

Appropriation Account 2017

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 2017 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 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €454,489 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 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 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
- 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 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 four contracts to the value of €158,356 which were listed in my annual return in respect of circular 40/2002. These contracts were not competitively procured for the following reasons:
 - Two contracts with a total value of €78,951 were awarded to separate companies producing the required brand-specific laboratory equipment for which they were the sole supplier
 - One contract to the value of €51,586 was awarded to a supplier who is the sole European agent for specialist consumables for a particular laboratory instrument
 - €27,819 was spent with the supplier of laboratory gases following expiry of the contract in March. The Education Procurement Service (EPS) is establishing a Framework Agreement for this requirement which was delayed.

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.

Risk and Control Framework

The State Laboratory 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 laboratory and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a bi-annual basis. 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 assigns responsibility for operation of controls 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 State Laboratory has procedures to monitor the effectiveness of its risk management and control procedures. The State Laboratory'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 laboratory responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

Opinion on the appropriation account

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2017 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 14 State Laboratory for the year ended 31 December 2017
- 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 State Laboratory 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

21 September 2018

Vote 14 State Laboratory

Appropriation Account 2017

	2017		2016
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Government analytical laboratory and advisory service	9,671	9,318	8,882
Gross expenditure	9,671	9,318	8,882
<i>Deduct</i>			
B Appropriations-in-aid	922	1,023	883
Net expenditure	8,749	8,295	7,999

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	454,489	450,638

Ita Kinahan

Accounting Officer
State Laboratory

29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Pay	5,279	4,923
Non pay	4,039	3,959
Gross expenditure	9,318	8,882
<i>Deduct</i>		
Appropriations-in-aid	1,023	883
Net expenditure	8,295	7,999
Changes in capital assets		
Purchases cash	(974)	
Depreciation	773	
	(201)	(221)
Changes in net current assets		
Increase in closing accruals	110	
Increase in stock	(28)	
	82	(201)
Direct expenditure	8,176	7,577
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,367	1,143
Notional rents	1,622	1,622
Total Operating Cost	11,165	10,342

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.

	2017	2016
	€000	€000
Vote 12 Superannuation and Retired Allowances e	1,355	1,133
Vote 18 National Shared Services Office e	12	10
	1,367	1,143

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

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017	2016
		€000	€000
Capital assets	2.2	1,721	1,520
Current assets			
Bank and cash	2.3	253	240
Stocks	2.4	174	146
Prepayments		630	652
Accrued income		80	129
Other debit balances	2.5	5	14
Total current assets		1,142	1,181
Less current liabilities			
Accrued expenses		128	89
Other credit balances	2.6	255	264
Net Exchequer funding due	2.7	3	(10)
Total current liabilities		386	343
Net current assets		756	838
Net assets		2,477	2,358
Represented by:			
State funding account	2.1	2,477	2,358

2.1 State funding account

	Note	2017	2016
		€000	€000
Balance at 1 January		2,358	1,936
Disbursements from the Vote			
Estimate provision	Account	8,749	
Surplus to be surrendered	Account	(454)	
Net vote		8,295	7,999
Expenditure (cash) borne elsewhere	1	1,367	1,143
Non cash expenditure – notional rent	1	1,622	1,622
Net programme cost	1	(11,165)	(10,342)
Balance at 31 December		2,477	2,358

2.2 Capital assets

	Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	13,787	543	14,330
Additions	961	13	974
Disposals	(1,097)	—	(1,097)
Cost or valuation at 31 December 2017	13,651	556	14,207
Accumulated depreciation			
Opening balance at 1 January 2017	12,272	538	12,810
Depreciation for the year	771	2	773
Depreciation on disposals	(1,097)	—	(1,097)
Cumulative depreciation at 31 December 2017	11,946	540	12,486
Net assets at 31 December 2017	1,705	16	1,721
Net assets at 31 December 2016	1,515	5	1,520

2.3 Banks and cash

at 31 December	2017	2016
	€000	€000
PMG balance	248	234
Commercial bank account balance	5	6
	253	240

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Chemicals and laboratory consumables	138	120
Stationery and IT consumables	36	26
	<u>174</u>	<u>146</u>

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel expenses	1	1
Recoupable travel pass scheme expenditure	2	12
Recoupable cycle to work scheme	2	1
	<u>5</u>	<u>14</u>

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	93	86
Pay Related Social Insurance	65	59
Universal Social Charge	21	23
Local Property Tax	1	1
Relevant Contracts Tax	—	2
Value Added Tax on intra-EU acquisitions	15	36
	<u>195</u>	<u>207</u>
Payroll deductions held in suspense	60	55
Miscellaneous	—	2
	<u>255</u>	<u>264</u>

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	454	451
Exchequer grant undrawn	(451)	(461)
Net Exchequer funding due	3	(10)
Represented by:		
Debtors		
Bank and cash	253	240
Debit balances: suspense	5	14
	258	254
Creditors		
Due to State	(195)	(207)
Credit balances: suspense	(60)	(57)
	(255)	(264)
	3	(10)

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Goods and services	296	66
Total of legally enforceable commitments	296	66

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

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

A	Government Analytical Laboratory and Advisory Service	2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,601	5,279	4,923
ii	Travel and subsistence	40	33	30
iii	Training and development and incidental expenses	256	248	233
iv	Postal and telecommunications services	70	48	56
v	Office equipment and external IT services	2,145	2,321	2,169
vi	Office premises expenses	1,545	1,376	1,457
vii	Consultancy services and value for money and policy reviews	14	13	14
		9,671	9,318	8,882

Significant variations

Overall, the expenditure in relation to the Vote was €353,000 less than the estimate. This was mainly due to an underspend in relation to pay.

Explanations for variances are set out below:

i Salaries, wages and allowances

Estimate provision: €5.6 million, outturn: €5.3 million

The variation between the estimate and the outturn for salaries, wages and allowances was due to a delay in planned recruitment.

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for various analyses, examinations, tests etc.	700	818	657
2	Receipts from pension-related deductions on public service remuneration	222	205	219
3	Miscellaneous receipts	—	—	7
Total		922	1,023	883

Significant variations

Overall, appropriations-in-aid were €101,000 more than estimated. This was mainly due to the following:

1 *Receipts for various analyses, examinations, tests etc.*

Estimate provision: €0.7 million, outturn: €0.818 million

Additional receipts of €118,000 were due to the fact that the income under this heading includes Coroner's fees for analysis of post-mortem samples etc. As this service is demand led, it is not possible to accurately predict the figure for appropriations-in-aid. These additional receipts were offset by a shortfall in receipts from pension related deductions.

Note 5 Employee Numbers and Pay

	2017	2016
Number of staff at year end (full time equivalents)	96	89

Pay

	2017	2016
	€000	€000
Pay	4,870	4,560
Higher, special or additional duties allowance	21	19
Overtime	1	1
Employer's PRSI	387	343
Total Pay	5,279	4,923

5.1 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	1	1	16,657	14,172
Other allowances	3	—	2,430	2,477
Overtime	2	—	645	1,345

No staff member received additional payments in more than one category.

5.2 Performance and merit payments

Under the terms of the AHCPS 1% PCW restructuring agreement, ten officers received a total of €29,142, in respect of PCW allowances (2016 €28,156).