

Appropriation Account 2016

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 2016 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 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €0.13 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 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 Commission 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 Commission.

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 Commission
- 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 Commission 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 Commission complied with the guidelines with the exception of six supply arrangements to the value of €597,417 which were listed on my annual return in respect of Circular 40/2002.

- two instances totalling expenditure of €396,137, where the contractor for the fit out of the new premises of the Commission procured furniture, fittings and equipment on behalf of the Commission by means of competitive quotations without going to tender.
- three instances totalling expenditure of €170,877, where services were procured locally by means of competitive quotations without going to tender, including services of a temporary nature to the value of €125,995 not expected to re-occur in future years.
- one instance with expenditure of €30,403, 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.

Internal Audit, and Audit and Risk Committee

I confirm that the Commission 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 Commission 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.

Laurence Bond

Accounting Officer
Irish Human Rights and Equality Commission

21 September 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in the Commission and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

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 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Irish Human Rights and Equality Commission. The appropriation account is in agreement with the accounting records.

Non compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2016.

Seamus McCarthy
Comptroller and Auditor General

26 September 2017

Vote 25 Irish Human Rights and Equality Commission Appropriation Account 2016

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Irish Human Rights and Equality Commission Function	6,306	6,208	3,954
Gross expenditure		6,306	6,208	3,954
<i>Deduct</i>				
B	Appropriations-in-aid	116	153	222
Net expenditure		6,190	6,055	3,732

Surplus for surrender

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

	2016	2015
	€	€
Surplus to be surrendered	134,747	2,457,959

Analysis of administration expenditure

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,213	2,113	1,763
ii	Travel and subsistence	80	69	68
iii	Training and development and incidental expenses	1,527	1,308	1,033
iv	Postal and telecommunications services	122	47	36
v	Office equipment and external IT services	165	346	196
vi	Office premises expenses	1,100	2,042	696
vii	Consultancy services and value for money and policy review	99	283	162
		6,306	6,208	3,954

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Pay	2,113	1,763
Non pay	4,095	2,191
Gross expenditure	6,208	3,954
<i>Deduct</i>		
Appropriations-in-aid	153	222
Net expenditure	6,055	3,732
Changes in capital assets		
Additions	(1,534)	
Disposals	11	
Depreciation	135	
	(1,388)	245
Changes in net current assets	90	53
Direct expenditure	4,757	4,030
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	4	34
Net programme cost	4,761	4,064

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.

	2016	2015
	€000	€000
Vote 13 Office of Public Works	—	33
Vote 18 National Shared Services Office	4	1
	4	34

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	1,649	255
Current assets			
Bank and cash	2.3	946	241
Accrued income	2.4	—	374
Prepayments		155	150
Other debit balances		10	9
Net funding due from the Exchequer	2.6	—	325
Total current assets		1,111	1,099
Less current liabilities			
Accrued expenses		126	347
Deferred income		1	342
Other credit balances	2.5	906	113
Net funding due to the Exchequer	2.6	50	—
Total current liabilities		1,083	802
Net current assets		28	297
Net assets		1,677	552
Represented by:			
State funding account	2.1	1,677	552

	Note	2016 €000	2015 €000
2.1 State Funding Account			
Net assets at 1 January		552	850
Disbursements from the Vote			
Estimate provision	Account	6,190	
Surplus to be surrendered	Account	(135)	
Net vote		6,055	3,732
Expenditure (cash) borne elsewhere	1.1	4	34
Adjustment		6	—
Pre-incorporation grant funding	6.2	(179)	—
Net programme cost		(4,761)	(4,064)
Balance at 31 December		1,677	552

2.2 Capital assets

	Leasehold improvements	Furniture and fittings	IT & office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2016	222	4	76	302
Adjustment*	—	—	9	9
Additions	1,088	323	123	1,534
Disposals	(8)	(4)	(18)	(30)
Cost or valuation at 31 December 2016	<u>1,302</u>	<u>323</u>	<u>190</u>	<u>1,815</u>
Accumulated Depreciation				
Opening balance at 1 January 2016	11	1	35	47
Adjustment*	—	—	3	3
Disposals	—	(1)	(18)	(19)
Depreciation for the year	65	32	38	135
Cumulative depreciation at 31 December 2016	<u>76</u>	<u>32</u>	<u>58</u>	<u>166</u>
Net assets at 31 December 2016	<u>1,226</u>	<u>291</u>	<u>132</u>	<u>1,649</u>
Net assets at 31 December 2015	<u>211</u>	<u>3</u>	<u>41</u>	<u>255</u>

*An asset tagging exercise undertaken in January 2017 identified a number of assets purchased in 2014 and 2015 which should have been capitalised.

2.3 Bank and cash	2016	2015
	€000	€000
PMG balances and cash	77	(190)
Commercial bank accounts	869	431
	<u>946</u>	<u>241</u>

2.4 Movement in Accrued Income

Arising from the Commission's involvement in the European Social Fund (ESF) Human Capital Investment Operational Programme 2007-2013 (HCIOP), the Commission recognised an amount of €374,160 as a receivable at the end of 2015.

In June 2016, the Department of Education and Science, as Managing Authority, submitted a final claim in respect of the HCIOP, which did not include the Commission's projects. Other projects included in the claim maximised the drawdown of ESF funding to the Exchequer for the entire Programme, meaning that any additional projects would not give rise to any further drawdown of funds.

As a result, the amount brought forward (€374,000) is no longer receivable by IHREC. Sanction was sought from and provided by the Department of Public Expenditure and Reform to derecognise this balance in 2016.

2.5 Other credit balances	2016	2015
At 31 December	€000	€000
Amounts due to the State		
Income Tax	39	36
Pay Related Social Insurance	30	31
Professional Services Withholding Tax	24	29
Pension contributions	9	(4)
Universal Social Charge	10	12
Value Added Tax	—	3
Relevant Contracts Tax	—	4
	<hr/>	<hr/>
	112	111
Payroll deductions held in suspense	3	1
Project balances	612	1
Pre-incorporation funding repayable to the Exchequer	179	—
	<hr/>	<hr/>
	906	113
	<hr/> <hr/>	<hr/> <hr/>

2.6 Net funding due to/ (from) the Exchequer	2016	2015
at 31 December	€000	€000
Exchequer grant undrawn	(85)	(2,783)
Surplus to be surrendered	135	2,458
Net funding due to/(from) the Exchequer	<hr/>	<hr/>
	50	(325)
	<hr/> <hr/>	<hr/> <hr/>

Represented by:**Debtors**

Bank and cash	946	(190)
Debit balances	10	9
	<hr/>	<hr/>
	956	(181)

Creditors

Due to State	(112)	(111)
Credit balances	(615)	(2)
Pre-incorporation grant funding	(179)	(31)
	<hr/>	<hr/>
	(906)	(144)
	<hr/> <hr/>	<hr/> <hr/>
	50	(325)

2.7 Commitments

	2016	2015
at 31 December	€000	€000
a) Global commitments		
Procurement of goods and services*	2,095	2,124
Grant programmes	80	—
Legal and other projects	605	—
Total of legally enforceable commitments	<u>2,780</u>	<u>2,124</u>

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

2.8 Matured liabilities

	2016	2015
at 31 December	€000	€000
Estimate of matured liabilities not discharged at year end	<u>3</u>	<u>36</u>

3 Programme Expenditure by Subhead

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A				
A.1	Administration – pay	3,213	2,113	1,763
A.2	Administration – non pay	3,093	4,095	2,191
		<u>6,306</u>	<u>6,208</u>	<u>3,954</u>

Significant variations

Overall, the expenditure in relation to Programme A was €0.1million lower than provided. Within the outturn, the significant variations were as follows:

Description	Less/(more) than provided	Explanation
	€000	
Administration – pay	1,100	Pay is €1.1 million less than the estimate provided. This is primarily due to IHREC not reaching its full employment control framework of 48 within 2016. At the start of the year, IHREC had 33 staff members (FTE). As at 31 December 2016, the Commission had 41 staff members (FTE). Recruitment campaigns are planned for 2017. Sanction was received from the Department of Public Expenditure and Reform in 2016 to reallocate €1million from pay to non-pay expenditure.
Administration- non pay	(1,002)	Non-pay expenditure is €1 million more than estimate provided. This is primarily due to the increased costs of fit-out expenditure for the Commission's Green Street premises in subhead vi office premises expenses. Sanction was received from the Department of Public Expenditure and Reform in 2016 to reallocate €1 million from pay to non-pay expenditure.

4 Receipts

4.1 Appropriations-in-aid

	Estimated €000	2016	2015
		Realised €000	Realised €000
1. Receipts from pension-related deduction on public service remuneration	116	96	106
2. External funding	—	51	114
3. European travel refunds	—	6	2
Total	116	153	222

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)	41	33

	2016 €000	2015 €000
Pay	1,907	1,591
Allowances	11	12
Overtime	—	—
Employer's PRSI	195	160
Total pay	2,113	1,763

5.1 Allowance payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016 €	Maximum individual payment 2015 €
Allowances	1	1	10,914	8,497

6 Miscellaneous

6.1 Legal costs

Currently a case, which the Commission is funding, is under appeal to the Supreme Court. A provision has been made in the balance sheet in respect of the legal costs of the IHREC which are expected to be payable. A provision has not been made in respect of the legal costs of the other party.

6.2 Pre-incorporation funding and other non-voted receipts

In migrating to a cash based appropriation account system, the Commission reviewed balances on a number of advocacy, research and promotion campaign projects that benefited from philanthropic funding. As a result, project balances were recognised in credit suspense with the matching bank balances reflected in Note 2.3. Comparative figures have not been reclassified.

The review identified unspent pre-incorporation State grant funding of €179,000 repayable to the Exchequer.

