

Appropriation Account 2017

Vote 25

Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission, I am the Accounting Officer for Vote 25. I am required to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Irish Human Rights and Equality Commission and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.286 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Depreciation

Leasehold premises improvements are depreciated at a rate of 5% per annum on a straight line basis.

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 IHREC.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the IHREC. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared Services

Payroll and human resources services are provided to the IHREC on a shared services basis by the National Shared Services Office. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of payroll and human resources shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

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 and Risk Committee to advise me in discharging my responsibilities for the internal financial control system
- there is a Finance Committee which assists the Commission in fulfilling its responsibilities by providing oversight of the financial implications of the activities of the IHREC
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets

Administrative Controls and Management

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 is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against budgets
- a risk management system operates within the IHREC
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines

Public Procurement

The IHREC ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The IHREC complied with the guidelines with the exception of three supply arrangements to the value of €163,284 which were listed on my annual return in respect of Circular 40/2002.

- one instance totalling expenditure of €56,519, where the contractor for the fit out of the new premises of the IHREC procured equipment on behalf of the IHREC by means of competitive quotations without going to tender
- one instance with expenditure of €62,657, where a pre-existing contract for ICT support and maintenance was continued pending the completion of an ICT strategy that in turn will involve the procurement of ICT support services
- one instance totaling € 44,108 where a new financial management system was implemented on the recommendation of an external accountancy provider.

Internal Audit, and Audit and Risk Committee

I confirm that the IHREC has an internal audit function (currently outsourced) with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the IHREC 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 & Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing the IHREC and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by senior management periodically. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Commission, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the IHREC has procedures to monitor the effectiveness of its risk management and control procedures. The IHREC's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the IHREC responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

4 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation 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 *Preface to the Appropriation Accounts*. I am independent of the Irish Human Rights and Equality Commission 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 the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation 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 *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

12 September 2018

Vote 25 Irish Human Rights and Equality Commission Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Irish Human Rights and Equality Commission Function	6,631	5,319	6,208
Gross expenditure		6,631	5,319	6,208
<i>Deduct</i>				
B	Appropriations-in-aid	109	83	153
Net expenditure		6,522	5,236	6,055

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2017	2016
	€	€
Surplus to be surrendered	1,285,849	134,747

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

4 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Pay	2,254	2,113
Non pay	3,065	4,095
Gross expenditure	5,319	6,208
<i>Deduct</i>		
Appropriations-in-aid	83	153
Net expenditure	5,236	6,055
Changes in capital assets		
Purchases cash	(573)	
Loss on disposals	23	
Depreciation	179	
	(371)	(1,388)
Changes in net current assets		
Decrease in closing accrual	(112)	90
Direct expenditure	4,753	4,757
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6	4
Net programme cost	4,759	4,761

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 25 borne elsewhere.

	2017	2016
	€000	€000
Vote 18 National Shared Services Office	6	4
	6	4

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	2,020	1,649
Current assets			
Bank and cash	2.3	356	946
Prepayments		264	155
Other debit balances		15	10
Total current assets		635	1,111
Less current liabilities			
Accrued expenses		124	126
Deferred income		—	1
Other credit balances	2.4	85	906
Net Exchequer funding due	2.5	286	50
Total current liabilities		495	1,083
Net current assets		140	28
Net assets		2,160	1,677
Represented by:			
State funding account	2.1	2,160	1,677

2.1 State funding account

	Note	2017 €000	2016 €000
Net assets at 1 January		1,677	552
Disbursements from the Vote			
Estimate provision	Account	6,522	
Surplus to be surrendered	Account	(1,286)	
Net vote		5,236	6,055
Expenditure (cash) borne elsewhere	1.1	6	4
Adjustment		—	6
Pre-incorporation grant funding		—	(179)
Net programme cost		(4,759)	(4,761)
Balance at 31 December		2,160	1,677

2.2 Capital assets

	Leasehold improvements	Furniture and fittings	IT and office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	1,302	323	190	1,815
Additions	459	14	100	573
Disposals	(25)	—	(1)	(26)
Cost or valuation at 31 December 2017	1,736	337	289	2,362
Accumulated Depreciation				
Opening balance at 1 January 2017	76	32	58	166
Disposals	(3)	—	—	(3)
Depreciation for the year	87	34	58	179
Cumulative depreciation at 31 December 2017	160	66	116	342
Net assets at 31 December 2017	1,576	271	173	2,020
Net assets at 31 December 2016	1,226	291	132	1,649

2.3 Bank and cash

	2017	2016
	€000	€000
PMG balances and cash	108	77
Commercial bank accounts	248	869
	356	946

2.4 Other credit balances

At 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	33	39
Pay Related Social Insurance	23	30
Professional Services Withholding Tax	21	24
Pension contributions	—	9
Universal Social Charge	7	10
Value Added Tax	1	—
	<u>85</u>	<u>112</u>
Payroll deductions held in suspense	—	3
Project balances	—	612
Pre-incorporation funding repayable to the Exchequer	—	179
	<u>85</u>	<u>906</u>

2.5 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Exchequer grant undrawn	(1,000)	(85)
Surplus to be surrendered	1,286	135
Net Exchequer funding due	<u>286</u>	<u>50</u>
Represented by:		
Debtors		
Bank and cash	356	946
Debit balances	15	10
	<u>371</u>	<u>956</u>
Creditors		
Due to State	(85)	(112)
Credit balances	—	(615)
Pre-incorporation grant funding	—	(179)
	<u>(85)</u>	<u>(906)</u>
	<u>286</u>	<u>50</u>

2.6 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services*	1,833	2,095
Grant programmes	222	80
Legal and other projects	159	605
Total of legally enforceable commitments	2,214	2,780

*Lease of premises commitment is €261,818 per year up to 2024.

2.7 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	—	3

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,538	2,254	2,113
ii	Travel and subsistence	80	50	69
iii	Training and development and incidental expenses	1,927	1,370	1,308
iv	Postal and telecommunications services	122	41	47
v	Office equipment and external IT services	165	330	346
vi	Office premises expenses	500	1,071	2,042
vii	Consultancy services and value for money and policy review	299	203	283
		6,631	5,319	6,208

Significant variations

i. Salaries, wages and allowances

Estimate provision: €3.538 million, Outturn: €2.254 million

The variation of €1.284 million on expenditure on salaries, wages and allowances was due to IHREC not reaching its full employment control framework of 56 within 2017. At start of the year IHREC had 41 staff members (FTE). As at 31 December 2017 the IHREC had 45 staff members (FTE). Recruitment campaigns are planned for 2018.

ii. Travel and subsistence

Estimate provision: €0.080 million, Outturn: €0.050 million

The variation of €0.030 million on expenditure on travel and subsistence was due to less staff travel undertaken than had been anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

iii. Training and development and incidental expenses

Estimate provision: €1.927 million, Outturn: €1.370 million

The variation of €0.557 million on expenditure on training and development and incidental expenses was due to programmatic activity levels being less than had been than anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

iv. Postal and telecommunications services

Estimate provision: €0.122 million, Outturn: €0.041 million

The variation of €0.081 million on expenditure on postal and telecommunications services was due to programmatic activity levels being less than had been than anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

v. *Office equipment and external IT services*

Estimate provision: €0.165 million, Outturn: €0.330 million

The variation of €0.165 million on expenditure on office equipment and external IT services was partially due to a capital overspend. While the work was substantially completed in 2016 capital payments in relation to the fit out of the IHREC premises at Green St continued into 2017. Current outturn was also in excess of the allocation, largely due to IT contracted services and IT consultancy totalling € 110,000 or 110% of the current allocation.

vi. *Office premises expenses*

Estimate provision: €0.5 million, Outturn: €1.071 million

The variation of €0.571 million on expenditure on office premises expenses partially due to a capital overspend. While the work was substantially completed in 2016 capital payments in relation to the fit out of the IHREC premises at Green St continued into 2017. Current outturn was also in excess of the allocation, largely due to rent and service charges accounting for €451,211 or 97% of the current allocation.

vii. *Consultancy services and value for money and policy review*

Estimate provision: €0.299 million, Outturn: €0.203 million

The variation of €0.096 million on expenditure on consultancy services and policy review was due to programmatic activity levels being less than had been anticipated due to IHREC not reaching its full employment control framework of 56 within 2017.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017	2016
	Estimated	Realised	Realised
	€000	€000	€000
1. Receipts from pension-related deduction on public service remuneration	109	75	96
2. External funding	—	—	51
3. European travel refunds	—	6	6
4. Other	—	2	—
	109	83	153

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	<u>45</u>	<u>41</u>

5.2 Pay

	2017	2016
	€000	€000
Pay	2,023	1,907
Allowances	22	11
Overtime	—	—
Employer's PRSI	209	195
Total pay	<u>2,254</u>	<u>2,113</u>

5.3 Allowance payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Allowances	3	1	10,914	10,914

Note 6 Miscellaneous

6.1 Compensation and legal costs

During 2017, two Section 40^a clients of IHREC were granted additional legal assistance, to provide them with legal representation to make submissions (oral and written) before the Court of Justice of the European Union in Luxembourg in preliminary ruling proceedings.

IHREC agreed to provide an indemnity as to any potential adverse costs liability up to a maximum level of €40,000 plus VAT. Any potential costs exposure is unlikely to arise for a considerable period (likely 2020).

^a IHREC is empowered under Section 40 of the Irish Human Rights and Equality Commission Act 2014 to provide assistance to persons where they are pursuing proceedings under equality and/or human rights law.
