

Appropriation Account 2015

Vote 14

State Laboratory

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 2015 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 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €311,495 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 except for the following:

Motor Vehicles are depreciated at a rate of 20% 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 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 services and human resource 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 payroll shared services to the Laboratory.

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.

Following a malware attack in July 2015, contingency procedures were in operation for a period of fourteen weeks.

Internal Audit and Audit Committee

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

29 March 2016

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 2015 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 2015.

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 State Laboratory. The appropriation account is in agreement with the accounting records.

Seamus McCarthy

Comptroller and Auditor General

11 May 2016

Vote 14 State Laboratory

Appropriation Account 2015

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	8,900	8,626	8,312
Gross expenditure		8,900	8,626	8,312
<i>Deduct</i>				
B	Appropriations-in-aid	851	888	1,085
Net expenditure		8,049	7,738	7,227

Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	311,495	568,343

Analysis of administration expenditure

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,200	4,948	4,819
ii	Travel and subsistence	35	31	26
iii	Training and development and incidental expenses	229	226	228
iv	Postal and telecommunications services	70	61	60
v	Office equipment and external IT services	1,865	1,868	1,794
vi	Office premises expenses	1,487	1,478	1,372
vii	Consultancy services and value for money and policy reviews	14	14	13
		8,900	8,626	8,312

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Pay	4,948	4,819
Non pay	3,678	3,493
Gross expenditure	8,626	8,312
<i>Deduct</i>		
Appropriations-in-aid	888	1,085
Net expenditure	7,738	7,227
Changes in capital assets		
Purchases cash	(767)	
Depreciation	579	
	(188)	190
Changes in net current assets		
Increase in closing accruals	155	
Increase in stock	(3)	
	152	(19)
Direct expenditure	7,702	7,398
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,061	893
Notional rents	1,485	1,302
Total Operating Cost	10,248	9,593

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.

	2015	2014
	€000	€000
Vote 7 Finance	e —	16
Vote 12 Superannuation and Retired Allowances	e 1,054	873
Vote 18 Shared Services	e 7	4
	1,061	893

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

2 Balance Sheet as at 31 December 2015

		2015	2014
	Note	€000	€000
Capital assets	2.2	1,299	1,111
Current assets			
Bank and cash	2.3	237	72
Stocks	2.4	162	159
Prepayments		548	643
Accrued income		61	53
Other debit balances	2.5	18	108
Total current assets		1,026	1,035
Less current liabilities			
Accrued expenses		134	66
Other credit balances	2.6	250	187
Net liability to the Exchequer	2.7	5	(7)
Total current liabilities		389	246
Net current assets		637	789
Net assets		1,936	1,900
Represented by:			
State funding account	2.1	1,936	1,900

2.1 State Funding Account

		2015	2014
	Note	€000	€000
Balance at 1 January		1,900	2,071
Disbursements from the Vote			
Estimate provision	Account	8,049	
Surplus to be surrendered	Account	(311)	
Net vote		7,738	7,227
Expenditure (cash) borne elsewhere	1	1,061	893
Non cash expenditure – notional rent	1	1,485	1,302
Net programme cost	1	(10,248)	(9,593)
Balance at 31 December		1,936	1,900

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Motor vehicles €000	Total €000
Gross assets				
Cost or valuation at 1 January 2015	12,412	538	20	12,970
Additions	767	—	—	767
Disposals	(63)	—	—	(63)
Cost or valuation at 31 December 2015	13,116	538	20	13,674
Accumulated depreciation				
Opening balance at 1 January 2015	11,310	529	20	11,859
Depreciation for the year	571	8	—	579
Depreciation on disposals	(63)	—	—	(63)
Cumulative depreciation at 31 December 2015	11,818	537	20	12,375
Net assets at 31 December 2015	1,298	1	—	1,299
Net assets at 31 December 2014	1,102	9	—	1,111

2.3 Banks and Cash

	2015 €000	2014 €000
at 31 December		
PMG balance	232	70
Commercial bank account balance	5	2
	237	72

2.4 Stocks

	2015 €000	2014 €000
at 31 December		
Chemicals and laboratory consumables	138	140
Stationery and IT consumables	24	19
	162	159

2.5 Other Debit Balances

	2015 €000	2014 €000
at 31 December		
Recoupable salaries	5	91
Recoupable travel pass scheme expenditure	12	14
Recoupable cycle to work scheme	1	3
	18	108

2.6 Other Credit Balances	2015	2014
at 31 December	€000	€000
Amounts due to the state		
Income Tax	86	50
Pay Related Social Insurance	53	30
Universal Social Charge	29	18
Local Property Tax	1	1
Value Added Tax on intra-EU acquisitions	25	52
	194	151
Payroll deductions held in suspense	56	36
	250	187

2.7 Net Liability to the Exchequer	2015	2014
at 31 December	€000	€000
Surplus to be surrendered	311	568
Exchequer grant undrawn	(306)	(575)
Net Exchequer funding due	5	(7)

Represented by:**Debtors**

Bank and Cash	237	72
Debit balances: suspense	18	108
	255	180

Creditors

Due to State	(194)	(151)
Credit balances: suspense	(56)	(36)
	(250)	(187)
	5	(7)

2.8 Commitments	2015	2014
at 31 December	€000	€000
Total of legally enforceable commitments	52	54

3 Programme Expenditure by Subhead

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Government Analytical Laboratory and Advisory Service			
A.1	Administration - pay	5,200	4,948	4,819
A.2	Administration - non pay	3,700	3,678	3,493
		<u>8,900</u>	<u>8,626</u>	<u>8,312</u>

4 Receipts

4.1 Appropriations-in-aid		2015		2014
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts for various analyses, examinations, tests etc.	550	604	799
2.	Receipts from pension-related deductions on public service remuneration	300	283	284
3.	Miscellaneous receipts – Haddington Road	1	1	2
	Total	<u>851</u>	<u>888</u>	<u>1,085</u>

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	82	79
	2015	2014
	€000	€000
Pay	4,616	4,512
Higher, special or additional duties allowance	19	19
Overtime	—	—
Employer's PRSI	313	288
Total Pay	4,948	4,819

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	6	1	12,665	11,157

5.2 Performance and Merit Payments

Under the terms of the AHCPs 1% PCW restructuring agreement, 12 officers received special service payments. The total amount paid was €22,957.