

**Appropriation Account 2018**

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**Vote 25**

**Irish Human Rights and Equality  
Commission**

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## 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 2018 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 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.016 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 Irish Human Rights and Equality Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the Commission. 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.
- 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. In 2018 IHREC complied with the guidelines with the exception of five supply arrangements to the value of €188,711 (ex VAT) which were included in annual return in respect of Circular 40/2002. These are broken down as follows

- one urgent requirement with a value of €58,935
- one existing supply contract was extended/rolled over with a value of €45,440
- three purchases with a total value of €84,336 related to sole supplier arrangements.

**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 charted 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 and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit review of IT operations made a number of recommendations on the operating effectiveness of IT systems and all of the recommendations made have been implemented. The organisation is in the process of migrating to the Department of Justice and Equality IT shared services system. Significant work has already been undertaken to prepare for this move and it is anticipated that the migration will be completed by the end of October 2019.

The Commission has adopted the *Code of Practice for the Governance of State Bodies* 2016 which requires audit committees to meet on at least four occasions each year. Due to vacancies in the Commission, the audit committee met twice in 2018.

**Risk and control framework**

The IHREC has implemented a risk management system which identifies and reports on 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 manner. 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 2018 that resulted in, or may result in, a material loss.

**Laurence Bond**  
Accounting Officer  
Irish Human Rights and Equality Commission

13 September 2019

## **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 2018 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 2018
- 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

20 September 2019

## Vote 25 Irish Human Rights and Equality Commission

### Appropriation Account 2018

|  | 2018                  |              | 2017         |
|--|-----------------------|--------------|--------------|
|  | Estimate<br>provision | Outturn      | Outturn      |
|  | €000                  | €000         | €000         |
| <b>Programme expenditure</b>                             |                       |              |              |
| A Irish Human Rights and Equality<br>Commission function | 6,703                 | 4,664        | 5,319        |
|  | <b>6,703</b>          | <b>4,664</b> | <b>5,319</b> |
| <i>Deduct</i>  |                       |              |              |
| B Appropriations-in-aid                                  | 115                   | 92           | 83           |
|  | <b>6,588</b>          | <b>4,572</b> | <b>5,236</b> |
| <b>Net expenditure</b>                                   | <b>6,588</b>          | <b>4,572</b> | <b>5,236</b> |

**Surplus**

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

|                           | 2018      | 2017      |
|---------------------------|-----------|-----------|
|                           | €         | €         |
| Surplus to be surrendered | 2,015,982 | 1,285,849 |

**Laurence Bond**  
Accounting Officer  
Irish Human Rights and Equality Commission

29 March 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

|  | 2018         | 2017         |
|--|--------------|--------------|
|  | €000         | €000         |
| Pay  | 2,302        | 2,254        |
| Non pay                                    | 2,362        | 3,065        |
| <b>Gross expenditure</b>                   | <b>4,664</b> | <b>5,319</b> |
| <i>Deduct</i>                              |              |              |
| <b>Appropriations-in-aid</b>               | <b>92</b>    | <b>83</b>    |
| <b>Net expenditure</b>                     | <b>4,572</b> | <b>5,236</b> |
| <br><b>Changes in capital assets</b>       |              |              |
| Purchases cash                             | (10)         |              |
| Depreciation                               | 178          |              |
|  | 168          | (371)        |
| <br><b>Changes in net current assets</b>   |              |              |
| Decrease in closing accrual                | (18)         | (112)        |
| <br><b>Direct expenditure</b>              | <b>4,722</b> | <b>4,753</b> |
| <br><b>Expenditure borne elsewhere</b>     |              |              |
| Net allied services expenditure (note 1.1) | 5            | 6            |
| <b>Net programme cost</b>                  | <b>4,727</b> | <b>4,759</b> |

#### 1.1 Net allied services expenditure

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

|   | 2018     | 2017     |
|---|----------|----------|
|   | €000     | €000     |
| Vote 18 National Shared Services Office | 5        | 6        |
|   | <b>5</b> | <b>6</b> |

## Note 2 Statement of Financial Position as at 31 December 2018

|                                 | Note | 2018<br>€000 | 2017<br>€000 |
|---------------------------------|------|--------------|--------------|
| <b>Capital assets</b>           | 2.2  | 1,852        | 2,020        |
| <b>Current assets</b>           |      |              |              |
| Prepayments                     |      | 294          | 264          |
| Other debit balances            | 2.4  | 20           | 15           |
| Net Exchequer funding due       | 2.6  | 110          | (286)        |
| <b>Total current assets</b>     |      | 424          | (7)          |
| <b>Less current liabilities</b> |      |              |              |
| Bank overdraft                  | 2.3  | 21           | (356)        |
| Accrued expenses                |      | 136          | 124          |
| Other credit balances           | 2.5  | 109          | 85           |
| Total current liabilities       |      | 266          | (147)        |
| <b>Net current assets</b>       |      | 158          | 140          |
| <b>Net assets</b>               |      | <b>2,010</b> | <b>2,160</b> |
| <b>Represented by:</b>          |      |              |              |
| <b>State funding account</b>    | 2.1  | <b>2,010</b> | <b>2,160</b> |

### 2.1 State funding account

|                                    | Note    | 2018<br>€000 | 2017<br>€000 |
|------------------------------------|---------|--------------|--------------|
| Net assets at 1 January            |         | 2,160        | 1,677        |
| Disbursements from the Vote        |         |              |              |
| Estimate provision                 | Account | 6,588        |              |
| Surplus to be surrendered          | Account | (2,016)      |              |
| Net vote                           |         | 4,572        | 5,236        |
| Expenditure (cash) borne elsewhere | 1.1     | 5            | 6            |
| Net programme cost                 |         | (4,727)      | (4,759)      |
| <b>Balance at 31 December</b>      |         | <b>2,010</b> | <b>2,160</b> |

**2.2 Capital assets**

|   | Leasehold<br>improvements | Furniture<br>and fittings | IT and<br>office<br>equipment | Total        |
|---|---------------------------|---------------------------|-------------------------------|--------------|
|   | €000                      | €000                      | €000                          | €000         |
| Gross assets                                |                           |                           |                               |              |
| Cost or valuation at 1 January 2018         | 1,736                     | 337                       | 289                           | 2,362        |
| Additions                                   | —                         | 2                         | 8                             | 10           |
| Cost or valuation at 31 December 2018       | 1,736                     | 339                       | 297                           | 2,372        |
| Accumulated Depreciation                    |                           |                           |                               |              |
| Opening balance at 1 January 2018           | 160                       | 66                        | 116                           | 342          |
| Depreciation for the year                   | 87                        | 34                        | 57                            | 178          |
| Cumulative depreciation at 31 December 2018 | 247                       | 100                       | 173                           | 520          |
| <b>Net assets at 31 December 2018</b>       | <b>1,489</b>              | <b>239</b>                | <b>124</b>                    | <b>1,852</b> |
| Net assets at 31 December 2017              | 1,576                     | 271                       | 173                           | 2,020        |

**2.3 Bank and cash**

| at 31 December              | 2018        | 2017       |
|-----------------------------|-------------|------------|
|                             | €000        | €000       |
| PMG balance                 | (218)       | 108        |
| Other bank account balances | 197         | 248        |
|                             | <b>(21)</b> | <b>356</b> |

**2.4 Other debit balances**

| at 31 December                            | 2018      | 2017      |
|---|-----------|-----------|
|   | €000      | €000      |
| Recoupable travel pass scheme expenditure | 16        | 15        |
| Payroll paid in advance                   | 4         | —         |
|   | <b>20</b> | <b>15</b> |

**2.5 Other credit balances**

| at 31 December                        | 2018       | 2017      |
|---------------------------------------|------------|-----------|
|                                       | €000       | €000      |
| <b>Amounts due to the State</b>       |            |           |
| Income Tax                            | 35         | 33        |
| Pay Related Social Insurance          | 24         | 23        |
| Professional Services Withholding Tax | 41         | 21        |
| Universal Social Charge               | 8          | 7         |
| Value Added Tax                       | 1          | 1         |
|                                       | <u>109</u> | <u>85</u> |

**2.6 Net Exchequer funding due**

| at 31 December            | 2018         | 2017       |
|---------------------------|--------------|------------|
|                           | €000         | €000       |
| Exchequer grant undrawn   | (2,126)      | (1,000)    |
| Surplus to be surrendered | 2,016        | 1,286      |
| Net Exchequer funding due | <u>(110)</u> | <u>286</u> |
| <b>Represented by:</b>    |              |            |
| <b>Debtors</b>            |              |            |
| Debit balances            | 20           | 15         |
|                           | <u>20</u>    | <u>15</u>  |
| <b>Creditors</b>          |              |            |
| Bank overdraft            | (21)         | 356        |
| Due to State              | (109)        | (85)       |
| Credit balances           | —            | —          |
|                           | <u>(130)</u> | <u>271</u> |
|                           | <u>(110)</u> | <u>286</u> |

**2.7 Commitments**

| at 31 December                                 | 2018         | 2017         |
|--|--------------|--------------|
|  | €000         | €000         |
| Procurement of goods and services <sup>a</sup> | 1,571        | 1,833        |
| Non-capital grant programmes                   | 283          | 222          |
| Legal and other projects                       | 83           | 159          |
| Total of legally enforceable commitments       | <u>1,937</u> | <u>2,214</u> |

Note <sup>a</sup> Lease of premises commitment is €261,818 per year up to 2024.

## Note 3 Vote Expenditure

### Analysis of Expenditure

|     |  | 2018               |              | 2017         |
|-----|--|--------------------|--------------|--------------|
|     |  | Estimate provision | Outturn      | Outturn      |
|     |  | €000               | €000         | €000         |
| i   | Salaries, wages and allowances                             | 3,610              | 2,302        | 2,254        |
| ii  | Travel and subsistence                                     | 80                 | 38           | 50           |
| iii | Training and development and incidental expenses           | 1,927              | 1,275        | 1,370        |
| iv  | Postal and telecommunications services                     | 122                | 49           | 41           |
| v   | Office equipment and external IT services                  | 165                | 158          | 330          |
| vi  | Office premises expenses                                   | 500                | 478          | 1,071        |
| vii | Consultancy services and value for money and policy review | 299                | 364          | 203          |
|     |  | <b>6,703</b>       | <b>4,664</b> | <b>5,319</b> |

#### Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

##### *i Salaries, wages and allowances*

Estimate provision: €3.61 million, outturn: €2.302 million

The savings of €1.308 million on expenditure on salaries, wages and allowances was due to IHREC not reaching its full employment control framework of 64 within 2018. At start of the year IHREC had 45 staff members (FTE). As at 31 December 2018 the IHREC had 49 staff members (FTE). Of these, 6 were recruited in the final quarter of the year so the full cost impact will only be seen in 2019.

##### *iii Training and development and incidental expenses*

Estimate provision: €1.927 million, outturn: €1.275 million

The savings of €652,000 on expenditure on training and development and incidental expenses was due to programmatic activity levels being less than had been anticipated as IHREC was operating below its staff complement in 2018.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

|   | 2018              |                  | 2017             |
|---|-------------------|------------------|------------------|
|   | Estimated<br>€000 | Realised<br>€000 | Realised<br>€000 |
| 1. Receipts from pension-related deduction on public service remuneration | 115               | 90               | 75               |
| 2. European travel refunds  | —                 | —                | 6                |
| 3. Miscellaneous  | —                 | 2                | 2                |
|   | <b>115</b>        | <b>92</b>        | <b>83</b>        |

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers (full time equivalents)

|                             | 2018      | 2017      |
|-----------------------------|-----------|-----------|
| Number of staff at year end | <u>49</u> | <u>45</u> |

### 5.2 Pay

|                  | 2018                | 2017                |
|------------------|---------------------|---------------------|
|                  | €000                | €000                |
| Pay              | 2,059               | 2,023               |
| Allowances       | 30                  | 22                  |
| Employer's PRSI  | <u>213</u>          | <u>209</u>          |
| <b>Total pay</b> | <b><u>2,302</u></b> | <b><u>2,254</u></b> |

### 5.3 Allowance payments

|            | Number of recipients | Recipients of €10,000 or more | Highest individual payment |        |
|------------|----------------------|-------------------------------|----------------------------|--------|
|            |                      |                               | 2018                       | 2017   |
|            |                      |                               | €                          | €      |
| Allowances | 3                    | 2                             | 10,955                     | 10,914 |

## Note 6 Miscellaneous

### 6.1 Compensation and legal costs

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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.

During 2018, the Commission decided to grant an indemnity to one Section 40 client in respect of High Court proceedings.

In 2017, the Commission granted one indemnity (jointly and severally) to three Section 40 clients (although only two clients proceeded with the case) in respect of proceedings before the Court of Justice of the European Union in Luxembourg. This case was resolved in 2019 and no costs were sought or awarded against the Commission.

On 15 March 2019, the Minister for Public Expenditure and Reform sanctioned all Section 40 indemnities as granted by the Commission during 2017 and 2018.