmonisation of public accounting across a number of central government bodies (voted expenditure). A financial management shared services (FMSS) project is currently underway for 48 central government bodies with the intention of implementing a single FMS and FMSSC for these bodies in 2017. In addition the current Programme for Government contains a specific commitment to a move to accrual accounting for budgetary central government (other CG bodies and LG already prepare accounts according to some form of accruals as outlined previously). The Government Accounting section of the Department of Public Expenditure and Reform is examining options for accrual accounting for Government Departments and Offices, taking account of the wider reform agenda, in particular:

- the Financial Management Shared Services (FMSS);
- recommendations from the 2013 IMF Fiscal Transparency Report for Ireland; and
- developments at EU level concerning the future implementation of harmonised accounting standards.

3.8. EDP Table 4

Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.

3.8.1. Trade credits and advances

The data sources for these items are the same as those described for other elements of the financial accounts (see sections 3.2.4 and 3.4.4). The range of data sources is examined to determine the nature/sector of the counterparties to the AF.81 positions. Information detailing a non-government/government split for the counterparty is not readily available in most of the data sources, including annual reports, currently used. Due to this limitation, the assumption used is that all of the estimated AF.81 liabilities are to units outside general government.

An overall estimate for AF.8 is obtained from the data sources which are available. Additionally, as outlined above, AF.81 is estimated from these same sources and AF.89 is derived as a residual item. The item “Net incurrence of other accounts payable (F.8)” which shows the transactions in F.8 liabilities is, by construction, consistent with the AF.81 positions shown in Table 4. F.8 transactions are derived as a change in stock position. It is assumed that the movements in AF.81 liabilities are entirely explained by transactions and, in this sense the Table 3A and Table 4 F.8/F.81 items are consistent.

3.8.2. Amount outstanding in the government debt from the financing of public undertakings

No such transactions are currently reported. Government financing of public corporations is generally through the use of capital injections or subsidies.

4. Revision policy used for annual GFS

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

4.1. Existence of a revision policy in your country

Revisions to both financial and non-financial accounts and to deficit and debt are tailored to EDP requirements while accommodating as far as possible revision practices in the broader National Accounts.

Some components of government expenditure are published as part of the quarterly national accounts around the middle of March year N for the quarters of year N-1 and earlier years. The first full set of preliminary results for year N-1 are published in April year N and correspond to the April EDP notification and ESA transmissions. These may contain revisions to year N results published in the quarterly national accounts due to additional data becoming available in late March. Revisions for earlier years arising from updated data sources or methodological changes may also be made at this time.

In June year N the main Irish national accounts annual publication (National Income and Expenditure, Year N-1) is produced, including a detailed breakdown of government income and expenditure. These may include revisions due to updated data sources or methodological changes implemented since the April notification and these revisions will be incorporated in the quarterly ESA transmissions at end June. The national practice is to ‘front-load’ revisions as far as possible at this stage due to other national accounts publications being benchmarked for the next 12 months to the current National Income and Expenditure results. Therefore, the end-September year N EDP notification will broadly correspond to the data published in June unless a significant revision is required due to, for example, a reclassification or material revisions to source data.

In April year N+1 and October year N+1 further revisions to year N may be made due to updated data sources, classification decisions or other methodological changes. Where these revisions involve methodological changes or reclassifications these revisions are backdated through the entire annual and quarterly EDP and ESA time series. The EDP tables are still flagged as ‘half-finalised’ at this stage.

In April year N+2 EDP data for year N is regarded as ‘final’ following the inclusion of data from final audited accounts of local government.

Benchmark revisions may be carried out across National Accounts from time to time, to reflect updates from data sources that are available less frequently than annually such as a Census of Population or Household Budget Survey. Other revisions will generally result from methodological changes such as revisions to classifications, the introduction of new data sources or the correction of identified errors and are performed as needed.

B. Methodological issues

5. Sector delimitation – practical aspects

5.1. Sector classification of units

General government is defined by ESA2010 §2.111 as "… institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

a) if it is an institutional unit (ESA2010 2.12 describes the rules according to which an entity can be considered as an institutional unit)
b) if it is a public institutional unit (ESA 2010 §20.18 and MGDD I.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"…. According to the list of criteria listed in ESA 2010 §20.309)
c) if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD I.2.4)"

The subsectors of general government in Ireland (central government and local government) include the main central government unit comprising 15 Departments of State, 31 local authorities and other (mainly central government) units, including hospitals, schools and a range of non-market agencies. Some of these are not institutional units, specifically the extra-budgetary funds listed in Table 1 of the Register of Public Bodies in Ireland17. Other non-market agencies which are institutional units are classified within the government sector if they are non-market producers, or in some cases due to specific guidance in the MGDD. One example of the latter are certain regulatory bodies, which are regarded as market producers but which are classified within the government sector. These include the Commission for Energy Regulation and the Commission for Communications Regulation.

A listing of public corporations is compiled and reviewed annually to meet the requirements of the national register of public bodies and the Eurostat questionnaire on publicly controlled entities not classified in the general government sector. Annual accounts of these bodies are analysed and the market / non-market 50% criterion is applied annually to all of those units whose liabilities exceed 0.1 % of GDP. Smaller units are monitored as part of on-going data processing and if a change in trend revenues/costs are observed over a 2-3 year period the market test is calculated. The published annual reports for the most recent 3 years are used for this work. Subsidiaries of group entities are analysed separately where accounts are available - e.g. Ervia, CIE, ESB. The process by which newly established entities are identified is described in Section 5.1.2

The qualitative criteria of ESA 2010 are also applied as appropriate in classification decisions. This includes a review of the autonomy of the body under consideration, its existing or planned relationship with government including the role of government as customer and the functioning of the market in which the body operates or will operate – including the presence of competitors.

5.1.1. Criteria used for sector classification of new units

The CSO maintain a template of relevant questions to be answered in respect of a public body, which include information on the nature and purpose of the entity as well as its governing structures and

17 https://www.cso.ie/en/methods/governmentaccounts/classificationdecisions/registerofpublicsectorbodiesinireland/

financing sources. All of these criteria are used to inform the classification decision in accordance with the guidance available in ESA 2010 and the MGDD in force at the time of the decision.

5.1.2. Updating of the register

The Register of Public Bodies in Ireland is published by the CSO twice a year to coincide with the publication of the April and October EDP results for Ireland. Sub-sector classification codes are held for all units on the Business Register. The Government Accounts Division of CSO makes the classification decisions in relation to publicly controlled units and publish a separate register of these units which is then used by Business Register colleagues to maintain this part of their classification.

Up to 2015 the register of public bodies was compiled and updated via desk-based research and ad hoc data collection by the CSO and through on-going communication with the Departments of Finance and Public Expenditure and Reform. Recently the CSO have initiated a data collection process to formalise this work in co-operation with the Expenditure Policy Evaluation and Management Division of the Department of Public Expenditure and Reform. This was carried out for the first time in 2015 and provides information on bodies under the aegis of each government department which enables the register to be reviewed. The results of this data collection are reflected in the October update of the Register of Public Bodies in Ireland each year. We are currently developing a similar data collection with local government. The creation of new bodies may be notified through this process, however for the establishment of the more significant entities CSO are usually consulted in the planning stages.

The Statistics Unit of the Department of Finance provides a statistical enquiries service to government departments who are planning the establishment of a new body. This may be a government entity or a public corporation. The Department collect information on the planned new body in a standard format, including:

- How is the funding being provided and by what body?
- Is there a capital injection by Government; What are the terms of the capital injection; Are private investors involved?
- Is there a transfer of ownership of assets; If so what type of asset and what are the conditions of the transfer of ownership?
- Is there borrowing involved?
- Is there a commercial return for the investment?
- Where is the risk being borne?
- Where are the rewards?
- What is the policy purpose of the transaction?
- What body/bodies have control legally/ economically? Who appoints the board/ directors?

The submitted department is also required to provide other relevant documentation such as draft business plans, legislation etc.

This information is shared with CSO who review this information and may seek additional details if required. Once sufficient information has been collated the CSO will provide a preliminary view on the likely classification of the body. A final classification decision is not made by CSO until the planned operation has been established. Complex or significant classification issues are discussed with Eurostat and may be submitted for ex ante advice under Eurostat's procedures for provision of ex ante guidance. National guidelines for the provision of classification advice were published in 2018[18].

In 2014 a sub-group of the GFSLC was established to support the classification decision-making process. This comprises the other main GFS compilers (the Department of Finance and the Central Bank of Ireland) as well as the Department of Public Expenditure and Reform, and CSO colleagues producing the institutional

18 https://www.cso.ie/en/methods/governmentaccounts/classificationdecisions/guidelinesonmethodologicaladviceandstatisticalclassificationdecisions/

sector accounts for the whole economy. The group provides a forum for discussion of the ESA 2010 rules and guidance and their application to specific national cases and thus contributes to quality assurance. The final classification decision at national level rests with CSO.

Classification decisions with retrospective effect are applied throughout national accounts time series as required. Revisions are implemented in accordance with the revisions policy set out in Section 4.

5.1.3. Consistency between different data sources concerning classification of units

The main data sources for both financial and non-financial accounts are coded by CSO and we ensure that the classification of units is reflected consistently across our data holdings and compilation processes through internal checks. Other compilers of GFS and banking statistics are advised of the current classification of government units via the publication of our register and through the structures of the GFSLC.

5.2. Existence and classification of specific units

1. Non-profit institutions (universities, schools, public hospitals)

The main non-profit institutions included in the government sector are voluntary hospitals, institutes of technology (these are 3rd level educational institutions), schools and Approved Housing Bodies. Hospitals, IOTs and schools are all classified to central government with the exception of fee-paying schools which are classified as market producers. AHBs are classified to local government. The control of these units is determined through review of the governing legislation, as is the case for most public entities. Universities are classified as publicly controlled market producers and therefore in S.11.

2. Infrastructure companies

The national rail company Iarnród Eireann/Irish Rail is classified within government although its parent company Coras Iompair Eireann – the national transport company is classified as a public corporation. Other transport companies including ports and airports are classified as public corporations not in the government sector. Publicly controlled gas and electricity utilities are also classified as public corporations. The public water utility, Irish Water, a subsidiary of the publicly controlled gas utility Ervia is classified in the central government sector due the majority of its revenues being financed by government.

3. Public TV and radio

The public service broadcaster Raidió Teilifís Éireann (RTE) was classified to the general government sector in 2012 with retrospective effect from 2009 following a review of their revenues and expenditure as reported in their annual accounts by the CSO. Television licences in Ireland are classified as a tax. Every household, business or institution in Ireland with a television or equipment capable of receiving a television signal (using an aerial, satellite dish, cable or other means) must have a television licence. Television licence fees paid by households are classified as D.59 (other taxes on income and wealth) while those paid by businesses are classified as D.29 (taxes on production).

4. Specific public units involved in financial activities

The financial defeasance structure, Irish Bank Resolution Corporation has been classified to central government under ESA 2010. This classification took effect from the merger of Anglo Irish Bank and Irish Nationwide Building Society on 1 July 2011. This event took place following approval by the European Commission of a joint restructuring plan for Anglo Irish Bank and Irish Nationwide Building Society, which required the merger of the banks, the sale of their deposit books, and the orderly work-out of the merged loan book over a period not to exceed 10 years19.

The Strategic Banking Corporation of Ireland is classified as a captive financial institution in the central government sector.

19 http://europa.eu/rapid/press-release_IP-11-801_en.htm

6. Time of recording

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions.

The time of recording is defined in ESA2010 §1.101. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

6.1. Taxes and social contributions

Council Regulation 2516/2000 amended the Regulation on European system of national and regional accounts in the Community (ESA) 95 as concerns taxes and social contributions and clarified the rules concerning both the time of recording and the amounts to be recorded.

6.1.1. Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA2010 §4.26 and §4.82 as the time "…when the activities, transactions or other events occur which create the liabilities to pay taxes".

Some 95% of all taxes are collected by the Revenue Commissioners. The remainder are collected either by the Local Authority offices (e.g. Commercial rates) or by a government controlled agency under the aegis of a Government Departments e.g. the Post Office or the Motor Tax Offices.

All sources are cash-based data. The same sources are used for the first and second notification. The data on first notification is preliminary and there can be some changes. Final data for year N is generally available by N+9 months.

The method used for recording taxes is cash in most cases though some taxes are recorded using time-adjusted cash, where transactions are attributed to the period when the activity takes place. The most important time-adjusted taxes are Pay as you earn (PAYE) taxes, Value Added Tax (VAT) and Excise Duties.

PAYE income taxes on wages, which are deducted by employers, are time adjusted by one month to reflect the delay between the month when the tax was deducted at source and when it is remitted to the Revenue Commissioners. VAT is time adjusted by two months to reflect the delay between the sales transaction and the due date for remittance of the VAT by retailers to the Revenue Commissioners. For excise duties, the time adjustment is also one month generally reflecting the grace period between the actual transaction and the remittance dates (e.g. delay between taking the item out of bond warehouse and tax remittances).

All remaining taxes are assessed on a cash basis which is considered to best reflect the underlying reality. An example of a significant cash based tax is income tax paid by self-employed persons who are required to pay at least 90% of their expected liability up to two months before the year end. The recording of commercial rates has been revised to a cash basis with the agreement of Eurostat at its dialogue visit in October 2014. These data are obtained from the quarterly returns (see section) and replace the invoiced amount recorded in the Local Authority Annual Financial Statements.

The CSO is responsible for compiling the data for the EDP tables and related questionnaires (e.g. tax stocks and receivables). Some 95% of the data is available to produce time adjusted taxes for the April EDP-notification. For the October EDP notification we have the remaining tax data required for these adjustments.

Reimbursements and refunds of taxes are recorded on a cash basis. Final settlements are recorded when the cash is paid. Interest is not separately identifiable and so is associated with the related tax. Fines and penalties for non-payment are recorded with associated tax on a cash basis. Data on payable tax credits are also provided by the Revenue Commissioners allowing us to gross up income tax receipts accordingly. There have been no tax amnesties in recent times. Where tax amnesties have arisen, their taxes are recorded on a cash basis.

A full detailed list of all taxes is available in the annual National Tax List Questionnaire (NTL). For the majority of tax data, final data become available in both the Revenue Commissioners annual report which is published on their website www.revenue.ie and the appropriation accounts. In the case of commercial rates, there is a longer time frame of about t+21 when the Audited Financial Statements for the local authorities are finalised. With the amalgamation of the local authorities this time lag is expected to shorten.

6.1.2. Social contributions

The time of recording of social contributions is defined in ESA2010 §4.94 as "… the time when the work that gives rise to the liability to pay the contribution is carried out…" for employers and employees social contributions, and as "… when the liabilities to pay are created" for self-employed and non-employed persons.

Social contributions in Ireland are referred to as Pay Related Social Insurance (PRSI). The revenues generated are classified into three categories, namely payments by employers under Pay As You Earn (PAYE); payments by employees under PAYE; and payments by self-employed persons which are generally paid once a year at the same time as the income tax liability. All data sources are cash-based data. The same sources are used for the first and second notification. The data on first notification is preliminary and there can be some changes. Final data for year N is generally available by N+9 months.

The method used for PRSI is to record time-adjusted cash amounts, which are attributed to the period when the activity takes place.

PRSI on wages, which comprise deductions from employee wages together with an employer's contribution are time adjusted by one month to reflect the delay between the month when the PRSI was deducted at source and when it is remitted to the Revenue Commissioners. PRSI remitted by self-employed persons is recognised on the cash basis, in line with the treatment of their income tax liability.

PRSI is collected by the Revenue Commissioners in its capacity as agent for the Social Insurance Fund, which is an extra budgetary fund of government. Data are supplied to the CSO by the Department of Employment Affairs and Social Protection and the CSO is responsible for compiling the EDP tables and related questionnaires. Data is supplied net of reimbursements and refunds. Final data becomes available at the time of the audited appropriation accounts.

6.2. EU flows

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts. Eurostat, after the consultation with Member States, released a decision in February 2005. The ESA2010 Manual on government deficit and debt Chapter II. 6 "*Grants from the EU budget*" provide further details concerning the recording of these flows.

6.2.1. General questions

The Irish Exchequer pays the reimbursements claimed by the Department of Agriculture, Food and the Marine due from the European Union under the European Agricultural Guarantee Fund (EAGF).

Following is a list of all the EU funds received by Ireland. The sector is S.1311.

a) European Agricultural Guarantee Fund (EAGF) - received directly into the Exchequer.
b) European Agricultural Fund for Rural Development (EAFRD) - received by Department of Agriculture as an Appropriation-in-Aid (A-in-A).
c) European Fisheries fund (EEF) - received by Department of Agriculture as A-in-As.
d) European Regional Development Fund (ERDF) - All ERDF receipts (received on foot of EU Claims submitted by D/PER) are recorded in the first instance by D/PER and reported to CSO (i) in monthly BOP returns and (ii) quarterly returns indicating source and disbursement of the ERDF receipt.

    Disbursement of ERDF receipts:

    (i) ERDF receipts received on foot of EU payment Applications (submitted by D/PER to the EU) are disbursed to Exchequer and appear on the Exchequer Statement under EU Receipts, Capital, ERDF.

    (ii) ERDF 'advances and pre-financing' received by D/PER from the EU are transferred to Department of Housing, Planning & Local Government and subsequently used by Department of Housing, Planning & Local Government to 'grant aid' the EU co-financed Urban initiative projects carried out by the local authorities.

(a) European Social Fund (ESF) - ESF receipts are submitted by the Department of Education &Skills as A-in-As.

(b) Cohesion Fund - Ireland is no longer eligible to receive aid from the Cohesion Fund (to qualify GNP must be less than 90% of the EU average measured against purchasing power parities). Final Cohesion Fund receipt back in 2015 and these Cohesion Fund receipts were disbursed to Exchequer (Exchequer Statement - EU Receipts, Capital, and Cohesion). All Cohesion Fund receipts were reported in the monthly BOP reporting to CSO.

There are a number of data sources. Firstly, data is at Central Government level and is provided to CSO by the Departments of Public Expenditure and Reform, Education, Finance, and Agriculture, Fisheries and Food. This data is on expenditures incurred in the calendar year. It includes the date of claim on which to base our recording and allows the identification of advance payments and/or reimbursements.

Secondly, the CSO receives quarterly information in relation to claims and payments under the European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund. It should be pointed out that there are a number of Operational Programmes in play at this time. For example, the Exchequer is awaiting final payments under the EDRF and ESF 2000-2006 Operational Programme with further claim and payments under subsequent Operational Programmes (namely 2007-2013 and 2014-2020). The Cohesion Fund is an historic one (pre 2000) with only a small number of payments to be made.

To ensure consistency of data in national accounts, government accounts receive the EAFRD expenditure data from balance of payments colleagues whose data source is Department of Agriculture, Food and the Marine.

The data collected is at central government level. We can distinguish between Exchequer and non-Exchequer for claims and payments data for the ERDF but not ESF.

The date of the expenditure is available. Hence we can distinguish advances and reimbursements. For example, under the latest ERDF and ESF programmes, all payments received to date are viewed as advances. The description of the flows/name of the funds are given and hence the beneficiary is known and can be identified.

As indicated above, the data is on expenditures incurred in the calendar year. It includes the date of claim on which to base our recording and allows the identification of advance payments and/or reimbursements.

The amounts from the EU are received into the Central Fund and are entered in the working balance and are classified as appropriate in Table 2A. For example, in Ireland's National Accounts, FEOGA subsidies are recorded on an accrual basis. The amounts included for a given calendar year are the reimbursements claimed by the Department of Agriculture, Food and the Marine from the EU in respect of expenditures actually incurred in the calendar year. These can differ significantly from the actual reimbursements by the EU in the year, which can be received up to three months after the Irish Exchequer pays the subsidies. The commentary above outlines how the various funds are treated in the relevant department's vote and where they are recorded in their accounts.

The accrual adjustment is done in the lines corresponding to Other accounts receivable/ payable and these adjustments are included under these categories for all EU funds. As described above, both receivable and payable data is available.

Advance payments to recipients by the Exchequer of EU subsidies are treated in the National Accounts as the acquisition of a financial claim on the EU, with no impact on the General Government Balance GGB, and are classified as 'Accounts Receivable' in Table 2 of the Excessive Deficit Procedure (EDP) return.

Advance payments to recipients by the Exchequer of EU subsidies are treated in the National Accounts as the acquisition of a financial claim on the EU, with no impact on the General Government Balance GGB, and are classified as 'Accounts Receivable' in Table 2 of the Excessive Deficit Procedure (EDP) return. The corresponding payments when received from the EU are classified in Table 2 as a reduction in Accounts receivable. Furthermore, detail is also provided on other EU transfers (e.g. ERDF and ESF under Accounts payable and receivable) as appropriate.

In relation to payment adjustments under the EU budget, this is specifically recorded under accounts payable in Table 2A and included in the corresponding total in Tables 3. It is recorded in the quarterly accounts in the last quarter of the year with repayments subsequently made in the next quarter.

6.2.2. Cash and Schengen facility:

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

Not applicable for Ireland.

6.2.3. Jeremie/Jessica

The European Commission and the European Investment Bank Group and other International Financial Institutions on financial engineering in cohesion policy, the European Commission drew up new initiatives for improving access to finance of European corporations. These initiatives require the involvement of EU governments (as in the case for other cohesion and structural policy instruments). EU Member States implement the JEREMIE and JESSICA initiatives by establishing a Holding Fund funded through their Structural Fund receipts from the European Commission and national contributions. The Holding Fund (HF) can be managed either by the EIF or by other financial institutions, according to the EU Structural Funds legislation applicable In this context, the "Managing Authorities" can award management either directly to the EIF or any national institution which benefits from public procurement exemption under national law through a grant agreement, or indirectly by way of tender to a financial institution through a service contract. Holding Funds can be set up either as "*ring-fenced blocks of finance*" or as bank accounts managed by the Holding Fund manager on behalf of and in the name of the Managing Authority, or as an independent legal entity (Special Purpose Vehicle – SPV).

Not applicable for Ireland.

6.2.4. Market Regulatory Agencies

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

The main interventions in place in Ireland as at early 2018 relate to skimmed milk powder and butter. These schemes are managed by the Department of Agriculture, Food and the Marine. Stocks are reported to the European Commission via the Public Storage electronic portal. As these stocks are not regarded as assets of the Department they are not shown as such in the Appropriation Account and thus do not enter the accounts of government.

6.3. Military expenditure

The ESA2010 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered.

ESA 2010 paragraphs 20.190-20.192 define the rules for the statistical recording of military equipment. Chapter II.5 in Part II of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

6.3.1. Types of contracts

Levels of military expenditure in Ireland are generally insignificant in their totality, amounting to just 0.15% of total expenditure or 2.4% of government capital formation in 2016. As a result, any changes in accounts receivable would be equally minor. Most contracts for large equipment, such as aeroplanes, include prepayments. On delivery some payments may be withheld pending confirmation that the equipment functions correctly. The principal source of information (which includes data the appropriate questionnaire in Annex 3) is a detailed questionnaire which is supplied bi-annually by the Department of Defence.

6.3.2. Borderline cases

Ships acquired by the Irish Defence Forces contain relatively small amounts of weaponry and are often used for purposes such as fisheries protection, which in some countries are undertaken by coastguard services. In the Irish National accounts these items were initially not treated as military equipment. However, following discussions with Eurostat it was agreed to reclassify these items as military equipment on the basis that the ships are owned by the military and carry mountings for weapons.

6.3.3. Recording in national accounts

Unfortunately, the Department of Defence remains unable to fully reconcile the difference between the cash payments figure and the corresponding figures for deliveries and changes in other receivables. However, given that we have robust figures in relation to deliveries (from the Department of Defence) and cash payments made (from the accounts audited by the Comptroller and Auditor General's Office) we make an adjustment in Table 2A under other accounts receivable to ensure that the B9 for military expenditure is consistent with known data.

6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA2010 paragraph 20.178 reads: "*In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding*"

ESA2010 MGDD part II, chapter II.4 is dealing with some practical aspects of the recording of interest.

6.4.1. Interest expenditure

Table 8 Availability and basis of data on interest

Instrument	S.1311		S.1312		S.1313		S.1314	
	State	OCGB	Main unit	OSGB	Main unit	OLGB	Main unit	OSSB
Deposits (AF.2)	A	A	M	M	A	M	M	M
Debt Securities (AF.3)	A	A	M	M	A	M	M	M
Loans (AF.4)	A	A	M	M	A	M	M	M
Other accounts receivable (AF.8)	M	M	M	M	M	M	M	M

Cash/accrual, M (not applicable) or L (not available)

The quarterly debt service statement as provided by the NTMA (see section 2.3.1.2) provides data on interest payable by instrument on both a cash and accruals basis. For other Central Government bodies and Local Authorities, data is provided from their annual reports and is on an accruals basis. The only applicable instrument that relates to Local Authorities is Loans. The accrual adjustment principle for interest is followed for all instruments. The amounts for accrual adjustments for Tables 2A and 3B are identical

6.4.2. Interest Revenue

Again the quarterly debt service statement from the NTMA also provides details on interest earned on assets. Separately a return from the NRPF provides information on interest receivable on their asset holdings. The interest received on the contingent capital notes are recorded on an accruals basis in Table 2A under non-financial transactions not included in the working balance. These transactions represent the majority of sources of interest receivable and are recorded on an accruals basis. Other small amounts of interest receivable are recorded using the appropriate annual reports as required.

6.4.3. Consolidation

We prepare a 'walk' statement (showing the transition from national debt cash interest payable to general government consolidated interest payable). This includes analysis on consolidation with specific adjustments for inter Central Government payments and Local Government to Central Government payments. This table is based on the data sources described above.

6.4.4. Recording of discounts and premiums on government securities

Flows associated with premiums and discounts on government securities enter the Working balance of EDP Tables 2 on a cash basis and are adjusted for in the line "Difference between interest accrued and paid". Any differences in terms of discounts and premiums are amortised over the life of the bond involved. Premiums are treated as negative expenditure.

6.5. Time of recording of other transactions

In general the time of recording guidance in ESA 2010 is followed for all transactions. Limitations of the data sources currently available and how these are dealt with is described below.

The basic data available to us on the main Central Government unit (the Exchequer) is on a cash basis. The Appropriation Accounts provide information on accounts payable and receivable for voted expenditure. Adjustments to reflect this data are made to the cash-based accounts to arrive at an accruals concept. On the asset side, prepayments and accrued income are captured, and on the liabilities side, accrued receivables. Individual large expenditure items are processed separately. The balance of the accrual adjustment is then apportioned to non-pay items according to the profile of expenditure in each Vote. The cash-based vote data for the Health Service Executive is an exception to this process as annual financial statements for the HSE are available on an accruals basis and these are used to replace the cash data in our processing system. The accounts of the Social Insurance Fund are also processed separately.

Local government accounts and those of other central government bodies are prepared in accordance with a form of accrual accounting, although the standards are generally set out in their governing legislation and do not necessarily conform to international accounting standards. CSO analyse these accounts and make adjustments as required to ensure the correct treatment of transactions under ESA 2010.

7. Specific government transactions

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA2010)[20].

7.1. Guarantees, debt assumptions

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt as well as of deficit. The accounting rules are explained in the Chapter VII.4 on Government guarantees of the ESA2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

7.1.1. Guarantees on borrowing

7.1.1.1. *New guarantees provided*

Recording in public accounts/ Recording in national accounts
Guarantees are provided mainly to financial institutions, e.g. guarantees for deposit holders. In a limited number of cases guarantees are provided for borrowing by public corporations (market and non-market). All guarantees provided by government are reported annually in the audited Finance Accounts (Statement 1.11). There have been no cases of debt assumption at inception by government.

Guarantees are treated as a contingent liability and are not explicitly recorded in the national accounts, although we report a memorandum item of contingent liabilities of government in the CSO national GFS publication Table 6.

7.1.1.2. *Treatment of guarantees called*

Recording in public accounts / Recording in national accounts
To date the only guarantee call recorded was under ESA 95 at the time of the liquidation of IBRC, but since its reclassification into government under ESA 2010 there are no instances of guarantee calls for government in Ireland.

7.1.1.3. *Treatment of repayments related to guarantees called*

Recording in public accounts
Not applicable

Recording in national accounts
Not applicable

7.1.1.4. *Treatment of write-offs by government in public accounts of government assets that arose from calls, if any*

Not applicable

7.1.1.5. *Data sources*

See 7.1.1.1

7.1.2. Guarantees on assets

There are currently no guarantees on assets in the Irish system.

7.1.3. Standardized Guarantees

There are currently no schemes of standardised guarantees in Ireland.

20 https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/manuals

7.2. Claims, debt cancellations and debt write-offs

Providing loan capital is generally a financial transaction not impacting the net borrowing/ net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA2010 and further clarified in the Chapter III.2 on Capital injections and Chapter VII.2 on Debt assumption and cancellation of the ESA2010 Manual on government deficit and debt.

7.2.1. New lending

A variety of bodies classified within the General Government sector engage in the issuance of loans to a broad class of entities, both within S.13 and outside the sector. Lending by Government bodies is conducted for a number of reasons, such as the implementation of social policy through the Housing Finance Agency (HFA) lending to various housing bodies. The state also facilitates the funding of SME activity via lending from the Strategic Banking Corporation of Ireland (SBCI).

While in some instances data on both transactions and stocks are available, it is generally more common to only have information on stocks in which case net transactions are then estimated as the change in position.

In the case where data for both transactions and stocks are available these tend not to be integrated sources. For the SBCI, for instance, data on net transaction increases and decreases is available but this financial accounts source is not integrated with the corresponding non-financial source – this level of reporting detail would be the exception.

7.2.2. Debt cancellations

Data provided to the CSO from Government bodies will usually include information regarding unusual events, such as debt cancellation. Strong and regular interaction with colleagues from the Department of Finance, and other significant data providers, ensure that the statistical compilers are kept fully informed of such occurrences. In the case of a debt cancellation the appropriate statistical treatment will be agreed and implemented in our processing systems in a manner consistent with ESA2010.

In the event that not all such transactions have been monitored then inspection of the data, through a comparison of change in stocks with transactions, is undertaken to monitor significant such developments.

While the availability of data and metadata on debt cancellations is relatively strong for Central Government bodies, the availability of such data at Local Government level would not be as good. In such cases, significant differences between the change in stocks and the transactions would prompt further investigation.

7.2.3. Repayments of claims

All repayments of claims, and associated transactions, are treated and recorded in line with the guidelines set out in ESA2010.

Data on stock positions is most widely used and, from which, transactions are generally estimated. There are a small number of cases, as previously outlined in 7.2.1 for instance, in which transactions data is also available.

7.2.4. Debt write-offs

Debt write-offs if they occur, would be treated in a manner consistent with the treatment advised by ESA2010 and the MGDD VII.2.2.2.3 –either as a capital transfer or other change in volume depending on the nature of the event. As with the case of debt cancellation, the details of such events would generally be communicated to the CSO through one of our liaison groups, or would come directly from the Department of Finance.

7.2.5. Sale of claims

Sales of loan assets of bodies classified within the General Government sector have occurred very rarely.

However, in the case of IBRC (Irish Bank Resolution Corporation, which is the merger of the former banks, Anglo Irish Bank and Irish Nationwide Building Society) there have been several instances where some portion of its loan-book have been sold off during the liquidation process since 2011.

Details of these transactions are reported directly from IBRC, and are communicated through the Department of Finance. IBRC in liquidation has been working through a process of disposing of bundles of these loans at fair/market value. The MGDD guidance around the valuation of loans at the point of sale has been applied to these transactions.

7.3. Capital injections in public corporations

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA2010 paragraphs 20.197-20.203 and clarified in the Chapter III.2 on Capital injections of the ESA2010 Manual on government deficit and debt. These chapters devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD III.2.3.2.2.

Given our close working relationship with the Department of Finance, in the uncommon occasions where significant capital injections are under consideration, the CSO is pre-alerted by the Department, either through the formal GFSLC forum, or on an ad hoc basis.

Less significant capital injections are generally picked up on a quarterly basis by the CSO through the Exchequer Statement. On an annual basis, capital injections are identified through the processing of company accounts for the annual Questionnaire on Public Corporations, the completion of which entails a market / non-market test for corporations which have total liabilities larger than 0.01% of GDP. The CSO and Department of Finance are currently working to incorporate further details of capital injections into existing routine data collections.

Such transactions are categorised by the CSO as either financial or non-financial, and recorded appropriately in the National Accounts, in line with the criteria of the capital injection test.

As detailed in Section 3.4.1.1, local government data sources do not currently provide a sufficient level of detail on transactions between local authorities and public corporations to allow for comprehensive analysis. However, while the current plans to improve the accounts of local government should allow for more accuracy around capital injections in the future, this does not appear to be a material issue.

7.4. Dividends

The accounting rules are set out in ESA2010 paragraphs 20.205-20.207. It is recalled, that the ESA2010 Manual on Government Deficit and Debt chapter III.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as superdividends, i.e. transaction in shares and other equity (a capital withdrawal). It also sets out that the resource available for distribution by a unit (a corporation) is the ***distributable income*** of the unit, as defined in the ESA2010, paragraph 4.55.

Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA2010 table 2 and table 8 within "other property income" category, and the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the National Central Bank, and amounts received from other public corporations.

The principal sources of information on dividends to government are the Exchequer statements and the quarterly NPRF/ISIF quarterly return to CSO. Larger dividends are itemised separately in the Exchequer statement and a total for dividends received are shown. The NPRF data shows returns on investments held which are classified as either interest or dividends depending on the nature of the asset holding. Where annual reports differ from the dividend figures reported in the Exchequer Statement the Exchequer statement amount is used. Dividends are recorded in the year they are received by the Exchequer which may not align with the timing reported in the company's annual report.

The super-dividend test is conducted routinely during CSO's compilation of data for the annual questionnaire on public corporations, using information from annual reports. This is done for all dividends in Q4 of the year in which the annual report is available, however in the case of large dividends the super-dividend test is carried out as soon as the relevant information becomes available. A recent example is that of the dividends paid by the Central Bank of Ireland to the Exchequer in 2015 and 2016, part of which were the proceeds of the sale of assets. The profit figure used for the super-dividend test may vary with the level of information available in the annual report of each company, but generally the headings "operating profit before exceptional items" or "operating profit before taxation" or "operating profit before depreciation and amortisation" are available and are used in the test. In the case of the Central Bank mentioned above the "profit before unrealised gains and appropriation of profit" less the gain from the sale of holdings of financial assets as detailed in a note to the accounts was used.

Historically, no explicit guidelines have been given to State companies regarding dividends and interim dividends have not been a feature of the Irish accounts although in some instances public corporations have established a set proportion of profit to be paid as a dividend. NewERA (a unit of the NTMA who provide financial and commercial advisory services to relevant Ministers in respect of specific State-owned companies) has been advising on appropriate dividend targets for bodies within their portfolio such that there is an appropriate balance between the payment of dividends and re-investment in the business. Dividend targets are now in place with relevant bodies. These dividend targets provide greater clarity to both the bodies themselves and to the State as shareholder.

Generally Local Government does not record property income other than D41. Very small amounts of Other investment income (D.44) have been recorded since the reclassification of the AHBs.

7.5. Privatisation

The accounting rules are set out in ESA2010 paragraphs 20.210-20.213. The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter V.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters V.3 and chapters V.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter V.3.1 of the ESA2010 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set- up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to organise the privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity been considered as taking place on behalf of the government?

There is no dedicated unit involved in privatisation in Ireland. In the event of a privatisation the relevant unit of the parent Department oversees the process. Where privatisations have occurred in recent years, the proceeds have entered the working balance and have been adjusted for in the line “Equities, sales (-)” of Table 2A. The most significant of these in recent years have been: (i) the sale of Irish Life, the life assurance subsidiary of Irish Life and Permanent (which the State acquired in 2012 and sold in 2013); and (ii) the 2015 sale of the State’s shareholding in Aer Lingus.

Transactions in equity would be recorded on an accruals basis in the financial accounts regardless of payment schedules however this has not yet happened in practice.

7.6. Public Private Partnerships

The term "Public-Private Partnerships" (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific "dedicated assets", such that the non-government unit builds a specifically designed asset to supply the service. The accounting rules are set out in ESA2010 paragraphs 20.276-20.282 and clarified in the Chapter VI.4 of the ESA2010 Manual on government deficit and debt.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner's assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in Chapter 15 of ESA2010.

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: "construction risk" (covering events like late delivery, respect of specifications and additional costs), "availability risk" (covering volume and quality of output) and "demand risk" (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or ***if government assumes the risks through another mechanism,*** (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

PPP contracts in Ireland are mainly in the areas of roads, water treatment and educational facilities. Most of the roads contracts are concessions however two have a hybrid concession/PPP nature. PPPs in Ireland are distinguished from operating leases in being contracted under a highly structured, standardised project agreement generally incorporating all elements of design, build, finance, operation and maintenance of the asset. Concessions are distinguished from PPPs by the fact that in the case of PPPs, government, and not the final user, is the main (usually only) purchaser of the service.

The National Development Finance Agency (a business unit of the National Treasury Management Agency) has full responsibility for the procurement and delivery of PPP projects in sectors other than transport and the local authorities. Prior to undertaking PPP projects, State authorities are required to notify and consult with the NDFA who have a statutory remit to advise on the optimal means of financing public investment projects in order to achieve value for money and who also provide advice on the financing, refinancing and insurance of public investment projects to be undertaken by means of PPP arrangement or within the public sector. In addition a Central PPP Unit located in the Department of Public Expenditure and Reform provides guidance on best practice in the appraisal and procurement of PPP projects with a particular focus on establishing and providing value for money.

Transport Infrastructure Ireland is responsible for road related projects and until recently local authorities along with the then Department of Environment, Community and Local Government were responsible for water projects. At the start of 2015 the assets related to this latter group of projects transferred to the newly established water utility, Irish Water. These water projects were, and remain, classified on the government balance sheet.

The PPPs and Capital Investment Expert Group referenced in Section 2.3.1.1 is the principal mechanism for notification to CSO of planned new PPP projects or other developments in relation to PPPs. All of the key agencies mentioned above are represented on the group and therefore the composition of the group provides a formal mechanism for communication in relation to projects in both the central and local government sub-sectors. The structures of the group allow for emerging issues or new ideas around PPPs to be brought to the CSO's attention and for CSO to brief stakeholders on new or emerging guidance in relation to PPPs.

The assessment of allocation of risk and reward is based on the standard Irish PPP contract which is used for all projects. The CSO reviewed this contract with Eurostat in relation to a test case in 2008 and have continued to assess the status of the contract as updated guidance has emerged in subsequent editions of the MGDD. One recent review was in relation to compensation on termination clauses which was the subject of an action point arising from the 2012 EDP dialogue visit – this was closed off during the 2014 dialogue visit with no change to the assessment of the status of the contract. Since its publication, all new contracts have been assessed under the 2016 MGDD and the Guide to the Statistical Treatment of PPPs.

As new projects come on stream, the NDFA provide briefing to the CSO on key elements of the project and in particular highlight any deviation in the project agreement from the standard contract. If any significant issues are identified CSO will review the most detailed project documentation available at this stage. There is significant on-going bilateral engagement between CSO and NDFA in addition to communication through the forum of the Expert Group, and any new or planned developments are brought to CSO's attention at an early stage. Finalised contract documentation are reviewed by the CSO once available and a final assessment is not confirmed until after financial close. The procedures for assessing PPPs are published as part of the CSO guidance on classification advice[21].

Government financing of PPPs in Ireland is mainly in the form of availability-based unitary charge payments. Guarantees are not a feature of Irish PPP contracts.

21 https://www.cso.ie/en/methods/governmentaccounts/classificationdecisions/guidelinesonmethodologicaladviceandstatisticalclassificationdecisions/

7.7. Financial derivatives

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: *Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income*.

ESA2010 paragraph 20.133 specifies the treatment of so called of market swaps: "*Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, 'at-the-money' swap component.*"

7.7.1. Types of derivatives used

The National Treasury Management Agency enters into swap agreements and other financial instruments for hedging purposes as part of their debt management function. The results of those hedging activities that are linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net fund flows arising on hedging activities that are not linked with specific borrowing transactions are included in debt service costs at the time the funds are received or payment made. Where swaps are terminated or converted into other swap instruments the net fund flows affect debt service in accordance with the terms of the revised instrument.

The main types of instruments employed are:
- Foreign exchange swaps
- Currency swaps

No off-market derivative contracts have been entered into by the NTMA. All financial derivative contracts entered into are transacted at market rates.

In recent years RTE have also used derivatives to manage the risk associated with foreign currency movements. Examination of the financial statements contained in their annual reports indicates that the organisation has some foreign currency exposure (arising from the payments associated with both U.S. and U.K. television programmes) and the risks associated with movements in these currencies are managed using derivative instruments. These take the form of forward currency contracts.

7.7.2. Data sources

The Debt Service Statement reported to CSO on a quarterly basis by the NTMA includes data on derivative related flows on both a cash and accrual basis.

7.7.3. Recording

Payments of interest resulting from derivatives related to national debt service costs are included in the cash interest expenditure reflected in the working balance. The appropriate adjustment is made in the line "of which: net settlements under swap contracts (+/-)" in EDP Table 2A.

7.8. Payments for the use of roads

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.

Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

A number of roads in Ireland are tolled. These are mainly major intercity routes classified as motorways, but there are also tolls on certain roads which bypass Dublin city centre. The toll roads around Dublin are in public ownership. Transport Infrastructure Ireland (TII), operates the tolling system on two of the roads i.e., the M50 Dublin orbital route and the connecting Dublin Port Tunnel while Dublin City Council operate the East-Link toll bridge. Tolls on other roads are collected by private operators who have entered into concession contracts with TII. Vignettes are not a feature of the road network operation in Ireland.

Tolls collected by government bodies are classified as sales of non-market output (P.131).

7.9. Emission permits

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases.[33] Emission quotas (known as “Assigned amounts”, AAUs) were agreed by each participating ‘Annex 1’ country,

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU’s central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

The ESA2010 MGDD part VI, chapter VI.5 is dealing with the statistical recording of the emission trading allowances.

In Ireland the Environmental Protection Authority is appointed as auctioneer responsible for offering the allowances to be auctioned to the common auction platform under the European Communities (Greenhouse Gas Emissions Trading) (Amendment) Regulations 2011 (SI 127 2011).

Cash proceeds of auctions are remitted to the Exchequer and are recorded as miscellaneous receipts of Departments. In order to apply the correct national accounting treatment an adjustment for the difference between the sale proceeds and the value of the allowances surrendered in a given year is made in EDP Table 2A under the heading “carbon credits”.

The value of allowances surrendered is recorded as D.29 tax and the difference between the auction proceeds received and the D.29 taxes is recorded as F.89 payable.

7.10. Sale and leaseback operations

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a “true sale” (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government’s balance sheet.

MGDD part VI, chapter VI.2 is dealing with sale and lease back operations

Not applicable for Ireland.

7.11. Securitisation

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. Also if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

ESA2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part V, chapter V.5 and the Eurostat decision of 25 June 2007, "Securitisation operations undertaken by general government" are dealing with securitisation operations.

Not applicable for Ireland.

7.12. UMTS licenses

The sale of UMTS licenses is to be recorded as the sale of a non-financial asset (the license) at the time the license is allocated. Thus, sale proceeds have a positive effect on B.9 in the year when the license is allocated. The actual payment of cash payment does not influence the recording of this transaction.

In some special cases, the sale of UMTS could be seen as a rent for the use of a non-financial asset, recorded over the life time of the license. In this case, the impact on government B.9 is spread over the duration of the license.

The ESA2010 MGDD part VI, chapter VI.1 and Eurostat decision of 14 July 2000 on the allocation of mobile phone licences (UMTS) are dealing with the sale of UMTS licenses.

Since 2000 there have been four instances of sales of UMTS licences in Ireland, the latest in 2013. These sales have typically been through an up-front payment followed by a schedule of smaller payments in future years.

Up to the October 2017 notification the value accrued to the date of sale was the net present value (NPV) of all current and future payments using a rate of return based on government borrowing costs at the time of the same. This amount was included in the calculation of the B.9 of government in the year of sale. Receipt of payments in subsequent years gave rise to negative adjustments in EDP Table 2A under the heading "other adjustments".

From October 2017 the provisions of the Eurostat Guidance Note on mobile phone licences, exploration rights and other licences have been applied to three of these transactions (2002, 2007 and 2013). The previous treatment of a sale resulting in the disposal of a non-produced asset has been replaced by a series of payments for rent of natural resources by the relevant operators. The lump-sum up-front payment is calculated as a series of payments throughout the lifetime of the licence. The future value of these payments is calculated using the same interest rates as in the original treatment. The cumulative B.9 impact is then kept at the level of the original payment by means of an imputed D.41 payable.

The on-going payments are recorded in the year in which they take place.

The revised treatment in EDP Table 2A is to adjust the cash received in the year to the total rent revenue due in the year under these calculations and to include the D.41 payable as part of interest (payable) accrued in the year.

The 2001 sale was excluded from this revision. This involved a sale of 2g licences for a once-off payment in the year and no future stream of payments. Given the changes in technology around this time it must be questioned whether a value for use of this asset extending over a period of time is valid in this context (sales of 3g licences commenced in the following year).

7.13. Transactions with the Central Bank

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes, may generate capital gains for central banks which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions.

It also proposes to apply the rules on capital injections when government makes a payment to the Central Bank. Such payments by government may be made to cover losses made by the Central Bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses cannot be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

As described in section 7.4, in recent years the Central Bank of Ireland surplus surrendered to the Exchequer have partly comprised gains arising from the sale of financial assets. Therefore these payments to the Exchequer have been partitioned between D.42 dividend income and F.5 equity withdrawals.

7.14. Lump sum pension payments

ESA2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA2010 MGDD and debt Part III.6 Impact on government accounts of transfer of pension obligations.

Until 2009-2010 workers in a small number of non-market agencies, which are classified within the General Government sector, belonged to funded occupational pension schemes. These schemes, along with the funded pension schemes in commercial state owned corporations, were classified in the Insurance sub-sector and not in General Government. However, in 2009 the Irish Government announced that it would assume the assets and liabilities of these schemes and the pension schemes of five universities that were classified outside of the General Government Sector. At the end of 2008, these schemes were estimated to have total liabilities of EUR 3 billion and total assets of EUR 1.7 billion. The assets were to be transferred from the pension funds directly to the National Pensions Reserve Fund (NPRF), now renamed ISIF (Ireland Strategic Investment Fund) and the pension payment obligations of the funds were to be assumed by the Exchequer on a pay-as-you-go basis.

The assets and liabilities of these schemes were transferred during 2009 and 2010. At the time of the transactions and in accordance with ESA95 the assets transferred were recorded as capital transfers receivable by Central Government and the counterpart liabilities were not recorded in the accounts. When ESA 2010 came into force in 2014, this treatment was revised in accordance with the new regulation, and the 2009 and 2010 results were restated to reflect the revised treatment, namely the recording of the excess of the liabilities over the assets of the schemes as capital transfers payable by Central Government. The impact of this revision was reflected in the end 2014 October EDP notification for Ireland and in related national accounts outputs.

A further transfer of pension liabilities to government took place in 2014. The pension schemes of the Waterford Crystal company (which entered into receivership in 2009) were wound up on 31 March 2009. The liability for these schemes did not transfer to the Irish government at the time due to an absence of the relevant national legislation. Following the hearing of a case taken by former employees the European Court of Justice (ECJ) ruled that Ireland was in breach of its obligations to the workers under EU law. Following the ECJ ruling, the Irish Government enacted legislation to secure Ireland's compliance with the relevant legislation and in 2014 the State commenced a mediation process to achieve a settlement. A Government Decision on 9th December 2014 (S180/20/10/1922) approved an estimated gross cost to the State of EUR 249 million, which had been agreed by the mediator with the pension representative organisation in late 2014 subject to some further technical calculations. Following this decision, the impact of the assumption of this liability resulted in the recording of a capital transfer payable of EUR 182 million (net liability) in 2014.

7.15. Pension schemes

Definition of pensions

In Ireland, the term pensions is generally understood to mean the lump sum or recurrent payments due to people on retirement as a result of old-age or incapacity on health grounds.

Classification of pension schemes

Public schemes

Public pension schemes are classified according to their nature distinguishing between social insurance and social assistance schemes. The State administered social insurance and assistance schemes for the general population are both classified within the General government sector, as is the unfunded occupational pension scheme applying to most public sector workers.

The Ireland Strategic Investment Fund (ISIF) was established at the end of 2014, replacing the National Pension Reserve Fund (NPRF), a long-term pension reserve established by Government to meet part of the State's future pension liabilities. The ISIF has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State. From the year 2025 onwards, monies can be withdrawn from the fund and used to meet part of the costs of the State's unfunded occupational and social welfare pension liabilities. The Minister for Finance may make payments to the ISIF from the Central Fund only with the approval of the Oireachtas. Any Minister may transfer into the Fund any non-cash asset, including, but not limited to, a shareholding or other interest held by that Minister or his/her nominee, meaning any property or interest in property, other than cash (including a foreign currency). The Fund is treated as an extra-budgetary fund and is classified within the Central Government sub-sector.

Private schemes

Private pension schemes in Ireland fall into three main categories:

- Occupational pension schemes (other than the unfunded public sector occupational pension scheme). These are provided by employers in the private sector and the commercial public sector. They operate as funded schemes and are regulated by the Pensions Authority (formerly the Pensions Board) which is classified to Central Government.
- Personal Retirement Savings Accounts (PRSAs) which are personal pension savings plans and contributions are generally made by the individual, but it is possible for employers to make contributions also. They are offered for sale by units classified as financial corporations (S.12) such as banks and insurance companies.
- Retirement Annuity Contracts (RACs) are a particular type of insurance contract to establish an individual defined contribution pension which is approved by the Revenue Commissioners.

Persons enrolled in an occupational pension plan cannot take out an RAC or a PRSA, unless the PRSA is funded by additional voluntary contributions or the person has a separate source of earnings, e.g. a separate job or income.

Classification of social insurance pension schemes

Social welfare pensions in Ireland are paid by the State under two main schemes. One is a social security scheme whereby most employees and self-employed in the State are required to pay social contributions to the Social Insurance Fund and, as a consequence, are entitled to receive social benefit payments. These are considered social insurance pensions.

The other scheme administered by the State is a social assistance arrangement. This provides means-tested benefits to low income households or individuals. Beneficiaries are not required to pay social contributions and the scheme is not considered social insurance.

The State also operates an unfunded occupational pension scheme for its employees and this is also considered a social insurance pension scheme.

Funded occupational pension schemes are operated as autonomous pension funds and are classified as separate institutional units in the financial corporations sector.

Definition of social security schemes

The only social security scheme recognised in the Irish National Accounts is the social insurance scheme administered through the Social Insurance Fund. This scheme is unfunded. It is not regarded as an institutional unit and is classified with Central Government.

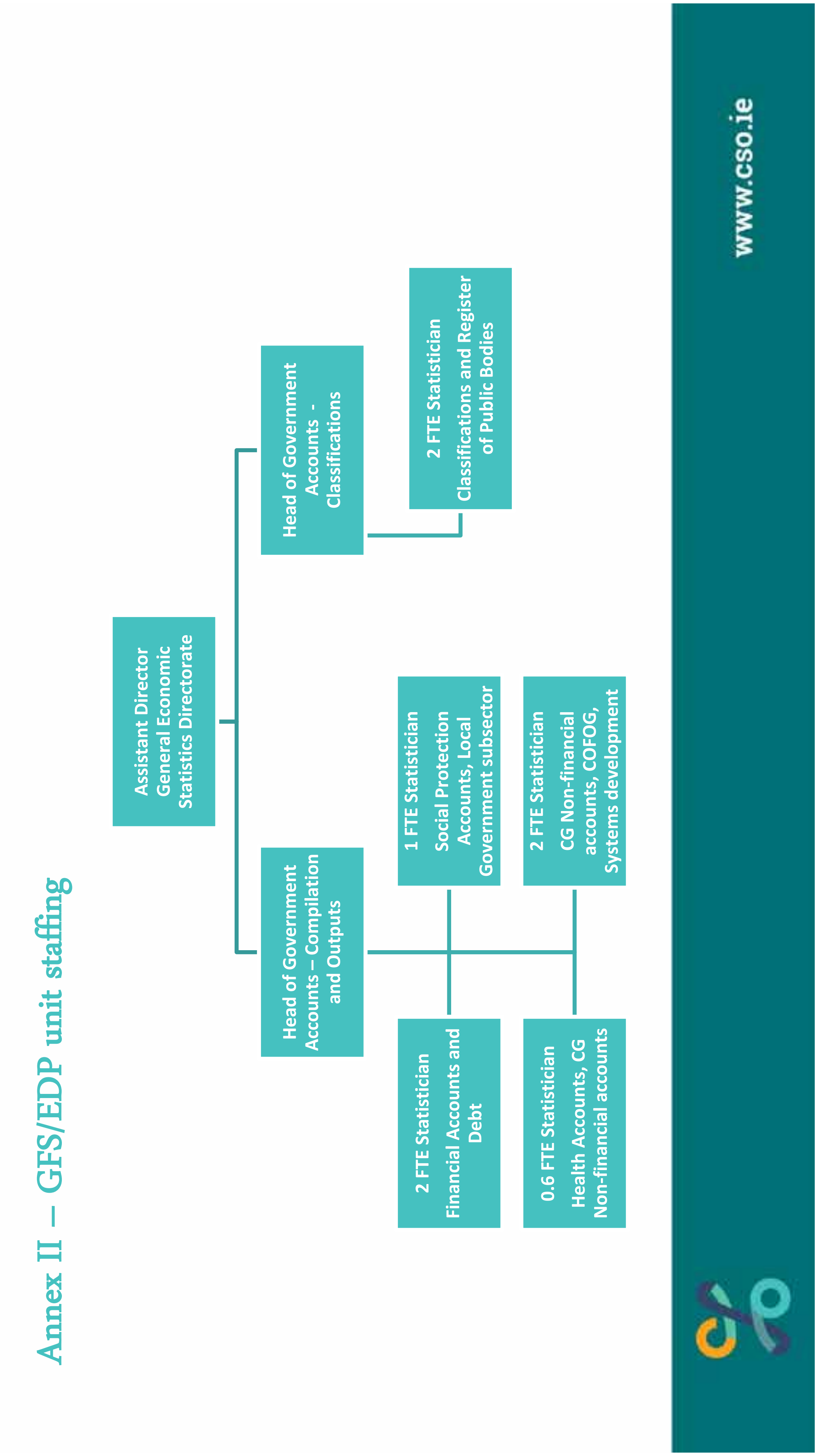
Contributions received in one period are used to meet expenditures in the same period and the Government makes up any shortfall in the Fund. Membership of the Social Insurance scheme is compulsory for most employees and self-employed. They must pay social contributions that entitle them to receive social benefits. Government sets the contribution and benefit rates as part of the annual budgetary process. The amounts of the social benefits payable are not directly linked to either the level of earnings or to the value of the contributions paid. However, a member must satisfy certain contribution criteria in order to receive benefits.

The scheme therefore satisfies the criteria for classification as a social security scheme. It is imposed by law and is controlled and managed by government. Membership is also compulsory for most employees and self-employed. Finally, government is, at least in part, responsible for financing the scheme insofar as it must make up any funding shortfalls in the scheme.

ANNEX 1

Note: The most recent version of the Register of General Government can be found at https://www.cso.ie/en/methods/governmentaccounts/classificationdecisions/registerofpublicsectorbodiesinireland/

ANNEX 2



Annex II – GFS/EDP unit staffing
Assistant Director General Economic Statistics Directorate
Head of Government Accounts – Compilation and Outputs
Head of Government Accounts - Classifications
2 FTE Statistician Classifications and Register of Public Bodies
2 FTE Statistician Financial Accounts and Debt
1 FTE Statistician Social Protection Accounts, Local Government subsector
0.6 FTE Statistician Health Accounts, CG Non-financial accounts
2 FTE Statistician CG Non-financial accounts, COFOG, Systems development
www.cso.ie

Annex III – Government Finance Statistics Liaison Committee and sub-groups