

**Appropriation Account 2018**

---

**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 2018 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 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €572,989 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, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, 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 €198,205, which were listed in my annual return in respect of circular 40/2002. These contracts were not competitively procured for the following reasons
  - One contract to the value of €67,546 was awarded to a company who is the sole supplier for certain laboratory consumables.
  - One contract to the value of €27,552 was awarded to a supplier of specialist laboratory software and is the sole supplier for support and software upgrade.
  - One contract to the value of €59,177 was awarded to a supplier who is the sole European agent for specialist consumables for a particular laboratory instrument.
  - €43,930 was spent with the supplier of laboratory gases following expiry of the contract in March 2017. 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 2018 that resulted in, or may result in, a material loss.

**Ita Kinahan**  
Accounting Officer  
State Laboratory

29 March 2019

## **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 2018 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 2018
- 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

19 September 2019

## Vote 14 State Laboratory

### Appropriation Account 2018

	2018		2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Government analytical laboratory and advisory service	10,278	9,742	9,318
<b>Gross expenditure</b>	<b>10,278</b>	<b>9,742</b>	<b>9,318</b>
<i>Deduct</i>			
B Appropriations-in-aid	935	972	1,023
<b>Net expenditure</b>	<b>9,343</b>	<b>8,770</b>	<b>8,295</b>

#### Surplus

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

	2018	2017
	€	€
<b>Surplus to be surrendered</b>	<b>572,989</b>	<b>454,489</b>

**Ita Kinahan**  
Accounting Officer  
State Laboratory

29 March 2019

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Pay	5,369	5,279
Non pay	4,373	4,039
<b>Gross expenditure</b>	<b>9,742</b>	<b>9,318</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>972</b>	<b>1,023</b>
<b>Net expenditure</b>	<b>8,770</b>	<b>8,295</b>
<b>Changes in capital assets</b>		
Purchases cash	(999)	
Depreciation	822	
Loss on disposals	1	
	(176)	(201)
<b>Changes in net current assets</b>		
Increase in closing accruals	73	
Increase in stock	(18)	
	55	82
<b>Direct expenditure</b>	<b>8,649</b>	<b>8,176</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	1,295	1,367
Notional rents	1,638	1,622
<b>Net programme cost</b>	<b>11,582</b>	<b>11,165</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.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,286	1,355
Vote 18 National Shared Services Office	9	12
	<b>1,295</b>	<b>1,367</b>

## Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
<b>Capital assets</b>	2.2	1,897	1,721
<b>Current assets</b>			
Bank and cash	2.3	112	253
Stocks	2.4	192	174
Prepayments		614	630
Accrued income		140	80
Other debit balances	2.5	15	5
Net Exchequer funding due	2.7	61	(3)
Total current assets		1,134	1,139
<b>Less current liabilities</b>			
Accrued expenses		245	128
Other credit balances	2.6	188	255
Total current liabilities		433	383
<b>Net current assets</b>		701	756
<b>Net assets</b>		<b>2,598</b>	<b>2,477</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>2,598</b>	<b>2,477</b>

### 2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		2,477	2,358
Disbursements from the Vote			
Estimate provision	Account	9,343	
Surplus to be surrendered	Account	(573)	
Net vote		8,770	8,295
Expenditure (cash) borne elsewhere	1.1	1,295	1,367
Non cash expenditure – notional rent	1	1,638	1,622
Net programme cost	1	(11,582)	(11,165)
<b>Balance at 31 December</b>		<b>2,598</b>	<b>2,477</b>

**2.2 Capital assets**

	Equipment	Furniture and fittings	Total
	€000	€000	€000
<b>Gross assets</b>			
Cost or valuation at 1 January 2018	13,651	556	14,207
Additions	997	2	999
Disposals	(1,966)	—	(1,966)
Cost or valuation at 31 December 2018	12,682	558	13,240
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2018	11,946	540	12,486
Depreciation for the year	820	2	822
Depreciation on disposals	(1,965)	—	(1,965)
Cumulative depreciation at 31 December 2018	10,801	542	11,343
<b>Net assets at 31 December 2018</b>	<b>1,881</b>	<b>16</b>	<b>1,897</b>
Net assets at 31 December 2017	1,705	16	1,721

**2.3 Bank and Cash**

at 31 December	2018	2017
	€000	€000
PMG balances	106	248
Other bank accounts	5	5
Petty cash	1	—
	<b>112</b>	<b>253</b>

**2.4 Stocks**

at 31 December	2018	2017
	€000	€000
Chemicals and laboratory consumables	153	138
Stationery and IT consumables	39	36
	<b>192</b>	<b>174</b>

**2.5 Other debit balances**

at 31 December	2018	2017
	€000	€000
Recoupable travel expenses	2	1
Recoupable travel pass scheme expenditure	11	2
Recoupable cycle to work scheme	2	2
	<b>15</b>	<b>5</b>

**2.6 Other credit balances**

at 31 December	2018	2017
	€000	€000
<b>Amounts due to the State</b>		
Income Tax	69	93
Pay Related Social Insurance	46	65
Universal Social Charge	15	21
Local Property Tax	1	1
Value Added Tax on intra-EU acquisitions	17	15
	<u>148</u>	<u>195</u>
Payroll deductions held in suspense	40	60
	<u>188</u>	<u>255</u>

**2.7 Net Exchequer funding due**

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	573	454
Exchequer grant undrawn	(634)	(451)
<b>Net Exchequer funding due</b>	<u>(61)</u>	<u>3</u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	112	253
Debit balances: suspense	15	5
	<u>127</u>	<u>258</u>
<b>Creditors</b>		
Due to State	(148)	(195)
Credit balances: suspense	(40)	(60)
	<u>(188)</u>	<u>(255)</u>
	<u>(61)</u>	<u>3</u>

**2.8 Commitments**

at 31 December	2018	2017
	€000	€000
Total of legally enforceable commitments	<u>277</u>	<u>296</u>

## Note 3 Vote Expenditure

### Analysis of expenditure

A	Government Analytical Laboratory and Advisory Service	2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,898	5,369	5,279
ii	Travel and subsistence	40	37	33
iii	Training and development and incidental expenses	256	249	248
iv	Postal and telecommunications services	70	68	48
v	Office equipment and external IT services	2,451	2,527	2,321
vi	Office premises expenses	1,545	1,471	1,376
vii	Consultancy services and value for money and policy reviews	18	21	13
		<b>10,278</b>	<b>9,742</b>	<b>9,318</b>

## Note 4 Receipts

### 4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for various analyses, examinations, tests etc.	700	754	818
2	Receipts from pension-related deductions on public service remuneration	235	218	205
	<b>Total</b>	<b>935</b>	<b>972</b>	<b>1,023</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	93	96

### 5.2 Pay

	2018	2017
	€000	€000
Pay	4,944	4,870
Higher, special or additional duties allowance	23	21
Overtime	3	1
Employer's PRSI	399	387
<b>Total pay</b>	<b>5,369</b>	<b>5,279</b>

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	1	1	19,336	16,657
Other allowances	4	—	2,384	2,430
Overtime	5	—	1,419	645

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

### 5.4 Performance and merit payments

Under the terms of the AHCPs 1% PCW restructuring agreement, ten officers received a total of €29,450 in respect of PCW allowances (2017: €29,142).

### 5.5 Payroll overpayments

Overpayments at the year-end were €2,794 in respect of five individuals (2017: €6,210, three individuals). Of this, €1,444 have recovery plans in place in respect of four individuals (2017: €6,210, three individuals).