

Appropriation Account 2020

Vote 27

International Co-operation

Introduction

As Accounting Officer for Vote 27, I am required each year 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 2020 for certain official development assistance, including certain grants, and for contributions to certain international organisations involved in development assistance and for the salaries and expenses in connection therewith.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.029 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in circular 22 of 2020, have been applied in the preparation of the account, with the exception of the following:

Capital assets

The carrying value of land and buildings included in capital assets is based on a valuations conducted in 2005 as adjusted by

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 also reflected at cost.

Depreciation

Buildings are not depreciated.

Foreign exchange transactions

Transactions arising on foreign currencies are translated into euro at the rate of exchange prevailing at the date of settlement. At programme country mission level, transactions arising on foreign currencies are translated into euro at the market rate of exchange prevailing at the beginning of that month.

Grant refunds

Refunds of grants, which were funded out of the bilateral co-operation and humanitarian assistance fund, are returned to the fund on receipt.

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 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

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of HR shared service.

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 Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

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 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 Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department 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.

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 written charter which I have approved. 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.

Compliance with procurement rules

I confirm that the Department 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 Department complied with the guidelines. There were no contracts considered non-competitive and non-compliant.

The Department has provided details of non-competitive contracts in the annual return in respect of circular 40/2002 to the Comptroller and Auditor General and to the Department of Public Expenditure and Reform.

Significant financial risks

By its nature, development assistance carries inherent risks, which I acknowledge and seek to manage and mitigate. Robust controls are in place at head office, as outlined above, which are supplemented by additional controls in partner countries as set out below.

Enhancing internal control environment

In addition to the controls in place at head office, the following controls are operated in partner countries to mitigate the risks inherent in development assistance

- Each embassy, in addition to the Ambassador, has a Head of Development with responsibility for the management of the aid programme.
- In addition to the Ambassador and Head of Development, the embassy management structure includes appropriately qualified and experienced development specialists and programme managers/advisers.
- There is a rigorous multi-annual planning and approval process for each country programme, which includes the development of a mission strategy which covers Ireland's political, trade and development interests in each case. Each mission strategy is assessed at the outset through an independent external quality assurance (EQA) process prior to approval; is subject to a mid-term review process to review progress against goals and objectives; and is assessed via a final independent evaluation in advance of the next strategy cycle.
- Robust annual business planning processes are in place at all missions including identification and assessment of risks to business plan implementation and the controls in place to manage these risks. Business plans and risk registers are developed in consultation with head office, and are monitored and updated, as necessary, on a quarterly basis. Significant mission risks are reported upward to the Risk Management Committee and Management Board in line with the Department's Risk Management Policy.
- Each embassy has a locally-based finance function, led by an appropriately qualified head of finance, who reports both to the Ambassador and to the Finance Division at head office.
- A detailed financial procedures manual is in place which sets out the procedures to be followed in respect of all administration and grant-related transactions.

- Internal auditors are in place in each embassy, who report to the Ambassador, and whose internal audit work is undertaken as part of the Department's overall internal audit strategy/work plan which is managed by the Evaluation and Audit Unit. The Evaluation and Audit Unit oversees the work and ensures that it is undertaken in accordance with the internationally accepted Internal Audit Standards.

In addition, in respect of head office payments for overseas development assistance (including humanitarian, multilateral and civil society funding), robust business planning mechanisms are in place, including approval of the overall budget by the Interdepartmental Committee for Development Assistance, monitoring of expenditure by the Senior Management Group on a monthly basis, and robust pre and post disbursement grant management procedures.

Continued emphasis is placed on ensuring there is robust risk management system in operation across the aid programme, including controls to alert management to changes in the perceived risk profile of any aspect of the programme so that appropriate action can be taken at the earliest opportunity.

All grants are awarded using the standard approach to grant management, which should ensure consistency of approaches to grant management across the programme.

I am committed to ensuring that we continue to strengthen our systems of risk identification and management and to ongoing monitoring and audit to minimise the potential for the misuse of funds in the future.

Arising from the Covid-19 pandemic the Evaluation and Audit Unit, along with the staff of the Department, moved to working remotely in March 2020 with all travel cancelled. This presented limitations in the manner in which the Unit's work could be completed. In May 2020, I approved the Unit's revised risk-based work plan, which reset priorities for the year, including increased emphasis on real time business advisory work. This revised work plan was delivered remotely and this approach offers a new and potentially more efficient approach to evaluation and audit work, supplemented by physical visits where possible.

Grant commitments

The Department is in the process of developing a grant management system, which will seek to track all grant commitments and provide up to date information on the obligations of the Department in relation to such contractual commitments. In the absence of such a system, the detailed disclosure sought in the appropriation accounts of the movement on grant commitments could not be quantified. However, an estimate of the obligations outstanding at 31 December 2020 has been provided in Note 2.6.

Risk and control framework

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.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The Evaluation and Audit Unit also carries out periodic reviews of the Department's risk management system as part of its multi-annual internal audit.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned 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 Management Board, 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 Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department'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 Department responsible for the development and maintenance of the internal financial control framework.

Covid-19 pandemic

Assessments of the impact of Covid-19 were carried out in Ireland and in missions overseas.

Since the onset of the Covid-19 crisis, I have been closely monitoring the risks associated with the pandemic which impact on the operation of the Department in Ireland and in our overseas missions. With the Management Board, I have reviewed operating procedures to address these risks and adapt the procedures for remote working arrangements and supports from headquarters. While some programmes and services were negatively impacted by restrictions across the world, the effects of the pandemic have increased the demand for certain services and grants provided by the Department's development partners. The review of operating procedures included the establishment of the necessary measures to ensure the continued delivery of crucial services, while protecting the health and wellbeing of staff and ensuring compliance with relevant restrictions in those jurisdictions in which the Department operates.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2020 that require disclosure in the appropriation account.

Niall Burgess
Accounting Officer
International Co-operation

6 July 2021

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 27 International Co-operation

Opinion on the appropriation account

I have audited the appropriation account for Vote 27 International Co-operation for the year ended 31 December 2020 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 27 International Co-operation for the year ended 31 December 2020, 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 Department of Foreign Affairs 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 July 2021

Vote 27 International Cooperation

Appropriation Account 2020

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Work on poverty and hunger reduction	550,732	547,719	543,601
Gross expenditure	550,732	547,719	543,601
<i>Deduct</i>			
B Appropriations-in-aid	1,030	1,046	1,186
Net expenditure	549,702	546,673	542,415

Surplus

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

	2020	2019
	€	€
Surplus to be surrendered	3,029,239	1,410,728

Niall Burgess
Accounting Officer
International Co-operation

30 March 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Programme cost	515,804	511,166
Pay	18,968	17,642
Non pay	12,947	14,793
Gross expenditure	547,719	543,601
<i>Deduct</i>		
Appropriations-in-aid	1,046	1,186
Net expenditure	546,673	542,415
Changes in capital assets		
Purchases cash	(307)	
Depreciation	504	
Disposals cash	45	
Profit on disposal	(43)	
	199	(180)
Changes in net current assets		
Decrease in closing accruals	(43)	
Decrease in stock	4	
	(39)	(401)
Direct expenditure	546,833	541,834
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	27	23
Net programme cost	546,860	541,857

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 27 borne elsewhere.

	2020	2019
	€000	€000
Vote 18 National Shared Services Office	27	23

Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
Capital assets	2.1	11,623	11,819
Current assets			
Bank and cash	2.2	6,826	6,105
Stocks		29	33
Prepayments		1,652	2,004
Other debit balances		205	246
Net Exchequer funding	2.4	2,275	30
Total current assets		10,987	8,418
Less current liabilities			
Accrued expenses		125	520
Other credit balances	2.3	401	993
Bilateral and other co-operation fund (grant) account	7	8,905	5,388
Total current liabilities		9,431	6,901
Net current assets		1,556	1,517
Net assets		13,179	13,336
Represented by:			
State funding account	2.5	13,179	13,336

2.1 Capital assets

	Land and buildings €000	Equipment €000	Furniture and fittings €000	Vehicles €000	Assets under development €000	Total €000
Gross assets						
Cost or valuation at 1 January 2020	10,487	1,884	802	3,097	—	16,270
Additions	—	57	—	91	159	307
Disposals	—	(42)	(14)	(116)	—	(172)
Adjustments ^a	—	439	59	310	—	808
Cost or valuation at 31 December 2020	10,487	2,338	847	3,382	159	17,213
Accumulated depreciation						
Opening balance at 1 January 2020	—	1,385	704	2,362	—	4,451
Depreciation for the year	—	188	15	301	—	504
Depreciation on disposals	—	(42)	(14)	(114)	—	(170)
Adjustments	—	436	59	310	—	805
Cumulative depreciation at 31 December 2020	—	1,967	764	2,859	—	5,590
Net assets at 31 December 2020	10,487	371	83	523	159	11,623
Net assets at 31 December 2019	10,487	499	98	735	—	11,819

Note ^a During the year, fixed assets with a cost of €808,000 and a net book value of €3,000 were transferred from Vote 28 Foreign Affairs to Vote 27 International Co-operation. These relate to assets which were historically funded out of Vote 28.

2.2 Bank and cash

at 31 December	2020	2019
	€000	€000
PMG balances and cash	4,509	5,701
Commercial bank account balance	158	64
Mission bank balances and cash	2,159	340
	6,826	6,105

At 31 December 2020, all bank and cash balances of all missions are included in this note, while at 31 December 2019 only the balances of missions in non-partner countries were included.

2.3 Other credit balances

at 31 December	2020	2019
	€000	€000
Amounts due to the State		
Professional services withholding tax	132	97
Value added tax	26	8
	158	105
Other credit balances	243	888
	401	993

2.4 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	3,029	1,411
Exchequer grant undrawn	(5,304)	(1,441)
Net Exchequer funding	(2,275)	(30)
Represented by:		
Debtors		
Bank and cash	6,826	6,105
Other debit suspense items	205	246
	7,031	6,351
Creditors		
Due to the State	(158)	(105)
Other credit suspense items	(243)	(888)
Bilateral and other co-operation fund (grant) account	(8,905)	(5,388)
	(9,306)	(6,381)
	(2,275)	(30)

2.5 State funding account

	Note	<u>2020</u>	<u>2019</u>
		€000	€000
Balance at 1 January		13,336	12,755
Disbursements from the Vote			
Estimate provision	Account	549,702	
Surplus to be surrendered	Account	<u>3,029</u>	
Net vote		546,673	542,415
Expenditure (cash) borne elsewhere	1	27	23
Non cash expenditure – capital assets		3	—
Net programme cost	1	<u>(546,860)</u>	<u>(541,857)</u>
Balance at 31 December		<u>13,179</u>	<u>13,336</u>

2.6 Commitments

Global commitments		
	2020	2019
at 31 December	€000	€000
Procurement of goods and services, including rental commitments	6,054	6,590
Non-capital grant programmes	<u>366,971</u>	<u>488,972</u>
Total of legally enforceable commitments	<u>373,025</u>	<u>495,562</u>

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below is included in Programme A to present complete programme costings.

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	19,735	18,968	17,642
ii Travel and subsistence	2,140	771	2,236
iii Training and development and incidental expenses	2,270	1,475	1,858
iv Postal and telecommunications services	1,810	1,362	1,366
v Office equipment and external IT services	1,515	1,959	1,608
vi Office premises expenses	6,505	4,943	5,103
vii Consultancy services and value for money and policy reviews	500	395	400
viii Promotional supports and postings supports	2,450	2,042	2,222
	36,925	31,915	32,435

Significant variations

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

ii Travel and subsistence

Estimate provision €2.14 million; outturn €771,000

The underspend of €1.369 million on expenditure on travel and subsistence was due to significantly lower travel than planned due to the impact of Covid-19 travel restrictions.

iii Training and development and incidental expenses

Estimate provision €2.27 million; outturn €1.475 million

The underspend of €795,000 on expenditure on training and development and incidental expenses was due to a general reduction in operational activity across headquarters and missions as a result of operating restrictions due to Covid-19.

iv Postal and telecommunications services

Estimate provision €1.81 million; outturn €1.362 million

The underspend of €448,000 on expenditure on postal and telecommunications services was due to a delay in implementing new communications circuits for some missions.

v Office equipment and external IT services

Estimate provision €1.515 million; outturn €1.959 million

The overspend of €444,000 on expenditure on office equipment and external IT services was due to additional costs incurred in providing equipment to missions to facilitate remote ICT access to support service delivery in missions during the Covid-19 operational restrictions

Programme A Work on poverty and hunger reduction

	2020		2019
	Estimate provision €000	Outturn €000	Outturn €000
A.1 Administration – pay	19,735	18,968	17,642
A.2 Administration – non pay	17,190	12,947	14,793
A.3 Bilateral co-operation and humanitarian assistance	415,131	414,013	411,086
A.4 Contributions to international funds for the benefit of developing countries	56,724	57,137	59,459
A.5 Contributions to United Nations and other development agencies	41,952	44,654	40,621
	550,732	547,719	543,601

Significant variations

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €3.013 million lower than provided. There was an underspend of €5.01 million on administration, which has already been explained. This was offset by additional programme expenditure, mainly due to the following.

A.5 Contributions to United Nations and other developing countries

Estimate provision €41.952 million; outturn €44.654 million

The overspend of €2.702 million on expenditure on contributions to United Nations and other developing countries was due to additional contributions to UNICEF, UN Peacebuilding Fund and the UN Resident Co-ordinator due to additional funding requests in 2020.

Note 4 Receipts**4.1 Appropriations-in-aid**

	2020		2019
	Estimated €000	Realised €000	Realised €000
1 Appropriations-in-aid	450	537	657
2 Receipts from additional superannuation contributions on public service remuneration	580	509	529
Total	1,030	1,046	1,186

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>570</u>	<u>560</u>

The number of staff at year end in 2019 has been restated for comparability purposes to include all staff, including staff allocated to the programme in the missions.

5.2 Pay

	2020	2019
	€000	€000
Pay	17,096	15,981
Higher, special or additional duties allowances	21	24
Other allowances	46	29
Overtime	24	46
Employer's PRSI	1,296	1,148
Foreign social security and other costs	485	414
Total pay^a	<u>18,968</u>	<u>17,642</u>

Note ^a In addition, staff costs for programme staff in the missions are charged to the programme cost and security staff costs in the missions are charged to security costs under incidental expenses.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Higher, special or additional duties allowances	3	1	10,546	19,585
Other allowances	16	—	8,407	7,526
Overtime	3	—	8,730	11,813
Extra remuneration in more than one category	2	3	13,582	14,286

5.4 Other remuneration arrangements

Six retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €18,388.

5.5 Payroll overpayments

	Number of recipients	2020 €	2019 €
Overpayments	6	21,860	34,922
Recovery plans in place	5	17,048	18,862

Two overpayment recovery plans in respect of two individuals to the value of €3,706 were transferred to other government bodies during the year.

5.6 Severance/redundancy

During 2020, two staff members whose employment was terminated, were paid redundancy payments of €8,352 and severance payments totalling €14,790.

A redundancy payment amounting to €28,838 was paid to one locally employed staff member at an embassy abroad.

Note 6 Miscellaneous

6.1 Contributions to United Nations and other development agencies (A.5)

	2020	2019
	€000	€000
United Nations Development Programme (UNDP)	7,750	7,750
United Nations Children's Fund (UNICEF)	8,200	7,200
United Nations High Commissioner for Refugees (UNHCR)	9,000	9,000
United Nations Population Fund	3,500	3,500
Office of the United Nations High Commissioner for Human Rights	2,000	2,300
UNAIDS	2,400	2,400
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN General Trust Fund	1,100	50
UN Industrial Development Organisation	345	279
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	6,000	5,000
UN Peacebuilding Fund	750	—
United Nations Environment Programme Trust Fund (UNEP)	100	300
United Nations volunteers	1,100	600
Others – various	909	742
	44,654	40,621

Note 7 Bilateral and other co-operation fund (grant) account

Account of receipt and payments during the year ended 31 December 2020

	2020	2019
	€000	€000
Balance at 1 January	5,388	6,616
Grant	414,013	411,086
Amounts recovered during the year	623	1,470
Expenditure for the year	(412,562)	(413,784)
Bank balances held at missions	1,443	—
Balance at 31 December	8,905	5,388