

Appropriation Account 2019

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 2019 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 2019, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €586,865 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 27 of 2019, have been applied in the preparation of the account except for the following departure in relation to capital assets.

Valuation of capital assets

The State Laboratory does not apply the standard €1,000 threshold for the capitalisation of its capital assets, but applies the aggregate value for groups of assets such as PCs and laptops.

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.

Shared services

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 for the National Shared Services Office 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.

Procurement compliance

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 procurement guidelines but seven contracts to the value of €1,040,544 (excluding VAT) required disclosure in my annual return in respect of circular 40/2002. Three of the contracts, to the value of €107,568 (excluding VAT) involved specialist laboratory consumables and services for which there was only one supplier. Four other contracts were not competitively procured for the following reasons:

- Two contracts to the value of €812,732 (excluding VAT) were for laboratory equipment. Article 32 of Directive 2014/24/EU was invoked because competition was absent for technical reasons.
- One contract to the value of €51,314 (excluding VAT), which was originally awarded under a competitive process, was extended beyond the original contract dates to ensure continued supply in the event of a no-deal Brexit and to avoid a substantial cost increase under a new framework agreement.
- One contract to the value of €68,930 (excluding VAT) was awarded for the implementation of a new email system to an existing ICT support company to reduce the risk to the overall ICT system.

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 department'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 control were identified in relation to 2019 that resulted in, or may result in, a material loss.

Ita Kinahan
Accounting Officer
State Laboratory

30 March 2020

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 2019 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 2019, 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 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

23 June 2020

Vote 14 State Laboratory

Appropriation Account 2019

	2019	2018
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Government analytical laboratory and advisory service	10,861	10,831
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Gross expenditure	10,861	10,831
<i>Deduct</i>		
B Appropriations-in-aid	1,066	1,623
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Net expenditure	9,795	9,208
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Surplus

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

	2019	2018
	€	€
Surplus to be surrendered	586,865	572,989
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Ita Kinahan
Accounting Officer
State Laboratory

30 March 2020

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2019

	2019	2018
	€000	€000
Pay	5,646	5,369
Non-pay	5,185	4,373
Gross expenditure	10,831	9,742
<i>Deduct</i>		
Appropriations-in-aid	1,623	972
Net expenditure	9,208	8,770
Changes in capital assets		
Purchases cash	(1,670)	
Depreciation	931	
Disposals cash	465	
Profit on disposal	(27)	(176)
Changes in net current assets		
Increase in closing accruals	428	
Increase in stock	(31)	55
Direct expenditure	9,304	8,649
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	1,369	1,295
Notional rents	1,688	1,638
Net programme cost	12,361	11,582

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, net of costs of services provided to other Votes.

	2019	2018
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	—
Vote 12 Superannuation and Retired Allowances	1,320	1,286
Vote 13 Office of Public Works	32	—
Vote 18 National Shared Services Office	9	9
	1,369	1,295

Note 2 Statement of Financial Position as at 31 December 2019

	Note	2019 €000	2018 €000
Capital assets	2.1	2,198	1,897
Current assets			
Bank and cash	2.2	85	112
Stocks	2.3	222	192
Prepayments		493	614
Accrued income		58	140
Other debit balance	2.4	11	15
Net Exchequer funding	2.6	112	61
Total current assets		<u>981</u>	<u>1,134</u>
Less current liabilities			
Accrued expenses		469	245
Other credit balances	2.5	208	188
Total current liabilities		<u>677</u>	<u>433</u>
Net current assets		<u>304</u>	<u>701</u>
Net assets		<u><u>2,502</u></u>	<u><u>2,598</u></u>
Represented by:			
State funding account	2.7	<u><u>2,502</u></u>	<u><u>2,598</u></u>

2.1 Capital assets

	Equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2019	12,682	558	13,240
Additions	1,669	1	1,670
Disposals	(1,478)	—	(1,478)
Cost or valuation at 31 December 2019	12,873	559	13,432
Accumulated depreciation			
Opening balance at 1 January 2019	10,801	542	11,343
Depreciation for the year	929	2	931
Depreciation on disposals	(1,040)	—	(1,040)
Cumulative depreciation at 31 December 2019	10,690	544	11,234
Net assets at 31 December 2019	2,183	15	2,198
Net assets at 31 December 2018	1,881	16	1,897

2.2 Bank and cash

at 31 December	2019 €000	2018 €000
PMG balance and cash	82	106
Commercial bank account balance	2	5
Petty cash	1	1
	85	112

2.3 Stocks

at 31 December	2019 €000	2018 €000
Chemicals and laboratory consumables	187	153
Stationery and IT consumables	35	39
	222	192

2.4 Other debit balances

at 31 December	2019	2018
	€000	€000
Recoupable travel expenditure	1	2
Recoupable travel pass scheme expenditure	8	11
Recoupable cycle to work scheme	2	2
	11	15

2.5 Other credit balances

at 31 December	2019	2018
	€000	€000
Amounts due to the State		
Income tax	74	69
Pay related social insurance	50	46
Universal Social Charge	15	15
Local property tax	1	1
Value added tax on intra-EU acquisitions	23	17
	163	148
Payroll deductions held in suspense	45	40
	208	188

2.6 Net Exchequer funding

at 31 December	2019	2018
	€000	€000
Surplus to be surrendered	587	573
Exchequer grant undrawn	(699)	(634)
Net Exchequer funding	(112)	(61)
Represented by:		
Debtors		
Bank and cash	85	112
Debit balances: suspense	11	15
	96	127
Creditors		
Due to State	(163)	(148)
Credit balances: suspense	(45)	(40)
	(208)	(188)
	(112)	(61)

2.7 State funding account

	Note	2019	2018
		€000	€000
Balance at 1 January		2,598	2,477
Disbursements from the Vote			
Estimate provision	Account	9,795	
Surplus to be surrendered	Account	(587)	
Net vote		9,208	8,770
Expenditure (cash) borne elsewhere	1.1	1,369	1,295
Non cash expenditure – notional rent	1	1,688	1,638
Net programme cost	1	(12,361)	(11,582)
Balance at 31 December		2,502	2,598

2.8 Commitments

	2019	2018
	€000	€000
At 31 December		
Procurement of goods and services	631	277

Note 3 Vote Expenditure

Analysis of administration expenditure

All programme cost is classified as administration expenditure.

	Estimate provision €000	2019	2018
		Outturn	Outturn
		€000	€000
i Salaries, wages and allowances	6,131	5,646	5,369
ii Travel and subsistence	40	39	37
iii Training and development and incidental expenses	290	288	249
iv Postal and telecommunication services	60	49	68
v Office equipment and external IT services	2,777	3,239	2,527
vi Office premises expenses	1,458	1,507	1,471
vii Consultancy services and value for money and policy reviews	105	63	21
	10,861	10,831	9,742

Note 4 Receipts

4.1 Appropriations-in-aid

	2019		2018
	Estimated €000	Realised €000	Realised €000
1 Receipts for various analyses, examinations, tests etc.	850	965	754
2 Receipts from additional superannuation contributions on public service remuneration ^a	216	195	218
3 Miscellaneous receipts	—	463	—
Total	1,066	1,623	972

Note ^a The 2018 figure refers to pension related deductions. These were replaced by additional superannuation contributions from 1 January 2019.

Significant variations

Overall, appropriations-in-aid were €557,000 more than the original estimate. Explanations for variances are set out below:

1 Receipts for various analyses, examinations, tests etc.

Estimate provision: €850,000, outturn: €965,000

The increase of €115,000 was because the income under this heading includes Coroner's fee for analysis of post-mortem samples etc. and as this service is demand led, it is not possible to accurately predict the figure for appropriations-in-aid. The increase in 2019 was due to the large backlog of samples from 2018 that was cleared and results reported during 2019.

3 Miscellaneous receipts

Estimate provision: €0, outturn: €463,000

The amount realised under miscellaneous receipts relates to a refund arising from the return of a piece of laboratory equipment which was purchased in 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2019	2018
Number of staff at year end	98	93

5.2 Pay

	2019 €000	2018 €000
Pay	5,194	4,944
Higher, special or additional duties allowance	22	23
Overtime	—	3
Employer's PRSI	430	399
Total pay	5,646	5,369

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2019	2018
			€	€
Higher, special or additional duties	1	1	19,902	19,336
Other allowances	3	—	1,154	2,384
Overtime	1	—	—	1,419

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

Under the terms of the AHCPs 1% PCW restructuring agreement, Eleven officers received a total of €28,833, in respect of PCW allowances (2018: €29,450).

5.4 Other remuneration arrangements

There were no other remuneration arrangements in 2019.

5.5 Payroll overpayments

at 31 December	Number of recipients	2019 €	2018 €
Overpayments	2	2,172	2,794
Recovery plans in place		2	5

Ten overpayment recovery plans in respect of ten individuals to the value of €10,534 were recovered in the year.