

## **Appropriation Account 2020**

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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 2020 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 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €649,000 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, 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:

### ***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.

### ***Capital assets thresholds***

As provided for in Circular 22 of 2020, the Irish Human Rights and Equality Commission has applied a threshold of €1,000 for the capitalisation of its capital assets.

## 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 resource services are provided to the Irish Human Rights and Equality 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 resource shared service.

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

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 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 and by the Commission
- there are regular reviews by senior management and the Commission of periodic and annual financial reports which indicate financial performance against budgets
- a risk management system operates within the Irish Human Rights and Equality 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
- the Irish Human Rights and Equality 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.

***Internal audit and Audit and Risk Committee***

I confirm that the Irish Human Rights and Equality Commission has an internal audit function (currently outsourced) with appropriately trained personnel. Its work is informed by analysis of the financial risks to which the Irish Human Rights and Equality Commission is exposed and its annual internal audit plans, approved by me and the Audit and Risk Committee, 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.

### ***Procurement compliance***

I confirm that the Irish Human Rights and Equality 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.

In 2020 the Irish Human Rights and Equality Commission complied with the guidelines with the exception of four supply arrangements (in excess of €25,000), totalling €161,372 (ex. VAT). Details are set out below:

- One contract with a value of €34,322 was put in place for insurance.
- Three contracts with a total value of €127,050 were put in place for specialist legal advice.

The Irish Human Rights and Equality Commission has provided details of non-competitive contracts in the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

### ***Risk and control framework***

The Irish Human Rights and Equality Commission 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 Irish Human Rights and Equality Commission and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by senior management, the Audit and Risk Committee and the Irish Human Rights and Equality Commission regularly. 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 an overall satisfactory conclusion was received, a number of recommendations were made 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, the Audit and Risk Committee 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 Irish Human Rights and Equality Commission has procedures to monitor the effectiveness of its risk management and control procedures. The Irish Human Rights and Equality Commission'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, the Audit and Risk Committee and the senior management within the Irish Human Rights and Equality Commission responsible for the development and maintenance of the internal financial control framework.

### ***Covid-19 pandemic***

Two Covid-19 assessments were completed. The first was a health and safety risk assessment of our Green Street offices, following the installation of Covid-19 suppression controls. This assessment was undertaken by an independent third party contactor and concluded that the mitigating actions taken by senior management had reduced the likelihood and impact of Covid-19 risks.

The second assessment was undertaken by our internal audit function as part of an audit review of internal financial controls which incorporated the Office of the Comptroller and Auditor General Audit Insights document on *The impact of Covid-19 on the Control Environment (September 2020)*. An overall satisfactory conclusion was received, a number of recommendations were made that are in the course being implemented.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2020 that resulted in, or may result in, a material loss.

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

31 March 2021

## **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 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 25 Irish Human Rights and Equality Commission 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 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*.

**Seamus McCarthy**

Comptroller and Auditor General

28 June 2021

## Vote 25 Irish Human Rights and Equality Commission

### Appropriation Account 2020

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Irish Human Rights and Equality Commission Function	6,814	6,154	5,973
<b>Gross expenditure</b>	<b>6,814</b>	<b>6,154</b>	<b>5,973</b>
<i>Deduct</i>			
B Appropriations-in-aid	81	70	92
<b>Net expenditure</b>	<b>6,733</b>	<b>6,084</b>	<b>5,881</b>

#### Surplus

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

	2020	2019
	€	€
<b>Surplus to be surrendered</b>	<b>648,867</b>	<b>780,875</b>

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

31 March 2021

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Pay	2,944	2,821
Non pay	3,210	3,152
<b>Gross expenditure</b>	<b>6,154</b>	<b>5,973</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>70</b>	<b>92</b>
<b>Net expenditure</b>	<b>6,084</b>	<b>5,881</b>
<b>Changes in capital assets</b>		
Purchases cash	(100)	
Depreciation	178	
	78	93
<b>Changes in net current assets</b>		
Decrease in closing accruals	(129)	131
<b>Direct expenditure</b>	<b>6,033</b>	<b>6,105</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	8	6
<b>Net programme cost</b>	<b>6,041</b>	<b>6,111</b>

#### 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.

	2020	2019
	€000	€000
Vote 18 National Shared Services Office	8	6
	<b>8</b>	<b>6</b>



## Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
<b>Capital assets</b>	2.1	1,681	1,759
<b>Current assets</b>			
Bank and cash		214	—
Prepayments		190	143
Other debit balances	2.2	4	22
Net Exchequer funding	2.4	—	219
<b>Total current assets</b>		<b>408</b>	<b>384</b>
<b>Less current liabilities</b>			
Bank and cash		—	127
Accrued expenses		34	116
Other credit balances	2.3	140	114
Net Exchequer funding	2.4	78	—
<b>Total current liabilities</b>		<b>252</b>	<b>357</b>
<b>Net current assets</b>		<b>156</b>	<b>27</b>
<b>Net assets</b>		<b>1,837</b>	<b>1,786</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.5	<b>1,837</b>	<b>1,786</b>

## 2.1 Capital assets

	Leasehold improvements	Furniture and fittings	IT and office equipment	Total
	€000	€000	€000	€000
<b>Gross assets</b>				
Cost or valuation at 1 January 2020	1,746	346	270	2,362
Additions	—	14	86	100
Cost or valuation at 31 December 2020	1,746	360	356	2,462
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2020	334	134	135	603
Depreciation for the year	87	36	55	178
Cumulative depreciation at 31 December 2020	421	170	190	781
<b>Net assets at 31 December 2020</b>	<b>1,325</b>	<b>190</b>	<b>166</b>	<b>1,681</b>
Net assets at 31 December 2019	1,412	212	135	1,759

## 2.2 Other debit balances

at 31 December	2020	2019
	€000	€000
Recoupable travel pass scheme expenditure	—	19
Cycle to work scheme	1	—
Payroll paid in advance	3	3
	<b>4</b>	<b>22</b>

## 2.3 Other credit balances

at 31 December	2020	2019
	€000	€000
<b>Amounts due to the State</b>		
Income tax	49	38
Pay related social insurance	34	31
Professional services withholding tax	44	27
Pension contributions	4	9
Universal social charge	9	7
Value added tax	—	—
	140	112
Payroll deductions held in suspense	—	2
	<b>140</b>	<b>114</b>

## 2.4 Net Exchequer funding

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	649	781
Exchequer grant undrawn	(571)	(1,000)
<b>Net Exchequer funding</b>	<b>78</b>	<b>(219)</b>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	214	—
Debit balances	4	22
	218	22
<b>Creditors</b>		
Bank and cash	—	(127)
Due to the State	(140)	(112)
Credit balances	—	(2)
	(140)	(241)
	<b>78</b>	<b>(219)</b>

## 2.5 State funding account

	Note	2020	2019
		€000	€000
Net assets at 1 January		1,786	2,010
Disbursements from the Vote			
Estimate provision	Account	6,733	
Surplus to be surrendered	Account	(649)	
Net vote		6,084	5,881
Expenditure (cash) borne elsewhere	1.1	8	6
Net programme cost	1	(6,041)	(6,111)
<b>Balance at 31 December</b>		<b>1,837</b>	<b>1,786</b>

## 2.6 Commitments

<b>Global commitments</b>		
at 31 December	2020	2019
	€000	€000
Procurement of goods and services <sup>a</sup>	1,217	1,558
Non-capital grant programmes	13	232
Legal and other projects	115	107
<b>Total of legally enforceable commitments</b>	<b>1,345</b>	<b>1,897</b>

Note <sup>a</sup> Lease of premises commitment is €269,984 per year up to 2024.

## Note 3 Vote Expenditure

### Analysis of administration expenditure

All of the allocation for Vote 25 Irish Human Rights and Equality Commission is classified as administration expenditure applied towards a single programme: Irish Human Rights and Equality Commission Function.

	2020		2019
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	3,721	2,944	2,821
ii Travel and subsistence	63	17	62
iii Training and development and incidental expenses	1,856	1,738	1,650
iv Postal and telecommunications services	50	34	56
v Office equipment and external IT services	305	413	443
vi Office premises expenses	520	614	509
vii Consultancy services and value for money and policy reviews	299	394	432
	<b>6,814</b>	<b>6,154</b>	<b>5,973</b>

### 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).

#### i Salaries, wages and allowances

*Estimate provision €3.721 million; outturn €2.944 million*

The underspending of €776,836 on salaries, wages and allowances was due to IHREC not reaching the intended employment level of 64 staff members (FTE) in 2020. At the start of the year, IHREC had 58 staff members (FTE). As at 31 December 2020 IHREC had 63 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 2021. We will continue to grow in staff numbers over the coming years in line with our sanctioned pay allocation.

#### v Office equipment and external IT services

*Estimate provision €305,000; outturn €413,000*

The increase in expenditure of €108,184 on office equipment and external IT services was due to investment in equipment to support remote working and to facilitate higher staff numbers employed in 2020.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

		2020		2019
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from additional superannuation contributions on public service remuneration	81	58	77
2	Miscellaneous	—	12	15
<b>Total</b>		<b>81</b>	<b>70</b>	<b>92</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>63</u>	<u>58</u>

### 5.2 Pay

	2020	2019
	€000	€000
Pay	2,639	2,519
Higher, special or additional duties allowances	30	42
Employer's PRSI	<u>275</u>	<u>260</u>
<b>Total pay</b>	<b><u>2,944</u></b>	<b><u>2,821</u></b>

### 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 <sup>a</sup>	3	1	22,829	11,741

Note <sup>a</sup> 2020 highest individual payment includes arrears.

## 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. The High Court overturned the Labour Court decision and ruled in the client's favour.

The matter is now the subject of a further appeal to the Court of Appeal where the Commission is legally representing the client. In 2020, the Commission, with sanction from the Department of Public Expenditure and Reform, decided to grant an indemnity in respect of the Court of Appeal proceedings. No expenditure has been incurred under the indemnity to date.

In addition, in 2020, with approval from the Department of Public Expenditure and Reform, the Commission granted one further Section 40 client indemnity in respect of the High Court proceedings.