



**An Roinn Iompair**  
**Department of Transport**

## **Motor Tax Account 2022**

# Motor Tax Account 2022

| <b>Contents</b>                                   | <b>Page</b> |
|---|-------------|
| Statement on Internal Financial Control           | 3 - 5       |
| Report of the Comptroller and Auditor General     | 6 - 7       |
| Account of the Receipts and Disposal of Motor Tax | 8           |
| Statement of Balances                             | 9           |
| Notes to the Account                              | 10          |

## **Motor Tax Account 2022**

### **Statement on Internal Financial Control**

#### **Responsibility for system of Internal Financial Control**

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department. This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

In 2020, an Internal Audit was undertaken in the Driver Vehicle Computer Services Division (DVCS D) to ensure compliance with data protection legislation and requirements which resulted in one key recommendation (1 high finding) in relation to data retention. In 2022 a data retention and disposal policy document for DVCS D was agreed and signed off with the Department's Records Management Unit and National Archives and the appropriate periods of retention and destruction of data/files included.

During, 2021 an internal audit of 'arrangements in place for management and monitoring of Cyber Security in DVCS D' was completed and the final report signed off in December 2021. There were twelve recommendations with two having a finding of high. These were in relation to Cybersecurity Governance and concerned Principles and Organisation and Access Management.

- A Security Operations Center (SOC) and a Security Incident and Event Management (SIEM) system has been approved for the National Vehicle and Driver File (NVDF) estate which covers the main element of this Cybersecurity Governance and concerned Principles and Organisation risk. Recommendations dependent on completion of this risk can now proceed.
- Four recommendations were made concerning access management. Three recommendations have been implemented. Regarding the fourth recommendation, Operational access to the National Vehicle and Driver File (NVDF) is now 100% secured using multi-factor authentication (MFA). This access is used daily by DVCS D staff and service partners. MFA controls for user access to the NVDF data through the new web portals but is currently only partially implemented for a small number of user groups. The DVCS D also maintains several legacy applications that do not currently support MFA. These areas of non-compliance are currently being assessed by the Departments enterprise architecture team to scope the work needed to have full MFA authentication in place for all access to the NVDF.

#### **Service Provider technical issues**

The Department uses an external service provider to provide a payment platform system for online transactions. The payment gateway is a key component of the electronic payment processing system, as it is the front-end technology responsible for sending customer information to the merchant acquiring bank where the transaction is then processed. The online website re-directs customers to the platform when entering and processing their credit/debit card details. No cardholder details are stored on the online motor tax website.

In 2021 the service provider experienced intermittent technical issues that affected their customer base globally. These issues affected 255 online motor tax transactions out of over 40,000 processed over a two day period. Resolutions were put in place by the service provider in question and several technical enhancements were put in place to mitigate against such attacks in the future, and we have not experienced these issues since. The Department has developed a tool to enable any such future affected transactions to be identified more quickly, and appropriate action taken.

## **ICT Assurance Methods**

The Departments online motor tax (OMT) service ([www.motortax.ie](http://www.motortax.ie)) is fully managed by an external service provider. The provider delivers ongoing management services that protect the system from security threats and maintain the application and infrastructure ensuring compliance with industry leading standards. This includes security features such as monitoring, patching and quarterly vulnerability scans.

The online motor tax service itself is required to be compliant with the Payment Card Industry (PCI) security standards. PCI compliance is mandated by credit card companies to help ensure the security of credit card transactions in the payments industry. PCI compliance refers to the technical and operational standards that businesses follow to secure and protect credit card data provided by cardholders and transmitted through card processing transactions. PCI standards for compliance are developed and managed by the PCI Security Standards Council.

A PCI compliance test to validate the Online Motor Tax service is completed annually independently by a fully qualified and accredited external security specialist company who undertake this work on behalf of the service support provider for the Division's online service. As part of such certification, the service undergoes an extensive set of security monitoring, assessments and audits on all infrastructure and applications. The Online Motor Tax service is fully compliant with the PCI standard.

## **Financial Control Environment**

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

## **Administrative Controls and Management Reporting**

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

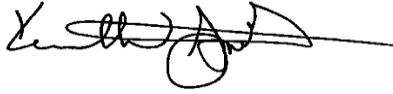
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.
- There are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks.

## **Internal Audit and Audit Committee**

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a formal written Internal Audit charter. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

**Reliance on financial controls within Local Authorities**

I place reliance on the operation of an effective system of internal financial controls being maintained and operational in the 26 Local Authorities.



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Ken Spratt  
Accounting Officer  
Department of Transport  
07 June 2023



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

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

### **Motor Tax Account**

#### **Opinion on the account**

I have audited the Motor Tax Account prepared by the Department of Transport for the year ended 31 December 2022 under section 3(7) of the Comptroller and Auditor General (Amendment) Act 1993. The Motor Tax Account comprises the account of the receipt and disposal of motor tax, the statement of balances and the related notes, including the statement of accounting policies.

In my opinion, the Motor Tax Account properly presents

- the transactions on the account for 2022, and
- the balances at 31 December 2022.

#### **Basis of opinion**

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

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

#### **Report on statement on internal financial control and on other matters**

The Department of Transport has presented a statement on internal financial control together with the account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
**Comptroller and Auditor General**

**9 June 2023**

## Appendix to the report

### Responsibilities of the Department of Transport

The Department is responsible for

- the preparation of the annual account
- ensuring that the account properly presents the receipt and disposal of the money collected
- ensuring the regularity of transactions, and
- implementing such internal control as is necessary to enable the preparation of an account that is free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 3(7) of the Act to audit the account and to report thereon to the Houses of the Oireachtas.

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

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

- I identify and assess the risks of material misstatement of the account whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

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

I report by exception if, in my opinion,

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

### Statement on Internal Financial Control

My opinion on the account does not cover the statement on internal financial control presented with this account, and I do not express any form of assurance conclusion thereon.

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

### Reporting on other matters

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

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

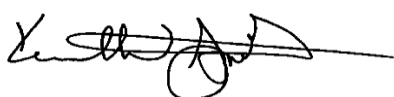
## Motor Tax Account 2022

### Account of the Receipts and Disposal of Motor Tax for the year ended 31 December 2022

|                                       | <b>2022</b><br><b>€000</b> | <b>2021</b><br><b>€000</b> |
|---------------------------------------|----------------------------|----------------------------|
| <b>Opening Balance 1 January 2022</b> | 3,415                      | 3,348                      |
| <b>Receipts</b>                       |                            |                            |
| Motor Tax receipts                    | 903,987                    | 907,144                    |
| <b>Disposal of Motor Tax Receipts</b> |                            |                            |
| Transferred to the Exchequer          | (904,317)                  | (907,077)                  |
|                                       | <hr/>                      | <hr/>                      |
| <b>Balance at 31 December 2022</b>    | <b>3,085</b>               | <b>3,415</b>               |
|                                       | <hr/> <hr/>                | <hr/> <hr/>                |

Notes 1 to 2 form part of this Account.

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**Ken Spratt**  
Accounting Officer  
Department of Transport  
07 June 2023

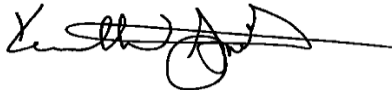


# Motor Tax Account 2022

## Statement of Balances as at 31 December 2022

|  | Notes | <u>2022</u><br><u>€000</u> | <u>2021</u><br><u>€000</u> |
|--|-------|----------------------------|----------------------------|
| <b>Assets</b>  |       |                            |                            |
| Cash at bank   |       | 3                          | 35                         |
| Motor Tax Due  | 2     | 3,082                      | 3,380                      |
| <b>Total Assets</b>  |       | <u><u>3,085</u></u>        | <u><u>3,415</u></u>        |
| <br><b>Represented by :</b>  |       |                            |                            |
|  |       | <u>2022</u><br><u>€000</u> | <u>2021</u><br><u>€000</u> |
| Balance on the Account of Receipt and Disposal of Motor Tax – due to Exchequer |       | 3,085                      | 3,415                      |
|  |       | <u><u>3,085</u></u>        | <u><u>3,415</u></u>        |

Notes 1 to 2 form part of this Account.




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**Ken Spratt**  
Accounting Officer  
Department of Transport  
07 June 2023

## Motor Tax Account 2022

### Notes to the Account

#### Note 1. Accounting Policies

1. Pursuant to Section 4(6) and 5(2) of the Local Government Act 1998 as amended by Sections 56 and 57 of the Water Services Act 2017 on 1st January 2018, the Department took over the collection and transfer to the Exchequer of the proceeds of Motor Tax.
2. This Account presents the collection and allocation of Motor Tax by the Department and the transfer of the proceeds to the Exchequer. The Account has been prepared pursuant to Section 3(7) and Section 3(9) of the Comptroller and Auditor General (Amendment) Act, 1993.
3. The Account has been prepared on modified accruals basis in accordance with the accounting policies listed below.
4. The account includes all receipts of motor tax collected in the year either through the online system or via the Local Authorities. The online service has grown with over 82% (up from 76% in 2019) of all motor tax activity now being completed online. Motor tax due at year end comprises amounts received in the year, in transit in the banking system at year end and amounts collected by Local Authorities up to 31 December, but not transferred to the motor tax bank account until after the year end.  
The balance on the account represents the amount due to the Exchequer at year end.
5. No administration or operational costs of the Department are included in this Account. Funds for this purpose are voted by the Oireachtas and accounted for in the annual Appropriation Account for Vote 31 - Office of the Minister for Transport.
6. Motor tax receipts represent the amount collected through the Department's Online Motor Tax facility and the 26 Local Authorities' Motor Tax Offices. The Department operates one Motor Tax receipts bank account with the amount held transferred to the Exchequer on a daily basis.

#### Note 2. Motor Tax cash in transit

|   | <b>2022</b>         | <b>2021</b>         |
|---|---------------------|---------------------|
|   | <b><u>€000</u></b>  | <b><u>€000</u></b>  |
| Motor Tax Cash in Transit in the banking system at the year end | 2,165               | 2,345               |
| Motor Tax collected by and due from Local Authorities           | 917                 | 1,035               |
|   | <u><b>3,082</b></u> | <u><b>3,380</b></u> |