



## **Appropriation Account 2014**

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**Vote 14**

**State Laboratory**

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## Introduction

As Accounting Officer for Vote 14, 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 2014 for the salaries and expenses of the State Laboratory.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €568,343 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 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.

## 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 State Laboratory. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. 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.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the State Laboratory and the National Shared Service Office for the provision of payroll shared service.

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 payroll shared services to the Laboratory.

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.

#### ***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 State Laboratory.
- 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 State Laboratory 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 State Laboratory complied with the guidelines with the exception of one contract to the value of €59,299 which was listed in my annual return in respect of Circular 40/2002. The reason for this exception is that this supplier is the sole European agent for specialist consumables for a particular laboratory instrument.

#### ***Internal Audit***

I confirm that the State Laboratory 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 State Laboratory 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.

**Ita Kinahan**

Accounting Officer  
State Laboratory

31 March 2015

## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Vote 14 State Laboratory**

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2014 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 her control, for the efficiency and economy of administration by the State Laboratory 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 14 State Laboratory for the year ended 31 December 2014.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the State Laboratory. The appropriation account is in agreement with the books of account.

**Seamus McCarthy**  
Comptroller and Auditor General

24 April 2015

## Vote 14 State Laboratory

### Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Government analytical laboratory and advisory service	8,647	8,312	8,489
	<b>Gross expenditure</b>	<b>8,647</b>	<b>8,312</b>	<b>8,489</b>
	<i>Deduct</i>			
B	<b>Appropriations-in-aid</b>	<b>852</b>	<b>1,085</b>	<b>944</b>
	<b>Net expenditure</b>	<b>7,795</b>	<b>7,227</b>	<b>7,545</b>

#### Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	568,343	574,375

#### Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,047	4,819	4,805
ii	Travel and subsistence	35	26	20
iii	Training and development and incidental expenses	229	228	220
iv	Postal and telecommunications services	75	60	63
v	Office equipment and external IT services	1,665	1,794	1,979
vi	Office premises expenses	1,582	1,372	1,388
vii	Consultancy services and value for money and policy reviews	14	13	14
		<b>8,647</b>	<b>8,312</b>	<b>8,489</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Pay		4,819	4,805
Non pay		3,493	3,684
<b>Gross expenditure</b>		<b>8,312</b>	<b>8,489</b>
<i>Deduct</i>			
<b>Appropriations-in-aid</b>		<b>1,085</b>	<b>944</b>
<b>Net expenditure</b>		<b>7,227</b>	<b>7,545</b>
<b>Changes in capital assets</b>			
Purchases cash	(496)		
Depreciation	686		
		190	(23)
<b>Changes in net current assets</b>			
Increase in closing accruals	(26)		
Decrease in stock	7		
		(19)	63
<b>Direct expenditure</b>		<b>7,398</b>	<b>7,585</b>
Net allied services expenditure (note 1.1)		893	754
Notional rents		1,302	1,344
<b>Net programme cost</b>		<b>9,593</b>	<b>9,683</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 14 borne elsewhere.

	2014	2013
	€000	€000
Vote 7 Finance	e 16	23
Vote 12 Superannuation and Retired Allowances	e 873	731
Vote 18 Shared Services	e 4	—
	<b>893</b>	<b>754</b>

“e” indicates that the number is an estimated value or an apportioned cost.

**2 Balance Sheet as at 31 December 2014**

	Note	2014 €000	2013 €000
<b>Capital assets</b>	2.2	<b>1,111</b>	<b>1,301</b>
<b>Current assets</b>			
Bank and cash	2.3	72	74
Stocks	2.4	159	166
Prepayments		643	633
Accrued income		53	46
Other debit balances	2.5	108	113
Net Exchequer funding due	2.7	7	(19)
<b>Total current assets</b>		<b>1,042</b>	<b>1,013</b>
<b>Less current liabilities</b>			
Accrued expenses		66	75
Other credit balances	2.6	187	168
<b>Total current liabilities</b>		<b>253</b>	<b>243</b>
<b>Net current assets</b>		<b>789</b>	<b>770</b>
<b>Net assets</b>		<b>1,900</b>	<b>2,071</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>1,900</b>	<b>2,071</b>

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		2,071	2,111
Disbursements from the Vote			
Estimate provision	Account	7,795	
Surplus to be surrendered	Account	(568)	
Net vote		7,227	7,545
Expenditure (cash) borne elsewhere	1	893	754
Non cash expenditure – notional rent	1	1,302	1,344
Net programme cost	1	(9,593)	(9,683)
<b>Balance at 31 December</b>		<b>1,900</b>	<b>2,071</b>

**2.2 Capital Assets**

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2014	12,391	538	20	12,949
Additions	496	—	—	496
Disposals	(475)	—	—	(475)
Cost or valuation at 31 December 2014	12,412	538	20	12,970
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2014	11,152	476	20	11,648
Depreciation for the year	633	53	—	686
Depreciation on disposals	(475)	—	—	(475)
Cumulative depreciation at 31 December 2014	11,310	529	20	11,859
<b>Net assets at 31 December 2014</b>	<b>1,102</b>	<b>9</b>	<b>—</b>	<b>1,111</b>
<b>Net assets at 31 December 2013</b>	<b>1,239</b>	<b>62</b>	<b>—</b>	<b>1,301</b>

**2.3 Bank and Cash**

	2014 €000	2013 €000
at 31 December		
PMG balance	70	74
Commercial bank account balance	2	—
	72	74

**2.4 Stocks**

	2014 €000	2013 €000
at 31 December		
Chemicals and laboratory consumables	140	145
Stationery and IT consumables	19	21
	159	166

**2.5 Other Debit Balances**

	2014 €000	2013 €000
at 31 December		
Recoupable salaries	91	96
Recoupable travel expenses	—	1
Recoupable travel pass scheme expenditure	14	14
Recoupable cycle to work scheme	3	2
	108	113

<b>2.6 Other Credit Balances</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Amounts due to the State		
Income Tax	50	55
Pay Related Social Insurance	30	30
Universal Social Charge	18	20
Local Property Tax	1	-
Value Added Tax on intra-EU acquisitions	52	25
	<u>151</u>	<u>130</u>
Payroll deductions held in suspense	36	38
	<u>187</u>	<u>168</u>

<b>2.7 Net Exchequer Funding Due</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Surplus to be surrendered	568	574
Exchequer grant undrawn	(575)	(555)
Net Exchequer funding due	<u>(7)</u>	<u>19</u>

**Represented by:****Debtors**

Bank and cash	72	74
Debit balances: suspense	108	113
	<u>180</u>	<u>187</u>

**Creditors**

Due to State	(151)	(130)
Credit balances: suspense	(36)	(38)
	<u>(187)</u>	<u>(168)</u>
	<u>(7)</u>	<u>19</u>

<b>2.8 Commitments</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Total of legally enforceable commitments	54	12
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### 3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Government analytical laboratory and advisory service</b>			
A.1	Administration - pay	5,047	4,819	4,805
A.2	Administration - non pay	3,600	3,493	3,684
		<u>8,647</u>	<u>8,312</u>	<u>8,489</u>

#### Explanation of significant variations

Overall the expenditure in relation to Programme A was lower than provided. This was mainly due to the following:

Heading	Less/(more) than estimated €000	Explanation
Administration – pay	228	Vacancies created by staff retiring and staff transfers on promotion were not filled until 2015.
Administration – non pay	107	The planned upgrade of the compressed air and nitrogen generation system was not completed by year end.

## 4 Receipts

### 4.1 Appropriations-in-aid

		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	550	799	649
2.	Receipts from pension-related deductions on public service remuneration	300	284	295
3.	Miscellaneous Receipts – Haddington Road	2	2	—
<b>Total</b>		<b>852</b>	<b>1,085</b>	<b>944</b>

### Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/(more) than estimated €000	Explanation
Receipts for various analyses, examinations, tests etc.	(249)	The excess receipts arise from Coroner's fees. As this is a demand led service, it is difficult to accurately predict the income.

### 4.2 Extra receipts payable to the Exchequer

	2014 Realised €000	2013 Realised €000
Exchequer extra receipts	—	17

## 5 Employee Numbers and Pay

	2014	2013
<b>Number of staff at year end</b> (full time equivalents)	79	83
	2014	2013
	€000	€000
Pay	4,512	4,510
Higher, special or additional duties allowance	19	20
Overtime	—	—
Employer's PRSI	288	275
<b>Total Pay</b>	<b>4,819</b>	<b>4,805</b>

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	6	1	11,157	12,344