

Appropriation Account 2019

Vote 25

Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission (IHREC), 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 2019 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 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €781,000 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.

Depreciation is charged on a monthly 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 controls 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 National Shared Services Office 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 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 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 forecasts
- 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.

Procurement compliance

I confirm that 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 2019, the IHREC complied with the guidelines with the exception of one contract to the value of €74,677 which was rolled over from an existing supply contract. The requirement for the contract ceased in 2019 when the Department of Justice and Equality undertook to provide the service.

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 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, however the long term mitigation to the issues outlined in the report was the migration of the Irish Human Rights and Equality Commission to the Department of Justice and Equality ICT Shared Service. On 18 October 2019 IHREC's ICT systems were successfully migrated to the Department of Justice and Equality Shared Service.

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. The IHREC audit committee met four times in 2019.

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 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 in 2019 that resulted in, or may result in, a material loss.

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

26 March 2020

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 2019 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 2019, and
- 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

30 June 2020

Vote 25 Irish Human Rights and Equality Commission

Appropriation Account 2019

	2019		2018
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Irish Human Rights and Equality Commission function	6,751	5,973	4,664
Gross expenditure	6,751	5,973	4,664
<i>Deduct</i>			
B Appropriations-in-aid	89	92	92
Net expenditure	6,662	5,881	4,572

Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	780,875	2,015,982

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

26 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	2,821	2,302
Non pay	3,152	2,362
Gross expenditure	5,973	4,664
<i>Deduct</i>		
Appropriations-in-aid	92	92
Net expenditure	5,881	4,572
Changes in capital assets		
Purchases cash	(99)	
Loss on disposals	17	
Depreciation	175	93
		168
Changes in net current assets		
Increase in closing accruals	131	(18)
Direct expenditure	6,105	4,722
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6	5
Net programme cost	6,111	4,727

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.

	2019	2018
	€000	€000
Vote 18 National Shared Services	6	5
	6	5

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	1,759	1,852
Current assets			
Prepayments		143	294
Other debit balances	2.3	22	20
Net Exchequer funding	2.5	219	110
Total current assets		<u>384</u>	<u>424</u>
Less current liabilities			
Bank and cash	2.2	127	21
Accrued expenses		116	136
Other credit balances	2.4	114	109
Total current liabilities		<u>357</u>	<u>266</u>
Net current assets		27	158
Net assets		<u>1,786</u>	<u>2,010</u>
Represented by:			
State funding account	2.6	<u>1,786</u>	<u>2,010</u>

2.1 Capital assets

	Leasehold improvements	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2019	1,736	297	339	2,372
Additions	10	81	8	99
Disposals	—	(108)	(1)	(109)
Cost or valuation at 31 December 2019	1,746	270	346	2,362
Accumulated depreciation				
Opening balance at 1 January 2019	247	173	100	520
Depreciation for the year	87	54	34	175
Depreciation on disposals	—	(92)	—	(92)
Cumulative depreciation at 31 December 2019	334	135	134	603
Net assets at 31 December 2019	1,412	135	212	1,759
Net assets at 31 December 2018	1,489	124	239	1,852

2.2 Bank and cash

at 31 December	2019	2018
	€000	€000
PMG balance	(127)	(218)
Other bank account balances	—	197
	(127)	(21)

2.3 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel pass scheme expenditure	19	16
Payroll paid in advance	3	4
	22	20

2.4 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	38	35
Pay related social insurance	31	24
Professional services withholding tax	27	41
Pension contributions	9	—
Value added tax	—	1
Universal social charge	7	8
	<u>112</u>	<u>109</u>
Payroll deductions held in suspense	2	—
	<u>114</u>	<u>109</u>

2.5 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	781	2,016
Exchequer grant undrawn	(1,000)	(2,126)
Net Exchequer funding	<u>(219)</u>	<u>(110)</u>
Represented by:		
Debtors		
Debit balances	<u>22</u>	<u>20</u>
	22	20
Creditors		
Due to State	(112)	(109)
Bank and cash	(127)	(21)
Credit balances	<u>(2)</u>	<u>—</u>
	(241)	(130)
	<u>(219)</u>	<u>(110)</u>

2.6 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		2,010	2,160
Disbursements from the Vote			
Estimate provision	Account	6,662	
Surplus to be surrendered	Account	(781)	
Net vote		5,881	4,572
Expenditure (cash) borne elsewhere	1.1	6	5
Net programme cost	1	(6,111)	(4,727)
Balance at 31 December		1,786	2,010

2.7 Commitments

At 31 December	2019	2018
	€000	€000
Procurement of goods and services ^a	1,558	1,571
Non-capital grant programmes	232	283
Legal and other projects	107	83
Total of legally enforceable commitments	1,897	1,937

Note ^a Lease of premises commitment is €261,818 per year up to 2024.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in programme A expenditure, to provide complete programme costings.

		2019		2018
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,658	2,821	2,302
ii	Travel and subsistence	80	62	38
iii	Training and development and incidental expenses	1,927	1,650	1,275
iv	Postal and telecommunication services	122	56	49
v	Office equipment and external IT services	165	443	158
vi	Office premises expenses	500	509	478
vii	Consultancy services and value for money and policy review	299	432	364
		6,751	5,973	4,664

Significant variations

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

i Salaries, wages and allowances

Estimate provision: €3.658 million, outturn: €2.821 million

The decrease of €837,000 on expenditure on salaries, wages and allowances was due to IHREC not reaching full employment within 2019. At the start of the year, IHREC had 49 staff members (FTE). As at 31 December 2019, the IHREC had 58 staff members (FTE). Of these, seven were recruited in the final quarter of the year so the full cost impact will only be seen in 2020.

iii Training and development and incidental expenses

Estimate provision: €1.927 million, outturn: €1.65 million

The decrease of €277,000 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 2019.

iv Postal and telecommunication services

Estimate provision: €122,000, outturn: €56,000

The decrease of €66,000 on expenditure for postal and telecommunications services expenses was due to emerging technological improvements and contract upgrades in 2019.

v Office equipment and external IT services

Estimate provision: €165,000, outturn: €443,000

The increase in expenditure of €278,000 on office equipment and external IT services was due to the migration of the Irish Human Rights and Equality Commission (IHREC) to the Department of Justice and Equality ICT Shared Service.

vii Consultancy services and value for money and policy reviews

Estimate provision: €299,000, outturn: €432,000

The increase on expenditure of €133,000 on consultancy services and value for money and policy review was due to increased activity and specialist legal assistance required in human rights litigation services.

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration ^a	89	77	90
2 Miscellaneous	—	15	2
	89	92	92

Note ^a The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	<u>58</u>	<u>49</u>

5.2 Pay

	2019 €000	2018 €000
Pay	2,519	2,059
Higher, special or additional duties allowance	42	30
Employer's PRSI	<u>260</u>	<u>213</u>
Total pay	<u>2,821</u>	<u>2,302</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019 €	2018 €
Higher, special or additional duties	6	2	11,741	10,955

Note 6 Miscellaneous

6.1 Compensation and legal costs

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. This case is ongoing.